

NIF Ventures Co., Ltd.

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Consolidated Financial Results for the first quarter ended June 30, 2002

(Summary of Japanese announcement)

We hereby report our consolidated results for the first quarter ended June 30, 2002. The figures of the consolidated financial statements are prepared in accordance with the provision set forth in the Japanese Securities and Exchange Law, its related accounting regulations and are in conformity with accounting principles and practices generally accepted in Japan.

Consolidated Performance (from April 1, 2002 to June 30, 2002)

Consolidate financial statements for the first quarter of fiscal 2002 was unaudited.

There were no comparison between consolidated performance for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since consolidated financial statements for the first quarter of fiscal 2001 were undisclosed.

(1) Operating results

Note : All figures in the financial statements are rounded down to the nearest million.

	Net sales (¥ million)	Operating profit (¥ million)	Ordinary profit (¥ million)
First quarter (2002/6)	3,755	753	973
Fiscal 2001 (2002/3)	17,226	3,312	3,353

	Net income (¥ million)	Earnings / share (¥)	Fully diluted earnings / share (¥)
First quarter (2002/6)	1,104	3,821.33	-
Fiscal 2001 (2002/3)	3,264	12,304.40	-

Note 1. Investment profit based on the equity method :

First quarter (2002/6) ¥2 million

Fiscal 2001 (2002/3) ¥5 million

2. Average number of shares outstanding during period:

First quarter (2002/6) 288,997 shares

Fiscal 2001 (2002/3) 265,298 shares

3. Change in accounting policy : None

(2) Financial position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity Ratio (%)	Shareholders' equity / Share (¥)
First quarter (2002/6)	108,259	31,589	29.2	109,309.08
Fiscal 2001 (2002/3)	112,847	33,865	30.0	117,182.72

Note 1. Number of shares outstanding:

As of June 30, 2002 288,997 shares

As of March 31, 2002 288,997 shares

(4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries : 4

Number of non-consolidated subsidiaries applicable for the equity method : 1

Number of affiliated companies applicable for the equity method : 1

(5) Change in scope of consolidation and application of the equity method : None

Information on Group Companies

The Group composed of NIF Ventures Co., Ltd.(the “Company”), 5 consolidated subsidiaries and 6 affiliated companies. The Group is mainly engaged in private equity business including venture capital investments and buyout investments through its domestic and overseas networks.

[Private investment business]

The core business of the Group is venture capital investments in private venture companies of high-growth potential, not only for provision of funds but also management support for their enhancement of value, resulting in capital gains to the Group. The Group invests on behalf of investment partnership funds, as well as for the Company’s own account.

Through management and related administrative operation for the IEPs and other(*1), the Group earns revenues including administrative fees and success fees.

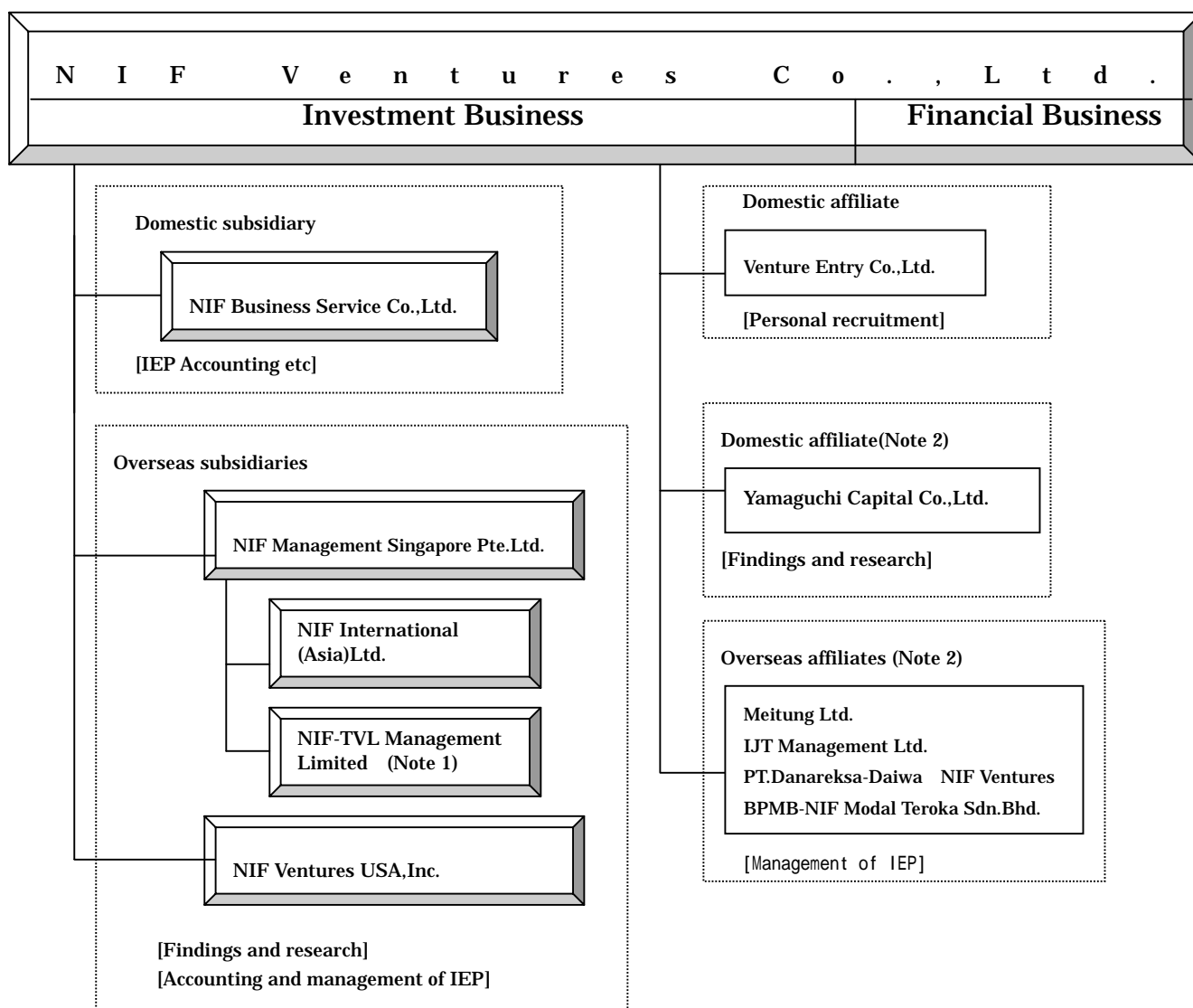
[Financial business]

The Company had been engaged in loan activities, such as mortgage-backed loans and the leasing. However, the company decided to withdraw from the business and focus on the private equity business. The company is now promoting collection of the outstanding loans.

*1 The IEPs and others(such as Investment Enterprise Partnerships)

Here, “The IEPs and others” refers to non-mandatory partnerships under civil law, as well as other forms of jointly operated investment funds, including anonymous partnerships under commercial law and limited partnerships under foreign law.

The following flow chart shows the business operations of the Group with the Company as a leader.



- Notes
1. NIF-TVL Management Limited is a non-consolidated subsidiary where the equity method is applicable.
 2. One domestic affiliate and 4 overseas affiliates are non-affiliated companies that are accounted for by the equity method

Performance

Consolidated operating results for the first quarter of fiscal 2002

1. Overview of Operations

The Japanese economy in the first quarter of FY2002 had been mending thanks to exports initiative from the early spring, but it did not result in forcible recovery, since occurrences in financial markets including Japan-U.S. simultaneous stock market plunge and a strong-yen-against-the-dollar exchange may cause a possibility of casting a damper on the sentiment of the consumers and companies who had been heading for the improvement.

As for the securities primary markets in Japan, the number of IPO companies on three markets, JASDAQ, Tokyo Stock Exchange Mothers and Nasdaq Japan were 25 in total for the first quarter, which was almost the same with last year, 27. As for the investment environment for venture capital firms, after the collapse of the IT bubble, they were expected to be more selective for investments, in particular, for IT ventures, and it was advantageous for the Group to invest in venture companies and then we could make investments at less cost.

In such a situation, the Company had selectively performed investments at reasonable cost with more thorough due diligence and valuation, resulting in investments amount of ¥5,020 million. The number of IPO companies among NIF-backed was 5 in total. Even in this unfavorable market conditions, the Company established "Venture Capital Investment Limited Partnership NIF Global Fund" of ¥11,000 million.

These operations made the result for the first quarter of FY2002 with sales of ¥3,755 million, ordinary profit ¥973 million and net income ¥1,104 million.

[Investment business]

(Investment Service)

The total of equity investment by the Company and its consolidated subsidiaries for the first quarter of fiscal 2002, together with discrete investments in funds undertaken based on judgment by the Company and its consolidated subsidiaries, came to ¥5,020 million, consisting of equity investment worth ¥1,645 million and fund investments worth ¥3,375 million.

The total number of IPO investee companies backed by the Company and its subsidiaries for the first quarter of fiscal 2002 came to 5, consisting of 4 domestic companies and 1 overseas company.

Sales of operational investment securities yielded ¥2,532 million, while interest and dividend income from operational investment securities was ¥116 million. Thus, total revenue from operational investment securities was ¥2,649 million.

(Management Service of Investment Enterprise Partnership)

The Company and its consolidated subsidiaries established a new investment association; "Venture Capital Investment Limited Partnership NIF Global Fund", as the Fund was undertaken by the judgment of the Company and its consolidated subsidiaries.

Total capital investments in the above-mentioned fund were ¥11,000 million.

Investment management fees from Investment Enterprise Partnership totaled ¥720 million in the first quarter of fiscal 2002.

Net sales from investment business totaled ¥3,425 million for the first quarter of fiscal 2002.

[Financial Business]

The Company has continued working to administer and call in existing credit obligations. The total value of operational loans for the first quarter ended June 30, 2002 was ¥18,393 million, while the total value of defective credits was ¥18,605 million after deductions of ¥10,346 million for the allowance for doubtful accounts. Interest from operational loans totaled ¥317 million.

Net sales from financial business totaled ¥329 million.

2. Forward-looking statements

The Company and its consolidated subsidiaries do not disclose forward-looking statements since it is difficult to predict the future performance of the venture capital industry because it is heavily influenced by fluctuations in the stock markets and other economic factors. However, the Company and its consolidated subsidiaries will endeavor to maintain a certain level of profitability and maximize corporate values.

Business conditions

There were no comparison between consolidated performance for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since consolidated financial statements for the first quarter of fiscal 2001 were undisclosed.

However, the Company disclosed the amounts of previous fiscal year for your information.

New Investment, Investment Enterprise Partnership funds(IEP), and IPOs

Direct investments by proper account

Millions of yen

	First quarter of fiscal 2002 [from April 1, 2002 to June 30, 2002]		Previous fiscal year [from April 1, 2001 to March 31, 2002]	
	Number of companies	Amount	Number of companies	Amount
Stock	24	1,625	82	4,424
Listed	-	-	-	-
Non-listed	24	1,625	82	4,424
Corporate bonds	1	19	16	1,162
Total*2	24	1,645	92	5,586

Note : 1. Direct investments by proper account exclude investments through funds

2. For companies in which NIF Ventures has investment using both stock and corporate bonds, each company is only counted once for the “Total” of the “Number of companies”.

Investment of IEP managed by the Company Group

Millions of yen

	First quarter of fiscal 2002 [from April 1, 2002 to June 30, 2002]		Previous fiscal year [from April 1, 2001 to March 31, 2002]	
	Number of companies	Amount	Number of companies	Amount
Stock	26	3,375	88	10,041
Listed	-	-	-	-
Non-listed	26	3,375	88	10,041
Corporate bonds	-	-	10	637
Total *1	26	3,375	93	10,678

Note : 1. For companies in which NIF Ventures has investment using both equity and corporate bonds, each company is only counted once for the “Total” of the “Number of companies”.

New established IEP

First quarter of fiscal 2002 (from April 1, 2002 to June 30, 2002)

Millions of yen

Fund name	Date of Establishment	Total commitment
"Venture Capital Investment Limited Partnership NIF Global Fund"	June 6, 2002	11,000
Total		11,000

Previous fiscal year (from April 1, 2001 to March 31, 2002)

Millions of yen

Fund name	Date of Establishment	Total commitment
Investment Enterprise Partnership "NIF·H Fund No.1"	April 25, 2001	1,000
Investment Enterprise Partnership "NIF21-ONE(2-A)"	May 21, 2001	6,000
Investment Enterprise Partnership "NIF21-ONE(2-B)"	May 21, 2001	6,000
Venture Capital Investment Limited Partnership "Akita Activation Fund No.1"	December 14, 2001	500
Venture Capital Investment Limited Partnership "NIF Japan-USA-Europe Bridge Fund"	January 10, 2002	9,000
Total		22,500

NIF Venture-Backed IPOs

First quarter of fiscal 2002 (from April 1, 2002 to June 30, 2002)

	Investee companies	Date of IPO	Market	Business	Headquarters
4 Domestic companies	* Ashitaba syohin Co., Ltd (Exchange of stock with Daiichi Commodities Co., Ltd)	April 1, 2002	JASDAQ	Futures trading of commodity(precious metal, crop, rubber, raw sugar, etc)	Tokyo
	JAPAN LONGLIFE Co., Ltd	April 10, 2002	Nasdaq JAPAN	Care business helping to take a bath	Osaka
	QUIN LAND Co., Ltd.	April 18, 2002	Nasdaq JAPAN	Operation of second-hand car dealer “Gulliver”	Hyogo
	Kyokuto Co., Ltd.	April 25, 2002	JASDAQ	Operating of cleaning stores	Fukuoka
1 Overseas company	* Ortems Société Anonyme (Exchange of stock with Finmatica S.P.A.)	April 4, 2002	Milan	Advanced planning and scheduling(APS) tool designed to operate as a component integrated with enterprise resource planning or Supply Chain Backbones	France

Note *Indicates the exchanges of stock with a listed company. The Date of IPO represents the exchange date.

Previous fiscal year (from April 1, 2001 to March 31, 2002)

	Investee companies	Date of IPO	Market	Business	Headquarters
16 Domestic companies	usen Corp.	April 25, 2001	NASDAQ Japan	Broadcasting service, operation of karaoke-box, sales and maintenance of karaoke equipment and Broadband business etc	Tokyo
	SOFT99 CORPORATION	June 12, 2001	Second section of Tokyo Stock Exchange	Manufacture and sales of chemical product for use in cars	Osaka
	INTELLIGENT WAVE INC.	June 15, 2001	JASDAQ	Computer software development	Tokyo
	* MAILNEWS CORPORATION (Exchange of stock with cyber communications inc.)	July 1, 2001	NASDAQ Japan	Marketing research used for e-mail	Tokyo
	PLANEX COMMUNICATIONS Inc.	July 11, 2001	JASDAQ	Development, planning and sales of computer network products	Tokyo
	Sodick Plustech Co.,Ltd.	August 31, 2001	JASDAQ	Development, manufacture and sales of injection molds	Kanagawa
	SHIN-NIHON TATEMONO CO.,LTD.	September 7, 2001	JASDAQ	Development and sales of condominium and houses, contracting work of construction, planning of buildings	Tokyo
	PROTO CORPORATION	September 12, 2001	JASDAQ	Publication of information magazine, planning and setting of events, database service	Aichi

	Investee companies	Date of IPO	Market	Business	Headquarters
	Estore corporation	September 19, 2001	NASDAQ Japan	Application provider for electrical commerce	Tokyo
	NISSIN HEALTHCARE FOOD SERVICE CO.,LTD.	October 10, 2001	JASDAQ	A hospital and welfare-institution-for-the-aged meal trust	Tokyo
	DENTSU INC.	November 30, 2001	First Section of Tokyo Stock Exchange	Advertising agency	Tokyo
	MOVIE TELEVISION INC.	December 13, 2001	JASDAQ	Import distribution of foreign movies and foreign telefilms	Tokyo
	WORKS APPLICATIONS CO.,LTD	December 13, 2001	JASDAQ	Development of software	Tokyo
	Pasona Inc.	December 18, 2001	NASDAQ Japan	Temporary help business	Tokyo
	STARCAT CABLE NETWORK CO.,LTD	February 13, 2002	JASDAQ	CATV enterprise	Aichi
	SUN CORPORATION	March 20, 2002	JASDAQ	Development and sale of system game software for pachinko peripheral equipment and pachinko parlors etc.	Aichi
8 Overseas companies	* LXN Corporation (Exchange of stock with Inverness Medical Technology, Inc.)	April 1,2001	Amex	Development and sales of FDA-approved diagnostic tests	USA
	Sis Nortel Telecommunication	April 2, 2001	Taiwan Stock Exchange	Manufacture and sales on Telecom network products and datacom products, wireless Lans etc.	Taiwan
	Emerging Display Technologies Corp.	April 3, 2001	Taiwan over-the-counter market	Manufacture and sales of LCM(LCD Modules) etc.	Taiwan
	HannStar Display Corporation	August 17, 2001	Taiwan over-the-counter market	Manufacture and sales of transistor liquid crystal displays (TFT-LCD)	Taiwan
	Chilisin Electronics Corp.	September 26, 2001	Taiwan Stock Exchange	Manufacture of chip inductors, iron cores, Ni-Zn cores and traditional inductors	Taiwan
	SIMPLO TECH	November 27, 2001	Taiwan over-the-counter market	Battery packaging, such as lithium batteries for notebook personal computers	Taiwan
	Prime Optical Fiber Corporation	March 8, 2002	Taiwan Stock Exchange	Manufacture and sale of an optical fibers	Taiwan
	InterServe International Inc.	March 22, 2002	Taiwan over-the-counter market	Early-childhood-education software game software development, talented-people evaluation website construction and management, a career development program	Taiwan

Note *Indicates the exchanges of stock with a listed company. The Date of IPO represents the exchange date.

The balance of operational loans

Millions of yen

	First quarter of fiscal 2002 [as of June 30, 2002]	Previous fiscal year [as of March 31, 2002]
Loans receivable	18,008	19,756
Mortgage-backed loans	385	389
Total	18,393	20,145

The balance of defective credits

Millions of yen

	First quarter of fiscal 2002 [as of June 30, 2002]	Previous fiscal year [as of March 31, 2002]
Defective credits	28,951	29,183
Allowance for doubtful accounts	(10,346)	(10,279)
Total	18,605	18,904

Consolidated Financial Statements

(1) Unaudited Consolidated Balance Sheets

Millions of yen

Account \ Period	First quarter of fiscal 2002 [as of June 30, 2002]	Previous fiscal year [as of March 31, 2001]	Increase [Decrease]
(Assets)			
Current assets	77,322	79,549	(2,227)
Cash and deposits	5,602	4,929	672
Operational investments securities	47,300	50,679	(3,379)
Less : Allowance for possible investment losses	(1,942)	(1,922)	(20)
Operational investment funds	4,150	2,100	2,050
Operational loans	18,393	20,145	(1,752)
Securities	3,099	2,834	264
Other current assets	760	822	(62)
Less : Allowance for doubtful accounts	(40)	(40)	-
Non-current assets	30,937	33,298	(2,360)
Tangible fixed assets	2,019	2,082	(63)
Intangible fixed assets	134	137	(2)
Investments and other	28,783	31,077	(2,294)
Investment securities	8,785	10,769	(1,984)
Defective credits	18,605	18,904	(299)
Other investments and other assets, net	1,392	1,404	(11)
Total Assets	108,259	112,847	(4,587)

(Note) There were no comparison between each amounts for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since consolidated financial statements of the first quarter of fiscal 2001 were undisclosed.

Millions of yen

Account \ Period	First quarter of fiscal 2002 [as of June 30, 2002]	Previous fiscal year [as of March 31, 2002]	Increase [Decrease]
(Liabilities)			
Current liabilities	63,973	65,423	(1,449)
Short-term borrowings	51,500	51,800	(300)
Long-term borrowings due within one year	11,134	11,071	63
Accrued bonuses	86	172	(85)
Other current liabilities	1,252	2,379	(1,126)
Non-current liabilities	12,695	13,558	(863)
Long-term borrowings	11,851	12,719	(868)
Accrued retirement benefits	171	156	15
Other fixed liabilities	672	682	(10)
Total liabilities	76,669	78,981	(2,312)
(Shareholders' equity)			
Common stock	11,267	11,267	-
Capital surplus	13,913	-	13,913
Additional paid-in capital	-	13,913	(13,913)
Earned surplus	7,166	-	7,166
Retained earnings	-	6,371	(6,371)
Net unrealized gain(loss) on securities	(840)	2,242	(3,082)
Foreign currency translation adjustments	83	71	11
Treasury stock, at cost	(0)	(0)	-
Total shareholders' equity	31,589	33,865	(2,275)
Total liabilities and shareholders' equity	108,259	112,847	(4,587)

(Note) There were no comparison between each amounts for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since consolidated financial statements of the first quarter of fiscal 2001 were undisclosed.

(2) Unaudited Consolidated Statements of Income

Millions of yen

Account \ Period	First quarter of fiscal 2002 〔 April 1,2002 - June 30,2002 〕	Previous fiscal year 〔 April 1,2001 - March 31,2002 〕
Net sales	3,755	17,226
Sales costs	1,817	9,349
Gross profit	1,937	7,876
Selling, general and administrative expenses	1,184	4,563
Operating profit	753	3,312
Non-operating income	266	295
Interest income	4	35
Dividend income	226	148
Equity in net gains on investments of a non-consolidated subsidiary and an affiliated company	2	5
Other	33	106
Non-operating expenses	46	254
Interest expenses	45	195
Stock issue expenses	-	49
Other	1	10
Ordinary profit	973	3,353
Extraordinary gains	429	539
Extraordinary losses	295	626
Income before income taxes	1,107	3,266
Income taxes-current expense	2	53
Income taxes-current benefit	-	54
Income taxes-deferred	0	3
Net income	1,104	3,264

(Note) There were no comparison between each amounts for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since consolidated financial statements of the first quarter of fiscal 2001 were undisclosed.

(3) Unaudited Consolidated Statements of Retained Earnings

Millions of yen

Period Account	First quarter of fiscal 2002 (April 1, 2002 - June 30, 2002)
(Capital surplus)	
Capital surplus at the beginning of year	13,913
Increase in capital surplus	-
Decrease in capital surplus	-
Capital surplus at the end of first quarter	13,913
(Earned surplus)	
Earned surplus at the beginning of year	6,371
Increase in earned surplus	1,104
Net income for the first quarter	1,104
Decrease in earned surplus	308
Cash dividends	288
Directors' bonuses	20
Earned surplus at the end of first quarter	7,166

Millions of yen

Period Account	Previous fiscal year (April 1, 2001 - March 31, 2002)
Retained earnings at the beginning of year	3,321
Decrease in retained earnings	215
Cash dividends	176
Directors' bonuses	39
Net income	3,264
Retained earnings at the end of year	6,371

Notes to consolidated financial statements

The consolidated financial statements of the Company for the first quarter ended June 30, 2002 are prepared in accordance with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Interim Consolidated Financial Statements"(Ministry of Finance Ordinance No.24, 1999).

Basis of consolidated financial statements

1. Scope of consolidation

(1) Consolidated subsidiaries : 4 companies

NIF business service Co.,Ltd.

NIF Management Singapore Pte. Ltd.

NIF Ventures USA, Inc.

NIF International (Asia) Ltd.

(2) Non-consolidated subsidiaries : 1 company

NIF-TVL Management Limited

2. Application of the equity method

(1) Non-consolidated subsidiaries that are accounted for by the equity method : 1 company

NIF-TVL Management Limited

(2) Affiliated companies that are accounted for by the equity method : 1 company

Venture entry Co.,Ltd.

(3) As the first quarter of affiliated companies that are accounted for by the equity method ends other than June 30, the financial statements for the relevant first quarter are reflected.

3. First quarter end of financial statements of consolidated subsidiaries

The following consolidated subsidiaries have a first quarter end of March 31.

NIF Management Singapore Pte. Ltd.

NIF Ventures USA, Inc.

NIF International(Asia)Ltd.

The financial statements of the respective first quarter ends are used in the preparation of the consolidated financial statements. Where significant transactions have occurred during the period between the first quarter end and June 30, the consolidated financial statements are adjusted accordingly.

4. Accounting policies

(1)Valuation of securities and derivatives

Valuation of securities

Other securities

a. Securities with quoted market value

Securities with quoted market value are stated at fair value on the closing date and net unrealized gains and losses on other securities are reported, net of applicable income taxes as a separate component of the shareholders' equity. Cost of these securities is calculated based on the moving average cost method.

b. Securities without quoted market value

Securities without quoted market value are stated at moving average cost.

Valuation of derivatives

Derivatives are reported at fair value.

(2) Depreciation of depreciable assets

Tangible fixed assets

The Company and its domestic consolidated subsidiary use the declining-balance method; however, the straight-line method is used for lease assets (taking the lease period as the useful life for depreciation), and for buildings (excluding associated equipment and facilities) acquired after April 1, 1998. The useful life for depreciation and the outstanding value are defined in accordance with Corporation Tax Law. For buildings (excluding associated equipment and facilities) acquired before March 31 1998, the useful life for depreciation is defined in accordance with the Corporation Tax Law prior to the 1998 amendments. For overseas consolidated subsidiaries, the straight-line method is used, based on local accounting standards.

Intangible fixed assets

The straight-line method is used. Software for in-house use is depreciated based on the straight-line method over its useful life as estimated by the Company.

(3) Accounting policies for various provisions

Allowance for doubtful accounts

The Company and a domestic consolidated subsidiary provide for doubtful accounts based on the historical deterioration rate as for normal loans, and the allowance specifically assessed financial evaluation as for doubtful and failed loans.

The overseas consolidated subsidiaries provide specifically assessed amounts.

Allowance for possible investment losses

In order to prepare for losses of operational investment securities held at the end of period, an amounts is provided based on estimated losses, considering actual conditions of investee companies.

Accrued bonuses

The Company accrues for employee bonus payment at an estimated amount to be paid based on the prescribed calculation method.

Accrued retirement benefits

The Company and consolidated subsidiaries provide accrued retirement benefits for employees in conformity with the bylaws to meet obligations as of June 30, 2002, as the rise in salaries in the future does not cause fluctuation in the benefit obligation and therefore the service costs for each individual based on contribution, ability and performance are vested fiscal year by fiscal year.

As for the closed pension fund, accrued retirement benefits are provided based on the difference between projected benefit obligation and fund's fair value on the closing date.

(4) Translation of foreign currency assets or liabilities into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate as of the closing date, and the translation differences are accounted for as current profits or losses. Assets and liabilities of overseas subsidiaries are translated into Japanese yen at the spot exchange rate as of the closing date, profits and losses of overseas subsidiaries are translated into Japanese yen at the average exchange rate for the period with transaction differences reported as currency transaction adjustments in the shareholders' equity section.

(5) Accounting for certain lease transactions

Financial lease in which ownership is not transferred to a lessee are accounted for in the same manner as operating leases.

(6) Hedging transactions

Method of hedge accounting

Valuation gains or losses on hedging instruments are deferred as assets or liabilities.

Hedging instruments and hedged items

The hedging instruments are interest rate swap transactions, and hedged items are floating interest rate borrowings.

Hedging policy

The Company has a policy of using the above hedging instruments only as a means of reducing the Company's exposure to interest rate fluctuation risks on borrowings, and not for speculation.

Method for assessing the effectiveness of hedging

The Company monitors the hedging of interest rate risk by regularly assessing the effectiveness, by comparing the fair value or the cumulative change in cash flows of hedging instruments with those of related hedged items.

(7) Other significant accounting policies

Accounting for investments in IEPs

As for accounting for investments in the Investment Enterprise Partnerships(IEP), assets, liabilities, profits and losses of IEP are recorded in proportion to our contributions to the IEP on the basis of the financial statements for the relevant business year and the interim financial statements for the relevant interim period.

Investments in IEPs without(interim) financial statements are included in "Operational investment fund" in current assets.

Consumption taxes

Consumption taxes are separately recorded and nondeductible consumption taxes are reported as selling, general and administrative expenses. However, the undeductable consumption taxes concerning fixed assets are reported as "Other investments and other assets, net" under "Investments and other", and are amortized over the periods prescribed by the Corporation Tax Law.

Additional information

Due to the amendments of the rules for the Japanese financial statements, the changes were made for the description of shareholders' equity in consolidated balance sheets and consolidated statements of retained earnings.

Notes to consolidated balance sheets

(Millions of yen)

	First quarter of fiscal 2002	Previous fiscal year
1. Mortgage-backed loans included in operational loans	385	389
2. Accumulated depreciation of tangible fixed assets	1,254	2,017
3. Allowance for doubtful accounts deducted directly from "Investments and other"		
Defective credits	10,346	10,279
Other investments and other asset, net (membership)	91	91
*Defective credits = credits as defined in Article 32, Clause 1, No.10 of Regulations of Financial Statements		

Notes to consolidated statements of income

(Millions of yen)

	First quarter of fiscal 2002	Previous fiscal year
1. Breakdown of net sales		
Revenues from operational investment securities	2,649	12,445
Investment management fees	720	2,629
Interest from operational loans	317	1,586
Other	68	564
2. Breakdown of sales costs		
Cost of operational investment securities	1,515	7,211
Interest expenses for operational assets	230	1,177
Provision for possible investment securities losses	20	805
Other	51	154
*Devaluation losses included in cost of operational investment securities	285	916
3. Breakdown of major selling, general and administrative expenses		
Salaries and bonuses	324	1,312
Bonuses accrual of accrued bonuses	71	172
Provision for doubtful accounts	67	230
Commission paid	223	502
4. Breakdown of extraordinary gains		
Gains on sale of investment securities	427	304
Reversal of multiemployers' pension plan	-	197
Gains on sale related to fixed assets	1	37
*Multiemployers' pension plan is a deduction of actual obligation on withdrawal from the Securities Companies' Welfare Pension Fund from the provision for multiemployers' pension plan.		
5. Breakdown of extraordinary losses		
Provision for doubtful accounts	-	37
Losses on sale or disposal of property and equipments	0	10
Losses on disposal of defective credits	-	128
Valuation losses related to fixed assets	-	38
Valuation losses of investment securities	294	405
Losses on sale of investment securities	1	5
*Loss on disposal of defective credits includes losses derived from the sale and settlement of defective credits		

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Non-Consolidated Financial Results for the first quarter ended June 30, 2002

(Summary of Japanese announcement)

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Performance (from April 1, 2002 to June 30, 2002)

Financial statements for the first quarter of fiscal 2002 were unaudited.

There were not comparison between performance for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since financial statements for the first quarter of fiscal 2001 were undisclosed.

(1) Operating results

Note : All figures in the financial statements are rounded down to the nearest million.

	Net sales (¥ million)	Operating profit (¥ million)	Ordinary profit (¥ million)
First quarter (2002/6)	3,649	712	928
Fiscal 2001 (2002/3)	16,820	3,289	3,336

	Net income (¥ million)	Earning / share (¥)
First quarter (2002/6)	1,060	3,669.11
Fiscal 2001 (2002/3)	3,257	12,278.69

Note:1. Average number of shares outstanding during period :

First quarter (2002/6) 288,997 shares

Fiscal 2001 (2002/3) 265,298 shares

2. Change in accounting policies : None

(2) Financial position

	Total assets (¥ million)	Shareholders' equity (¥ million)	Shareholders' equity ratio (%)	Shareholders' equity/ share (¥)
First quarter (2002/6)	107,350	30,730	28.6	106,335.77
Fiscal 2001 (2002/3)	111,967	33,061	29.5	114,402.39

Note 1. Number of shares outstanding :

As of June 30, 2002 288,997 shares

As of March 31, 2002 288,997 shares

2. Number of treasury stock held by the Company:

As of June 30, 2002 3 shares

As of March 31, 2002 3 shares

(1) Unaudited Balance Sheets

Millions of yen

Account	Period	First quarter of fiscal 2002 [as of June 30, 2002]	Fiscal 2001 [as of March 31, 2002]	Increase [Decrease]
(Assets)				
Current assets		76,540	78,795	(2,254)
Cash and deposits		4,974	4,332	641
Operational investment securities		47,300	50,679	(3,379)
Less : Allowance for possible investment securities losses		(1,942)	(1,922)	(20)
Operational investment funds		4,150	2,100	2,050
Operational loans		18,393	20,145	(1,752)
Securities		3,097	2,833	264
Other current assets		607	666	(58)
Less : Allowance for doubtful accounts		(40)	(40)	-
Non-current assets		30,809	33,172	(2,362)
Tangible fixed assets		2,012	2,075	(62)
Intangible fixed assets		85	85	0
Investments and other		28,710	31,010	(2,300)
Investment securities		8,742	10,731	(1,989)
Defective credits		18,605	18,904	(299)
Other investments and other assets, net		1,362	1,374	(11)
Total Assets		107,350	111,967	(4,617)

(Note) There were no comparison between each amounts for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since financial statements of the first quarter of fiscal 2001 were undisclosed.

Millions of yen

Account \ Period	First quarter of fiscal 2002 [as of June 30,2002]	Fiscal 2000 [as of March 31,2002]	Increase [Decrease]
(Liabilities)			
Current liabilities	63,923	65,346	(1,422)
Short-term borrowings	51,500	51,800	(300)
Long-term borrowings due within one year	11,134	11,071	63
Accrued bonuses	86	172	(85)
Other	1,202	2,302	(1,100)
Non-current liabilities	12,695	13,558	(863)
Long-term borrowings	11,851	12,719	(868)
Accrued retirement benefits	171	156	15
Other fixed liabilities	672	682	(10)
Total liabilities	76,619	78,905	(2,286)
(Shareholders' equity)			
Common stock	11,267	11,267	-
Capital surplus	13,913	-	13,913
Additional paid-in capital	13,913	-	13,913
Earned surplus	6,390	-	6,390
Earned surplus reserve	21	-	21
Unappropriated retained earnings	6,368	-	6,368
Additional paid-in capital	-	13,913	(13,913)
Earned surplus reserve	-	21	(21)
Retained earnings	-	5,617	(5,617)
Unappropriated retained earnings	-	5,617	(5,617)
Net unrealized gain(loss) on securities	(840)	2,242	(3,082)
Treasury stock, at cost	(0)	(0)	-
Total shareholders' equity	30,730	33,061	(2,331)
Total liabilities and shareholders' equity	107,350	111,967	(4,617)

(Note) There were no comparison between each amounts for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since financial statements of the first quarter of fiscal 2001 were undisclosed.

(2) Unaudited Statements of Income

Millions of yen

Account	Period	First quarter of Fiscal 2002 〔 April 1,2002- June 30,2002 〕	Fiscal 2001 〔 April 1,2001- March 31,2002 〕
Net sales		3,649	16,820
Sales costs		1,817	9,349
Gross profit		1,831	7,470
Selling, general and administrative expenses		1,118	4,180
Operating profit		712	3,289
Non-operating income		262	305
Non-operating expenses		46	258
Ordinary profit		928	3,336
Extraordinary gains		429	539
Extraordinary losses		295	608
Income before income taxes		1,062	3,267
Income taxes-current		2	9
Income taxes-deferred		-	-
Net income		1,060	3,257
Unappropriated retained earnings - carryforward		5,308	2,359
Unappropriated retained earnings		6,368	5,617

(Note) There were no comparison between each amounts for the first quarter of fiscal 2002 and for the first quarter of fiscal 2001, since financial statements of the first quarter of fiscal 2001 were undisclosed.

Notes to financial statements

The financial statements of the Company for the first quarter ended June 30, 2002 are prepared in accordance with the "Regulations Concerning Terminology, Forms, and Preparation Methods of Interim Financial Statements" (Ministry of Finance Ordinance No.38, 1977).

Basis of financial statement

1. Valuation of securities and investment securities

(1) Securities and investment securities

Subsidiary stocks and affiliated company stocks

Subsidiary stocks and affiliated company stocks are valued at moving average cost method.

Other securities

a. Securities with quoted market value

Securities with quoted market value are stated at fair value on the closing date and net unrealized gains and losses on other securities are reported, net of applicable income taxes as a separate component of the shareholders' equity. Cost of these securities is calculated based on the moving average cost method.

b. Securities without quoted market value

Securities without quoted market value are stated at moving average cost.

(2) Valuation of Derivatives

Derivatives are reported at fair value.

2. Depreciation of depreciable assets

(1) Tangible fixed assets

The Company employ the declining-balance method; however, the straight-line method is used for lease assets (taking the lease period as the useful life for depreciation), and for buildings (excluding associated equipment and facilities) acquired after April 1, 1998. The useful life for depreciation and the outstanding value are defined in accordance with Corporation Tax Law. For buildings (excluding associated equipment and facilities) acquired before March 31 1998, the useful life for depreciation is defined in accordance with the Corporation Tax Law prior to the 1998 amendments.

(2) Intangible fixed assets

The straight-line method is used. Software for in-house use is depreciated based on the straight-line method over its useful life(five year) as estimated by the Company.

3. Accounting policies for various provisions

(1) Allowance for doubtful accounts

The Company provide for doubtful accounts based on the historical deterioration rate as for normal loans, and the allowance specifically assessed financial evaluation as for doubtful and failed loans.

(2) Allowance for possible investment losses

In order to prepare for losses of operational investment securities held at the end of period, an amounts is provided based on estimated losses, considering actual conditions of investee companies.

(3) Accrued bonuses

The Company accrues for employee bonus payment at an estimated amount to be paid based on the prescribed calculation method.

(4) Accrued retirement benefits

The Company provide accrued retirement benefits for employees in conformity with the bylaws to meet obligations as of June 30, 2002, as the rise in salaries in the future does not cause fluctuation in the benefit obligation and therefore the service costs for each individual based on contribution, ability and performance are vested fiscal year by fiscal year.

As for the closed pension fund, accrued retirement benefits are provided based on the difference between projected benefit obligation and fund's fair value on the closing date.

4. Translation of foreign currency assets or liabilities into Japanese yen

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate as of the closing date, and the translation differences are accounted for as current profits or losses.

5. Accounting for certain lease transactions

Financial Lease in which ownership is not transferred to a lessee are accounted for in the same manner as operating leases.

6. Hedging transactions

(1) Method of hedge accounting

Valuation gains or losses on hedging instruments are deferred as assets or liabilities.

(2) Hedging instruments and hedged items

The hedging instruments are interest rate swap transactions, and hedged items are floating interest rate borrowings.

(3) Hedging policy

The Company has a policy of using the above hedging instruments only as a means of reducing the Company's exposure to interest rate fluctuation risks on borrowings, and not for speculation.

(4) Method for assessing the effectiveness of hedging

The Company monitors the hedging of interest rate risk by regularly assessing the effectiveness, by comparing the fair value or the cumulative change in cash flows of hedging instruments with those of related hedged items.

7. Other significant accounting policies

(1) Accounting for investments in IEPs

As for accounting for investments in the Investment Enterprise Partnerships(IEP),assets, liabilities, profits and losses of IEP are recorded in proportion to our contributions to the IEP on the basis of the financial statements for the relevant business year and the interim financial statements for the relevant interim period.

Investments in IEPs without(interim) financial statements are included in "Operational investment fund" in current assets.

(2) Consumption taxes

Consumption taxes are separately recorded and nondeductible consumption taxes are reported as selling, general and administrative expenses. However, the undeductable consumption taxes concerning fixed assets are reported as "Other investment and other assets, net" under "Investments and other", and are amortized over the periods prescribed by the Corporation Tax Law.

Additional information

Due to the amendments of the rules for the Japanese financial statements, the changes were made for the description of shareholders' equity in balance sheets.

Notes to balance sheets

	(Millions of yen)	
	First quarter of fiscal 2002	Fiscal 2002
1. Mortgage-backed loans include in operational loans	385	389
2. Accumulated depreciation of tangible fixed assets	1,218	1,982
3. Allowance for doubtful accounts deducted directly from "Investments and other assets, net"		
Defective credits	10,346	10,279
Other investments and other assets, net (membership)	81	81
*Defective credits = credits as defined in Article 32, Clause 1, No.10 of Regulations of Financial Statements		

Notes to statements of income

	(Millions of yen)	
	First quarter of fiscal 2002	Fiscal 2001
1. Breakdown of net sales		
Revenues from operational investment securities	2,649	12,445
Investment management fees	665	2,424
Interest from operational loans	317	1,586
Other	16	363
2. Breakdown of sales cost		
Cost of operational investment securities	1,515	7,211
Interest expenses for operational asses	230	1,117
Provision for possible investment securities losses	20	805
Other	51	154
*valuation losses included in cost of operational investment securities	285	916
3. Amount of depreciation	22	203
4. Breakdown of major non-operating income		
Dividend income	226	182
Interest income	3	24
5. Breakdown of major non-operating expenses		
Interest expenses	45	195
6. Breakdown of extraordinary income		
Gains on sale of investment securities	427	304
Reversal of multiemployes' pension plan	-	197
Gains on sale related to fixed assets	1	37
*Multiemployers' pension plan is a deduction of actual obligation on withdrawal from the Securities Companies' Welfare Pension Fund from the provision for multiemployers' pension plan.		
7. Breakdown of extraordinary expenses		
Provision for doubtful accounts	-	30
Losses on sale and disposal related to fixed assets	0	7
Losses on disposal of defective credits	-	128
Valuation losses related to fixed assets	-	38
Valuation losses of investment securities	294	399
Losses on sale of investment securities	1	4
*Losses on disposal of defective credits includes losses derived from the sale and settlement of defective credits		