

## 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>
<b>CURRENT ASSETS:</b>			
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>
<b>PROPERTY AND EQUIPMENT:</b>			
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>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
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>
<b>TOTAL</b>	<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>
<b>CURRENT LIABILITIES:</b>			
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
<b>Total current liabilities</b>	<b>345,996</b>	<b>277,818</b>	<b>3,326,885</b>
<b>LONG-TERM LIABILITIES:</b>			
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
<b>Total long-term liabilities</b>	<b>220,274</b>	<b>251,511</b>	<b>2,118,019</b>
<b>CONTINGENT LIABILITIES (Notes 14 and 15)</b>			
<b>EQUITY (Note 9):</b>			
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)
<b>Total</b>	<b>50,367</b>	<b>75,652</b>	<b>484,298</b>
Minority interests	207	138	1,990
<b>Total equity</b>	<b>50,574</b>	<b>75,790</b>	<b>486,288</b>
<b>TOTAL</b>	<b>¥ 616,844</b>	<b>¥ 605,119</b>	<b>\$ 5,931,192</b>

## 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
<b>OPERATING ACTIVITIES:</b>			
(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
<b>INVESTING ACTIVITIES:</b>			
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)
<b>FINANCING ACTIVITIES:</b>			
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

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## OMC Card, Inc. and Subsidiaries

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

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	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.

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## OMC Card, Inc. and Subsidiaries

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

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#### 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.

\* \* \* \* \*

## 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 black ink that reads "Deloitte Touche Tohmatsu". The signature is written in a cursive, flowing style and is enclosed within a large, horizontal oval shape.

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