CUSTOMER VALUE CHAIN

OMC Card, Inc.
ANNUAL REPORT 2003

Five-Year Financial Highlights

OMC Card, Inc. (formerly Daiei OMC, Inc.) and Consolidated Subsidiaries
Years Ended February 28, 2003, 2002 and 2001, February 29, 2000, and February 28, 1999

	Millions of Yen (Except Per Share Amounts)					Thousands of U.S. Dollars (Except Per Share Amounts)
	2003	2002	2001	2000	1999	**2003**
For the year:						
Total operating revenues	**¥121,800**	¥117,132	¥109,400	¥102,640	¥104,372	**$1,041,026**
Operating income	**19,963**	23,777	22,414	20,923	9,432	**170,624**
Income (loss) before income taxes and minority interests in net (loss) income of consolidated subsidiaries	**3,762**	6,208	21,564	(102,200)	689	**32,154**
Net income (loss)	**1,593**	3,634	12,324	(59,831)	225	**13,615**
Per common share amounts:						
Net income (loss)	**¥7.54**	¥17.20	¥58.32	¥(283.15)	¥1.06	**$0.06**
At year end:						
Total assets	**¥530,622**	¥584,570	¥638,140	¥617,715	¥721,018	**$4,535,231**
Long-term debt	**29,242**	64,808	58,706	27,544	61,878	**249,932**
Total stockholders' equity	**32,113**	31,005	27,374	14,816	57,588	**274,470**

Notes: 1. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at the rate of ¥117=US$1, the approximate rate of exchange as of February 28, 2003. Refer to Note 1 of the Notes to Consolidated Financial Statements.
2. The amount of net income (loss) per share is based on the weighted average number of shares of common stock outstanding during each year.

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Disclaimer Regarding Forward-Looking Statements

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

Establishing a New Business Model

In fiscal 2003, ended February 28, 2003, OMC Card, Inc., strove to improve its financial condition and reinforce its foundations for growth. Following on from these efforts, we are building a highly profitable business model. Besides strengthening our core card business, this involves capitalizing on our database marketing capabilities to expand our card-based membership business, and using our card processing capabilities to develop our third-party card processing business.

Expanding Card Solicitation Channels Outside the Daiei Network

The business environment remained harsh throughout fiscal 2003, owing to a persistently deflationary economy with record levels of unemployment and sluggish consumer spending.

Although the credit card industry continues to grow as the market expands, business has been severely impacted by intensified competition—often from companies outside the industry—and a sharp rise in the number of personal bankruptcies, which was 134.4% higher in fiscal 2003 than in the previous year. As a consequence, consolidated operating income and net income of the OMC Card Group fell in fiscal 2003, despite an increase in total operating revenues. This decline was partly due to higher selling, general and administrative (SG&A) expenses, following a sharp increase in new card solicitation channels. Another significant factor was the radical disposal of non-performing loans that are more than one year old, to improve our financial condition as personal bankruptcies increase and the business slump continues. Consequently, we recorded ¥13.4 billion in write-off of operating receivables as an extraordinary loss. This led to a dramatic fall in net income. As a result, I would like to express my regret that we have to postpone the resumption of dividends.

Having changed our company name to OMC Card, reformed the organization and transformed its corporate culture with a new performance-based salary system, we are steadily implementing management strategies in our core card business. We attracted an unprecedented 1.5 million card applications during the period—exceeding our expectations—owing to the issuing of new co-brand and affinity cards and development of external solicitation channels to counter the impact of Daiei store closures. Moreover, the total number of OMC cardholders rose 210,000, to approximately seven million, and the card utilization rate remained high, at 66.5%. In the period under review, we established 480 new card solicitation points in post offices, train stations, event halls and other public spaces. This contributed not only to a high volume of credit card shopping transactions, but also to the majority (52%) of card applications being from channels outside the Daiei Group, compared with 48% from within.

We issued seven new co-brand and affinity cards, including *HULA Le'a Card*, for hula dance enthusiasts, and *Musashino Women's University Card*, an integrated circuit (IC) credit card with a student identity function. In addition, we launched the IC-based *Multifunctional OMC Employee Identification Credit Card*, and *miberry card*, designed by a team of young women for female cardholders in the same age range. On September 1, 2002, we changed our name to OMC Card, Inc., thereby emphasizing our management strategy to reach beyond the scope of the Daiei Group. We also strove to establish the OMC brand through television commercials and advertisements in other media. These efforts led to increased brand awareness, which was confirmed by market surveys.

Although our financial results were weaker in fiscal 2003, we achieved our management goals for the period, such as improving our financial condition and securing the foundations for future growth.

Building a Cutting-edge Business Infrastructure

The OMC Card Group's goal for fiscal 2004 is to create a new business model that bolsters its card-based membership and third-party card processing businesses. To this end, we will take full advantage of our core competencies, namely database marketing and card processing. In our card business, we aim to significantly increase our market share by attracting 1.7 million new card applications in fiscal 2004. With regard to cultivating credit card solicitation channels, we will expand by effectively acquiring channels where card solicitation can directly lead to card utilization. In our co-brand and affinity card business, we plan to form alliances with organizations with sizable memberships and with large commercial establishments. In addition, we will enter the market for utility and medical transactions, including payment of gas, electricity and medical bills, and increase the number of co-brand and affinity cards with IC credit card functions. In March 2003, we launched on-site issuing of electronic toll collection (ETC) cards, which are expected to become increasingly popular as automatic expressway toll payment systems expand. In the same month, we also rolled out *Omotecho Card* in Omotecho, Okayama Prefecture's largest shopping district.

As part of our efforts to improve credit risk management, Credit Receivables Optimum Support System (CROSS), a credit collection system, and Information-based Integrated Scoring System (IBIS), a new initial credit scoring system, came fully online in March 2002 and March 2003, respectively. CROSS enhances our loan collection capabilities by systemizing loan-related legal processing—a task once thought impossible—and dramatically improving efficiency. IBIS fully automates the initial credit review process. To date, we have emphasized our ability to issue credit cards within thirty minutes of application. IBIS, however, increases customer satisfaction by reducing the waiting time to as little as five to fifteen minutes. We are proud to have launched this system, which is the most advanced of its kind in the industry and is increasing customer satisfaction through faster on-site card issuing. Furthermore, we believe the implementation of both systems will contribute to improved earnings by minimizing risk and increasing operational efficiency.

Enhancing Our Customer Value Chain and Third-party Card Processing Business

In our card-based membership business, we will use one-to-one marketing based on our cardholder database to build a Customer Value Chain (CVC) that accompanies cardholders throughout their lives. Accordingly, we aim to bolster our data mining capabilities to ensure accurate analysis of cardholders' personal requirements. At the same time, we will expand our range of products and services through tie-ups with companies in various industries. We will also continue to develop a new lineup of services and products related to home improvement, automobile maintenance and other aspects of a cardholder's lifestyle. By providing goods and services that correspond to the appropriate stage of each individual's life, we are increasing customer loyalty and boosting card transaction volume and card utilization rates.

In the third-party card processing business, we are promoting a full-scale expansion of operations, including soliciting business from other credit card companies by capitalizing on our cutting-edge system infrastructure and superior expertise on all aspects of card processing, from initial credit assessment to loan collection. A recent example that confirmed the quality of our systems is a contract with IY CARD SERVICE Co., Ltd., the credit card arm of the Ito-Yokado (IY) Group, to handle the company's on-site card processing from September 2003. As competition intensifies in the industry, credit card companies are expected to increase efficiency by entrusting their card processing operations to companies with the most advanced technology and capabilities. We will continue to develop our card processing services into a core business and major source of income.

Strengthening Our Financial Condition

One of our key strategies in fiscal 2003 was to strengthen our financial condition. At the end of the period, non-performing credit card receivables accounted for 2.5% of all credit card receivables, a remarkable improvement, brought about by the decisive disposal of non-performing credit card receivables.

The efficient use of assets, such as securitization of card receivables to raise funds, allowed us to reduce interest-bearing debt by ¥39.3 billion. As a result, we significantly enhanced our financial position, with the balance of outstanding loans from financial institutions falling to ¥386.5 billion, nearly half the peak level of ¥663.9 billion in fiscal 1998. As part of our efforts to ensure more stable and diverse funding, we raised our direct financing to ¥136.8 billion, boosting the direct financing ratio, which includes financing from securitization, from 17.6% to 26.1%. We will continue to improve efficiency in asset and cash management by diversifying our funding through such direct financing as the securitization of claims and issuance of commercial paper.

Promoting Measures to Increase Corporate Value

In fiscal 2004, we will take various measures to enhance corporate value. In our card business, we will further promote the OMC brand and increase the proportion of external card applications. Having improved our corporate image and heightened brand awareness through television commercials and other campaigns in fiscal 2003, we will focus on boosting card utilization by emphasizing the OMC card's special features and convenience.

In May 2003, we reformed the corporate structure to enhance operations and ensure our implementation of management strategies outclasses our rivals. Accordingly, we streamlined our back office functions and reinforced our sales capabilities by establishing group headquarters in the new Business Promotion and Development Group and Card Operations Group, thereby speeding up the decision-making process. I am particularly aware of the need to enhance management in our sales operations; I have, therefore, assumed the role of Head of Business Promotion and Development Group. In addition, I have appointed a Senior Managing Director in charge of Business Process Reengineering (BPR) to vastly improve cost competitiveness by reorganizing work flows and cost structures throughout the Company. The Senior Managing Director will also ensure even stronger communication between groups and divisions.

In March 2003, we introduced a performance-based human resources system, which comprises an appraisal system to fairly assess employees, a performance-based salary system, and a training system that allows staff to gain career-enhancing skills independently.

With regard to compliance, our Compliance Committee continues to monitor corporate activities. In February 2003, I made a Compliance Statement to ensure the thorough and companywide observation of our Corporate Code of Ethics. We also established a Compliance Consultation System and an OMC Consultation Section to cope with internal complaints and consult with employees who might have concerns about fraudulent or unethical activities. The content of our Corporate Code of Ethics was also uploaded to our web site.

As a credit card company handling vast amounts of personal information, we aim to earn the trust of the public through strenuous efforts to protect private data. In line with this goal, we are encouraging employees to improve their skills in handling clients' personal data. To date, 93% of our workers have obtained the Japan Consumer Credit Industry Association's license for the administration of private data. In recognition of these efforts, we became the first retail-based credit card company in Japan to be awarded the Privacy Mark by the Japan Information Processing Development Corporation (JIPDEC), in January 2003.

The outlook for the Japanese economy in fiscal 2004 is unclear, with recovery far off and fears growing about the impact of severe acute respiratory syndrome (SARS) on business activities. Consumer spending is expected to decline, owing to redundancies and salary cuts resulting from weaker corporate earnings. In this environment, OMC Card will make concerted efforts to expand operations by building a leaner corporate structure and creating a new business model centered on its card business. We fully realize that improving business results, particularly earnings, is an essential condition for the early resumption of dividend payments. Accordingly, we will continue to do our utmost to improve corporate value, profits and customer satisfaction by creating a CVC. We also aim to encourage management transparency by stepping up our investor relations (IR) activities and providing our shareholders with timely and appropriate information through various channels, such as corporate results briefings, investor and analyst meetings, small-group meetings and our web site.

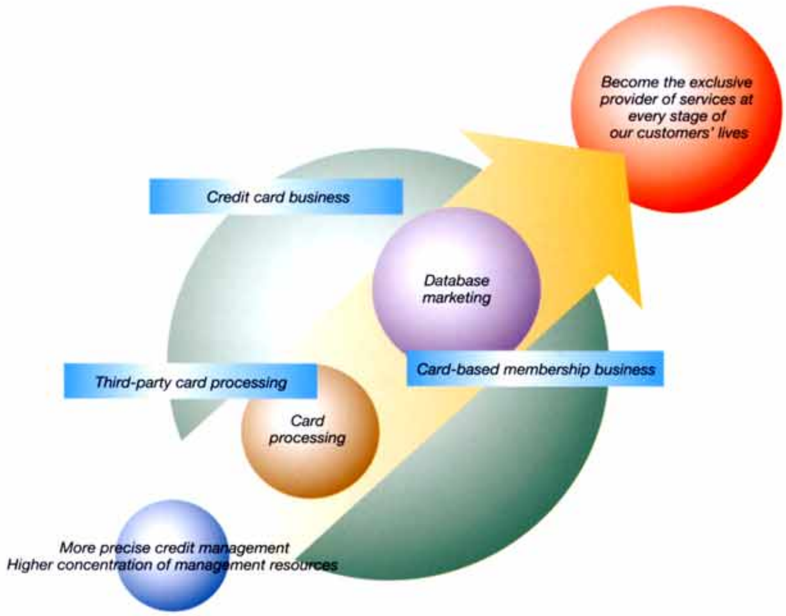
In these and all our endeavors, I look forward to the continuing understanding and support of our shareholders.

June 2003

H. Funahashi

Hiromichi Funahashi
President and Representative Director

Having strengthened its operating base in fiscal 2003, OMC Card is transforming itself into a card-based company that creates added value and building a new business model to dramatically expand high-growth businesses.



Expanding Market Share

Cultivating New Sales Channels

We have set various midterm objectives to ensure our position as one of the main companies in our industry. These include attaining a 10% market share in terms of transaction volume and achieving operating revenues that will rank us among the top five Japanese credit card companies, rather than the top eight. Expanding card membership is essential to reach these goals and maintain a foundation for continuous growth.

Traditionally, we have solicited card applications primarily through OMC Plazas and OMC Counters within Daiei stores. In fiscal 2003, we expanded card promotions beyond the confines of the Daiei Group network through various channels, including train stations, amusement parks, theme parks, baseball stadiums and post offices. We created 480 new application points, enabling us to broaden expertise in each channel. Moreover, we have a lineup from which we can provide the most appropriate cards to our tie-up partners. In addition to the classic OMC card and *OMC Gold Card*, we offer *Hawks Card*, with the *Harry Hawk* design, to baseball stadiums, *Hello Kitty Card* to amusement parks aimed at parents with children, and *OMC Ecology Card* in local shopping districts, where awareness of civic responsibility is high. On September 1, 2002, we changed our name to OMC Card, Inc., reflecting our desire to expand beyond the scope of the Daiei Group. Campaigns comprising television commercials, newspaper advertisements and other media, featuring the message *"OMC card—useable anytime anyplace,"* contributed to greater consumer awareness and the cultivation of new application channels.

Expanding Our On-Site Card Issuing System

We are expanding our on-site card issuing system, a powerful tool in the quest to attract new cardholders. This system, which is the product of our innovation, satisfies both the needs of customers wishing to use the card immediately and affiliated merchants desiring to promote card use without delay. It performs 17,000 credit checks per day, allowing cards to be issued over the counter within 30 minutes of application while ensuring appropriate levels of credit. The system remains unsurpassed in the credit card industry in terms of speed, capacity and the effectiveness of initial credit assessments, giving us a unique competitive advantage.

In March 2003, we became the first company in Japan to offer on-site issuing of ETC cards that can

be used the same day. Previously, there was a waiting period of up to three weeks for cards to be issued. This improvement was made in response to requests from users of expressways and from toll road operators, such as Japan Highway Public Corporation, Metropolitan Expressway Public Corporation and Hanshin Expressway Public Corporation. Having already rolled out this service through OMC Plazas and other service areas, we will collaborate with car parts shops and other affiliated merchants to expand services combining the sale and fitting of car parts with on-site issuing of ETC cards. High expectations for our on-site card issuing system are shared by toll road operators and affiliated retailers, including large-scale general merchandising stores and shopping arcades. Furthermore, we will actively promote card campaigns that respond to customer needs and offer greater convenience. To this end, we will establish tie-ups with retailers, enabling us to combine on-site card issuing technology with discounts for credit card purchases and capitalize on database marketing to increase card use.

In fiscal 2004, we aim to increase the volume of card transactions and achieve our goal of 1.7 million new card applications by concentrating resources on effective efforts that attract cardholders and ensure immediate card use.

Promoting Strategic Alliances

In fiscal 2003, we strove to expand our card business beyond the scope of the Daiei Group. For this purpose, we focused on increasing the number of affiliated merchants and affinity cards issued by promoting strategic alliances and cultivating new solicitation channels.

We continued to offer a 5% discount on purchases made on our OMC Card Reward Day at Daiei Group stores and promoted various campaigns. In addition, we improved services for our existing cardholders by adding the OMC-JCB Gift Card, music vouchers and other gifts, offering recipients more convenience and choice to our lineup of items that can be exchanged for credit card points. In the area of affinity cards, we strove to increase card membership among young people and in new markets with cards and services that meet increasingly diverse individual needs. Examples of such cards are *Musashino Women's University Card*, which doubles as a student identity card; *TUG OF C&A OMC MasterCard*, which is also a fan club card of the popular music duo CHAGE & ASKA; *HULA Le'a Card*, which offers services for hula dance enthusiasts; *KGA Golfer's Card* for golfers; and *miberry card*, the first translucent credit card in Japan, which is targeted at young women and offers special benefits for travel and shopping. We have positioned postal savings cards as mainstay affinity cards and established a lineup that includes *Hello Kitty OMC Postal Savings Joint Card*—featuring Hello Kitty, a character much loved by young women—and *OMC Free Postal Savings Joint Card*, which charges no annual fee. These two cards contributed significantly to a 630% rise in postal savings card membership from the fiscal 2002 level.

We also worked to increase contracts with affiliated merchants, focusing on department stores, shopping malls, station buildings, specialty store chains, Internet providers and major fitness centers. Moreover, our concerted efforts in the acquirer business helped push fees to affiliated merchants up 40% in fiscal 2003, equaling the previous year's increase.

In fiscal 2004, we will continue to increase cooperation in sectors and with organizations likely to encourage card use, such as groups with sizeable

memberships, as well as shops and large commercial establishments that attract many customers. In addition, we will further target the market for credit cards appealing to cardholders' hobbies and interests with such offerings as *ATOM Card*, issued to commemorate the birthday of Astro Boy, a popular animation character. At the same time, we will strive to expand our affinity cards by developing new products that utilize a multitude of IC card functions, including membership and student identity cards that can be used on public transport and cards with point functions adapted to systems of affiliated stores. We are also promoting inroads into new markets, including that for public utility transactions such as the payment of gas and electricity bills and train and transport fares, as well as the medical and educational markets.

Building a New Business Model

Database Marketing

Database marketing is the area in which we are focusing most of our energies to expand our sales activities. It is necessary to accurately ascertain individual needs and preferences to offer optimal value to each cardholder. Indiscriminate mass marketing is no longer a viable option.

In 1997, we cooperated with a major U.S. computer company to build a database system that efficiently collects, manages and analyzes information on our over seven million customers. This system converts raw data into useful information that enables us to plan effective promotions and strategies to encourage card use. In November 2000, as part of our "one-to-one" personalized marketing efforts, we personalized account statements to include messages suited to each cardholder. These messages, which come in 800 basic formats, are tailored to the characteristics and lifestyle of each cardholder and provide nine categories of segment-specific information about products and services, including details about sales campaigns and local affiliated merchants. Since their introduction, these messages have proved to a highly effective communication tool, helping maintain a card usage rate of 66.5%.

In addition, we improved our database marketing capabilities, repeating trial-and-error approaches where we form hypotheses based on analyses of cardholder data, conduct tests and then interpret the responses. Moreover, we strove to advance our database marketing skills with the aim of becoming a "card-based membership business," rather than a card business that simply provides a means of payment.

Becoming Japan's No. 1 Card-based Membership Business

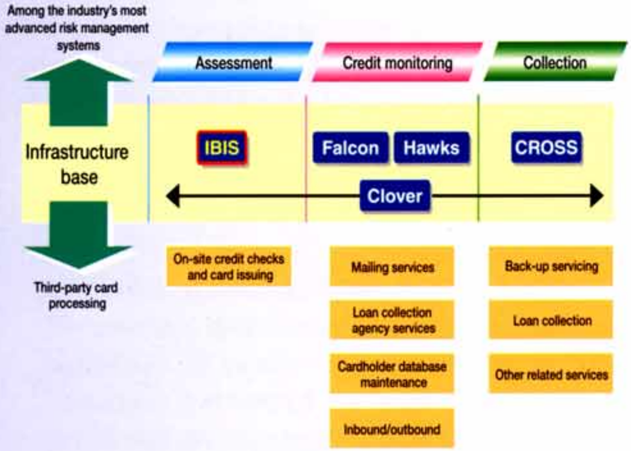
The number of credit cards issued in Japan reached 245 million at the end of calendar 2002. Given this situation, each credit card company must work to distinguish itself from its rivals by creating selling points, such as special programs that benefit customers. We are endeavoring to create a Customer Value Chain (CVC), ensuring a life-long relationship with our cardholders through the timely provision of products, information and services best suited to the age range of each customer. To this end, we are promoting our card-based membership business, which seeks to give us an unassailable lead over our competitors.

In fiscal 2003, as part of our drive to substantially expand our card-based membership business, we reorganized our corporate structure to provide valuable information tailored to cardholders' needs via personal messages and direct mail. We also strove to offer more products—not just our own but also those of other companies—that are best matched to cardholders' preferences, through alliances with affiliated merchants and corporations in various fields. In addition, we developed new CVC products through tie-ups with home improvement, cleaning, security and other home service companies, as well as automobile-related companies, such as automobile inspection and used car companies. In total, 28 such alliances were formed. Card-based membership business is thus a high-value-added business that promises solid revenues from processing fees and greater volume of card transactions. In fiscal 2004, we aim to increase CVC product transaction volume to ¥4.0 billion by establishing tie-ups with 50 companies and improving our lineup of CVC products.

Precise Risk Management

At OMC Card, we are making concerted efforts to enhance all aspects of our risk management, from initial credit assessment and credit monitoring to the collection of loans. Moreover, we are strengthening security by utilizing various systems and improving our credit management capabilities.

As part of our efforts to bolster credit monitoring, in 1999, we introduced Falcon, a credit card fraud monitoring and detection system, which uses a neural network to compare current transactions with atypical patterns in the past, calculate risk levels and alert the operator when necessary, thereby reducing fraudulent use of stolen and counterfeit cards. In 2001, risk control at affiliated stores became possible, owing to the launch of HAWKS, a merchant monitoring system that implements real-time checking of credit card utilization at affiliated merchants. The synergistic effects of HAWKS to monitor merchants and Falcon to monitor card risk, significantly boosted our ability to deal with fraudulent card use. In September 2001, we introduced Clover, a multilateral behavioral credit line control system that uses our database and is designed to maximize revenue and minimize risk. This system analyzes 1,300 items of information—such as time and location of card use and amounts transacted by each cardholder—to facilitate swift and flexible risk management.



In March 2002, we sought to increase the efficiency of loan retrieval by launching CROSS, a credit collection system featuring several functions not offered by conventional systems. These include blending, which automatically routes inbound telephone calls to unused outbound terminals during high-volume periods; predictive dialing, which reduces delays due to busy lines by only putting our outbound operator online when the call is answered by the recipient; a sorting function that prioritizes loans according to measures that need to be taken; and the credit industry's first system for dealing with loan-related legal processing—an area traditionally regarded as too broad to be systematized—which involved the creation of a new database and work flow. The introduction of CROSS has helped us to improve efficiency and productivity. For example, in fiscal 2003, the number of outbound calls reaching customers and inbound calls answered by our staff per hour increased 28% and 21%, respectively, compared with the previous fiscal period.

In March 2003, we launched IBIS, a new initial credit scoring system that performs automatic credit checks while maintaining a high level of precision. Previously, we promoted on-site card issuing by offering temporary OMC cards—which could be used within 30 minutes of application—at our local card solicitation shops, such as those in Daiei stores throughout Japan. The newly developed IBIS includes functions that drastically improve the on-site card issuing process. In the past, card applications were faxed from each application point to our Wing OMC Office, where data was input manually, followed by a check and the reporting of results back to the affiliated merchant. IBIS, however, has automated this sequence. By screening applications with IBIS, which incorporates the superior knowledge and expertise of our credit inspectors, we are able to reach quick and well-judged decisions on membership approval and issue temporary cards in as little as five to fifteen minutes—the fastest on-site card issuing in the industry. IBIS's scoring system incorporates a neural engine similar to that used in our proven Falcon system. This feature allows us to maintain the latest credit review models, which can adapt to changing circumstances. Credit scoring systems generally predict risk levels only. IBIS, however, is the first scoring system in Japan to forecast profit, thereby facilitating the most appropriate credit decisions based on the reduction of risk and maximization of income.

Third-party Card Processing Business

There are several reasons why we have developed and reinforced these cutting-edge risk management systems for initial credit assessment, credit monitoring, loan collection and other activities. We face an increasingly severe operating environment as personal bankruptcies increase, customer needs diversify and companies outside our industry enter the market, intensifying competition. Accordingly, we must reinforce the infrastructure of our core card business and respond to change quickly and flexibly to remain competitive.

At the same time, we will use our advanced system and card-processing expertise to develop our third-party card processing business. Minimizing new costs is an urgent challenge for the credit card industry. As a reflection of this, we expect new entrants in the credit card industry will outsource their card processing operations and, in turn, such operations will become increasingly concentrated at major credit card processing companies.

Since beginning on-site card issuing in 1990, we have established one of the industry's best systems and currently issue more than one million cards on-site annually. Moreover, we have striven aggressively to expand our third-party card processing business, developing it as a profit center through our Wing OMC Office, which opened in September 2001. We have built top-notch card processing systems that handle initial credit assessments, credit reviews, membership services and collection management. As a result of these efforts, from September 2003 onward, we will handle the on-site card processing business of IY CARD SERVICE, the IY Group's credit card company. Initially, cards will be promoted in new and refurbished Ito-Yokado stores. We expect to issue 700,000 cards on-site in the first year. Under terms of the agreement with IY CARD SERVICE, we will provide the company with fives times its current daily on-site card processing capacity, reducing costs and improving the speed and quality of customer service. These and other card processing services are in high demand from companies within and outside our industry. We will also strive to develop this business into a main source of profit by packaging customers' data cleaning, mailing services, call center functions and database marketing—a field in which we excel—to meet customers' various needs.

OMC Ecology Card

OMC Card has been issuing OMC Ecology Card in cooperation with the Defense of Green Earth Foundation since 1991, as part of its commitment to addressing environmental conservation issues.

There are 20 versions of *OMC Ecology Card*, with different designs and themes ranging from the protection of the ozone layer and tropical rain forests to more local concerns, such as environmental conservation in the Oze area of Gunma Prefecture. We donate 0.5% of each purchase with the card to environmental conservation or research organizations related to the customer's chosen theme. The funds are used by these organizations for such activities as monitoring levels of ozone-depleting substances in the atmosphere and replanting tropical rain forests. Since it was first introduced, *OMC Ecology Card* has received solid support from cardholders concerned about the environment. Total donations accumulated at fiscal 2003 year-end reached ¥368 million. We will step up our conservation efforts through this card and widely promote it as a practical way to aid environmental organizations.

Community Spirit

Our ongoing involvement in environmental conservation reflects our dedication to the three R's: reduce, reuse and recycle. We are taking various steps to lessen the environmental impact of our business activities, such as separating waste, reducing the use of paper and water resources and reusing materials. As part of our contribution to the community, we regularly participate in the clean-up of major riverbeds throughout Japan, including the "Arakawa Clean-Aid" project in Tokyo and "Love Earth Clean-Up" in Fukuoka. More than 5,000 employees and their families participated in these projects.

Management Discussion and Analysis

Revenues and Earnings

In fiscal 2003, ended February 28, 2003, we made concerted efforts to promote our card-based membership business. To achieve this goal, we strove to bolster our ability to attract new cardholders by issuing new co-brand and affinity cards and expanding card solicitation channels. We also worked to increase customer convenience with a view to realizing a Customer Value Chain (CVC). This involved providing comprehensive services suited to different aspects of modern lifestyles through tie-ups with such businesses as home products companies and other CVC-related services companies. We sought to strengthen the foundation of our card operations and increase our market share by boosting membership through improved services, an expanded selection of "Waku Waku Point" prizes, a continuation of the OMC Card Reward Day and the staging of various other campaigns.

Moreover, we reinforced our risk management systems by promoting the development of advanced systems to achieve greater precision and efficiency. Our debt collection capabilities were greatly strengthened in March 2002, when CROSS, our new credit collection system, came online. We also developed IBIS, a new initial credit scoring system, as part of our drive to dramatically improve accuracy and productivity in the initial credit review process and raise processing capacity in response to an increasing number of card applications. In addition, we actively developed our third-party card processing business by effectively utilizing IBIS, Clover—a multilateral behavioral credit line control system—and other proprietary systems, giving us a distinct advantage over our rivals.

As a result of these efforts, total operating revenues rose 4.0%, to ¥121,800 million ($1,041,026 thousand). Total operating expenses increased 9.1%, to ¥101,837 million ($870,402 thousand). This reflected an ¥8,238 million ($70,410 thousand) increase in selling, general and administrative (SG&A) expenses due to greater card-issuing costs arising from the changeover to IC credit cards and replacement of expired cards; rising card solicitation costs, mainly owing to our efforts to expand card membership outside the Daiei Group network; and higher bad debt-related expenses resulting from increasing personal bankruptcies triggered by worsening unemployment.

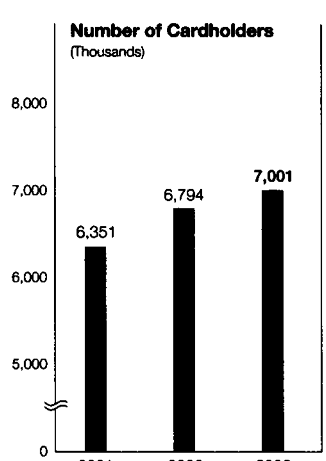
Operating income fell 16.0%, to ¥19,963 million ($170,624 thousand). Recognizing the need to improve our financial condition in light of rising personal bankruptcies due to prolonged stagnation, we recorded ¥13,444 million ($114,906 thousand) in write-off of operating receivables to bolster allowance for doubtful accounts and decisively dispose of non-performing credit card loans.

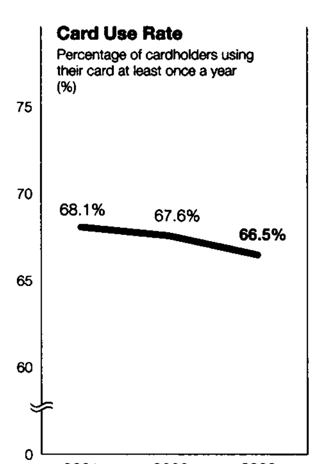
Reflecting the above factors, net income fell 56.2%, to ¥1,593 million ($13,615 thousand).

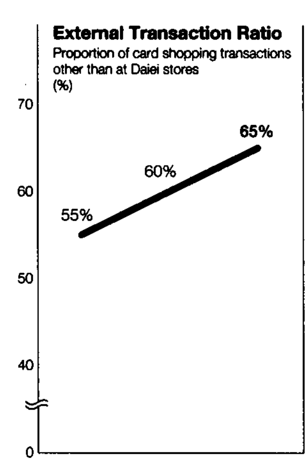
Operating Results by Business Segment

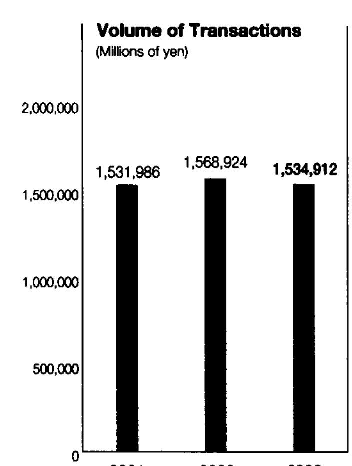
Financial Services

In March 2002, we began to issue IC credit cards to ensure greater convenience and security for our cardholders. We also supplied our employees with *Multifunctional OMC Employee Identification Credit Card*, which has a built-in IC chip and features electronic money, staff identification and building security-related functions—to test its effectiveness. We will market this









card to companies and organizations, promoting it as a card that can be used anywhere, in any work or leisure-related situation. In the area of co-brand and affinity cards, we strove to attract a broad cross-section of customers by issuing *Musashino Women's University Card*, which doubles as a student identity card; the *HULA Le'a Card*, offering services for hula dance enthusiasts; *TUG OF C&A OMC MasterCard*, which is also a CHAGE & ASKA fan club card; and *Hello Kitty OMC Postal Savings Joint Card*, featuring a popular character, Hello Kitty. We also launched *miberry card*, which targets young women and has special features to meet their demanding travel and shopping needs. As a result of concerted marketing efforts, the number of affiliated merchants, where customers can use our cards, reached roughly 332,000 by the end of fiscal 2003.

In cash advance services, we reinforced our 24-hour cash dispensing service by installing more cash dispensers (CD's) outside stores and on busy streets. Moreover, we established tie-ups with eight regional banks, allowing our cardholders to use their automated teller machines (ATM's), significantly increasing the number of locations where OMC cards can be used. At the end of the period, our cards were accepted at approximately 115,000 CD's and ATM's.

Total operating revenues in the financial services segment climbed 7.0%, to ¥111,845 million ($955,941 thousand). Operating income, however, fell 10.6%, to ¥26,054 million ($222,684 thousand), owing to rising bad debt-related expenses.

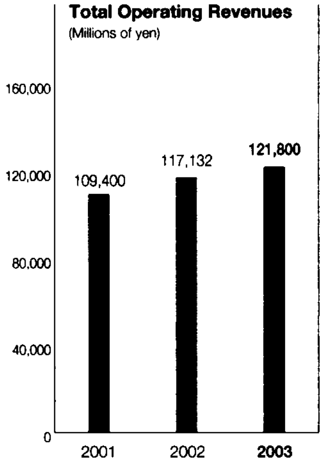
Other Business

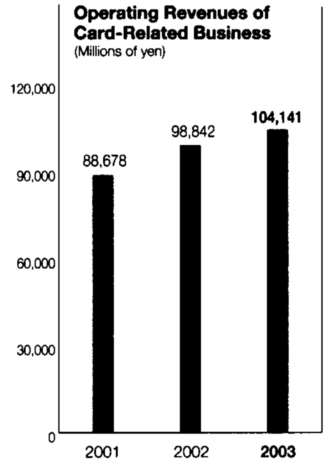
In the travel business, we improved overseas travel-related sales by using database marketing to create personal messages in account statements. We also set up a "New 50's" section in OMC Plazas to target the expanding market for services for mature travelers. Despite these efforts, travel business revenues decreased 8.1%, to ¥2,461 million ($21,034 thousand), as worsening unemployment and falling salaries depressed consumer spending. Despite various steps to improve consumer electronics sales, we were unable to recover our competitive advantage. As a consequence, profit from merchandise sales declined 19.6%, to ¥4,639 million ($39,650 thousand).

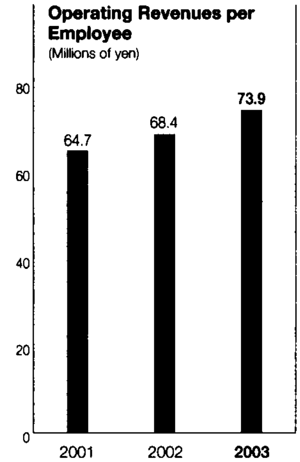
Reflecting the above factors, total operating revenues in the other business segment dropped 20.7%, to ¥10,485 million ($89,615 thousand), resulting in operating losses for the segment of ¥1,065 million ($9,103 thousand).

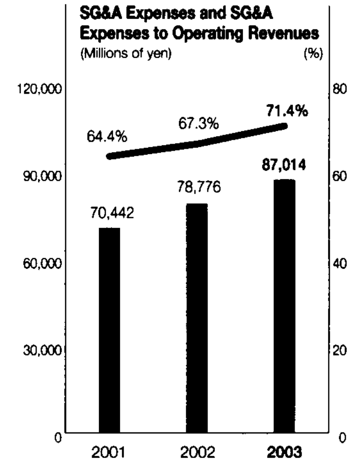
Financial Position at Year-End

Total assets fell 9.2%, to ¥530,622 million ($4,535,231 thousand), owing to the securitization of claims and reduction of mortgage loans receivable. Total current liabilities decreased 4.3%, to ¥463,038 million ($3,957,590 thousand), and total long-term liabilities dropped 49.0%, to ¥35,371 million ($302,316 thousand), owing to the repayment of debt with funds raised through the securitization of claims. Total stockholders' equity edged up 3.6%, or ¥1,108 million ($9,470 thousand), to ¥32,113 million ($274,470 thousand), due to net income of ¥1,593 million ($13,615 thousand) countered









unrealized loss on available-for-sale securities of ¥465 million ($3,974 thousand).

Cash Flows

Net cash provided by operating activities amounted to ¥27,889 million ($238,367 thousand). Significant items included a ¥25,310 million ($216,325 thousand) decrease in receivables as well as income before income taxes and minority interests of ¥3,762 million ($32,154 thousand).

Net cash used in investing activities came to ¥1,948 million ($16,650 thousand). This was primarily due to purchases of property, equipment and software of ¥2,695 million ($23,034 thousand), which included investments in the development of risk management software to improve our loan collection capabilities.

Net cash used in financing activities totaled ¥39,014 million ($333,453 thousand). The main contributing factors were a decrease in short-term borrowings—net and repayments of long-term debt resulting from commercial paper issues and the securitization of claims.

As a result of the above factors, cash and cash equivalents at the end of the year amounted to ¥68,837 million ($588,350 thousand), down ¥13,079 million ($111,787 thousand) from the previous fiscal year.

Financial Policies

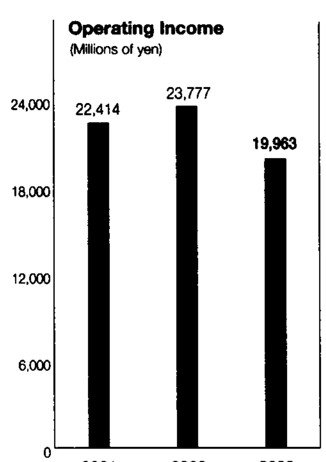
OMC Card prioritizes strengthening finances as a central management concern. We are therefore committed to reinforcing our financial base, enhancing our credit rating and optimizing corporate value.

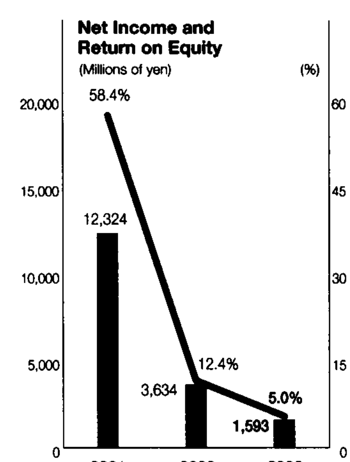
In fiscal 2003, we strove to expand fixed-interest financing and ensure stable long-term funding by securitizing claims. Moreover, we worked to build a balanced foundation for our financing activities, emphasizing direct, long-term and fixed-interest financing ratios. For example, we continued to build up our master trust, which is backed by a portfolio of active credit card account receivables and gives us access to a flexible funding source, through which we secured a ¥50 billion line of credit. We were able to fund ¥41.0 billion from securitization, including financing from our master trust, which received the top rating from credit-rating agencies—Aaa from Moody's Investors Service and AAA from Standard & Poor's—underlining the quality of our card receivables and credit systems.

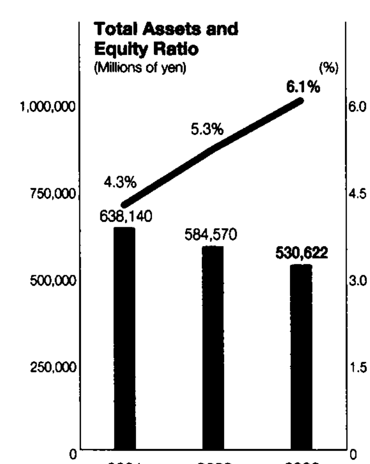
We issued commercial paper as needed to deal with demand for short-term operating funds. Consequently, commercial paper issues amounted to ¥350.5 billion and the end of year outstanding balance was ¥28.5 billion.

Owing to these factors, all three of our key financing indices increased: the direct financing ratio rose 8.5 percentage points, to 26.1%; the long-term financing ratio climbed 2.9 points, to 37.2%; and the fixed-interest financing ratio advanced 4.7 points, to 63.4%.

In line with our efforts to achieve balanced financing, we will continue to diversify through new means of direct financing while maintaining bank borrowings to ensure stability. Moreover, we will strive to improve our stockholders' equity ratio and return on assets, as well as promote operational efficiency and optimum utilization of assets, by eliminating non-performing loans from our balance sheet.







Consolidated Balance Sheets

OMC Card, Inc. (formerly Daiei OMC, Inc.) and Consolidated Subsidiaries
February 28, 2003 and 2002

Assets	Millions of Yen 2003	Millions of Yen 2002	Thousands of U.S. Dollars (Note 1) 2003
Current Assets:			
Cash and cash equivalents	**¥ 68,837**	¥ 81,916	**$ 588,350**
Marketable securities (Notes 3 and 9)	**770**	1,320	**6,581**
Operating receivables:			
Notes and accounts	**275**	842	**2,350**
Installment sales (Note 4)	**129,196**	138,801	**1,104,239**
Operating loans (Notes 4 and 6)	**202,503**	199,401	**1,730,795**
Mortgage loans (Note 5)	**11,468**	28,800	**98,017**
Inventories	**2,214**	3,358	**18,923**
Deferred tax assets (Note 11)	**15,112**	11,558	**129,162**
Prepaid expenses and other current assets (Notes 9 and 14)	**37,021**	38,907	**316,421**
Allowance for doubtful accounts	**(13,559)**	(9,038)	**(115,889)**
Total current assets	**453,837**	495,865	**3,878,949**
Property and Equipment:			
Buildings and structures	**4,885**	5,147	**41,752**
Equipment	**507**	732	**4,333**
Land	**9,030**	9,787	**77,180**
Total	**14,422**	15,666	**123,265**
Accumulated depreciation	**(3,072)**	(3,270)	**(26,256)**
Net property and equipment	**11,350**	12,396	**97,009**
Investments and Other Assets:			
Investment securities (Notes 3 and 9)	**4,917**	9,557	**42,026**
Long-term operating loans receivable, less allowance for doubtful accounts of ¥2,850 million ($24,359 thousand) in 2003 and ¥4,499 million in 2002	**2,150**	3,254	**18,376**
Guarantee money deposited	**13,730**	14,239	**117,350**
Deferred tax assets (Note 11)	**31,157**	36,431	**266,299**
Other	**13,481**	12,828	**115,222**
Total investments and other assets	**65,435**	76,309	**559,273**
Total	**¥530,622**	¥584,570	**$4,535,231**

See notes to consolidated financial statements.

Liabilities and Stockholders' Equity	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	**2003**
Current Liabilities:			
Short-term borrowings (Note 6)	**¥326,466**	¥350,769	**$2,790,308**
Current portion of long-term debt (Note 6)	**59,320**	36,235	**507,009**
Notes and accounts payable (Note 9)	**27,054**	30,577	**231,231**
Accrued expenses	**6,740**	6,463	**57,607**
Income taxes payable	**166**	109	**1,419**
Mortgage-backed securities transferred (Note 5)	**8,821**	18,855	**75,393**
Deferred revenue (Note 4)	**1,024**	930	**8,752**
Other current liabilities (Note 14)	**33,447**	40,076	**285,871**
Total current liabilities	**463,038**	484,014	**3,957,590**
Long-term Liabilities:			
Long-term debt (Note 6)	**29,242**	64,808	**249,932**
Liability for retirement benefits (Note 7)	**4,283**	2,684	**36,607**
Other long-term liabilities	**1,846**	1,877	**15,777**
Total long-term liabilities	**35,371**	69,369	**302,316**
Minority Interests	**100**	182	**855**
Contingent Liabilities (Note 13)			
Stockholders' Equity (Note 8):			
Common stock—			
authorized, 670,000,000 shares;			
issued and outstanding, 211,307,082 shares	**42,807**	42,807	**365,872**
Accumulated deficit	**(10,206)**	(11,799)	**(87,231)**
Unrealized loss on available-for-sale securities	**(465)**		**(3,974)**
Total	**32,136**	31,008	**274,667**
Treasury stock—at cost, 68,565 shares in 2003 and 7,112 shares in 2002	**(23)**	(3)	**(197)**
Total stockholders' equity	**32,113**	31,005	**274,470**
Total	**¥530,622**	¥584,570	**$4,535,231**

Consolidated Statements of Income

OMC Card, Inc. (formerly Daiei OMC, Inc.) and Consolidated Subsidiaries
Years Ended February 28, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	**2003**
Operating Revenues (Note 4):			
Fees from customers and affiliated stores (Note 2.i)	**¥ 23,899**	¥ 24,604	**$ 204,265**
Personal loan revenues	**75,823**	67,818	**648,060**
Profit from merchandise sales	**4,639**	5,769	**39,650**
Travel business revenues	**2,461**	2,677	**21,034**
Financial transactions (Note 10)	**182**	290	**1,556**
Other revenues	**14,796**	15,974	**126,461**
Total operating revenues	**121,800**	117,132	**1,041,026**
Operating Expenses:			
Selling, general and administrative expenses	**87,014**	78,776	**743,710**
Financial expenses (Note 10)	**14,823**	14,579	**126,692**
Total operating expenses	**101,837**	93,355	**870,402**
Operating Income	**19,963**	23,777	**170,624**
Other Income (Expenses):			
Gain (loss) on sales of investment securities—net (Note 9)	**2,654**	(75)	**22,684**
Loss on devaluation of marketable and investment securities	**(2,809)**	(4,392)	**(24,009)**
Provision for operating receivables (Note 2.d)	**(197)**	(4,148)	**(1,684)**
Write-off of operating receivables	**(13,444)**	(6,902)	**(114,906)**
Charge for transitional obligations for retirement benefits (Note 2.g)	**(1,926)**	(1,499)	**(16,462)**
Other—net (Note 2.i)	**(479)**	(553)	**(4,093)**
Income before Income Taxes and Minority Interests in Net Loss of Consolidated Subsidiaries	**3,762**	6,208	**32,154**
Income Taxes (Note 11):			
Current	**184**	148	**1,573**
Deferred	**2,066**	2,510	**17,658**
Total income taxes	**2,250**	2,658	**19,231**
Minority Interests in Net Loss of Consolidated Subsidiaries	**81**	84	**692**
Net Income	**¥ 1,593**	¥ 3,634	**$ 13,615**

	Yen		U.S. Dollars
	2003	2002	**2003**
Net Income per Common Share (Note 2.m)	**¥7.54**	¥17.20	**$0.06**
Diluted Net Income per Common Share (Note 2.m)		17.18	

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

OMC Card, Inc. (formerly Daiei OMC, Inc.) and Consolidated Subsidiaries
Years Ended February 28, 2003 and 2002

	Thousands	Millions of Yen			
	Number of Shares of Common Stock	Common Stock	Accumulated Deficit	Unrealized Loss on Available-for-sale Securities	Treasury Stock
Balance, March 1, 2001	211,307	¥42,807	¥(15,433)		
Net income			3,634		
Purchase of treasury stock					¥ (3)
Balance, February 28, 2002	211,307	42,807	(11,799)		(3)
Net income			1,593		
Effect of application of new accounting standards for marketable and investment securities (Note 2.e)				¥(465)	
Purchase of treasury stock					(20)
Balance, February 28, 2003	**211,307**	**¥42,807**	**¥(10,206)**	**¥(465)**	**¥(23)**

	Thousands of U.S. Dollars (Note 1)			
	Common Stock	Accumulated Deficit	Unrealized Loss on Available-for-sale Securities	Treasury Stock
Balance, February 28, 2002	$365,872	$(100,846)		$ (26)
Net income		13,615		
Effect of application of new accounting standards for marketable and investment securities (Note 2.e)			$(3,974)	
Purchase of treasury stock				(171)
Balance, February 28, 2003	**$365,872**	**$ (87,231)**	**$(3,974)**	**$(197)**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

OMC Card, Inc. (formerly Daiei OMC, Inc.) and Consolidated Subsidiaries
Years Ended February 28, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	**2003**
Operating Activities:			
Income before income taxes and minority interests	**¥ 3,762**	¥ 6,208	**$ 32,154**
Adjustments for:			
Income taxes—paid	**(128)**	(164)	**(1,094)**
Depreciation and amortization	**2,581**	2,232	**22,060**
Provision for doubtful accounts	**4,718**	2,944	**40,325**
Loss (gain) on sales of investment securities—net	**(2,654)**	75	**(22,684)**
Loss on devaluation of marketable and investment securities	**2,809**	4,392	**24,009**
Changes in assets and liabilities:			
Decrease in receivables	**25,310**	58,646	**216,325**
Decrease in inventories	**1,144**	4,452	**9,778**
Decrease (increase) in other assets	**329**	(10,283)	**2,812**
Decrease (increase) in guarantee money deposited	**509**	(536)	**4,350**
Increase (decrease) in notes and accounts payable	**(3,523)**	1,747	**(30,111)**
Decrease in mortgage-backed securities transferred	**(10,034)**	(9,441)	**(85,761)**
Increase in other liabilities	**1,543**	13,714	**13,188**
Other—net	**1,523**	(1,805)	**13,016**
Total adjustments	**24,127**	65,973	**206,213**
Net cash provided by operating activities	**27,889**	72,181	**238,367**
Investing Activities:			
Proceeds from sales of property and equipment	**963**	71	**8,231**
Purchases of property, equipment and software	**(2,695)**	(4,194)	**(23,034)**
Proceeds from sales of investment securities	**56**	417	**479**
Purchases of investment securities	**(205)**	(1,518)	**(1,752)**
Other—net	**(67)**	(281)	**(574)**
Net cash used in investing activities	**(1,948)**	(5,505)	**(16,650)**
Financing Activities:			
Decrease in short-term borrowings—net	**(24,303)**	(90,492)	**(207,718)**
Proceeds from long-term debt	**26,953**	42,761	**230,368**
Repayments of long-term debt	**(39,434)**	(19,465)	**(337,043)**
Proceeds from capital increase by minority interests		521	
Other—net	**(2,230)**	(4,540)	**(19,060)**
Net cash used in financing activities	**(39,014)**	(71,215)	**(333,453)**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(6)**	(3)	**(51)**
Net Decrease in Cash and Cash Equivalents	**(13,079)**	(4,542)	**(111,787)**
Cash and Cash Equivalents, Beginning of Year	**81,916**	86,458	**700,137**
Cash and Cash Equivalents, End of Year	**¥ 68,837**	¥ 81,916	**$ 588,350**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

OMC Card, Inc. (formerly Daiei OMC, Inc.) and Consolidated Subsidiaries
Years Ended February 28, 2003 and 2002

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 Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

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 2002 financial statements to conform to the classifications used in 2003.

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 ¥117 to $1, the approximate rate of exchange as of February 28, 2003. 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 28, 2003 include the accounts of the Company and its 14 significant (13 in 2002) 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.

Investments in an associated company are accounted for by the equity method. Investments in an unconsolidated subsidiary are stated at cost. If the equity method of accounting had been applied to the investments in this company, the effect on the accompanying consolidated financial statements would not be material.

The cost in excess of net assets of subsidiaries and associated companies at the time of acquisition which cannot be specifically assigned to individual assets is amortized on the straight-line basis over 5 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 profit included in assets resulting from transactions within the Companies are also eliminated.

b. 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, all of which mature or become due within three months of the date of acquisition.

c. Inventories

Merchandise inventories are primarily stated at cost determined by the first-in, first-out method. Real estate held for sale is stated at cost on the specific identification basis.

For other than temporary declines in fair value, real estate held for sale are reduced to net realizable value by a charge to income.

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.

e. Marketable and Investment Securities

Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) trading securities, which are held for the purpose of earning capital gains in near term are reported at fair value, and the related unrealized gains and losses are included in the earnings, (2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and (3) available-for-sale securities, which are not classified as either of the aforementioned securities.

Prior to March 1, 2002, marketable and investment securities were stated at cost determined based on the moving-average method. Effective March 1, 2002, the Companies adopted a new accounting standard for marketable and investment securities. The standard requires all applicable securities to be reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of stockholders' equity. The adoption of the new accounting standard did not have a material effect on the consolidated financial statements.

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 is from 3 to 50 years for buildings and structures and from 3 to 20 years for equipment.

g. Employees' 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.

Effective March 1, 2001, the Companies adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The transitional obligation of ¥7,495 million ($64,060 thousand), determined as of March 1, 2001, is being amortized over 5 years and is presented as other expense in the consolidated statements of income.

h. Leases

All leases are accounted for as operating 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.

i. 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.

Prior to March 1, 2001, such fees were recognized as revenue according to the respective installment plans over the lives of the related receivables.

Effective March 1, 2001, the Company changed its method of accounting for such fees to recognize the revenue when the Company purchases installment sales receivables from the affiliated stores. The cumulative effect, which was the deferred revenue as of March 1, 2001, was presented in other income in the 2002 consolidated statement of income.

The effect of this change was to increase income before income taxes and minority interests for the year ended February 28, 2002 by ¥1,055 million, which included a cumulative effect of ¥1,139 million as of February 28, 2001. This cumulative effect, which was the deferred revenue as of the beginning of year, was presented in other income in the 2002 consolidated statement of income.

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.

(3) Merchandise Sales and Income from the Travel Business

Revenues from sales of merchandise inventories such as electric appliances, furniture, household items, etc. and from the travel business are recorded when they are sold to consumers by means of direct marketing by the Companies, at the retail stores that are operated by certain consolidated subsidiaries, and by the travel business which is operated by the Company.

j. Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. 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.

k. Appropriations of Retained Earnings

Appropriations of retained earnings at each year end are reflected in the financial statements for the following year upon stockholders' approval.

l. Derivative Financial Instruments

The Companies enter into interest rate swap agreements as a means of managing its 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 be 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 liability or asset.

However, the 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 are recognized and included in interest expense or income.

m. Per Share Information

The computation of net income per share is based on the weighted-average number of shares of common stock outstanding during each year. The average number of common shares used in the computation was 211,274,903 shares for 2003 and 211,304,741 shares for 2002.

Diluted net income per common share assumes increasing shares outstanding for stock option rights. Diluted net income per share in fiscal 2003 is not disclosed because the average fair value of the Company's common stock was less than the stock options exercise price.

No cash dividends applicable to the years ended February 28, 2003 and 2002, were declared.

3. Marketable and Investment Securities

Marketable and investment securities as of February 28, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Current:			
Marketable equity securities	**¥ 770**	¥1,320	**$ 6,581**
Non-current:			
Marketable equity securities	**¥2,298**	¥5,470	**$19,641**
Non-marketable equity securities	**2,619**	4,087	**22,385**
Total	**¥4,917**	¥9,557	**$42,026**

The carrying amounts and aggregate fair values of marketable and investment securities as of February 28, 2003 and 2002, were as follows:

	Millions of Yen			
February 28, 2003	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥3,913**	**¥41**	**¥886**	**¥3,068**

February 28, 2002	Millions of Yen Carrying Amount	Fair Value	Unrealized Loss
Securities classified as:			
Available-for-sale:			
Equity securities			
Current	¥1,320	¥1,320	
Non-current	5,470	3,566	¥(1,904)

February 28, 2003	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$33,444**	**$350**	**$7,572**	**$26,222**

Available-for-sale securities whose fair value is not readily determinable as of February 28, 2003 and 2002, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Available-for-sale:			
Equity securities	**¥2,619**	¥4,087	**$22,385**

Proceeds from sales of available-for-sale securities for the year ended February 28, 2003, were ¥4,222 million ($36,085 thousand). Gross realized gains and losses on these sales, computed on the moving average cost basis, were ¥2,685 million ($22,949 thousand) and ¥31 million ($265 thousand), respectively, for the year ended February 28, 2003.

As of February 28, 2003, investment securities include equity securities borrowed by an outside party for financing purposes in an amount of ¥930 million ($7,949 thousand).

4. Installment Sales Receivable, Operating Loans Receivable and Deferred Revenue

Installment sales receivable, operating loans receivable and deferred revenue as of February 28, 2003 and 2002, consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2003		2002		**2003**	
	Receivable	Deferred Revenue	Receivable	Deferred Revenue	Receivable	Deferred Revenue
Installment sales receivable:						
Credit card contracts	**¥119,937**	**¥ 253**	¥128,259	¥182	**$1,025,102**	**$2,162**
Personal credit contracts	**9,259**	**631**	10,542	697	**79,137**	**5,393**
	¥129,196		¥138,801		**$1,104,239**	
Operating loans receivable	**¥202,503**	**140**	¥199,401	51	**$1,730,795**	**1,197**
		¥1,024		¥930		**$8,752**

The securitized installment sales receivable and operating loans receivable, which were not recognized as of February 28, 2003, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Installment sales receivable	**¥ 15,666**	**$133,898**
Operating loans receivable	**93,564**	**799,692**
Total	**¥109,230**	**$933,590**

Amounts of transaction volume and realized operating revenue by type of contract for the years ended February 28, 2003 and 2002, consisted of the following:

	Millions of Yen				Thousands of U.S. Dollars	
	2003		2002		**2003**	
	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue	Transaction Volume	Operating Revenue
Credit card contracts	**¥ 813,583**	**¥ 23,064**	¥ 805,054	¥ 23,714	**$ 6,953,701**	**$ 197,128**
Personal credit contracts	**7,608**	**835**	8,681	890	**65,026**	**7,137**
Loan contracts	**500,359**	**75,823**	543,930	67,818	**4,276,573**	**648,060**
Merchandise sales	**13,646**	**4,639**	20,441	5,769	**116,632**	**39,650**
Travel business	**28,063**	**2,461**	28,142	2,677	**239,855**	**21,034**
Other	**171,653**	**14,796**	162,677	15,974	**1,467,119**	**126,461**
	¥1,534,912	**121,618**	¥1,568,925	116,842	**$13,118,906**	**1,039,470**
Financial transactions		**182**		290		**1,556**
Total operating revenues		**¥121,800**		¥117,132		**$1,041,026**

5. Mortgage Loans Receivable and Mortgage-backed Securities Transferred

a. Mortgage Loans Receivable

The Companies provide financing to borrowers on condition of mortgaging with the special agreement that mortgage-backed securities are issuable. The Companies then register the mortgage-backed securities with the registry office.

b. Mortgage-backed Securities Transferred

Mortgage-backed securities transferred are securities that have been subdivided and sold to customers under repurchase agreements, usually within one year. The Companies earn the difference between interest financing and interest on subdivided securities transferred net of applicable costs.

6. Short-term Borrowings and Long-term Debt

Short-term borrowings as of February 28, 2003 and 2002, consisted of notes to banks, bank overdrafts, loans from financing institutions and commercial paper. The annual interest rates applicable to short-term borrowings ranged from 0.8% to 4.0% and from 0.3% to 4.5% as of February 28, 2003 and 2002, respectively.

Long-term debt as of February 28, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Loans from banks and other financial institutions, due serially to 2006 with interest rates ranging from 1.7% to 3.0% in 2003 and from 1.0% to 3.2% in 2002	**¥ 88,562**	¥101,043	**$ 756,941**
Less current portion	**(59,320)**	(36,235)	**(507,009)**
Long-term debt, less current portion	**¥ 29,242**	¥ 64,808	**$ 249,932**

Annual maturities of long-term debt outstanding as of February 28, 2003, were as follows:

Year Ending February 28 or 29	Millions of Yen	Thousands of U.S. Dollars
2004	¥59,320	$507,009
2005	23,904	204,308
2006	5,338	45,624
Total	¥88,562	$756,941

As of February 28, 2003, operating loans receivable of ¥33,573 million ($286,949 thousand) is pledged as collateral for short-term borrowings of ¥245,030 million ($2,094,274 thousand) and long-term debt of ¥50,430 million ($431,026 thousand).

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. Employees' 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.

The liability for employees' retirement benefits as of February 28, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Projected benefit obligation	**¥18,082**	¥18,516	**$154,547**
Fair value of plan assets	**(7,988)**	(9,222)	**(68,273)**
Unrecognized prior service cost	**362**	431	**3,094**
Unrecognized actuarial gain	**(2,102)**	(1,045)	**(17,966)**
Unrecognized transitional obligation	**(4,071)**	(5,996)	**(34,795)**
Net liability	**¥ 4,283**	¥ 2,684	**$ 36,607**

The components of net periodic benefit costs for the years ended February 28, 2003 and 2002, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Service cost	**¥ 958**	¥ 948	**$ 8,188**
Interest cost	**486**	491	**4,154**
Expected return on plan assets	**(274)**	(374)	**(2,342)**
Amortization of prior service cost	**(69)**	(4)	**(590)**
Recognized actuarial loss	**193**		**1,650**
Amortization of transitional obligation	**1,926**	1,499	**16,461**
Net periodic benefit costs	**¥3,220**	¥2,560	**$27,521**

Assumptions used for the years ended February 28, 2003 and 2002, are set forth as follows:

	2003	2002
Discount rate	**3.0%**	3.0%
Expected rate of return on plan assets	**2.5%–3.7%**	4.0%–4.5%
Amortization period of prior service cost	**10 years**	10 years
Recognition period of actuarial gain/loss	**10 years**	10 years
Amortization period of transitional obligation	**5 years**	5 years

8. Stockholders' Equity

Japanese companies are subject to the Japanese Commercial Code (the "Code") to which certain amendments became effective from October 1, 2001.

The Code was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing stockholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the stockholders' accounts.

The revised Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the stockholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the stockholders at the general stockholders meeting and dispose of such treasury stock by resolution of the Board of Directors beginning April 1, 2002. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general stockholders meeting.

At the general stockholders meeting held on May 25, 2000, the Company's stockholders approved the following stock option plan for the Company's directors and key employees. The plan provides for granting options to directors and key employees to purchase up to 1,930,000 shares of the Company's common stock in the period from May 26, 2002 to May 25, 2005. The options were granted at an exercise price of ¥404 ($3.48).

At the general stockholders meeting held on May 24, 2001, the Company's stockholders approved the following stock option plan for the Company's directors and key employees. The plan provides for granting options to directors and key employees to purchase up to 215,000 shares of the Company's common stock in the period from May 25, 2003 to May 25, 2005. The options were granted at an exercise price of ¥609 ($4.54).

At the general stockholders meeting held on May 23, 2002, the Company's stockholders approved the following stock option plan for the Company's key employees. The plan provides for granting options to key employees to purchase up to 575,000 shares of the Company's common stock in the period from May 24, 2004 to May 25, 2005. The options were granted at an exercise price of ¥542 ($4.63).

9. Related Party Transactions

Transactions with an unconsolidated subsidiary and the parent company, The Daiei, Inc. (the "Parent") for the years ended February 28, 2003 and 2002, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Transaction volume by credit card and personal credit contracts	**¥268,796**	¥283,826	**$2,297,402**
Gain on sales of investment securities	**2,685**		**22,949**

The balances due to or from such related parties as of February 28, 2003 and 2002, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Notes and accounts payable	**¥1,863**	¥4,783	**$15,923**
Investment in the Parent (included in marketable securities)	**770**	1,320	**6,581**
Investments in an unconsolidated subsidiary (included in investment securities)	**15**	15	**128**
Other receivables (included in other current assets)	**4,080**		**34,872**

10. Financial Transactions and Expenses

Financial transactions and expenses for the years ended February 28, 2003 and 2002, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Financial transactions:			
Interest income	**¥ 140**	¥ 150	**$ 1,197**
Dividend income	**42**	140	**359**
Total	**¥ 182**	¥ 290	**$ 1,556**
Financial expenses:			
Interest expense	**¥13,309**	¥13,624	**$113,752**
Other	**1,514**	955	**12,940**
Total	**¥14,823**	¥14,579	**$126,692**

11. 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 41.8% for the years ended February 28, 2003 and 2002.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at February 28, 2003 and 2002, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Deferred tax assets:			
Tax loss carryforwards	**¥36,549**	¥42,329	**$312,384**
Excess of tax allowance for provision of doubtful accounts	**1,859**	1,581	**15,889**
Valuation loss on investment securities	**2,274**	1,317	**19,436**
Other	**6,938**	3,606	**59,299**
Less valuation allowance	**(1,351)**	(844)	**(11,547)**
Total	**46,269**	47,989	**395,461**
Deferred tax liabilities	**(3)**	(9)	**(25)**
Net deferred tax assets	**¥46,266**	¥47,980	**$395,436**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended February 28, 2003, is as follows:

	2003
Normal effective statutory tax rate	**41.8%**
Less valuation allowance	**16.4**
Other—net	**1.6**
Actual effective tax rate	**59.8%**

There is no material difference between the normal effective statutory tax rate for the year ended February 28, 2002, and actual effective tax rate reflected in the accompanying consolidated statements of income.

As of February 28, 2003, the Company has net operating loss carryforwards of approximately ¥80,400 million ($687,179 thousand) which are available to be offset against taxable income in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending February 28	Millions of Yen	Thousands of U.S. Dollars
2005	¥51,200	$437,607
2006	29,200	249,572
Total	¥80,400	$687,179

On March 31, 2003, a tax reform law was enacted in Japan which changed the normal effective statutory tax rate from approximately 41.8% to 40.5%, effective for years beginning on and after April 1, 2003. The effect of this change on deferred taxes in the consolidated statement of income in fiscal 2004 will be ¥705 million ($6,026 thousand).

12. Leases

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

Total rental expenses were ¥6,227 million ($53,222 thousand) and ¥6,675 million for the years ended February 28, 2003 and 2002, respectively. Such rental expenses included total lease payments of ¥1,088 million ($9,299 thousand) and ¥934 million for the years ended February 28, 2003 and 2002, in connection with finance leases as described in Note 2.h, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligation under finance leases, depreciation expense, interest expense 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 28, 2003 and 2002, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Acquisition cost—equipment	**¥5,644**	¥4,828	**$48,239**
Accumulated depreciation	**2,999**	2,219	**25,632**
Net leased property	**¥2,645**	¥2,609	**$22,607**

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Due within one year	**¥ 947**	¥ 877	**$ 8,094**
Due after one year	**1,780**	1,809	**15,214**
Total	**¥2,727**	¥2,686	**$23,308**

The imputed interest expense portion which is computed using the interest method is excluded from the above obligations under finance leases. Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, computed by the straight-line method and the interest method were ¥987 million ($8,436 thousand) and ¥108 million ($923 thousand) for the year ended February 28, 2003 and ¥844 million and ¥100 million for the year ended February 28, 2002, respectively.

13. Contingent Liabilities

As of February 28, 2003, the Companies were contingently liable as a guarantor for borrowings of customers in an amount of ¥2,072 million ($17,709 thousand).

14. Derivatives

The Companies enter into interest rate swap agreements as a means of managing its 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.

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 year ended February 28, 2002, is not disclosed because all of the derivatives qualified for hedge accounting. The deferred loss and swap liability by interest swap transaction, amounted by ¥7,424 million is included in prepaid expenses and other current assets and other current liabilities, respectively.

The Companies had the following derivatives contracts outstanding as of February 28, 2003:

	Millions of Yen		
	2003		
	Contract or Notional Amount	Fair Value	Unrealized Loss
Interest rate swap:			
Pay-fix/receive-float	**¥32,000**	**¥(339)**	**¥(61)**

	Thousands of U.S. Dollars		
	2003		
	Contract or Notional Amount	Fair Value	Unrealized Loss
Interest rate swap:			
Pay-fix/receive-float	**$273,504**	**$(2,897)**	**$(521)**

15. 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 28, 2003 and 2002, was as follows:

(1) Operations in Different Industries

	Millions of Yen			
Year Ended February 28, 2003	Financial Services	Other Business	General Corporate/ Eliminations	Consolidated
a. Operating Revenues and Operating Income				
Operating revenues for customers	**¥111,531**	**¥10,269**		**¥121,800**
Intersegment operating revenues	**314**	**216**	**¥ (530)**	
Total operating revenues	**111,845**	**10,485**	**(530)**	**121,800**
Operating expenses	**85,791**	**11,550**	**4,496**	**101,837**
Operating income (losses)	**¥ 26,054**	**¥ (1,065)**	**¥(5,026)**	**¥ 19,963**
b. Assets, Depreciation and Capital Expenditures				
Assets	**¥508,070**	**¥22,636**	**¥ (84)**	**¥530,622**
Depreciation	**1,888**	**421**	**284**	**2,593**
Capital expenditures	**2,397**	**142**	**156**	**2,695**

Year Ended February 28, 2003	Thousands of U.S. Dollars Financial Services	 Other Business	 General Corporate/ Eliminations	 Consolidated
a. Operating Revenues and Operating Income				
Operating revenues for customers	**$ 953,257**	**$ 87,769**		**$1,041,026**
Intersegment operating revenues	**2,684**	**1,846**	**$ (4,530)**	
Total operating revenues	**955,941**	**89,615**	**(4,530)**	**1,041,026**
Operating expenses	**733,257**	**98,718**	**38,427**	**870,402**
Operating income (losses)	**$ 222,684**	**$ (9,103)**	**$(42,957)**	**$ 170,624**
b. Assets, Depreciation and Capital Expenditures				
Assets	**$4,342,479**	**$193,470**	**$ (718)**	**$4,535,231**
Depreciation	**16,137**	**3,598**	**2,427**	**22,162**
Capital expenditures	**20,487**	**1,214**	**1,333**	**23,034**

Year Ended February 28, 2002	Millions of Yen Financial Services	 Other Business	 General Corporate/ Eliminations	 Consolidated
a. Operating Revenues and Operating Income				
Operating revenues for customers	¥104,189	¥12,943		¥117,132
Intersegment operating revenues	294	272	¥ (566)	
Total operating revenues	104,483	13,215	(566)	117,132
Operating expenses	75,335	13,341	4,679	93,355
Operating income (losses)	¥ 29,148	¥ (126)	¥(5,245)	¥ 23,777
b. Assets, Depreciation and Capital Expenditures				
Assets	¥559,696	¥24,290	¥ 584	¥584,570
Depreciation	1,486	475	293	2,254
Capital expenditures	3,579	286	329	4,194

(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

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Deloitte Touche Tohmatsu

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

We have examined the consolidated balance sheets of OMC Card, Inc. (formerly Daiei OMC, Inc.) and consolidated subsidiaries as of February 28, 2003 and 2002, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of OMC Card, Inc. and consolidated subsidiaries as of February 28, 2003 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period subsequent to the change, with which we concur, made as of March 1, 2001, in the accounting for recognition of operating revenues, as discussed in Note 2.i.

As discussed in Note 2.e, effective March 1, 2002, the consolidated financial statements have been prepared in accordance with new accounting standard for marketable and investment securities.

Our examinations 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.

Deloitte Touche Tohmatsu

May 22, 2003

Board of Directors and Corporate Auditors (As of May 22, 2003)

Chairman and Director
Hiroshige Sasaki

President and Representative Director
Hiromichi Funahashi

Senior Managing Directors
Yuji Yamasaki
Yoshiaki Hayashida

Managing Directors
Toshiharu Nariai
Noriyoshi Wada

Directors
Shigeji Yagi
Shinji Ebata
Masakazu Murao
Hiroyuki Namiki
Masakazu Yamashita
Junichi Naitoh
Hiroyuki Fukumoto

Full-Time Corporate Auditors
Akira Nakao
Syunji Matsuno

Corporate Auditors
Kou Kawashima
Masahiko Toyama

Corporate Data (As of February 28, 2003)

Registered Office
2-1, Ginza 6-chome,
Chuo-ku, Tokyo 104-0061,
Japan

Main Office
21-1, Nishi-Gotanda 7-chome,
Shinagawa-ku,
Tokyo 141-8511, Japan
Telephone: 81-3-3495-9639
Facsimile: 81-3-3495-8595

Date of Establishment
September 1950

Number of Employees
1,648

Main Consolidated Subsidiaries

MCS Servicer Co., Ltd.
Servicer

ALPHA OMC Co., Ltd.
Credit sales financing

Daiei OMC Mortgage, Inc.
Mortgage securities

MARUKO DENKILAND CO., LTD.
Real estate management

ACCESS GENERAL Co., Ltd.
Credit sales financing

APEX MORTGAGE Co., Ltd.
Credit sales financing

PLUSONE EQUITY Co., Ltd.
Credit sales financing

RFC, Inc.
Special transactions (with payments in advance) financing

KYOEIKIKAKU, Inc.
Real estate management

RICCAR Telephone Service, Inc.
Real estate management

RICCAR Sales, Inc.
Call sales

BLOCKLINE, Inc.
Data processing service

Kurashino Design, Inc.
Mail order sales

ANNEX CAPITAL Co., Ltd.
Credit sales financing

Company Accounted for by the Equity Method
NIHON KYOEI SECURITIES Co., Ltd.
Securities

Investor Information (As of February 28, 2003)

Paid-in Capital
¥42,806,910,026

Common Stock
Authorized: 670,000,000 shares
Issued: 211,307,082 shares
Number of Stockholders: 6,310

Stock Exchange Listing
Tokyo Stock Exchange

Ordinary General Meeting of Stockholders
The Ordinary General Meeting of Stockholders will be 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

Common Stock Price
(Tokyo Stock Exchange)

	2003		2002		2001	
	High	**Low**	High	Low	High	Low
1st quarter	**560**	**316**	600	286	470	355
2nd quarter	**565**	**390**	689	544	468	380
3rd quarter	**421**	**200**	575	314	419	240
4th quarter	**311**	**249**	433	214	379	249

For further information, please contact: OMC Card, Inc.
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Web site: http://www.omc-card.co.jp/ (Japanese)
http://www.omc-card.co.jp/eng/ (English)

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