



OMC Card, Inc.

For the Year Ended February 29, 2008

Annual Report 2008

Moving, Changing, Growing



Profile

With the credit card business as a vehicle, we make available products, information and services that best match the needs of our customers through their individual lifestyles and life stages, to build a lifetime partnership with our customers. This is the *Customer Value Chain* that is central to our business.

Operating firstly and foremostly as a retail credit card company, we strive for growth by continuing to strengthen our customer-centric business model with the aim of realizing a true *Customer Value Chain*.

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Disclaimer Regarding Forward-Looking Statements

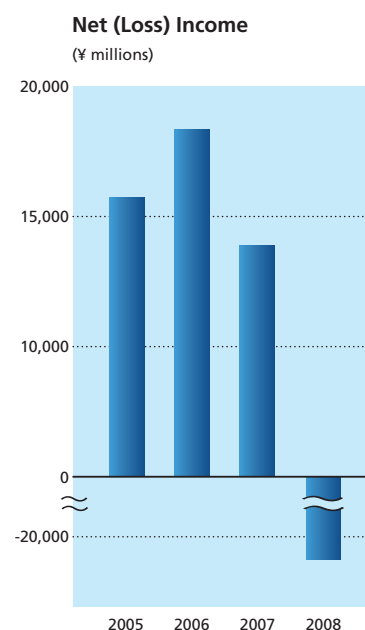
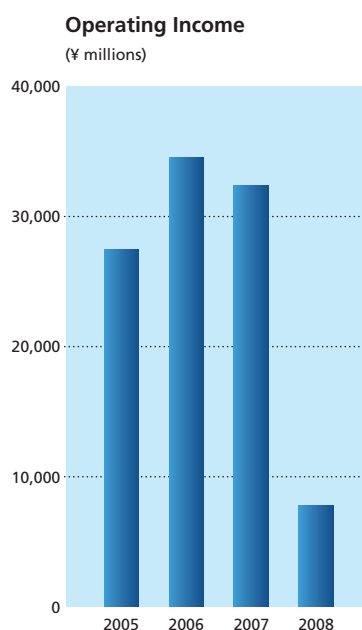
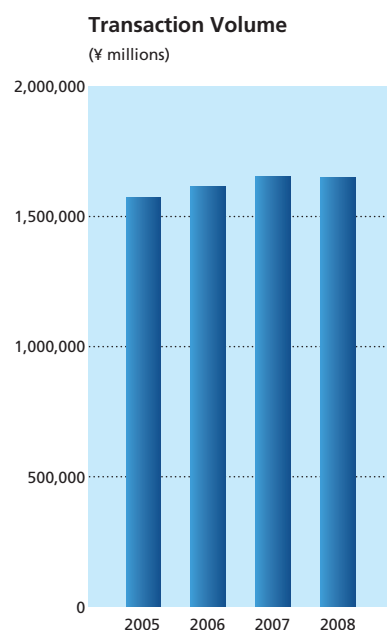
This annual report contains forward-looking statements about OMC Card's current plans, outlook, strategies, and beliefs based on management's assumptions in light of current information. Actual results may be significantly affected by various factors, including but not limited to, changes in the Japanese economy and OMC Card's business environment.

Financial Highlights

OMC Card, Inc. and Consolidated Subsidiaries Years Ended February 29, 2008 and February 28, 2007	Millions of Yen (Except per share amounts)	Thousands of U.S. Dollars (Except per share amounts)	
	2008	2007	2008
For the year:			
Total operating revenues.....	¥151,602	¥155,384	\$1,457,712
Operating income.....	7,835	32,741	75,337
(Loss) income before income taxes and minority interests.....	(38,707)	16,385	(372,183)
Net (loss) income.....	(22,539)	13,944	(216,721)
Per common share amounts:			
Basic net (loss) income.....	¥(106.53)	¥65.92	\$(1.02)
Cash dividends applicable to the year.....	–	20.00	–
At year-end:			
Total assets.....	¥616,844	¥605,119	\$5,931,192
Long-term debt.....	176,224	225,316	1,694,462
Total equity.....	50,574	75,790	486,288

Notes: 1. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at the rate of ¥104=US\$1, the approximate rate of exchange as of February 29, 2008. Refer to Note 1 of the Notes to Consolidated Financial Statements.

2. The amount of net (loss) income per share is based on the weighted average number of shares of common stock outstanding during each year.





To Our Shareholders

HIROMICHI FUNAHASHI
Chairman and CEO

Overview of Consolidated Performance in the Fiscal Year Ended February 2008

Achieved record high 2 million solicitations while improving cost performance

In the fiscal year ended February 2008, we adopted a series of wide-ranging initiatives to address future risks arising from the amended Money-Lending Industry Law that went into effect. At the same time, we reinforced our management base to cope more effectively with an ever-changing business environment by improving the profitability of our card shopping business, enhancing our fee businesses and streamlining our cost structure.

In our card business, we promoted our unique, alliance-based “MSP (Marketing Solutions Partner) model” strategy, which contributed to sales growth and the building of loyal customer bases for our card alliance partners, while issuing co-branded cards with seven partner firms during the fiscal year. In addition, we achieved a record high 2 million credit card solicitations, and our cardholder base reached 9.62 million at the end of the fiscal year.

In our card shopping business, we issued co-branded cards for such channels as discount consumer electronics vendors, which boast a higher ratio of revolving credit sales. Our initiatives to expand our cardholder base and, concurrently, promote card use through collaborations with our alliance partners, were also effective. Additionally, we aggressively enlisted subscribers to our “Ato-gime Plan” service—which allows cardholders the freedom to set their own monthly payments—at the solicitation phase to expand their shopping-related revolving credit balance. As a result of this, fees from customers rose by 12% in the fiscal year ended February 2008, surpassing the 6% increase recorded in the previous fiscal year, and total card shopping revenues grew by 8.1% to ¥28,287 million.

In our cash advances business, we focused on improving credit quality in response to the amended Money-Lending Industry Law as well as self-imposed rules of the industry by introducing stricter creditworthiness evaluation guidelines at

the interim book close of the fiscal year ended February 2008. The law also required that we lower interest rates to 18% and below for new transactions from September 2007. As a result, revenues from cash advances decreased by 4.8% year-on-year to ¥107,966 million, while total operating revenues declined by 2.4% year-on-year to ¥151,602 million. Meanwhile, we improved cost performance through closer management attention to business operations and by implementing a thorough review of every business process. We enhanced our solicitation activities by managing them on an hourly, in addition to weekly and daily, basis, for example, as well as optimizing staff allocation and keying on solicitation campaigns with higher response rates. As a result, our SG&A expenses, excluding credit cost, declined by 1.6% year-on-year to ¥71,128 million, despite achieving a record high in credit card solicitations. Nevertheless, we posted a ¥29,011 million interest refund loss and had to carry forward a major allowance provision for doubtful accounts. As a result, operating income declined 76.1% year-on-year, to ¥7,835 million, while ordinary income fell by 76.3%, to ¥7,900 million, and net loss totaled ¥22,539 million.

Although we closed the books for fiscal year ended February 2008 in the red, OMC Card was able to institute initiatives to address future risks and significantly enhance management’s capacity to cope with further changes in our business environment. We remain confident in our ability to steadily improve profitability by restructuring our revenue portfolio and cost structure, while initiating strategies for future growth to further enhance corporate value, thereby fully replying to the expectations of our shareholders.

Amended Money-Lending Industry Law and Our Initiatives

Committed to developing a self-regulating credit card industry

The credit card industry has had to shoulder the legal mandate of lowering interest rates on loans and revamping its creditworthiness evaluation guidelines following the amendment of the Money-Lending Industry Law, which was



enacted in response to consumer over-borrowing from multiple lenders. In addition, the dramatic reshaping of the business environment in which the industry operates will continue as revisions to the Installment Sales Law are in the process of being legislated with the aim of reinforcing regulatory safeguards for consumers.

In years past, our industry stood to benefit immensely as the vast majority of citizens used their credit cards in a prospering economy. We not only had the opportunity to track the pulse of the nation, we had the capacity to study emerging trends in society. Much to our collective regret, however, some companies failed either to exercise proper credit controls or to respond in an appropriate manner, and the issue consequently tarnished the entire industry. The sheer force of this negative public perception overwhelmed the industry's ability to police itself, and stringent government regulations were imposed as a result.

I believe it is imperative that not only OMC Card but the entire industry recommit itself to developing the credit card business that will coexist with society to the mutual benefit of both. Toward this end, I intend to carry out my duties as Vice President of the Japan Financial Services Association who represents the Consumer Credit Industry Association, by pushing forward the formulation of internal industry guidelines, rejuvenating public confidence and ensuring that the industry's future development will be as healthy as it is proper.

With regards to our credit assessment process for new loans, OMC will respond to the phased implementation of the amended Money-Lending Industry Law by structuring new credit control

models through extensive use of the IBIS system, and by ensuring stricter credit management. In the area of credit monitoring, we recently established a Credit Risk Management Center and adopted a system to respond quickly and flexibly to any changes in the credit status of our customers. Moreover, we have reinforced our in-house training system for outlet-based solicitation activities, which are essential to our MSP model. Through these initiatives, we seek to conduct solicitation activities that are in full compliance with regulations and readily understood by customers, demonstrating our company-wide commitment to operations that comply with both the letter and spirit of the Amended Money-Lending Industry Law, as well as our internal guidelines.

While the latest legal amendments have seriously impacted the way business has been conducted, I am confident that it also represents a wonderful opportunity for us to learn from our customers and restructure our business model.

Our Proprietary Business Model

Growth strategy founded on proprietary business model

With its origins in the retail industry, OMC has worked for over 15 years to respond immediately to a key customer need—to issue credit cards onsite. We have also continuously upgraded our database marketing capabilities in order to provide individual customers an optimal array of products, information and services that matches his or her lifestyle, and have developed and refined strategies to promote credit card usage. This range of expertise and technology base has been comprehensively integrated to create our MSP alliance model. Today, our co-branded cards—which have helped improve our alliance companies' businesses by heightening customer satisfaction, increasing sales, expanding the number of cardholders, and developing customer loyalty—have acquired an outstanding reputation among firms with marketing and CRM reinforcement needs.

In June 2005, for example, we entered into a business alliance with MR MAX CORPORATION, a major discount retail chain.

Prior to our alliance, the retailer had issued co-branded cards with another consumer credit company to some 40,000 customers over a period of more than 10 years. After shifting to our co-branded cards, however, the number of cardholders exceeded 500,000 by the end of February 2008. Equally important, the card utilization rate on the issued day reached some 80%—an astonishing figure since the annual utilization rate is believed to average some 40%. Another example of our co-branded card success: Since an initial offering in July 2007, Edion Group, which operates a chain of consumer electronics outlets, achieved over 100,000 solicitations in roughly six months. That number is expected to grow dramatically as more and more outlets engage in solicitation activities.

As interest rates on loans decline as a result of the amended Money-Lending Industry Law, credit card companies that offer little added value and lack cost competitiveness will be forced to exit the market. In addition, traditional business models based on rate reductions, such as lower fees from merchant store affiliates and rebates, generated from cash advances revenues are no longer viable.

Through the upcoming merger of OMC, Central Finance Co., Ltd. (“CF”) and QUOOQ Inc. (“QUOOQ”) and expansion of post-merger business field, we aim to maximize top-line synergy. Towards this end, we believe that the OMC business model and the solutions we provide will prove to be a powerful weapon for growth.

Turning Change into Opportunity for Further Growth

Developing each firm’s management resources, core competence to maximize corporate value

The Japanese credit card market has steadily expanded over the past 10 years and further growth is projected, buoyed by growth in petty cash settlements—from payment of medical bills and utilities to taxes—and as cashless demands are serviced through IC cards and e-money. At the same time, however, we are exposed to such downside risks as ceilings on interest rates are lowered under the amended Money-Lending Industry Law and borrowers seek refunds for

excessive interest charged in the past. Given Japan’s declining birthrate, moreover, long-term growth in the cardholding population cannot be expected.

In short, the trends of the past—in which companies could share in profits generated by a growing market—no longer exist. In order to survive today, it is imperative for credit card companies to secure sizable market share as quickly as possible and establish economies of scale, while upgrading their business infrastructure and accelerating the process of business productivity enhancement.

Compelled by these changes in the business environment, OMC, CF and QUOOQ agreed to a merger. On February 29, 2008, the three companies concluded a basic agreement to merge in order to establish the “largest class consumer finance company in Japan.” On the same day, OMC, together with Sumitomo Mitsui Financial



Group, Inc. (“SMFG”), Sumitomo Mitsui Banking Corporation (“SMBC”), Sumitomo Mitsui Card Co., Ltd. (“SMCC”) and Central Finance Co., Ltd. (“CF”), also unveiled its business strategy of the SMFG group for creating “the number one credit card business entity in Japan.”

Based in the Chubu area, CF operates a national network that extends to all 47 prefectures in Japan and it has long developed shopping credit, automobile loans and other installment credit businesses as a general consumer finance company. In addition to its strengths in businesses associated with credit cards affiliated and/or co-branded with various partners—including railway companies, travel agencies, oil companies, automobile-related industries and department stores—CF is also actively engaged in developing its strategic alliance with general trading firm Mitsui & Co., Ltd.

QUOO is a major player in the field of shopping credit, where it is one of the most active service providers in the credit sales industry, and its collection agency operations boasts an industry-leading track record in transaction processing volume. Another key business of QUOO is its proprietary petty claims purchasing scheme, in which it purchases in bulk small account receivables, monthly tuition receivables and similar claims.

A credit card company with its origin in the retail business, OMC is unique in the industry in that it is the only provider that issues within 15 minutes credit cards onsite as a truly consumer-oriented service. We also maintain the best-in-industry card utilization rate through the use of our sophisticated database marketing operations. Given the expertise and experience in membership solicitation and marketing capabilities that we have built up, we rank among the leaders in frequency of card usage and solicitation competence.

The merger will create one of Japan’s largest consumer finance companies, with some 22 million cardholders, ¥2,356.0 billion in credit card turnover and ¥1,150.8 billion in installment credit sales turnover.* While the merged company will maintain a unified relationship with SMFG group as a member of its group, it will retain management autonomy as a listed firm. At the same time, as a core credit card company of SMFG group

which stands on a par with SMCC, the merged company will seek to create a people-oriented business model with unique characteristics and will aim at maximizing its corporate value through the development and furtherance of the above-described strengths of the three companies, using as a driving force the synergy of the credit card and installment credit businesses as a result of the three-firm merger.

Under SMFG group’s credit card business strategy, the merged company will create a common operational framework with SMCC and develop alliance synergies. As for systems and related infrastructure—in which cost-sharing will enhance the synergy effect—the merged company will collaborate in the development of a systems configuration optimizing our economy of scale, and the systems operated by SMCC and the merged company will be eventually integrated into one. The two companies will also co-develop next-generation systems in order to exploit to the fullest economies of scale on a Group-wide basis. Regarding sales and marketing, we will concentrate resources on the markets and channels in which SMCC and the merged company can maximize their individual strengths, and concurrently develop and advance the capabilities of SMFG group to meet the ever-evolving needs of our alliance companies. In order to respond to affiliated partners with a broad range of needs in which the strengths of SMCC and the merged company overlap, these strengths will be integrated to provide a comprehensive array of services and functions that transcend the segments of banking, retailing and credit, thereby maximizing our top-line synergy.

In this way, our merged company, as a core company of SMFG group, is committed to securing a leading position in the industry and to enhancing corporate value by fully exploiting the synergy generated from the merger of the three companies. We therefore ask our shareholders for your continued support and counsel.

June, 2008



Hiromichi Funahashi
Chairman and CEO

* Figures at the time of press release

Corporate Governance

OMC Card's Basic Corporate Governance Principles

The OMC Card Group recognizes its social responsibility to maintain corporate ideals honestly and with integrity by building solid relationships of trust with all its stakeholders.

In line with this objective, and with the intention of enhancing the public's trust in us, we have formulated "OMC Policy" as a set of guidelines for our business activities. Given that compliance is the foundation of good corporate governance, OMC Card has appointed a director to be responsible for compliance and internal controls and has established an Internal Control Committee and a Compliance Committee chaired by the director in charge of compliance. These committees ensure OMC Card abides by the law and, through the Compliance Committee, imparts an awareness of the Company's ethical platform by following the basic internal control policies discussed and determined by the Internal Control Committee.

Furthermore, the Company considers best practices in corporate governance to be an important management concern. Aiming to increase corporate value, the OMC Card Group is fulfilling its responsibilities by undertaking measures such as strengthening the effectiveness of its internal control systems, enhancing management efficiency by effectively using management resources and increasing transparency with timely and appropriate disclosure.

Organizational Structure and Corporate Governance Systems (as of February 29, 2008)

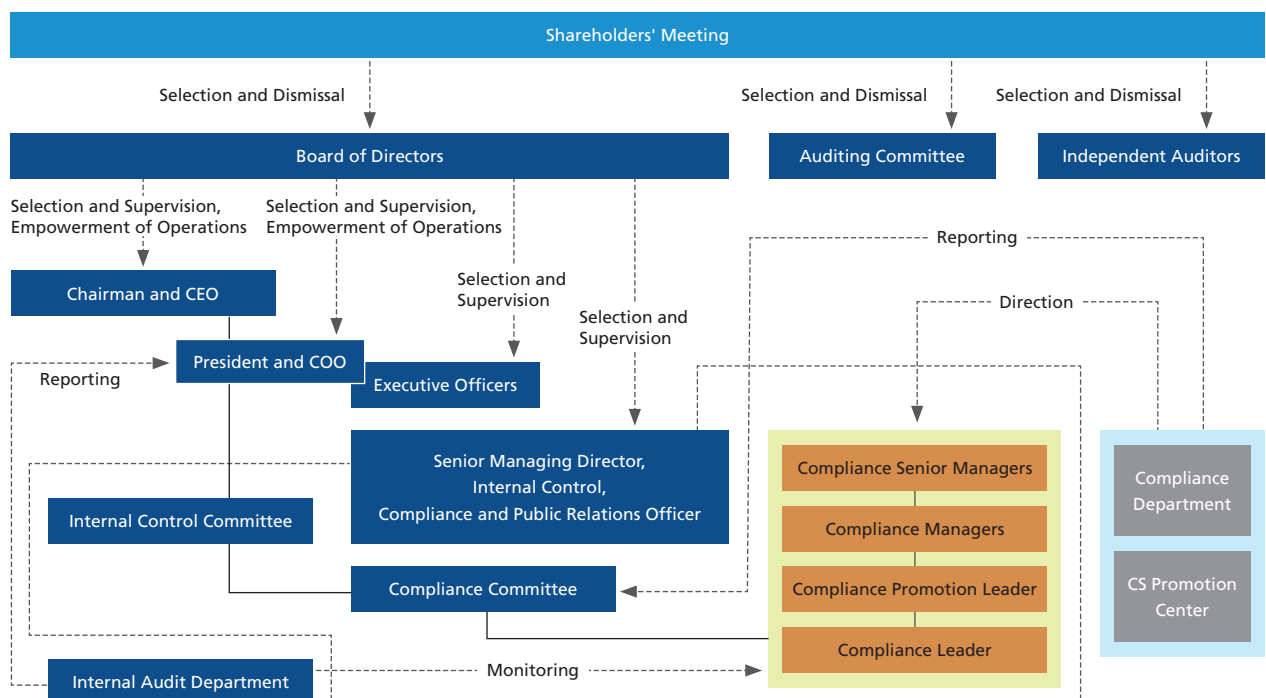
The Board of Directors, composed of seven directors (including four external directors), meets regularly once a month and, when necessary, in extraordinary sessions. The Board discusses both matters required by law and issues relating to the business.

The Company also appoints auditors to an Auditing Committee composed of five auditors (three external).

Auditors attend meetings of the Board of Directors, receive reports from the directors and other sources and inspect important official documents, among their other activities.

The Internal Audit Department audits the operations of each division, reports its findings to the president and representative director and gives appropriate feedback to the divisions.

The Internal Control Committee deliberates on and decides on basic policies related to internal controls, and based on the committee's resolutions, the Compliance Committee meets regularly to ensure a thorough awareness of the Company's ethical platform, as well as to discuss and determine compliance issues affecting the Company.



With the objective of strengthening the compliance system and ensuring the appropriate management and oversight of personal data, compliance senior managers, compliance managers, compliance promotion leaders, and compliance leaders are nominated and appointed in each division to ensure that their divisions are managed in line with “OMC Policy.”

The Compliance Department, under the control and supervision of the director in charge of compliance, provides advice and guidance on compliance to each division, reporting its findings to the Compliance Committee.

The Customer Service Center works to ensure that personal data is fully protected through appropriate management and oversight structures. Our corporate lawyers, acting as consultants, provide legal compliance checks and advice on important issues. The Company employs Tohmatsu & Co. as an independent auditor.

Risk Management Systems

OMC Card analyzes and gauges data security risks, credit risks and other major risks inherent in its business operations. The Company makes every effort to take appropriate measures to forestall risks and to respond appropriately to problems when they emerge, with the objectives of maintaining sound management through a safety-first approach to the business and enhancing confidence in the Company.

Internal Audit, Audit by Statutory Auditors and Auditing of Accounts

OMC Card’s internal audit function is conducted by a structurally independent Audit Department of six people attached to the Internal Control Division, and they conduct their audits, including audits of affiliated companies, from a variety of perspectives such as internal controls, risk management and compliance. While reporting to the president and representative director, they work to improve their coordination with the statutory auditors by providing them with information and assisting them in other ways. The statutory auditors carry out rigorous audits based on their auditing policies and work to coordinate their activities with other areas within the management structure by attending meetings of the Board of Directors, receiving oral reports from the directors and other sources, inspecting important official documents and, when necessary, exchanging information and opinions with the independent auditors.

Personal, Capital, Business, and Other Relations of Interest between the Company and External Directors and Auditors

Four of the Company’s outside directors and one of its external auditors are directors or executive officers of

The Daiei, Inc., an affiliate. The Company also has business dealings with The Daiei, Inc.

Special Remarks Regarding Issues in the Articles of Incorporation

Resolution Requirements Determining the Number of Directors and the Election of Directors

According to the Articles of Incorporation, the Company may appoint up to 25 directors, and resolutions to elect directors may be passed only when there are sufficient shareholders present who are able to exercise at least one-third of the voting rights by a majority of those voting rights and not by accumulative votes.

Matters Submitted for Resolution at the General Meeting of Shareholders and Decided by a Resolution of the Board of Directors

Interim Dividend

Under the provisions of the Articles of Incorporation, pursuant to Article 454, Paragraph 5 of the Corporation Law of Japan, the Company may, by resolution of the Board of Directors, pay an interim dividend to shareholders or registered shareholders with rights entered or recorded in the shareholders’ register on August 31 every year, in order to compensate shareholders more flexibly.

Acquisition of Its Own Shares

Under the provisions of the Articles of Incorporation pursuant to Article 165, Paragraph 2 of the Corporation Law of Japan, in pursuit of a more flexible capital policy, the Company may, by resolution of the Board of Directors, acquire its own shares through market transactions and other methods.

Requirements for Extraordinary Resolutions at the General Meeting of Shareholders

For extraordinary resolutions by the General Meeting of Shareholders as defined by the Corporation Law of Japan, Article 309, Paragraph 2, the Company’s Articles of Incorporation require that such resolutions may only be passed when there are shareholders present able to exercise the voting rights of at least one-third of all shareholder voting rights, and when the resolution is passed by at least a two-thirds majority of the exercisable voting rights present. The objective of this requirement is to permit the smooth running of the General Meeting of Shareholders.

Initiatives over the Past Year to Improve Corporate Governance

The Company believes that strengthening the internal control system is a significant managerial issue, and so as an initiative to strengthen corporate governance, on February 1, 2008, the Company revised its organization to establish an Internal Control Division that is independent of operational activities, to be responsible for compliance and internal controls and to be headed by the appointed director responsible for both compliance and internal controls. This new division allows the Company to unify the administration of its internal controls.

In addition, the Board of Directors, with the participation of outside directors, holds regular meetings to consider issues required by law and other significant issues relating to the business and to oversee the execution of the Company's operations.

In regards to another compliance-related activity, on September 1, 2007, we established "Compliance Standards," and revised the "OMC Consultation System Standards." October 2007 was designated internally as "OMC Business Ethics Month," whereby the Company held awareness-raising initiatives including instruction from the chairman and representative director via internal videos or messages from the president and representative director through internal publications. In addition, in July 2007 the Company invited its corporate lawyer to conduct compliance seminars, mainly for executive officers, and held group educational sessions for Compliance Group Managers in September 2007. The Company also regularly ran other compliance-related educational sessions for staff of all levels.

Regarding the oversight of personal data, even before the April 2005 implementation of the Personal Information Protection Law, OMC Card has continued to abide not only by the law but also by guidelines, industry rules, internal regulations, and other relevant provisions. In March 2007, the Company obtained a renewal of its approval to use the privacy mark, which signifies that it has met the requirements of JIS Q 15001:2006.

While tightening internal systems, the Company also continues to train employees in personal information protection. As a part of their continuing education, employees are encouraged by the Company to gain the Japan Consumer Credit Industry Association's Responsible Personal Data Manager qualification. The Company also actively encourages part-time employees to gain certification under its internal Personal Data Handler Authorization System and continues to make every effort to build and spread an awareness of the importance of personal data management.

Remuneration of Corporate Officers and Auditors

Remuneration of directors	¥118 million
Remuneration of statutory auditors.....	¥48 million

The remuneration paid by the Company to Tohmatsu & Co. is as follows:

Remuneration for work stipulated in Article 2.1 of the Certified Public Accountants Law (Law No. 103 of 1948)	¥48 million
Remuneration for work other than the above	¥5 million

Directors and Corporate Auditors

Board of Directors

Representative Directors

Hiromichi Funahashi
Chairman and CEO

Shinji Ebata
President and COO

Senior Managing Directors

Toshiharu Nariai
Shinshi Yamamoto

Managing Director

Hiroyuki Namiki

Director

Masashi Hayashi

Outside Directors

Yoshiaki Takahashi
Keiji Nakamae

Full-Time Corporate Auditors

Akira Nakao
Akiomi Narui

Corporate Auditors

Yutaka Hori
Eisuke Nagatomo

Corporate Social Responsibility

CSR Activities



Ever since OMC Card was founded in 1950, we have operated on the belief that our success is contingent upon the support of every stakeholder, not just our customers, shareholders and employees, but our commercial partners, administrative bodies and the very communities in which we are based. As a credit card company with deep ties to the retail industry and general consumers, we therefore believe our *raison d'être* lies in enhancing corporate value by providing our customers with genuine value in many forms, developing both trust and confidence on a consistent basis, while contributing to the resolution of various social challenges of our times.

In order to remain an outstanding corporate citizen that retains the trust of our many stakeholders, OMC Card is actively involved in corporate activities that are truly contributive to society, from our strict adherence to the laws and regulations of our nation to social outreach initiatives, as well as the protection of human rights and the environment.

As part of our CSR activities in recent years, we have been a proactive participant in Team Minus 6%, a national initiative to tackle the alarming plight of global warming, while acquiring CO₂ emission rights through Sumitomo Mitsui Banking Corporation's global network. In addition, many employees and their families serve as volunteers in local conservation activities, collecting litter in such riverbed cleaning projects as Fukuoka Love Earth Cleaning UP and Yodogawa River Beautification Campaign.

OMC Card volunteers are also involved in community clean-up efforts for parks and roads located near our head office in Shinagawa and the area surrounding our office in Kikukawa. We are working to lessen environmental impact in the workplace through such energy and resource conservation activities as Cool Biz, another national initiative to reduce air-conditioner use, and by transitioning to a paperless environment; we also collect plastic bottle caps for recycling purposes as part of the ECOCAP project.

OMC Card is fully committed to its CSR initiatives as a core operating issue and will continue striving to reinforce bonds of trust with society, improve customer satisfaction and enhance corporate value.

Offering Social Contribution-Type Cards

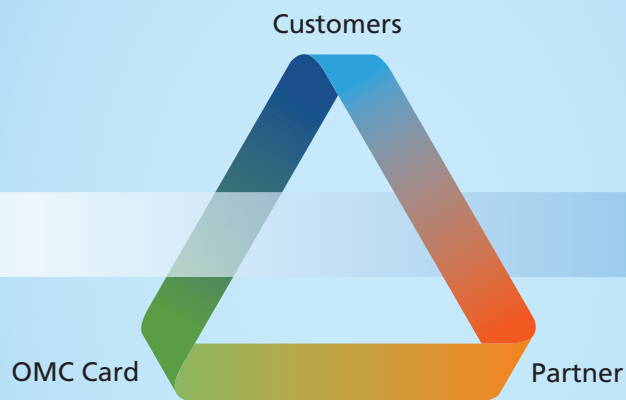
OMC Card has engaged in an initiative in which we develop and fund, that enables cardholders to donate a portion of their card spending in support of environmental or humanitarian assistance causes. In 1991, we began offering the *Chikyu ni Yasashii* (Earth-Friendly) Card, allowing cardholders to allocate 0.5% of what they spend as a donation made to The Defense of Green Earth Foundation to help fund environmental conservation and research groups involved in issues selected by the cardholder. More than ¥500 million has been donated to date, making it the largest social contribution-type card in the domestic credit card industry.

In addition, we offer the ATOM Card in support of children's charities and the Happy Mama Card for physically challenged children. In the term ended February 2008, we introduced the OSAKA Mercenat Card in order to help promote the culture of Osaka, with its heritage of exquisite traditional arts known as "Kamigata culture," through donations made to the Osaka Foundation of Culture. Through this diverse lineup of cards, OMC Card is working with our cardholders to broaden our contributions for the betterment of society.



Our Advantages:

Moving, Changing, Growing



We are confident that continued improvements in our unique business model of responding faithfully to customers' needs, wants and complaints, will lead to overwhelming competitive strength. For OMC Card, CS is our starting point as we differentiate ourselves further from competitors.

More Applications and Users with the MSP Model Alliances

Our Advantages:

Our Onsite Issuance System—Unique in the Credit Card Industry

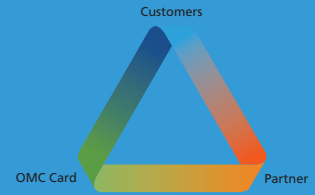
In order to respond to the demands of customers who seek to use their credit cards as soon as they have applied for them, OMC Card has over the past 15 years developed a system capable of issuing cards onsite. This capability not only demonstrates the superiority of our system, but also our expertise in such areas as credit assessment and sales methodologies.

Our onsite card issuance system incorporates the IBIS system, an automated credit scoring neural network (or artificial intelligence) which utilizes the advanced knowledge base of experienced credit evaluators. IBIS allows us to issue cards from a mere five to 15 minutes upon receipt of credit card application. It is also used to screen applications made via our website and promptly notify applicants the results based on the employment of strict credit assessment standards that are identical to non-web card applications.

The success of our onsite card issuance system, however, is not merely the outcome of sophisticated

systems infrastructure. It is also contingent upon solicitation channels, which serve as invaluable gateways through which customers first encounter and gain confidence in our services—and for this reason, we have devoted extensive resources to train our staff. Our staff must be prepared to communicate with customers effectively within a limited period of time on various points, including terms of use and range of cardholder benefits, while complying with regulations and conveying essential promotional information. To achieve such skills, for example, we regularly organize five-minute role-playing contests in which staff members are able to practice and hone, in the most effective manner and on an extemporaneous basis, our solicitation and sales approaches. We also offer a variety of training programs, from remedial classes by skill category to legal education and leadership development, to improve and built upon our collective knowhow and deliver maximum performance in terms of our solicitation and promotional activities.





Superiority of our MSP Model

As a credit card company with origins in the retail industry, OMC Card offers co-branded cards in support of every aspect of our partner companies' sales strategies, contributing to growth in sales and cardholder membership, and building customer satisfaction for these companies. We achieve these results through our predominant strength in solicitations based on our onsite card issuance system* developed over the years, and through the use of our proprietary database marketing and promotional programs.

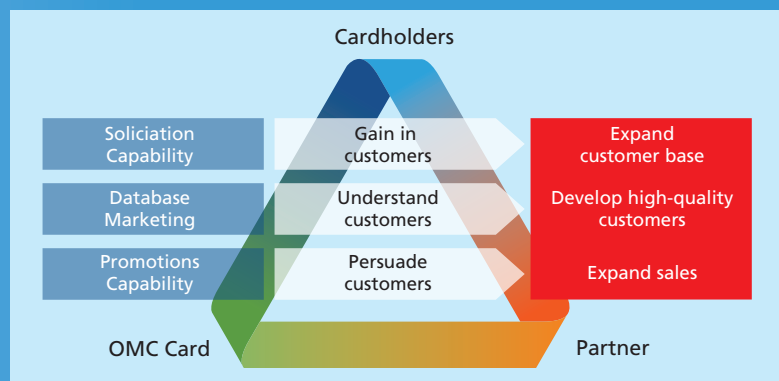
Members of our solicitation staff, for example, not only interface with customers directly at retail outlets of our partner companies, we also work together with these firms to develop and conduct sales promotion campaigns. Within minutes, we are able to issue onsite credit cards featuring special bonus points, contributing to increased sales and expanded card membership for our partner companies from that day. Furthermore, as part of our billing statement, we mail personalized information to our customers every month on merchandise and other promotions of our partner companies to attract customers to their stores. In this way, our co-branded cards not only serve as a tool for petty cash settlements but also profit our partner companies' main line of businesses.

Our cardholders not only have access to our products, then, they are provided with an optimal, personalized lineup of products, information and

services of firms that have partnered with us, creating a "win-win-win" situation for OMC Card, our partner companies and customers. Indeed, our Marketing Solutions Partner (MSP) business model is predicated on this very effort.

Employing this MSP model, we have entered into partnerships with seven new companies over the course of the fiscal year ended February 2008, and increased the number of cardholders to 9.62 million by the fiscal year's end. With our ever-evolving MSP model, we intend to expand the number of partnerships and solicitation sites. Our goal for the term ending March 2009 is to reach 2.3 million solicitations and deliver higher card transaction volume.

*Through the use of our artificial intelligence-based automated credit scoring system, we can issue credit cards onsite at participating retail and other outlets, in no more than 15 minutes after receipt of application.



Better Services and Products to the Promising Market

Our Advantages:

Highly Advanced Database Marketing

OMC Card is also a marketing company

OMC Card began focusing on the effectiveness of database marketing from early on, and has striven to refine and upgrade it ever since. In 1997, working with a major U.S. computer company, we developed a methodology in which we can collect, manage and analyze an enormous volume of cardholder data, and employ it in a variety of ways, including sales and card usage promotion purposes.

Among the many promotional tools we employ is our personalized card billing statement, which we began from 2000. Under our “One to One Marketing” program, the statements can incorporate up to 11 text messages tailored specifically to the individual cardholder, based on his or her attributes and spending trends. Another tool, MARKS, a system

which can conduct 10,000 test marketing cases per year, enables us to test market various products and services, and verify the results.

The expertise and experience in database marketing that we have accumulated for over ten years has become a pillar in OMC Card’s unique business strategy, for it not only has led to the ongoing evolution of our MSP model and stimulated card usage, it has curtailed card cancellations and built customer satisfaction and loyalty.



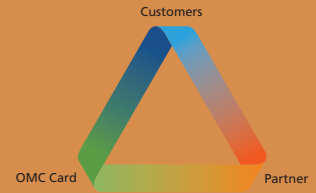
Student



Employment



Marriage



CVC Business Continues Growth

OMC Card has been engaged in what we term our CVC Business—which caters to cardholding members—integrating management’s emphasis on the “Customer Value Chain” with our proprietary database marketing expertise and technology base. Our CVC Business mines our database marketing system, which collects, manages and analyzes cardholder data, to provide a framework of support for the individual cardholder over his or her lifetime, providing them with an array of products, information and services optimized to meet specific needs at specific periods of their lives.

The products, information and services we offer are not limited to those of OMC Card: We provide an extensive lineup of goods and services through our partnerships with companies in diverse fields, from travel and entertainment industries to the

automobile, housing and healthcare sectors, to meet every want and need. Our CVC options also include securities brokerage, insurance consultancy and other financial services to assist cardholders manage their assets.

Not only are our partner companies able to enhance their marketing-sales opportunities, achieved in part by the high response rate that we deliver at lower cost, but the CVC Business is highly profitable in that we receive advertising and contract commissions in addition to fees collected from affiliated merchandisers.

The CVC Business is slotted for further development as we introduce more convenient, value-added products and services in order to broaden our customer base and facilitate card usage.

Tickets

Car Life

Fashion & Beauty



Family



Maturity



Silver

Finance Service

Travel & Resort

Health-Related Services

Home-Related Services

Long-Established Systems Infrastructure for Credit Card Business

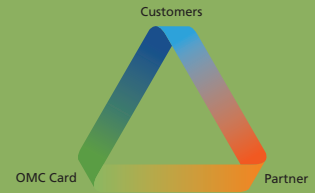
Our Advantages:

Sophisticated Risk Management Systems

In order to enhance our responsiveness to risks, OMC Card has not only improved upon management skills and protocols, but also installed the optimal systems and infrastructure for the main systems in the credit cycle (from credit assessment to credit monitoring to debt collection) to flexibly cope with every circumstance. Since 2001, our systems have been sequentially replaced or upgraded, thereby enabling us to establish a framework in which we can nimbly respond to changes in the business environment. These systems include Clover, a credit risk management system; CROSS, a debt management system; IBIS, an automated credit scoring system; Griffon, an artificial intelligence-based fraud detection system to reduce counterfeiting and fraudulent usage; and Sprint Workflow Master, a support system for back office processing.

With the revision to the Money-Lending Industry Law, the environment in which the industry operates has undergone a major transformation in the fiscal year ended February 2008, resulting in growing exposure to such risks as a credit squeeze and demands for interest refunds. OMC Card is minimizing these risks by making maximum use of the abovementioned systems and infrastructure.

With IBIS, we have implemented a stricter credit scoring process based on a new credit model, while restructuring our credit control models to meet more responsively the unique characteristics of different solicitation channels, which include outlet-based and web-based solicitation. In the area of credit monitoring, moreover, by reinforcing our monitoring of any changes in cardholder attributes and usage trends over time—thus enhancing collaboration between initial credit assessment and credit monitoring—we will be able to apply credit controls more flexibly. We have also flagged older loans that do not meet new credit control models, providing counseling services for borrowers and taking appropriate steps for accounts receivable protection through individual management of such cases.



Outsourcing Business

Given our retail-industry roots, OMC Card has placed particular emphasis on customer satisfaction, and therefore believes it imperative to build business processing operations and systems with specific strengths to meet retail services needs. With this belief, we joined forces with MARUI Co., Ltd., a major department store, in April 2007 to establish Procent Inc., a joint venture specializing in the processing business.

Our Outsourcing Business offers on-demand credit checking, mailing, call center and other services, which we provide to a wide spectrum of companies. Our processing capabilities, including the ability to issue credit cards onsite, are highly regarded. Among the firms that have outsourced their initial credit vetting and onsite card issuance services to us: IY Card Service Co., Ltd., a member of retail giant Seven & I Holdings Group, and UCS Co., Ltd., as well as shopping malls and major discount consumer electronics retailers.

The credit card business demands a sustained investment in systems, to the extent that it is often described as a systems business. Until recently, Japanese companies generally purchased and maintained credit cycle systems (from initial credit scoring to debt recovery) in-house, a decision that proved to be significantly capital-intensive. When a number of firms share in the cost of development and operation of such systems, however, that leads

to a direct boost in profits. At the same time, because the maximum interest rate has now been capped under the amended Money-Lending Industry Law, those companies offering low value-added services and which lack cost competitiveness will be forced out of the market. Thus, demand for outsourcing has soared, and its growth is expected to continue for the foreseeable future.

Procent Inc. will serve as the primary vehicle for OMC Card to further expand its Outsourcing Business. While working closely together with SMFG group, we are committed not only to curtail and lower systems costs, but to provide high value-added processing services for our partner companies.



Management's Discussion and Analysis

Overview of Results

Significant Accounting Policies and Valuations

The consolidated financial reports of the OMC Card Group have been compiled in conformity with accounting conventions generally recognized as fair and appropriate in Japan. Valuations required in the compilation of these financial statements have been made based on rational criteria. Significant accounting policies used in the Group's consolidated financial statements may be found in Notes to Consolidated Financial Statements: 2. Summary of Significant Accounting Policies.

Analysis of Performance

In the fiscal year under review, consolidated operating revenues fell 2.4% year on year, to ¥151,602 million (US\$1,457,712 thousand), and the incurred consolidated net loss amounted to ¥22,539 million (US\$216,721 thousand). As a result, basic consolidated net loss per share of common stock was ¥106.53 (US\$1.02).

The main components of operating revenues, operating expenses and other income (expenses) were as follows.

Operating Revenues

Consolidated total operating revenues in the fiscal year under review declined ¥3,782 million (US\$36,365 thousand) year on year, to ¥151,602 million (US\$1,457,712 thousand). The reduction in total revenues was mainly attributable to a decrease of ¥5,207 million (US\$50,067 thousand) in personal loan revenues, notwithstanding an increase of ¥1,962 million (US\$18,865 thousand) in fees from customers and affiliated stores.

The increase in credit card and personal credit contract revenues is attributable to OMC Card's active initiatives to expand its cardholder base as well as explore new partner companies, using its strengths in solicitations, database marketing and promotions, and through other measures such as aggressively promoting its Marketing Solutions Partner (MSP) model, which helps its partner companies increase their sales. As a result of our efforts, the number of cardholders reached approximately 9.62 million at the end of the fiscal year under review. We have also worked to enhance cardholder convenience through initiatives such as increasing the variety of the exchange line-up in our "Waku-waku Point

Presents" scheme, expanding the range of payments that can be settled by credit card to include, for instance, public utility payments such as water rates, and increasing the number of affiliated stores available to cardholders. All this caused credit card contract transaction volumes to rise 8.5% year on year, to ¥1,019,823 million (US\$9,805,990 thousand). This strong performance has been also attributable to other initiatives taken to expand revolving credit repayment balances, e.g., through running promotions to increase cardholder registration to the "Ato-gime Plan" in which cardholders can freely determine monthly payment amounts.

The decline in personal loan revenues, on the other hand, occurred because of a decrease in transaction volumes. The lower transaction volumes mainly resulted from a stricter credit policy employed to establish a more accurate credit management system according to risk levels and the reduction of the actual annual interest rate on card advances to 18.0%, which has been applied to new loans made since September 2, 2007.

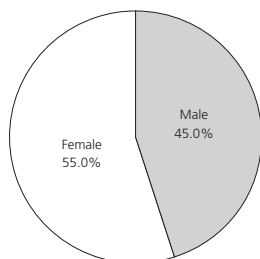
Operating Expenses

Consolidated total operating expenses in the fiscal year under review increased 17.2% year on year to ¥143,767 million (US\$1,382,375 thousand). The provisions for doubtful accounts declined, and selling, general and administrative (SG&A) expenses other than provisions for losses on interest refunds were lower due to our efforts in improving the overall cost structure. Nevertheless, the total expenses expanded. This rise was mainly because of an increase in provisions for losses on interest refunds, reflecting a surge in claims for interest refunds for loans with interest rates exceeding cap rates, and a ¥1,157 million (US\$11,125 thousand) rise in financial expenses. The increase in financial expenses resulted from higher costs required in line with the diversification of fund procurement methods.

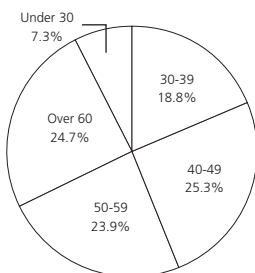
Other Income (Expenses)

The main items in other income (expenses) during the fiscal year under review were a gain of ¥822 million (US\$7,904 thousand) on sales of investment securities, and a ¥47,148 million (US\$453,346 thousand) addition to provisions for doubtful accounts. These accounts were booked as an estimated irrecoverable amount of personal loans, which are newly divided and managed individually under a new credit management policy being adopted in accordance with the new interest rates system effective September 2007.

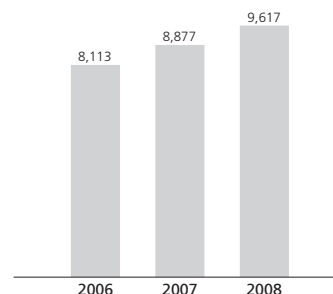
Cardholders by Gender



Cardholders by Age Group



Number of Cardholders (Thousands)



Analysis of Financial Position

Assets

Total assets increased 1.9% year on year, to ¥616,844 million (US\$5,391,192 thousand). The main factors behind the increase were rises of ¥15,848 million (US\$152,385 thousand) and ¥18,219 million (US\$175,183 thousand) in installment sales receivables and operating loans respectively, as a result of healthy growth in transaction volumes for loans and credit card contracts, accompanying an increase in the allowance for doubtful accounts of ¥49,480 million (US\$475,769 thousand). This increase in allowance for doubtful accounts, in turn, contributed to an increase of ¥30,402 million (US\$292,327 thousand) in deferred tax assets.

Liabilities

Total current liabilities rose 24.5% year on year, to ¥345,996 million (US\$3,326,885 thousand), principally due to a gain of ¥23,683 million (US\$227,721 thousand) in deposits received resulting from securitizations of credit assets, in addition to an increase in short-term borrowings and long-term debt repayable within one year.

Total long-term liabilities decreased 12.4% year on year, to ¥220,274 million (US\$2,118,019 thousand). This decrease was primarily due to a decline of ¥49,092 million (US\$472,038 thousand) in long-term borrowings through the Company's reexamining its ratio of short-term borrowings and long-term debt, despite the booking of ¥10,919 million (US\$104,990 thousand) in provisions for losses on interest refunds.

Equity

Net assets for the fiscal year under review decreased 33.3% year on year, to ¥50,574 million (US\$486,288 thousand). This decrease was mainly attributable to a decline in retained earnings, which resulted from a fall of ¥2,116 million (US\$20,345 thousand) in dividend payments and a net loss of ¥22,539 million (US\$216,721 thousand) incurred during the period.

Consequently, net assets per share dropped ¥119.50 (US\$1.15) year on year, to ¥238.07 (US\$2.29). The stockholders' equity ratio was lowered to 8.2%.

Cash Flow

Cash flow from operating activities was a net inflow of ¥6,061 million (US\$58,279 thousand).

Although the Company incurred losses before income taxes and minority interests of ¥38,707 million (US\$372,183 thousand) and an increase of ¥34,030 million (US\$327,212 thousand) in operating receivables such as those on card shopping, the following factors contributed to the net inflow: an increase in the allowance for doubtful accounts of ¥49,480 million (US\$475,769 thousand) resulting from the application of an accounting measure to older

loans which do not conform to a new standard established through a drastic change in the credit management policy during the interim financial period; an increase in the allowance for losses on interest refunds of ¥10,919 million (US\$104,990 thousand) and an increase of ¥23,683 million (US\$227,721 thousand) in deposits received because of securitization of credit assets.

Cash flow from investment activities was a net outflow of ¥1,401 million (US\$13,471 thousand). The change was mainly due to expenditures of ¥2,712 million (US\$26,077 thousand) on acquisitions of intangible fixed assets related to a functional upgrading of credit systems, despite gains worth ¥1,575 million (US\$15,144 thousand) on the sales of investment securities.

Cash flow from financing activities was a net outflow of ¥2,369 million (US\$22,779 thousand). The main changes in this segment were an increase of ¥42,390 million (US\$407,596 thousand) in short-term borrowings set against a decrease of ¥42,706 million (US\$410,634 thousand) in long-term debt, including those repayable within one year, reflecting the Company's measures taken to review the ratio of long-term debt and short-term borrowings and the payment of dividends of ¥2,112 million (US\$20,308 thousand).

As a result of the above factors, cash and cash equivalents at the end of the fiscal year rose ¥2,281 million (US\$21,933 thousand) year on year, to ¥84,492 million (US\$812,423 thousand).

Financial Polices

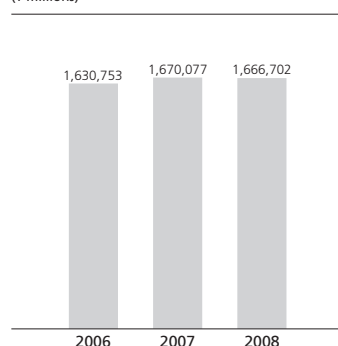
OMC Card regards the construction of a sound and robust financial structure as an issue of the utmost importance. We therefore take initiatives to strengthen our financial position, with the intention of improving our credit standing and increasing our corporate value.

In the term ended February 29, 2008, we continued to make efforts to obtain stable funding and diversify our fund procurement methods. Our initiatives included the securitization of credit assets and the launch of a syndicated loan, in preparation for future issuance of corporate bonds.

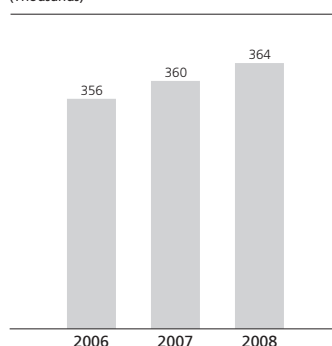
We also made flexible use of commercial paper, by issuing a cumulative ¥87.8 billion in the term ended February 29, 2008. As a result, the three indicators on which we focused were as follows: the direct funding ratio was 27.4% (up 4.7% year-on-year), the long-term funding ratio was 72.7% (down 10.8% year-on-year) and the fixed-rate funding ratio was 48.6% (down 0.6% year-on-year).

With regard to future fund procurement, to protect the Company against the risk of future interest rate rises, in addition to making efforts to procure stable funding at low interest rates, we are aiming to diversify our funding sources, for instance by securitizing credit assets and issuing corporate bonds, and are working to create a balanced financial structure.

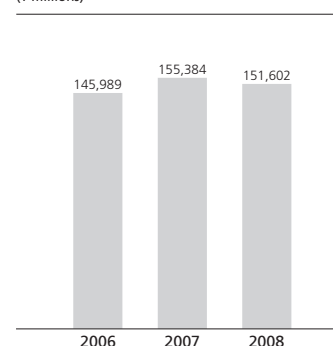
Transaction Volume
(¥ millions)



Number of Affiliated Merchants
(Thousands)



Total Operating Revenues
(¥ millions)



We are also working to increase our shareholders' equity ratio by promoting a shift of credit assets off our balance sheet, thereby trimming our assets and streamlining our operations.

Risk Disclosure

The factors discussed below have potentially important implications for decisions by investors pertaining to business results, our financial position and other matters discussed in this report.

In addition, matters discussed in this report concerning the future reflect the judgments of the OMC Card Group at the end of the fiscal year under review.

(1) Implications of Changing Economic Conditions

In credit services, the OMC Card Group's principal business, long-term weakness in employment conditions, household income, personal consumption, or other indicators may affect credit card and card loan transactions, which are core Group operations, or loan repayments. Such factors may, in turn, depress operating revenues and increase bad debt costs, thus adversely affecting the Group's revenue and profit performance and financial standing.

(2) Competitive Environment

The credit card industry could face fiercer competition due to mergers and alliances accompanying realignment in the financial industry, as well as the entry of firms from outside the industry moving into the sector as a result of factors such as the diversification of the payments market, and the changes to the general public's lifestyle.

Such changes in the competitive environment may lead to a decrease in transaction volumes and erode profitability. The OMC Card Group's profits and financial standing could deteriorate if the Group is not able to maintain its advantageous competitive position.

(3) Implications from Customer Solicitations and Provisions of Products at Partner Companies

The OMC Card Group has forged alliances with the Dai-ichi Group and many other companies and groups to expand its customer base and provide products and services to its clients. However, deterioration in profits at these partner companies or in relations between the OMC Card Group and its partner companies may adversely affect the profit performance and financial standing of the Group.

(4) Fund-Raising and Interest Rates on Borrowing

The OMC Card Group seeks to ensure a stable, low-interest supply of funds by using a diverse range of fund-raising methods. However, changes in the financial environment and the erosion of profits at Group companies may reduce creditworthiness, leading to less

favorable borrowing terms, declining loan amounts extended and downgrades to our credit ratings. These factors can adversely affect Group profits and financial standing.

(5) Legal Regulations and Related Matters

Two particularly noteworthy laws by which the OMC Card Group is regulated are the Instalment Sales Law and the Money-Lending Industry Law.

Of these, the revised Money-Lending Industry Law, enacted on December 19, 2007, has already enforced such measures as strengthening behaviour regulation, the introduction of business improvement orders and the establishment of the Japan Financial Services Association.

Furthermore, following full implementation of the law, it is planned to abolish the deemed settlement system, to reduce the maximum interest rate and to introduce overall quantitative restrictions. However, as the Japan Financial Services Association's Basic Principles of Self-Imposed Rules in Money-Lending Business Operations stipulate the prevention of over-lending, we seek to tighten credit limits at an earlier stage than the full implementation of the Money-Lending Industry Law.

To act promptly in bringing down the maximum interest rate and tightening credit limits, the OMC Card Group introduced a new credit management model under a new interest rate system effective from September 2007. For this reason, operating revenues could decline as a result of a reduction in new interest income following a fall in operating loan balances due to tightened credit management and a reduction in interest rate applied.

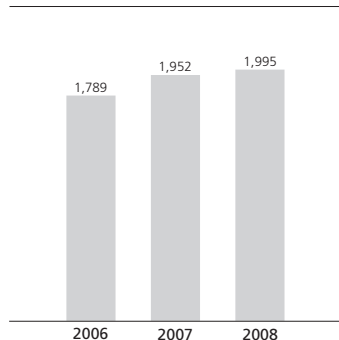
In response to the new credit management model under the new interest rate system and the phased implementation of the Money-Lending Industry Law, there may be operational costs incurred related to changing the terms (provisions) of customer contracts and notifying customers of the changes, costs related to altering business practices and increased systems investment. These could adversely affect Group profits and financial standing.

In relation to the Instalment Sales Law, a report was published in December 2007 which focussed on measures for systems improvement, including reform, and strategies to promote self-imposed undertakings within entities and the industry. However, if a reform is imposed towards the strengthening of regulations for the industry, this could have an adverse effect on Group profits and financial standing.

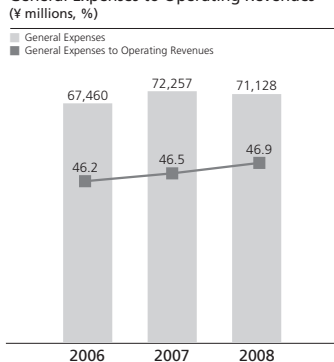
(6) Internal Controls

The OMC Card Group considers abiding by the relevant laws and regulations to be one of its most important operating duties and has planned the development of its internal control systems. However, if there were unforeseen changes in laws and regulations or discrepancies in interpretation of laws whereby it was decided

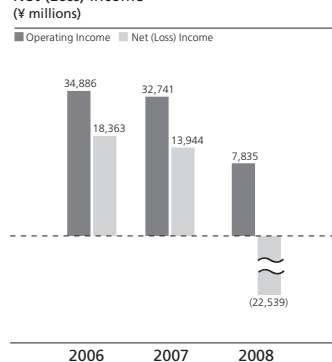
Number of Card Applications (Thousands)



General Expenses and General Expenses to Operating Revenues (¥ millions, %)



Operating Income and Net (Loss) Income (¥ millions)



the Company had contravened any legal requirements, there may be an effect on the Company's results and/or financial position.

(7) Information Systems

In the process of conducting credit and other business operations within the OMC Card Group, a large quantity of diverse types of information is processed through our computer systems and communications network.

The Company is building a strong system of defense controls, which include the establishment of a risk management manual that anticipates a computer system stoppage and the implementation of computer "vaccines" and firewalls to prevent an infection of the computer system by viruses. Nevertheless, with high-performance and complex information systems and communications network, there is a chance that problems may arise that cannot be anticipated. Furthermore, if a natural disaster such as an earthquake much larger than expected were to occur, we anticipate that we may have no choice but to switch our computer systems offline, which would be a serious hindrance to the Group's operations. There is a possibility that a resultant reduction in confidence in the Company may have an effect on its results and/or financial position.

(8) Protection of Personal Data

The OMC Group has in its possession the personal data of a large number of cardholders and other customers. In respect of protecting personal information, for many years we have internally appointed personal data management officers, and have put particular effort into giving training to our staff in order to improve awareness regarding personal data protection. As a Privacy Mark-certified business the OMC Group also continues to maintain and strengthen its personal data protection systems. Notwithstanding these measures, if a leakage of personal data occurred, this would bring about a lower image of the Group that could reduce cardholder numbers, which may have an effect on the Group's business results and/or financial position.

(9) Strategic Alliance with Sumitomo Mitsui Financial Group

On February 29, 2008, The OMC Group, Sumitomo Mitsui Financial Group, Inc. (hereafter referred to as SMFG), Sumitomo Mitsui Banking Corporation (hereafter SMBC), Sumitomo Mitsui Card Co., Ltd., and Central Finance Co., Ltd. (hereafter CF), made an agreement regarding building a strategic alliance in the credit card business.

On the same day, SMFG, SMBC, CF, QUOO Inc. (hereafter QUOO), and the OMC Group also made a basic agreement regarding a merger of CF, QUOO and the OMC Group.

Currently, we are pursuing opportunities in order to reach our goals of "Becoming Japan's Number One Premier Credit Card

Business Group" and "Becoming Japan's Largest Scale Consumer Finance Company."

From hereon, if changes in economic conditions or the competitive environment cause the expected results of our strategic alliance or merger to not be achieved as anticipated, there may be an effect on the Group's results and/or financial position.

Forecasts for the Fiscal Year Ending March 2009

Looking to the future, we anticipate a standstill in improvements in business earnings and employment conditions. Furthermore, high crude oil prices and the sub-prime housing loan problems have brought concerns about negative effects on the global and Japanese economies, so we believe a situation will continue that makes it difficult to predict the direction of business conditions. Due to the effects on the credit card industry of more rigorous competition under industry reorganization and revisions to the Money Lending Industry Law, we expect the OMC Group to continue to face a challenging business environment.

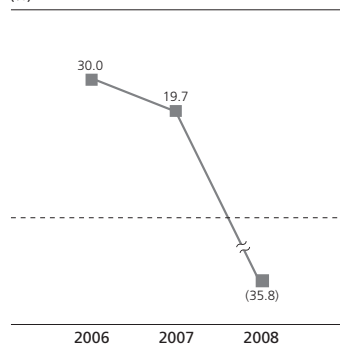
With such environmental conditions, we have decided to proceed strategically by expanding our card member and outsourcing businesses under our central pillar of "Card Business". By further improving the efficiency of our operations, we will strive for a durable operating base. Also, our medium-to-long-term operating strategy will be formulated using a base point of March 2008 and presented in our Second Medium Term Management Plan. Employing the themes of "Securing Growth through High-Precision Risk Control," "Business Volume Expansion" and "Efficiency Gains through Quality Improvement and Cost Cutting" to achieve superiority over our competitors, we aim to further improve our enterprise value.

On February 29, 2008, the OMC Group, CF, SMBC, and SMFG signed an agreement to build a strategic alliance in credit cards with the aim of realizing the goal of becoming Japan's No. 1 credit card business group. Also, on the same day, as a part of the strategy determined in the strategic alliance agreement, an agreement was made among the OMC Group, CF, QUOO, SMBC, and SMFG to merge the OMC Group, CF and QUOO, provided approval can be obtained under the various related laws. A basic agreement of intent regarding the merger was signed.

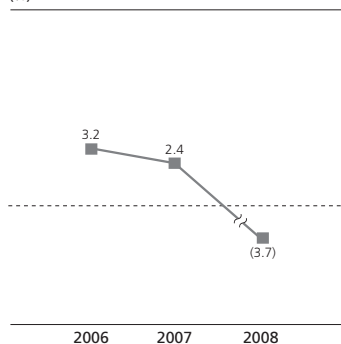
Furthermore, to ensure discussions regarding the merger continue smoothly, a "Merger Preparation Committee" was formed, and with a goal date of April 1, 2009, preparations are being made to promote and tie-in with the SMFG Group's credit card strategy.

As a result of the above conditions, our estimates for consolidated results for the fiscal year ending March 31, 2009, are for operating revenue of ¥143 billion (a 5.7% year-on-year decline), operating income of ¥8.8 billion (an 11.4% year-on-year increase) and net income of ¥6.1 billion.

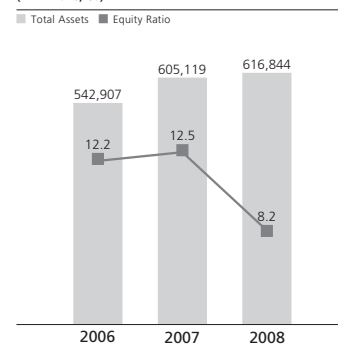
Return on Equity (ROE)
(%)



Return on Assets (ROA)
(%)



Total Assets and Equity Ratio
(¥ millions, %)



OMC Card, Inc. and Subsidiaries

Consolidated Balance Sheets February 29, 2008 and February 28, 2007

<u>ASSETS</u>	<u>Millions of Yen</u>		<u>Thousands of</u> <u>U.S. Dollars</u> <u>(Note 1)</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>
CURRENT ASSETS:			
Cash and cash equivalents	¥ 84,492	¥ 82,211	\$ 812,423
Operating receivables:			
Installment sales (Note 4)	154,608	138,760	1,486,615
Operating loans (Note 4)	375,212	356,993	3,607,808
Deferred tax assets (Note 12)	38,969	13,670	374,702
Prepaid expenses and other current assets (Note 10)	20,589	21,484	197,971
Allowance for doubtful accounts	<u>(89,582)</u>	<u>(40,068)</u>	<u>(861,365)</u>
Total current assets	<u>584,288</u>	<u>573,050</u>	<u>5,618,154</u>
PROPERTY AND EQUIPMENT:			
Buildings and structures	1,600	1,500	15,384
Equipment	544	511	5,231
Land	<u>1</u>	<u>1</u>	<u>10</u>
Total	<u>2,145</u>	<u>2,012</u>	<u>20,625</u>
Accumulated depreciation	<u>(996)</u>	<u>(707)</u>	<u>(9,577)</u>
Net property and equipment	<u>1,149</u>	<u>1,305</u>	<u>11,048</u>
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	4,287	5,719	41,221
Software	7,576	9,000	72,846
Guarantee money deposited	2,180	2,441	20,962
Deferred tax assets (Note 12)	15,474	10,371	148,788
Other assets	<u>1,890</u>	<u>3,233</u>	<u>18,173</u>
Total investments and other assets	<u>31,407</u>	<u>30,764</u>	<u>301,990</u>
TOTAL	<u>¥ 616,844</u>	<u>¥ 605,119</u>	<u>\$ 5,931,192</u>

See notes to consolidated financial statements.

<u>LIABILITIES AND EQUITY</u>	<u>Millions of Yen</u>		<u>Thousands of</u>
	<u>2008</u>	<u>2007</u>	<u>U.S. Dollars</u> <u>(Note 1)</u>
CURRENT LIABILITIES:			
Short-term borrowings (Notes 6 and 10)	¥ 125,890	¥ 83,500	\$ 1,210,481
Current portion of long-term debt (Note 6)	120,784	114,398	1,161,385
Accounts payable (Note 10)	30,105	28,203	289,471
Deposits received (Note 7)	48,782	25,099	469,058
Accrued expenses	7,008	7,323	67,385
Income taxes payable	7,356	12,679	70,731
Deferred revenue (Note 4)	1,034	949	9,942
Other current liabilities (Notes 10 and 12)	5,037	5,667	48,432
Total current liabilities	<u>345,996</u>	<u>277,818</u>	<u>3,326,885</u>
LONG-TERM LIABILITIES:			
Long-term debt (Notes 6 and 10)	176,224	225,316	1,694,462
Allowance for credit card points redemption (Note 2.i)	5,312	3,034	51,077
Liability for retirement benefits (Note 8)	2,874	2,979	27,635
Allowance for losses on interest refunds (Note 2.k)	29,833	18,914	286,856
Other long-term liabilities (Note 4)	6,031	1,268	57,989
Total long-term liabilities	<u>220,274</u>	<u>251,511</u>	<u>2,118,019</u>
CONTINGENT LIABILITIES (Notes 14 and 15)			
EQUITY (Note 9):			
Common stock—authorized, 670,000,000 shares; issued, 213,682,082 shares in 2008 and 2007	43,344	43,344	416,769
Capital surplus	537	537	5,163
Retained earnings	11,306	35,961	108,713
Unrealized gain on available-for-sale securities	225	854	2,163
Treasury stock—at cost, 2,115,183 shares in 2008 and 2,114,393 shares in 2007	(5,045)	(5,044)	(48,510)
Total	<u>50,367</u>	<u>75,652</u>	<u>484,298</u>
Minority interests	207	138	1,990
Total equity	<u>50,574</u>	<u>75,790</u>	<u>486,288</u>
TOTAL	<u>¥ 616,844</u>	<u>¥ 605,119</u>	<u>\$ 5,931,192</u>

OMC Card, Inc. and Subsidiaries

Consolidated Statements of Operations Years Ended February 29, 2008 and February 28, 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2008</u>	<u>2007</u>	<u>2008</u>
OPERATING REVENUES (Note 4):			
Fees from customers and affiliated stores	¥ 28,515	¥ 26,553	\$ 274,183
Personal loan revenues	109,656	114,863	1,054,385
Annual membership fees and other (Note 11)	<u>13,431</u>	<u>13,968</u>	<u>129,144</u>
Total operating revenues	<u>151,602</u>	<u>155,384</u>	<u>1,457,712</u>
OPERATING EXPENSES:			
Selling, general and administrative expenses	131,991	112,024	1,269,144
Financial expenses (Notes 10 and 11)	<u>11,776</u>	<u>10,619</u>	<u>113,231</u>
Total operating expenses	<u>143,767</u>	<u>122,643</u>	<u>1,382,375</u>
OPERATING INCOME	7,835	32,741	75,337
OTHER INCOME (EXPENSES):			
Gain on sales of marketable and investment securities	822	91	7,904
Loss on sales of fixed assets		(911)	
Provision for doubtful accounts (Note 13)	(47,148)	(1,735)	(453,346)
Provision for losses on interest refunds (Note 2.k)		(10,958)	
Other—net	<u>(216)</u>	<u>(2,843)</u>	<u>(2,078)</u>
(LOSS) INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	<u>(38,707)</u>	<u>16,385</u>	<u>(372,183)</u>
INCOME TAXES (Note 12):			
Current	13,875	12,477	133,413
Deferred	<u>(30,052)</u>	<u>(10,041)</u>	<u>(288,962)</u>
Total income taxes	<u>(16,177)</u>	<u>2,436</u>	<u>(155,549)</u>
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED SUBSIDIARIES	<u>(9)</u>	<u>(5)</u>	<u>(87)</u>
NET (LOSS) INCOME	<u>¥ (22,539)</u>	<u>¥ 13,944</u>	<u>\$ (216,721)</u>
	<u>Yen</u>		<u>U.S. Dollars</u>
PER SHARE OF COMMON STOCK (Notes 2.r and 17):			
Basic net (loss) income	¥ (106.53)	¥ 65.92	\$ (1.02)
Cash dividends applicable to the year		20.00	

See notes to consolidated financial statements.

OMC Card, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity Years Ended February 29, 2008 and February 28, 2007

	Thousands	Millions of Yen							
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 1, 2006	211,513	¥43,344	¥ 537	¥ 26,307	¥ 1,061	¥ (5,176)	¥ 66,073		¥ 66,073
Reclassified balance as of February 28, 2006 (Note 2.1)								¥ 188	188
Net income				13,944			13,944		13,944
Dividends paid (¥20.0 per share)				(4,231)			(4,231)		(4,231)
Bonuses to directors and corporate auditors				(39)			(39)		(39)
Purchase of treasury stock	(1)					(1)	(1)		(1)
Disposal of treasury stock	56		(0)	(20)		133	113		113
Net change in the year					(207)		(207)	(50)	(257)
BALANCE, FEBRUARY 28, 2007	211,568	43,344	537	35,961	854	(5,044)	75,652	138	75,790
Net loss				(22,539)			(22,539)		(22,539)
Dividends paid (¥10.0 per share)				(2,116)			(2,116)		(2,116)
Purchase of treasury stock	(1)					(1)	(1)		(1)
Disposal of treasury stock	0			(0)		0	0		0
Net change in the year					(629)		(629)	69	(560)
BALANCE, FEBRUARY 29, 2008	<u>211,567</u>	<u>¥ 43,344</u>	<u>¥ 537</u>	<u>¥ 11,306</u>	<u>¥ 225</u>	<u>¥ (5,045)</u>	<u>¥ 50,367</u>	<u>¥ 207</u>	<u>¥ 50,574</u>

	Thousands of U.S. Dollars (Note 1)							
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, FEBRUARY 28, 2007	\$ 416,769	\$ 5,163	\$ 345,779	\$ 8,211	\$ (48,500)	\$ 727,422	\$ 1,327	\$ 728,749
Net loss			(216,721)			(216,721)		(216,721)
Dividends paid (\$0.10 per share)			(20,345)			(20,345)		(20,345)
Purchase of treasury stock					(10)	(10)		(10)
Disposal of treasury stock			(0)		0	0		0
Net change in the year				(6,048)		(6,048)	663	(5,385)
BALANCE, FEBRUARY 29, 2008	<u>\$ 416,769</u>	<u>\$ 5,163</u>	<u>\$ 108,713</u>	<u>\$ 2,163</u>	<u>\$ (48,510)</u>	<u>\$ 484,298</u>	<u>\$ 1,990</u>	<u>\$ 486,288</u>

See notes to consolidated financial statements.

OMC Card, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended February 29, 2008 and February 28, 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	2008
OPERATING ACTIVITIES:			
(Loss) income before income taxes and minority interests	¥ (38,707)	¥ 16,385	\$ (372,183)
Adjustments for:			
Income taxes—paid	(18,569)	(361)	(178,548)
Depreciation and amortization	3,776	3,466	36,308
Provision for doubtful accounts	49,480	7,085	475,769
Gain on sales of marketable and investment securities	(822)	(91)	(7,904)
Loss on sales of fixed assets		911	
Changes in assets and liabilities:			
Increase in receivables	(34,030)	(74,166)	(327,212)
Increase in accounts payable	1,903	2,448	18,298
Increase in deposits received	23,683	2,486	227,721
Increase in allowance for credit card points redemption	2,278	1,104	21,904
Increase in allowance for losses on interest refunds	10,919	18,914	104,990
Decrease in liability for retirement benefits	(105)	(325)	(1,010)
Other—net	6,255	9,128	60,146
Total adjustments	44,768	(29,401)	430,462
Net cash provided by (used in) operating activities	6,061	(13,016)	58,279
INVESTING ACTIVITIES:			
Purchases of property, equipment and software	(2,712)	(5,365)	(26,077)
Proceeds from sales of investment securities	1,575	94	15,144
Purchases of investment securities	(329)	(1,500)	(3,163)
Other—net	65	487	625
Net cash used in investing activities	(1,401)	(6,284)	(13,471)
FINANCING ACTIVITIES:			
Increase in short-term borrowings—net	42,390	22,336	407,596
Proceeds from long-term debt	139,667	202,710	1,342,952
Repayments of long-term debt	(182,373)	(210,163)	(1,753,587)
Repurchase of treasury stock		(1)	
Dividends paid	(2,112)	(4,206)	(20,308)
Other—net	59		568
Net cash (used in) provided by financing activities	(2,369)	10,676	(22,779)
FORWARD	¥ 2,291	¥ (8,624)	\$ 22,029

(Continued)

OMC Card, Inc. and Subsidiaries

Consolidated Statements of Cash Flows Years Ended February 29, 2008 and February 28, 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	<u>2008</u>	<u>2007</u>	<u>2008</u>
FORWARD	¥ 2,291	¥ (8,624)	\$ 22,029
CASH AND CASH EQUIVALENTS INCREASED BY MERGER		196	
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	<u>(10)</u>	<u>(2)</u>	<u>(96)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,281	(8,430)	21,933
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>82,211</u>	<u>90,641</u>	<u>790,490</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>¥ 84,492</u>	<u>¥ 82,211</u>	<u>\$ 812,423</u>

See notes to consolidated financial statements.

(Concluded)

OMC Card, Inc. and Subsidiaries

Notes to Consolidated Financial Statements Years Ended February 29, 2008 and February 28, 2007

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, the Japanese Securities and Exchange Law) and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2007 financial statements to conform to the classifications used in 2008.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which OMC Card, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥104 to \$1, the approximate rate of exchange at February 29, 2008. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Consolidation*—The consolidated financial statements as of February 29, 2008 include the accounts of the Company and its 9 (11 in 2007) subsidiaries (together, the "Companies").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

The investment in one (two in 2007) associated company is accounted for by the equity method. The Company does not have any other unconsolidated subsidiaries or associated companies.

The differences between the cost underlying net equity of investments in consolidated subsidiaries and associated companies at acquisition are included in investments and other assets and are amortized on a straight-line basis over five years, with the exception of minor amounts which are charged to income in the period of acquisition.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Companies are also eliminated.

- b. Business Combination**—In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations," and on December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." These new accounting pronouncements were effective for fiscal years beginning on or after April 1, 2006. However, the business combinations and business divestitures issued on or after May 1, 2006, the effective date of a new corporate law of Japan (the "Corporate Law"), also allowed to adopt these new accounting pronouncements.

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

The Company merged two wholly owned subsidiaries, ALPHA OMC Co., Ltd. and OMC Card Staff Co., Ltd., on February 1, 2007, and accounted for them by the pooling of interests method of accounting pronouncements mentioned above. The related goodwill is systematically amortized over five years with the exception of minor amounts which are charged to income in the period of merger.

- c. Cash Equivalents**—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits which mature within three months of the date of acquisition.
- d. Allowance for Doubtful Accounts**—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

As a certain subsidiary refined data to heighten the accuracy of its evaluation of potential losses on receivables outstanding, it re-evaluated the allowance for doubtful accounts. The result of this re-evaluation was a decrease in income before income taxes and minority interests for the year ended February 28, 2007 by ¥1,685 million.

- e. Marketable and Investment Securities**—Marketable and investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

- f. Property and Equipment**—Property and equipment are stated at cost. Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings (excluding facilities incidental to buildings). The range of useful lives for buildings and structures is from 3 to 15 years.
- g. Software**—Cost of computer software obtained for internal use is amortized by the straight-line method over five years.

- h. Long-lived Assets**—In August 2002, the BAC issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the ASBJ issued ASBJ Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004. The Companies adopted the new accounting standard for impairment of fixed assets as of March 1, 2006.

The Companies review their long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The effect of adoption of the new accounting standard for impairment of fixed assets for the year ended February 28, 2007 was not material.

- i. Allowance for Credit Card Points Redemption**—The allowance for credit card points redemption is stated in amounts considered to be appropriate based on the Companies' past redemption experience.

On June 1, 2006, the Company extended the validity term of most part of credit card points redemption from one year to two years. As it has become complicated to compute the redemption within one year due to this extension, allowance for credit card points redemption was accounted for as long-term liabilities as of February 28, 2007.

- j. Retirement Benefits**—The Company and certain consolidated subsidiaries have a contributory trust pension plan and non-contributory trust pension plans covering substantially all of their employees.

In July 2006, the Company transferred its non-contributory defined benefit pension plan to the plan based on Defined Benefit Pension Plan Law, by which the former tax qualified plan was terminated. The Company applied accounting treatments specified in the guidance issued by the ASBJ. The effect of this transfer is to reduce planned benefit obligation of ¥104 million and to recognize prior service cost with the same amount for the year ended February 28, 2007.

The Company's general stockholders meeting held on May 26, 2006 approved the proposal offering to terminate retirement benefit plan for directors, corporate auditors and corporate officers, and to provide them with entitled retirement benefits at the time of retirements. According to this approval, allowance was fully reversed and remaining balance which had not paid by February 28, 2007 is reclassified to other long-term liabilities.

Retirement benefits to directors, corporate auditors and corporate officers of certain subsidiaries are provided at the amount which would be required if all directors, corporate auditors and corporate officers retired at the balance sheet date.

- k. Allowance for Losses on Interest Refunds**—The allowance for losses on interest refunds is stated in amounts considered to be appropriate based on the Company's past refund experiences and recent refund condition regarding interest refunds.

In October 2006, "Application of Auditing for Provision of Allowance for Loss for Reclaimed Refund of Interest in the Accounting of Consumer Finance Companies" of the industry audit practice committee report No. 37 was issued by the Japanese Institute of Certified Public Accountants. The Company adopted this report from the beginning of the year ended February 28, 2007 and the effect was to decrease income before income taxes and minority interests by ¥10,958 million.

- l. Presentation of Equity*—On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of February 28, 2006 were reclassified as separate components of equity as of March 1, 2006 in the consolidated statement of changes in equity.
- m. Leases*—Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements. All leases are accounted for as operating leases.
- n. Bonuses to Directors and Corporate Auditors*—Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.
- o. Recognition of Operating Revenues*—The operations of the Companies are mainly comprised of the following areas, and the recognition of operating revenues differs for each business. See Note 4 for amounts of transactions and realized operating revenues by each business.

(1) Credit Card Contracts and Personal Credit Contracts for Shopping

Installment sales receivable is recorded when the Company purchases these receivables from the affiliated stores, and fees for collection and administrative services to be received from the affiliated stores are recognized at the same time.

The Company also receives fees from customers under credit card contracts, and such fees are recorded when the Company bills customers the amount of fees charged at the contract rate on the outstanding balances of the credit cards, and fees from customers for personal credit contracts for shopping are recognized as profit on the installment basis computed using the sum-of-the-digits method.

(2) Loan Contracts

Operating loans receivable from cardholders are recorded when they receive cash from the Companies. Monthly billings to borrowers include principal and interest, the total of which generally remains constant for the contract period. The interest is recognized as revenue monthly on a declining-balance basis.

Personal loans and other operating loans receivable are recorded when loan contracts become effective. The interest on personal loans is recognized as revenue according to the installment plan computed using the sum-of-the-digits method. The interest on certain other contracts is recognized as revenue according to the declining-balance basis.

- p. Income Taxes*—The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.
- q. Derivative Financial Instruments*—The Companies enter into interest rate swap agreements as a means of managing their interest rate exposures on short-term borrowings and long-term debt.

It is the Companies' policy not to hold or issue derivatives for speculative or trading purposes.

Derivative financial instruments are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the income statement and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Interest rate swaps are utilized to hedge interest rate exposures of long-term debt. These swaps which qualify for hedge accounting are measured at market value at the balance sheet date and the unrealized gains or losses are deferred until maturity as other liabilities or assets.

However, interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expenses or income.

- r. Per Share Information*—Basic net (loss) income per share is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because the Company does not have any outstanding dilutive securities.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

- s. New Accounting Pronouncement*

Lease Accounting—On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized recognizing lease assets and lease obligation in the balance sheet.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of February 29, 2008 and February 28, 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Non-current:			
Marketable equity securities	¥ 747	¥ 2,287	\$ 7,183
Non-marketable equity securities	<u>3,540</u>	<u>3,432</u>	<u>34,038</u>
Total	<u>¥ 4,287</u>	<u>¥ 5,719</u>	<u>\$ 41,221</u>

Investments in associated companies are included in non-marketable equity securities with the amount of ¥230 million (\$2,212 thousand) and ¥1,661 million as of February 29, 2008 and February 28, 2007, respectively.

The carrying amounts and aggregate fair values of marketable and investment securities as of February 29, 2008 and February 28, 2007, were as follows:

	Millions of Yen			
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
<u>February 29, 2008</u>				
Securities classified as available-for-sale—Equity securities	¥ 368	¥ 429	¥ 50	¥ 747
<u>February 28, 2007</u>				
Securities classified as available-for-sale—Equity securities	1,036	1,251	0	2,287
	Thousands of U.S. Dollars			
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
<u>February 29, 2008</u>				
Securities classified as available-for-sale—Equity securities	\$ 3,539	\$ 4,125	\$ 481	\$ 7,183

Available-for-sale securities whose fair value is not readily determinable as of February 29, 2008 and February 28, 2007, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Available-for-sale—Equity securities	¥ 3,310	¥ 1,771	\$ 31,827

Proceeds from sales of available-for-sale securities for the years ended February 29, 2008 and February 28, 2007, were ¥1,575 million (\$15,144 thousand) and ¥94 million, respectively. Gross realized gains on these sales, computed on the moving average cost basis, were ¥822 million (\$7,904 thousand) and ¥91 million for the years ended February 29, 2008 and February 28, 2007, respectively.

4. INSTALLMENT SALES RECEIVABLE, OPERATING LOANS RECEIVABLE AND DEFERRED REVENUE

Installment sales receivable, operating loans receivable and deferred revenue as of February 29, 2008 and February 28, 2007, consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2008		2007		2008	
	Receivable	Deferred Revenue	Receivable	Deferred Revenue	Receivable	Deferred Revenue
Installment sales receivable:						
Credit card contracts	¥ 152,247	¥ 867	¥ 135,334	¥ 634	\$ 1,463,913	\$ 8,336
Personal credit contracts	<u>2,361</u>	117	<u>3,426</u>	195	<u>22,702</u>	1,125
	<u>¥ 154,608</u>		<u>¥ 138,760</u>		<u>\$ 1,486,615</u>	
Operating loans receivable	<u>¥ 375,212</u>	<u>50</u>	<u>¥ 356,993</u>	<u>120</u>	<u>\$ 3,607,808</u>	<u>481</u>
		<u>¥ 1,034</u>		<u>¥ 949</u>		<u>\$ 9,942</u>

The securitized installment sales receivable and operating loans receivable, which were liquidated and not recognized on the accompanying consolidated balance sheets as of February 29, 2008 and February 28, 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Installment sales receivable	¥ 18,763	¥ 18,471	\$ 180,413
Operating loans receivable	<u>83,565</u>	<u>105,817</u>	<u>803,510</u>
Total	<u>¥ 102,328</u>	<u>¥ 124,288</u>	<u>\$ 983,923</u>

The trust beneficiary rights generated from the liquidation, which were included in operating receivables as of February 29, 2008 and February 28, 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Installment sales receivable	¥ 27,584	¥ 14,153	\$ 265,230
Operating loans receivable	<u>107,563</u>	<u>89,098</u>	<u>1,034,260</u>
Total	<u>¥ 135,147</u>	<u>¥ 103,251</u>	<u>\$ 1,299,490</u>

¥5,000 million (\$48,077 thousand) of operating loan receivable is collateralized for the same amount of debt generated from the liquidation as of February 29, 2008.

Amounts of transaction volume and realized operating revenue by type of contract for the years ended February 29, 2008 and February 28, 2007, consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2008		2007		2008	
	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue
Credit card contracts	¥ 1,019,823	¥ 28,287	¥ 940,258	¥ 26,163	\$ 9,805,990	\$ 271,991
Personal credit contracts	1,488	228	2,378	390	14,308	2,192
Loan contracts	445,040	109,656	534,272	114,863	4,279,231	1,054,385
Other	200,351	13,330	193,169	13,903	1,926,452	128,173
	<u>¥ 1,666,702</u>	151,501	<u>¥ 1,670,077</u>	155,319	<u>\$ 16,025,981</u>	1,456,741
Financial transactions		101		65		971
Total operating revenues		<u>¥ 151,602</u>		<u>¥ 155,384</u>		<u>\$ 1,457,712</u>

5. COMMITMENTS

The cashing and card loan agreements permit the customers to extend their loan up to the designated amounts. The balances of the outstanding commitment on the agreements as of February 29, 2008 and February 28, 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Total loan limits	¥ 2,010,818	¥ 2,062,208	\$ 19,334,788
Loan executions	424,286	438,267	4,079,673
Total	<u>¥ 1,586,532</u>	<u>¥ 1,623,941</u>	<u>\$ 15,255,115</u>

Since the agreements contain a provision that allows the Company to refuse loans to the customers or reduce commitment lines voluntarily due to change of customers' creditworthiness or similar condition change, outstanding commitment amounts do not equal to future loan cash flows of the Company.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of February 29, 2008 and February 28, 2007, consisted of notes to banks, bank overdrafts and loans from financing institutions. Commercial paper was also a component of short-term borrowings as of February 29, 2008. The weighted-average interest rates applicable to short-term borrowings as of February 29, 2008 and February 28, 2007 were 2.3% and 2.4%, respectively.

Long-term debt as of February 29, 2008 and February 28, 2007 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Loans from banks and other financial institutions, due serially to 2015 with weighted-average interest rates of 2.1% in 2008 and 1.8% in 2007	¥ 297,008	¥ 339,714	\$ 2,855,847
Less current portion	(120,784)	(114,398)	(1,161,385)
Long-term debt, less current portion	<u>¥ 176,224</u>	<u>¥ 225,316</u>	<u>\$ 1,694,462</u>

Long-term debt of ¥61,500 million (\$591,346 thousand) has debt covenant term concerning the condition of operating income and equity as of February 29, 2008.

Annual maturities of long-term debt outstanding as of February 29, 2008, were as follows:

Year Ending February 28 or 29	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 120,784	\$ 1,161,385
2010	92,057	885,163
2011	78,080	750,769
2012	3,721	35,779
2013	1,987	19,106
2014 and thereafter	<u>379</u>	<u>3,645</u>
Total	<u>¥ 297,008</u>	<u>\$ 2,855,847</u>

As is customary in Japan, substantially all of the Companies' bank borrowings are subject to general agreements with each bank which provide, among other things, that the relevant bank may, when the bank deems it necessary, request security for the loans. Also, these agreements allow the banks, if necessary, to treat any security furnished to the bank, as well as cash deposited with it, as security which may be used to offset present and future indebtedness.

7. DEPOSITS RECEIVED

Deposits received mainly consist of temporary cash collected from individual debtors on behalf of principal creditors such as other credit companies including those to which the Company sold its operating receivables on a securitization basis.

8. RETIREMENT BENEFITS

The Company and certain consolidated subsidiaries have severance payment plans for employees, directors, corporate auditors and corporate officers.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of lump-sum severance payments from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The Company and certain consolidated subsidiaries also have defined contribution plans.

The liability (asset) for employees' retirement benefits as of February 29, 2008 and February 28, 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Projected benefit obligation	¥ 4,324	¥ 4,454	\$ 41,577
Fair value of plan assets	(1,527)	(1,636)	(14,683)
Unrecognized actuarial gain	(21)	42	(202)
Unrecognized prior service cost	<u>87</u>	<u>97</u>	<u>837</u>
Net liability	<u>¥ 2,863</u>	<u>¥ 2,957</u>	<u>\$ 27,529</u>

The components of net periodic benefit costs for the years ended February 29, 2008 and February 28, 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
Service cost	¥ 389	¥ 421	\$ 3,740
Interest cost	87	89	837
Expected return on plan assets	(8)	(8)	(77)
Recognized actuarial loss	4	14	38
Amortization of prior service cost	(10)	(7)	(96)
Net periodic benefit costs	462	509	4,442
Payment for the defined contribution plans	171	150	1,644
Payment for the voluntary early retirement program	134	144	1,289
Total	<u>¥ 767</u>	<u>¥ 803</u>	<u>\$ 7,375</u>

Assumptions used for the years ended February 29, 2008 and February 28, 2007, are set forth as follows:

	2008	2007
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	0.5%	0.5%
Amortization period of prior service cost	10 years	10 years
Recognition period of actuarial gain/loss	10 years	10 years

The liabilities for retirement benefits to directors, corporate auditors and corporate officers of certain subsidiaries as of February 29, 2008 and February 28, 2007 are ¥11 million (\$106 thousand) and ¥22 million, respectively. The retirement benefits for directors and corporate auditors are paid subject to the approval of the stockholders.

9. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Corporate Law, which reformed and replaced the Commercial Code of Japan. The significant provisions in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the stockholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Corporate Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the stockholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by specific formula.

Under the Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of equity.

The Corporate Law also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. RELATED PARTY TRANSACTIONS

The Daiei, Inc. ("Daiei"), formerly the parent company of the Company, had become an other related party on February 8, 2008, which owns 20.8% of the total outstanding stock of the Company. Transactions with Daiei for the years ended February 29, 2008 and February 28, 2007, were as follows:

	<u>Millions of Yen</u>		<u>Thousands of</u>
	<u>2008</u>	<u>2007</u>	<u>U.S. Dollars</u>
Transaction volume by credit card and personal credit contracts	¥ 174,981	¥ 176,507	\$ 1,682,510

The balance due to Daiei as of February 29, 2008 and February 28, 2007, was as follows:

	<u>Millions of Yen</u>		<u>Thousands of</u>
	<u>2008</u>	<u>2007</u>	<u>U.S. Dollars</u>
Accounts payable	¥ 526	¥ 437	\$ 5,058

Sumitomo Mitsui Banking Corporation ("SMBC") had become a related party on February 8, 2008 through an acquisition of 32.6% of outstanding stock of the Company. Transactions with SMBC for the year ended February 29, 2008, the period after the acquisition, were as follows:

	<u>Millions of Yen</u>		<u>Thousands of</u>
	<u>2008</u>		<u>U.S. Dollars</u>
Short-term borrowing	¥ 22,000		\$ 211,538
Interest paid	136		1,308

The balances due to SMBC as of February 29, 2008 were as follows:

	<u>Millions of Yen</u>	<u>Thousands of U.S. Dollars</u>
	<u>2008</u>	<u>2008</u>
Short-term borrowing	¥ 22,000	\$ 211,538
Long-term debt	43,000	413,462
Prepaid interest	220	2,115
Accrued interest	151	1,452

11. FINANCIAL TRANSACTIONS AND EXPENSES

Financial transactions included in other revenues and expenses for the years ended February 29, 2008 and February 28, 2007, consisted of the following:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Financial transactions—Interest income	¥ 101	¥ 65	\$ 971
Total	<u>¥ 101</u>	<u>¥ 65</u>	<u>\$ 971</u>
Financial expenses:			
Interest expense	¥ 9,309	¥ 9,075	\$ 89,510
Other	<u>2,467</u>	<u>1,544</u>	<u>23,721</u>
Total	<u>¥ 11,776</u>	<u>¥ 10,619</u>	<u>\$ 113,231</u>

12. INCOME TAXES

The Companies are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.5% for the years ended February 29, 2008 and February 28, 2007.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at February 29, 2008 and February 28, 2007, are as follows:

	<u>Millions of Yen</u>		<u>Thousands of U.S. Dollars</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>
Deferred tax assets:			
Allowance for provision of doubtful accounts	¥ 26,237	¥ 5,698	\$ 252,279
Allowance for losses on interest refunds	12,082	7,661	116,173
Write-off of operating receivables	11,567	5,515	111,221
Allowance for credit card points redemption	2,151	1,229	20,683
Liability for retirement benefits	1,159	1,197	11,144
Tax loss carryforwards	486	1,869	4,673
Other	1,587	3,522	15,260
Less valuation allowance	<u>(671)</u>	<u>(2,144)</u>	<u>(6,452)</u>
Total	54,598	24,547	524,981
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(154)	(506)	(1,481)
Other	<u>(1)</u>	<u>(2)</u>	<u>(10)</u>
Net deferred tax assets	<u>¥ 54,443</u>	<u>¥ 24,039</u>	<u>\$ 523,490</u>

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the year ended February 29, 2008 is not disclosed due to no material difference between them, and for the year ended February 28, 2007 is as follows:

	<u>2007</u>
Normal effective statutory tax rate	40.5 %
Utilization of tax loss carryforwards succeeded from merged company	(30.7)
Effect of liquidation of consolidated subsidiary	2.7
Fluctuation of valuation allowance	1.5
Inhabitant taxes	0.6
Expense not deductible for income tax purposes	0.1
Others	<u>0.2</u>
Actual effective tax rate	<u>14.9 %</u>

13. PROVISION FOR DOUBTFUL ACCOUNTS

The Company introduced a new credit assessment model based on a new interest rate system in September 2007. Under this new model, it separated out the loan claims on those existing customer strata who cannot conform to the standards of the new model and laid out the framework to manage them on an individual basis.

The Company charged provision for doubtful accounts of ¥47,148 million (\$453,346 thousand) to income for the year ended February 29, 2008, as potential losses expected to arise in relation to this strata and framework.

14. LEASES

The Companies lease certain computer equipment, office space (including subleased properties) and other assets.

Total rental expenses were ¥2,612 million (\$25,115 thousand) and ¥3,215 million for the years ended February 29, 2008 and February 28, 2007, respectively. Such rental expenses included total lease payments of ¥562 million (\$5,404 thousand) and ¥821 million for the years ended February 29, 2008 and February 28, 2007, respectively, in connection with finance leases as described in Note 2.m.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligation under finance leases, depreciation expense, interest expense and other information of financial leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended February 29, 2008 and February 28, 2007, was as follows:

	Millions of Yen					
	2008			2007		
	<u>Equipment</u>	<u>Software</u>	<u>Total</u>	<u>Equipment</u>	<u>Software</u>	<u>Total</u>
Acquisition cost	¥ 2,170	¥ 292	¥ 2,462	¥ 3,538	¥ 290	¥ 3,828
Accumulated depreciation	1,427	96	1,523	2,435	38	2,473
Accumulated impairment loss	—	—	—	32	—	32
Net leased property	<u>¥ 743</u>	<u>¥ 196</u>	<u>¥ 939</u>	<u>¥ 1,071</u>	<u>¥ 252</u>	<u>¥ 1,323</u>

	Thousands of U.S. Dollars		
	2008		
	Equipment	Software	Total
Acquisition cost	\$ 20,865	\$ 2,808	\$ 23,673
Accumulated depreciation	<u>13,721</u>	<u>923</u>	<u>14,644</u>
Net leased property	<u>\$ 7,144</u>	<u>\$ 1,885</u>	<u>\$ 9,029</u>

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
	Due within one year	¥ 347	¥ 523
Due after one year	<u>623</u>	<u>873</u>	<u>5,990</u>
Total	<u>¥ 970</u>	<u>¥ 1,396</u>	<u>\$ 9,327</u>

Allowance for impairment loss on leased equipment of ¥32 million as of February 28, 2007 is not included in the obligations under finance leases.

Depreciation expense, interest expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
	Depreciation expense	¥ 512	¥ 747
Interest expense	<u>48</u>	<u>63</u>	<u>462</u>
Total	<u>¥ 560</u>	<u>¥ 810</u>	<u>\$ 5,385</u>
Lease payments	¥ 562	¥ 821	\$ 5,404
Reversal of allowance for impairment loss on leased property		172	
Impairment loss		205	

Future minimum lease receipts as lessor under operating leases for remaining lease periods, as of February 29, 2008 and February 28, 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	2008
	Due within one year	¥ 39	¥ 37
Due after one year	<u>271</u>	<u>263</u>	<u>2,606</u>
Total	<u>¥ 310</u>	<u>¥ 300</u>	<u>\$ 2,981</u>

15. CONTINGENT LIABILITIES

As of February 29, 2008, the Companies were contingently liable as a guarantor for borrowings of customers in an amount of ¥635 million (\$6,106 thousand).

16. DERIVATIVES

The Companies enter into interest rate swap agreements as a means of managing their interest rate exposure on long-term debt.

It is the Companies' policy not to hold or issue derivatives for speculative or trading purposes.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

Because the counterparties to those derivatives are limited to major international financial institutions, the Companies do not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Companies have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Market value information for the years ended February 29, 2008 and February 28, 2007, is not disclosed because all of the derivatives qualified for hedge accounting and met specific matching criteria.

17. NET INCOME PER SHARE

Basic net (loss) income per share is computed based on the weighted-average number of common stocks outstanding 211,567 thousand shares and 211,547 thousand shares for the years ended February 29, 2008 and February 28, 2007, respectively.

18. SEGMENT INFORMATION

Information about operations in different industry segments, foreign operations and operating revenues from foreign customers of the Companies for the years ended February 29, 2008 and February 28, 2007, was as follows:

(1) Operations in Different Industries

Operations in financial services for the years ended February 29, 2008 and February 28, 2007, were more than 90% of consolidated operating revenues, operating income and assets, and accordingly, segment information in different industries is not disclosed for fiscal 2008 and 2007.

(2) Foreign Operations

There are no consolidated overseas subsidiaries.

(3) Operating Revenues from Foreign Customers

Operating revenues from foreign customers are less than 10% of consolidated operating revenues.

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INDEPENDENT AUDITORS' REPORT

Deloitte.

Deloitte Touche Tohmatsu
MS Shibaura Building
4-13-23 Shibaura
Minato-ku, Tokyo 108-8530
Japan
Tel: +81-3-3457-7321
Fax: +81-3-3457-1694
www.deloitte.com/jp

To the Board of Directors and Stockholders of
OMC Card, Inc.:

We have audited the accompanying consolidated balance sheets of OMC Card, Inc. (the "Company") and subsidiaries as of February 29, 2008 and February 28, 2007, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of OMC Card, Inc. and subsidiaries as of February 29, 2008 and February 28, 2007, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu". The signature is written in dark ink and is positioned above a horizontal line that extends across the width of the signature.

May 23, 2008

Corporate Data (As of February 29, 2008)

Main Office
16-4, Kounan 2-chome
Minato-ku, Tokyo 108-8117
Japan

Contact
Investor Relations
Telephone: 81-3-6714-7713
Facsimile: 81-3-6714-3773

Date of Establishment
September 1950

Number of Employees
1,273

Main Consolidated Subsidiaries
MCS Servicer Co., Ltd.
Servicer

OMC Solution Co., Ltd.
Credit sales financing

ACCESS GENERAL Co., Ltd.
Credit sales financing

ORE, Inc.
Real estate management

BLOCKLINE, Inc.
Data processing service

Car License OMC Co., Ltd.
Driving school agency

F BALANCE, Inc.
Insurance agency

PROCENT Inc.
Credit card processing service

TicketOMC, Inc.
Box office ticket sales, real estate management

Companies Accounted for by
the Equity Method
NICHIRYO OMC CO., LTD.
Travel agency

Investor Information (As of February 29, 2008)

Paid-in Capital
¥43,343,660,026

Common Stock
Authorized: 670,000,000 shares
Issued: 213,682,082 shares
Number of Stockholders: 23,059

Stock Exchange Listing
Tokyo Stock Exchange

General Meeting of Stockholders
The Ordinary General Meeting
of Stockholders is held in May in
Tokyo.

Independent Auditors
Tohmatsu & Co.
(A member firm of Deloitte Touche Tohmatsu International)

Transfer Agent
The Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama 4-chome, Chuo-ku, Osaka 541-0041, Japan

	2008		2007		2006	
	High	Low	High	Low	High	Low
1st quarter	1,020	724	2,465	1,550	1,387	1,178
2nd quarter	1,124	524	1,964	983	1,594	1,277
3rd quarter	638	341	1,540	881	2,090	1,461
4th quarter	531	279	1,178	800	3,040	1,800



For further information, please contact: OMC Card, Inc.
16-4, Kounan 2-chome, Minato-ku, Tokyo 108-8117, Japan
Telephone: 81-3-6714-7800
Facsimile: 81-3-6714-3773
Web site: <http://www.omc-card.co.jp/> (Japanese)
<http://www.omc-card.co.jp/eng/> (English)