

SURVIVAL OF THE FITTEST



the **Challenge**
of **Change**



Since its establishment in 1936, the ACOM Group has pursued solid business expansion based on its corporate slogan of “Expanding the Sphere of Trust” and its guiding principle of “Making Total Customer Satisfaction Our Top Priority.”

ACOM CO., LTD., was incorporated in 1978 with a new sense of purpose to provide consumer finance services tailored to the needs of customers and the demands of the time. The Company’s shares were listed on the First Section of the Tokyo Stock Exchange in 1996, marking the 20th fiscal year since ACOM’s incorporation and the 60th year since the establishment of the ACOM Group.

ACOM seeks to provide enjoyable and more-fulfilling personal lives for its customers and to support their efforts to achieve improved lifestyles. The Company offers customers the familiar unsecured consumer loans—its principal business—through MUJINKUN automated loan application machines as well as installment sales finance, the monetary settlement system for Internet shopping transactions ACOSIS, and rentals.

In an era of unparalleled change and competition brought on by Japan’s Big Bang financial reforms and the growing use of multimedia, the Company is aiming to propel itself forward centered on the nonbank finance industry using its wealth of experience and know-how accumulated over the years.

Notes: 1. Forward-Looking Statements

The figures contained in this annual report with respect to ACOM’s plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management’s assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a result of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM’s market and changes in the size of the overall market for consumer loans, the rate of default by customers, the level of interest rates paid on the ACOM’s debt and legal limits on interest rates charged by ACOM.

2. Yen and U.S. dollar amounts are rounded down to the nearest expressed unit. Percentage figures are a result of rounding.

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Five-Year Summary

ACOM CO., LTD. Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	1998	1997	1996	1995	1994	1998
For the year:						
Total operating income	¥ 284,632	¥ 258,420	¥ 228,964	¥ 207,402	¥ 189,787	\$ 2,154,670
Operating profit	114,603	97,817	82,762	61,377	48,823	867,547
Net income	44,032	36,877	31,585	23,892	19,744	333,323
At year-end:						
Loans receivable outstanding	1,083,214	973,648	841,894	721,607	649,995	8,199,954
Total shareholders' equity	293,132	254,281	222,219	196,881	174,030	2,219,015
Total assets	1,436,151	1,254,459	1,118,162	984,793	947,121	10,871,695
Interest-bearing debt	1,080,286	947,431	848,493	747,747	739,487	8,177,789
Allowance for bad debts	36,900	34,300	32,500	30,300	25,100	279,333

Note: Allowance for bad debts includes that listed in the investment category.

Adjusted per share data:

(in yen and U.S. dollars)

Net income	¥300.29	¥251.50	¥215.40	¥162.94	¥139.36	\$2.27
Cash dividends	40.00	35.00	30.00	27.27	6.81	0.30

Note: The data is adjusted to reflect the increased number of shares resulting from stock splits.

Key financial ratios:

(percentage)

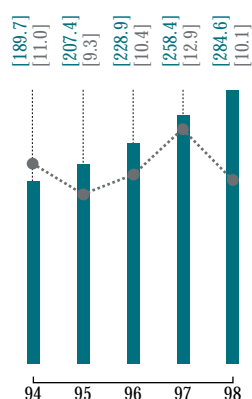
Return on operating income	15.5	14.3	13.8	11.5	10.4
Operating profit to operating income	40.3	37.9	36.1	29.6	25.7
Return on assets (ROA)	3.3	3.1	3.0	2.5	2.2
Return on equity (ROE)	16.1	15.5	15.1	12.9	13.6
Interest coverage (times)	4.8	3.9	3.5	2.6	2.3

Notes: 1. The translation of yen amounts into U.S. dollar amounts has been made solely for convenience, at the rate of ¥132.10=US\$1, the exchange rate prevailing on March 31, 1998.

2. ROA and ROE are calculated using a simple average of beginning and end of term total assets and shareholders' equity figures.

Total Operating Income

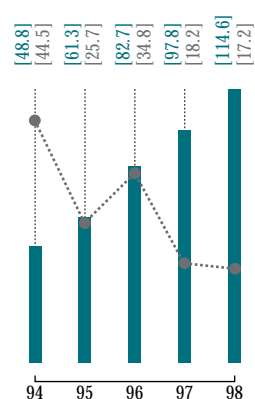
(Billions of yen) (%)



■ Total operating income
● Percent change from previous year

Operating Profit

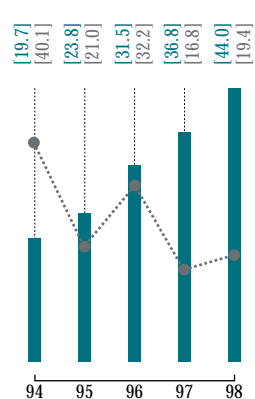
(Billions of yen) (%)



■ Operating profit
● Percent change from previous year

Net Income

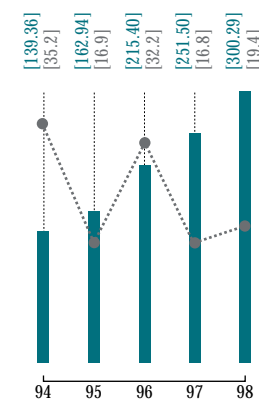
(Billions of yen) (%)



■ Net income
● Percent change from previous year

Adjusted Net Income per Share

(Yen) (%)



■ Adjusted net income per share
● Percent change from previous year



Kyosuke Kinoshita, President

Overview of Fiscal 1998

Business Climate

Fiscal 1998, the year ended March 31, 1998, was an extremely difficult year for the Japanese economy. Personal consumption languished, dampened by a hike in the consumption tax rate and other factors. In addition, the lack of confidence in the financial system deepened during the fiscal year and the unemployment level worsened in the wake of continued restructuring in the private sector.

Performance

Under these circumstances, the Company focused on maintaining stable profits under the slogans, “sound, steady but, at the same time, active operations,” “adapting to a global economy,” “knowledge and action,” and “speedy decision making.” Our basic policies of opera-

tions were “to make customer satisfaction our top priority,” “to respond to the changing environment in a timely and appropriate manner,” “to establish low-cost operations,” and “to expand and enhance our service capabilities.”

As a result of our efforts, total operating income for fiscal 1998 expanded 10.1%, to ¥284.6 billion. This increase can mainly be attributed to favorable conditions in our Loan Business Division, which generates more than 90% of ACOM’s operating income. Furthermore, operating expenses were only ¥170.0 billion, held to a 5.9% increase thanks to the implementation of a series of measures to raise efficiency.

Consequently, operating profit advanced 17.2%, to ¥114.6 billion, while net income climbed 19.4%, to ¥44.0 billion. Earnings per share were ¥300.29, a substantial improvement over the ¥251.50 recorded in the previous fiscal year. Return on equity reached 16.1% from 15.5% in fiscal

1997. Return on assets also improved, rising to 3.3% from 3.1%.

Pursuing Efficient Operations

During the fiscal year, we took measures to increase overall operating efficiency. We streamlined our Head Office administration by relocating personnel to the sales division and acquired low-cost funding by issuing unsecured straight bonds and commercial paper. And we began developing a new Companywide integrated digital network system, SPEED (Shared Platform for Enterprise Engineering on Digital network), that will integrate all our operations.

Divisional Operations

In our Loan Business Division, we further developed our facilities to offer customers more-convenient access to our services. We expanded our networks of roadside

loan business outlets and MUJINKUN automated loan application machines as well as our network of cash dispensers (CDs) and automated teller machines (ATMs). We improved the interest rates on our loans, lowering the maximum annual rate on our unsecured loans to 27.375% from 28.470%. Moreover, we began to offer loans with preferential interest rates of 21.50% and 22.50%. In addition, to expand our loan business base, we began offering loans to small-to-medium-sized enterprises on a trial basis.

In response to growing numbers of individuals overburdened with debt and personal bankruptcies, we surveyed the appropriateness of our credit extension methods. We also played an active role in the establishment of the Japan Consumer Counseling Fund.

The balance of loans receivable at the end of the fiscal year rose ¥109.5 billion, to ¥1,083.2 billion, a gain of 11.3% from the previous fiscal year-end. Interest on loans receivable climbed 10.9%, to ¥263.6 billion.

In our Rental and Sales Division, we pursued various measures to strengthen business. We consolidated or closed audiovideo software rental outlets to raise efficiency. In our installment sales finance operations, we updated our operating software and opened an office in Hiroshima. Efforts to promote ACOSIS, our Internet-based credit settlement system, resulted in the number of participating stores rising to 267 while the number of members increased to 5,001.

Overall, rental and sales operating income edged down 0.6%, to ¥15.1 billion. By category, operating income from the rental and installment sales finance businesses totaled ¥8.5 billion and ¥5.9 billion, respectively. Operating income from sales in other businesses, principally the sale of merchandise, amounted to ¥723 million.

Perspective

Changes in the Operating Environment

Japan's Big Bang financial reforms got under way in April 1998 with the implementation of an amended Foreign Exchange and Foreign Trade Law. The primary aim of the reforms is to achieve complete deregulation of Japan's financial markets by 2001 based on the principles

of free, fair, and global markets. Poised to enter the 21st century, the Japanese economy finds itself plunging headlong into an era of change characterized by a shift in paradigms, mega competition, and globalization.

ACOM's Direction

From the outset, Japan's consumer finance companies and other nonbank finance services companies have developed and grown within a market economy. We will continue to manage operations in accordance with our fundamental corporate philosophy of "Commitment to the Customer" by pursuing total customer satisfaction through the convenience of the services we offer. Our future direction is to "step onto the world stage by becoming Japan's number one nonbank finance services company, offering diversified services that are viable globally."

To Our Shareholders

ACOM's dividend policy is to provide shareholders with stable dividend growth. Dividends for the fiscal year under review included an amount equivalent to the commemorative dividends paid last year in the interim and year-end dividends as well as a ¥5.00 per share increase in the term-end dividend, to ¥22.50. Consequently, the total year dividend for fiscal 1998 was ¥40.00 per share, a rise of ¥5.00 from the previous year. This represents a payout ratio of 13.3% and a 2.0% dividend on equity.

Although we expect that the Japanese economy will continue to face severe conditions in the fiscal year ahead, our focus will remain on achieving stable profits. In this endeavor, we look to the continued support of our shareholders and the investment community as a whole.

June 1998



Kyosuke Kinoshita
President

SURVIVAL OF THE FITTEST



the Challenge
of Change

Poised to enter **the 21st century**, Japan is in the midst of a huge ground swell pushing it toward a shift in paradigms and a battle of survival of the fittest. Against this backdrop, the business environment is also experiencing major change. In fact, it could be said that Japan—corporations and people alike—is being assailed by **reform** on all fronts.

The waves of change, one after the other—**the rapid graying of society, the Big Bang financial reforms, and the digital revolution**—are bringing with them new lifestyles and values as well as new opportunities and a wider range of choice.

The key to surviving this period of change lies in having a pioneering and courageous spirit to respond immediately and flexibly to emerging situations as well as in demonstrating strong conviction in your decisions.

Until now, ACOM has grown and developed within a **market economy**. We have endeavored to remain in touch with our customers, recognizing and responding quickly to their needs and offering them **greater convenience**.

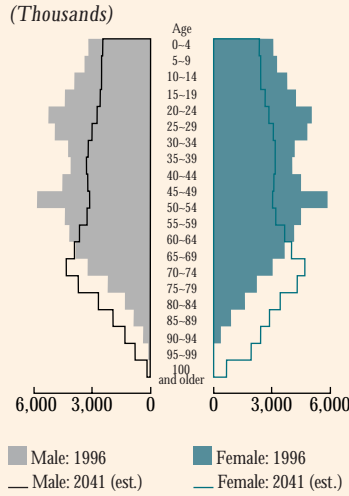
We view the changes occurring around us as an opportunity to take a great leap forward. In accordance with our corporate philosophy of **“Commitment to the Customer,”** we are aiming to expend our utmost efforts in providing services that will persuade customers to make us their first choice.

In this special feature, we consider the **changing environment**, and the ways in which **ACOM is responding**, from the three aspects of structural changes in our society and economy and the emergence of global standards. And we evaluate ACOM’s potential for growth as it meets the **“Challenge of Change.”**

PHASE 1 :

Changes in Japan

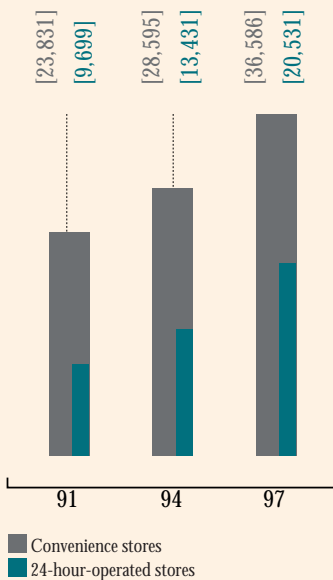
Population Pyramid



Source: Management and Coordination Agency, National Institute of Population and Social Security Research

The ratio of children to mothers in Japan stood at 1.43 in 1996, well below the 2.08 ratio required to maintain the current population level. Extrapolation from the 1997 population figure indicates that in five years the number of people in their 20s will fall by 1.5 million and will decline further in the next five years.

Number of Convenience Stores in Japan



Source: Ministry of International Trade and Industry

Change 1

The Rapid Graying of Japanese Society

Japan is swiftly becoming a society with a high proportion of elderly people. This demographic aging is focusing attention on the structural problems associated with the declining number of young people. For a variety of businesses, the decreasing number of young people is certain to become a serious issue.

How is ACOM coping with this issue?



Change 2

Changes in Lifestyles and Consumer Needs

In Japan, the lifestyles and needs of consumers, particularly young people, are changing substantially. In addition to addressing such developments as people's more active, round-the-clock lifestyles, a broader scope of activities, and evolving consumer trends, targeting the individual customer has become a top priority in marketing strategies.

In the retail industry, for example, convenience stores demonstrated their excellence in adapting to changes in the lifestyles and needs of consumers. In turn, they have been rewarded with steady growth in sales.

How has ACOM adapted to the changing lifestyles and needs of its customers?



Challenge 1 ACOM Adapts to Evolving Markets

It is difficult to be optimistic about the problems raised by Japan's declining number of people in their 20s, who currently account for more than 50% of our new loan customers. However, we are addressing the issue in two main ways.

• Increasing the usefulness of the ACOM Card (AC Card)

We intend to make the AC Card more convenient and advantageous to use to encourage new customers to select it as their card of choice. We will achieve this by expanding our network of outlets to make access even more convenient for customers and by upgrading the functions and the usefulness of the card to improve the marketability of our products. In addition, depending on the customer's credit history, we will offer preferential interest rate loans, further increasing our brand loyalty.

• Enlarging our installment sales finance and loans for small-to-medium-sized enterprises

We are focusing on the expansion of installment sales finance as our second core business and on the development of new businesses, emphasizing not only loans for individuals but also loans for small-to-medium-sized enterprises. This will provide a larger business base that will not directly be affected by the demographic changes in Japan's society.

Challenge 2 Our "Commitment to the Customer"

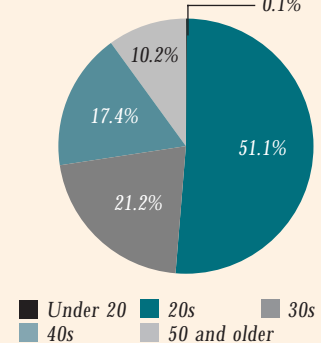
Management at ACOM is customer satisfaction oriented. Guided by our corporate philosophy of "Commitment to the Customer," we strive to keep abreast of changes in customer needs and to respond to them as quickly as possible. This means that we always look at things from a customer's point of view to provide better value service for each individual customer.

Customer Needs	Response
Easy application procedures	<ul style="list-style-type: none"> ➢ Development and introduction of MUJINKUN automated loan application machines ➢ Expanded functions of MUJINKUN machines ➢ Effective allocation of staffed outlets
Convenient locations	<ul style="list-style-type: none"> ➢ Expansion of our network of loan business outlets ➢ Increased number of roadside business outlets ➢ Tie-ups with ATM networks of banks and other businesses
Convenient access	<ul style="list-style-type: none"> ➢ Extended business hours for loan applications on business days and holidays ➢ Increased number of ATMs accessible on a year-round, 24-hour basis
Product needs	<ul style="list-style-type: none"> ➢ A diverse line of unsecured loans, including preferential interest rate loans ➢ A diverse line of secured loans

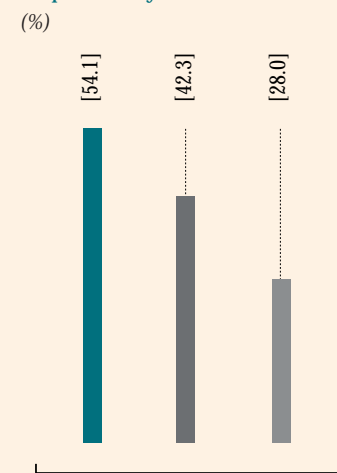
ACOM intends to place even greater emphasis on customer satisfaction oriented management in responding to needs that change with the times.

Composition of New Loan Customers by Age

Unsecured Loans for Consumers
(As of March 31, 1998)



Top Three Reasons for Consumer Finance Popularity

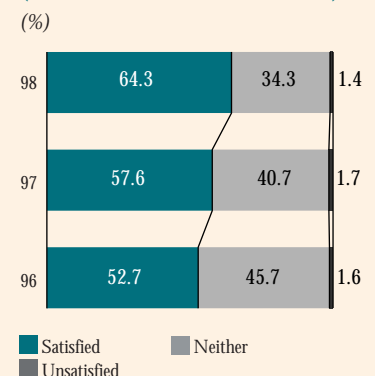


- Conveniently located business outlets
- Services available in early mornings and late evenings
- Many services outlets

Note: Figures exclude new customers.

Source: White Paper on the Consumer Finance Industry

Customer Service Survey (Customer Satisfaction)



PHASE 2 :

Changes in Japan

Japan's Financial System Reform

Three Principles

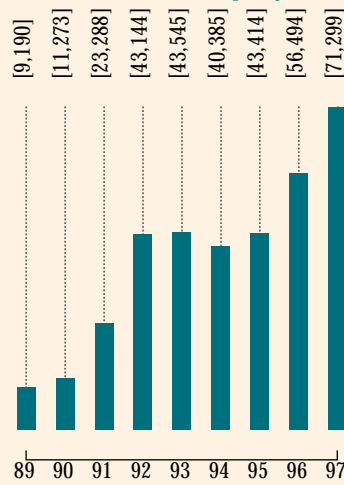
1. Free: liberal market under market principles
2. Fair: transparent and reliable market
3. Global: international and advanced market

The Basic Concepts in Formulating the Plan

1. Broad market reforms based on clearly defined principles
2. Measures from the users perspective
3. Stability of the financial system

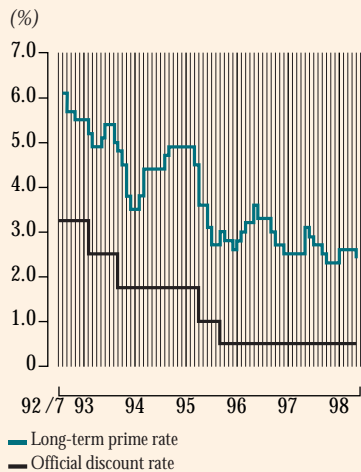
Source: Ministry of Finance

Trend in Filings for Personal Bankruptcy



Source: Supreme Court of Japan

Official Discount Rate and Long-Term Prime Rate



Source: Bank of Japan

The official discount rate was reduced to 0.5% in September 1995 and has remained at that all-time low ever since. The long-term prime rate hit a floor of 2.3% in October 1997. After temporarily rising to 2.6% in January 1998, it dropped to 2.4% in May.

Change 3 Big Bang Financial Reforms

Japan's Big Bang financial reforms were launched in April 1998 with the implementation of the amended Foreign Exchange and Foreign Trade Law, heralding the arrival of an era of financial deregulation.

In the coming years, competition is expected to intensify due to companies from other business sectors entering the financial services market. In addition, customers will become even more selective.

How does ACOM view the Big Bang?



Change 4 Growing Problems with Personal Bankruptcies and Overburdened Individual Debt

Japan's prolonged economic stagnation, an increase in personal bankruptcies, and a growing number of individuals overburdened with debt are giving rise to changes that directly affect ACOM's business environment.

How is ACOM dealing with these developments?



Change 5 Interest Rate Fluctuations

Several years have passed since we entered the age of extremely low interest rates, with the official discount rate set at a historical low for two-and-a-half years. While it is impossible to predict the future direction of interest rates, it is unlikely that rates will fall below their present low levels. In fact, it is anticipated that interest rates will begin to rise.

With the prospect of rising interest rates, how does ACOM plan to remain competitive?



Challenge 3

Strengthening Our Nonbank Operations

As part of efforts to ensure ACOM's continued success amid heightened competition, we are strengthening our operating base in nonbank finance. We plan to allocate our management resources more efficiently and critically, expanding our loans for small-to-medium-sized enterprises and installment sales finance operations and spinning off our rental business into a subsidiary. Through greater efficiency and a renewed management focus, we aim to become a highly profitable and highly competitive company.

From the start, ACOM has grown and prospered within a market economy by adapting to change based on its philosophy of "Commitment to the Customer." Consequently, we aim to pursue the opportunities afforded by the Big Bang financial reforms to the greatest extent possible.

Challenge 4

Promoting Appropriate Credit Screening

ACOM's credit approval system is a combination of staff and equipment; the decision to grant credit is made by a loan officer with reference to a computer evaluation. As a general principle, however, loans to new customers are made on the basis of face-to-face interviews. Even after the loan has been extended, we monitor on a regular basis the customer's repayment record and credit use at other companies to ensure the extended credit is appropriate. Moreover, to prevent the problem of individuals becoming overburdened with debt, we are committed to ongoing activities to educate consumers about the proper use of credit, such as our participation in the Japan Consumer Counseling Fund, our own advisory service, and advertising in various media.

Challenge 5

ACOM's Cost Efficiency Strategy

We are dealing with the narrowing of the interest rate gap between loans made and funds borrowed—caused by rising funding costs and falling interest rates resulting from preferential interest rate loans—by targeting increased income through the sound expansion of loan volume and greater cost efficiency.

Lowering operating cost ratios

ACOM aims to reduce its business operating cost ratio, in other words the proportion of other operating expenses to average loans receivable and installment sales finance receivable. More concretely, we are achieving higher labor efficiency through the centralized management of MUJINKUN outlets and greater administration efficiency through lower development costs for unstaffed business outlets.

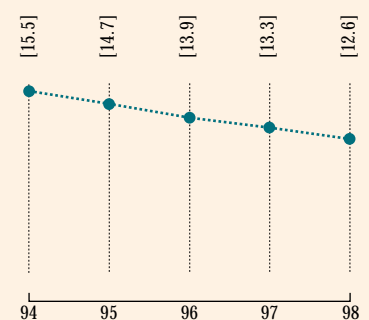
Finance strategies

Stable and efficient funding is the goal of our finance strategies. We manage interest rate risk by maintaining an optimal ratio of long-term financing and by using such tools as fixed and floating interest rate swaps in line with interest rate fluctuations. We also plan to use commercial paper and straight bonds to diversify our funding sources. To obtain a competitive advantage through funding, management focuses on improving corporate credit ratings.



TV commercial to educate consumers about proper loan usage

Business Operating Cost Ratio (%)



Business operating cost ratio = Other operating expenses* / [Average loans receivable outstanding during the fiscal year + Installment sales finance receivable (excluding deferred income on installment sales finance)] × 100

*Other operating expenses include expenses arising from rental business, installment sales finance business, and others

Direct Financing

(As of March 31, 1998)

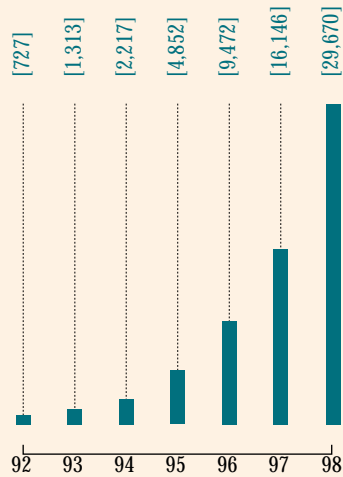
Straight Bonds				
Issue	Issue Date	Rate	Maturity	Amount (¥ billion)
1st	May 97	2.600%	5 yrs.	¥10.0
2nd	July 97	2.175	4 yrs.	10.0
3rd	Jan. 98	2.100	3 yrs.	5.0
4th	Mar. 98	2.000	2 yrs.	7.0
Total amount issued				¥32.0
Commercial Paper				
Total amount issued				¥66.7
Ratings				
Rating Institutions	Short-Term Debt	Long-Term Debt		
R&I	a-1+	AA-		
JCR	J-1+			

PHASE 3 :

Changes in Japan

Number of Hosts Worldwide

(Thousands)

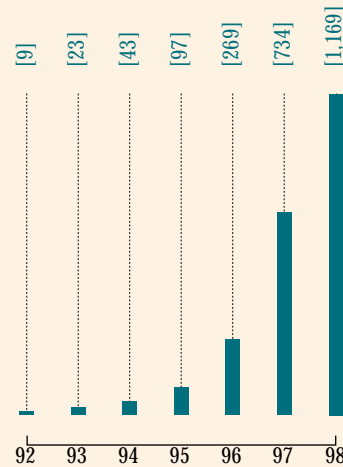


(Figures as of January 31)

Source: Network Wizards

Number of Hosts in Japan

(Thousands)



(Figures as of January 31)

Source: Network Wizards



Change 6

Multimedia and the Digital Revolution

The rapid spread of computers and explosive growth in the number of Internet users has supported the popularization of multimedia and digitization.

The world is certainly treading on new ground in the information and communications fields; electronic money has reached the testing stage and business transactions on the Internet are entering an advanced phase.

How does ACOM intend to respond to this new wave in technology?



Change 7

The Age of Global Standards

There is an accelerated emergence of globalized market economies around the world. To ensure their survival in this new age, Japanese companies will have to rise to the challenges of the trend of the times. In this sense, it is becoming increasingly necessary for Japanese companies to manage themselves with a view to meeting global standards.

How is ACOM responding to this global trend?



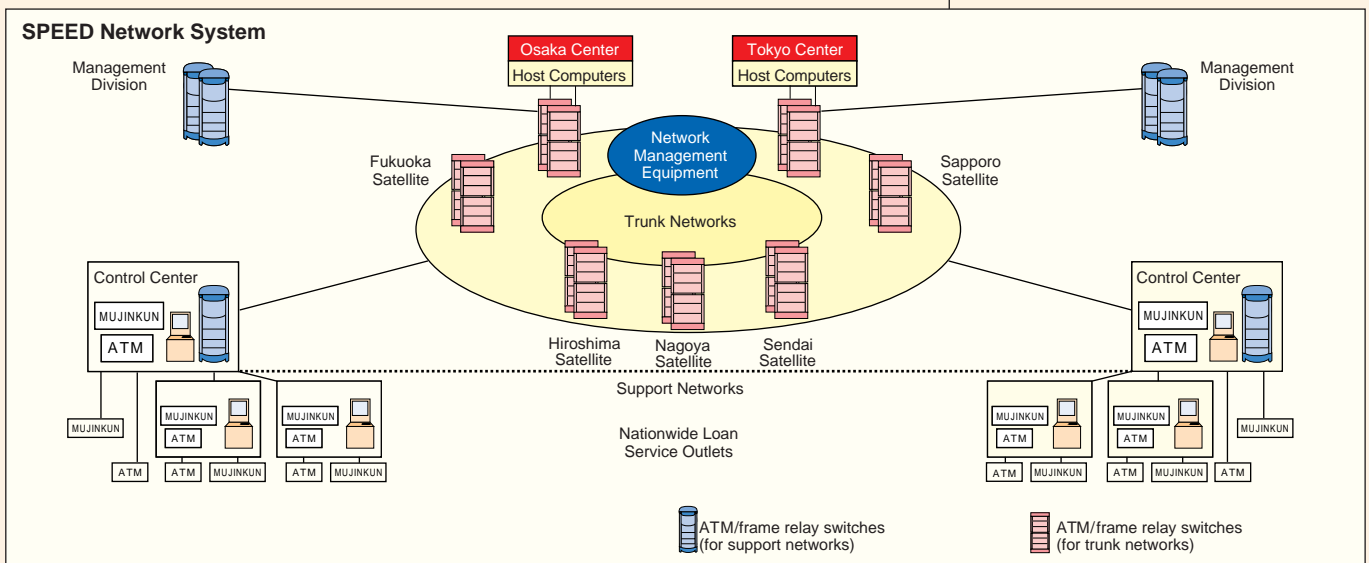
Challenge 6 ACOM's Multimedia Strategies

In our loan business, customers can now apply for loans through Japan-based computer networks, such as PC-VAN and PEOPLE, as well as through our home page on the Internet. Also, in November 1996, our Rental and Sales Division launched ACOSIS, a system for settling Internet shopping transactions without the use of credit cards.

Furthermore, we are in the process of introducing our integrated digital network SPEED. Expanded capacity and higher speed will allow us to integrate our entire operations. It will also facilitate real-time retrieval of credit screening information, transaction records, and other information. In addition, the system is capable of being expanded to accommodate future growth in communications needs. In this way, ACOM is steadily developing systems with an eye to the future.



ACOM's website



Challenge 7 ACOM's Globalization

ACOM is targeting global standards in its investor relations programs, including disclosure and shareholder relations. Preparations to achieve those standards are under way.

Amid the current upheaval in global-scale market economies, we fully recognize that establishing an operating and management structure based on an awareness of global standards is a prerequisite for remaining a viable company.

The launch of installment sales finance operations in Thailand in November 1996 is our first step toward full-scale globalization. We expect to take further steps in the future, seeking to provide services that could compete globally while, at the same time, reflecting the special characteristics of individual markets.



SIAM A&C CO., LTD.

In fiscal 1998, we focused our efforts on providing greater convenience for our customers through such measures as increasing the number of unstaffed service outlets, especially at roadside locations, and expanding our CD and ATM network through tie-ups with the networks of banks and other businesses. Thanks to these efforts, the total balance of outstanding loans receivable at year-end climbed to ¥1,083.2 billion, a gain of 11.3% from the end of the previous fiscal year.

Looking at the composition of outstanding loans, unsecured loans to individuals accounted for most of the total, rising 11.7%, to ¥1,015.3 billion, while unsecured loans to enterprises contributed ¥62 million. Secured loans increased 5.1%, to ¥67.8 billion. As a result, interest from loans expanded 10.9%, to ¥263.6 billion, representing 92.6% of total operating income.



Interest Rates

The fiscal 1998 average year-end contracted loan interest rate on unsecured loans was 26.36%, a decline of 0.76 percentage points from the fiscal 1997 average year-end rate. The average loan interest rate throughout the term was 26.52%, a decrease of 0.77 percentage points, reflecting efforts to make our products more appealing.

New Customers and Number of Accounts

Although the number of new customer accounts for unsecured loans decreased 16.0% in the year under review partially because competitors were also increasing their number of automated loan application machines, expanded facilities at offices and other measures resulted in the number of new customers totaling 476 thousand. Of these new customers, 80.3% made contracts through MUJINKUN loan application machines, compared with 74.2% in fiscal 1997. The total number of unsecured loan customer accounts with outstanding balances at fiscal year-end rose 7.1%, to 2,446 thousand.

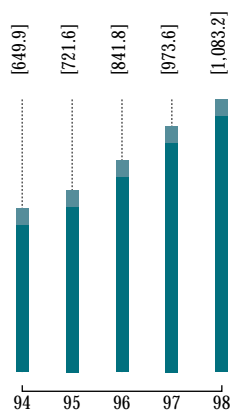
Average Loan Balance Per Account

Efforts to expand our offerings of preferential interest rate loans supported a ¥17 thousand, or 4.3%, increase in the average year-end balance of unsecured loans per customer account, to ¥415 thousand.

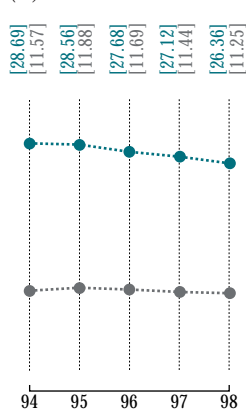
Service Outlets

In our Loan Business Division, we opened 9 new staffed loan service outlets and consolidated operations at 29 outlets. In addition, 4 staffed outlets were converted to unstaffed loan service outlets. The total number of staffed outlets at fiscal year-end, therefore, declined by 16 outlets, to 516. The number of unstaffed loan service outlets, however, grew to 610 outlets, representing

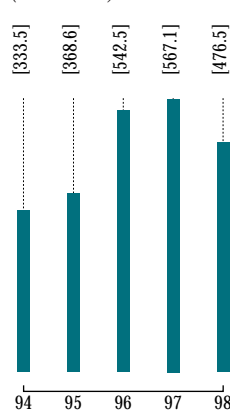
Loans Receivable Outstanding
(Billions of yen)



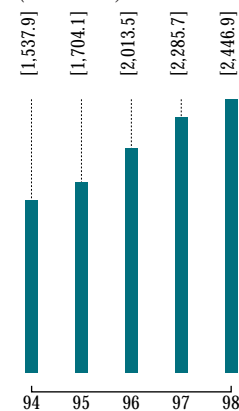
Average Year-End Contracted Loan Interest Rate
(%)



Number of Unsecured Loan New Customer Accounts
(Thousands)



Number of Unsecured Loan Customer Accounts
(Thousands)



323 outlet openings, 14 consolidations and closures, and 10 conversions from staffed outlets. The number of box-type suburban unstaffed loan service outlets expanded by 55 outlets, to 76 outlets. Overall, our network of loan service outlets increased by 303 outlets, to 1,126.

Centralized control of our loan business outlets progressed during fiscal 1998. We decreased the total number of control centers by 13 during the year, to 117. Consequently, the average number of loan business outlets controlled by each center rose to 8.6 from 5.2, resulting in a significant increase in efficiency.



MUJINKUN

During the term, the total number of MUJINKUN outlets rose by 324, to 1,106. In April 1998, we began to concentrate the operation of MUJINKUN services in regional service centers on a trial basis in Sapporo and Fukuoka. By the end of March 1999, all MUJINKUN services will be controlled from 20 service centers nationwide, and this is expected to provide a considerable boost in outlet operating efficiency.



Cash Dispensers and ATMs

Customers find it extremely convenient to borrow or repay loans using our network of CDs and ATMs. During the fiscal year, we again expanded the network substantially, adding 337 proprietary machines, for a total of 1,421, and an additional 943 machines through tie-ups with the networks of banks and other businesses to 10,630. At year-end, there were a total of 12,051 machines available to our customers.

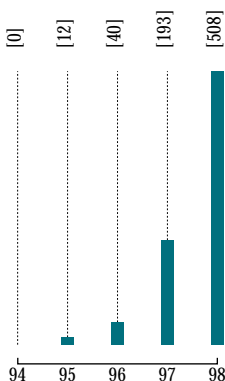
Extension of Loans to Small-to-Medium-Sized Enterprises

To expand the base of our loan operations, we commenced offering loans to small-to-medium-sized businesses on a trial basis in September 1997. At fiscal year-end, we had extended 12 loans, totaling ¥43 million. To increase the appeal of these loans to small-to-medium-sized enterprises, we plan to introduce deed loans in addition to our current draft loans.

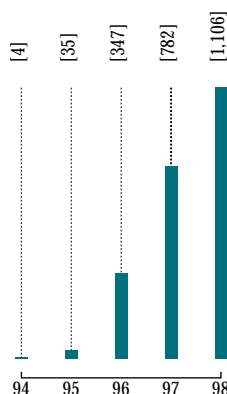
Due to these efforts, the Company's core Loan Business Division again performed favorably, achieving record earnings for the sixth consecutive year.

In the future, we will maintain our present strategies, aiming for continued, stable earnings growth by making further strides in upgrading efficiency while, at the same time, demonstrating foresight in utilizing our experience and know-how to accurately grasp the needs of our customers.

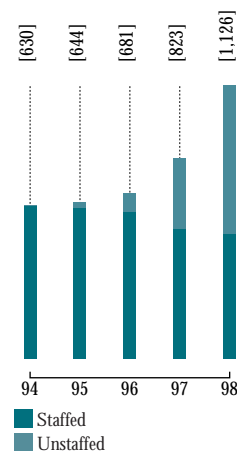
Number of Roadside Loan Service Outlets



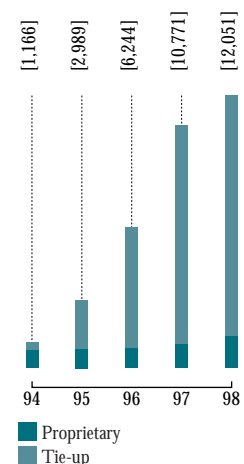
Number of MUJINKUN Outlets



Number of Loan Business Outlets



Number of CDs and ATMs



Our Sales and Rental Division is involved in a wide range of business activities, covering installment sales finance; audiovideo software rental; hardware rental, primarily to corporations, of equipment and related goods; bridal wear and other rentals; and ACOSIS, an electronic settlement system for shopping over the Internet. Combined operating income from these businesses edged down 0.6% during fiscal 1998, to ¥15.1 billion.



Installment Sales Finance

Operating income from installment credit card purchase finance and installment purchase finance surged 21.0% during the period under review, to ¥5.9 billion. Contribution to overall operating income rose 0.2 percentage points, to 2.1%.

ACOM's installment sales finance principally comprises installment purchase finance. Through offices in Tokyo, Osaka, Sapporo, Nagoya, and Fukuoka as well as the recently opened Hiroshima office, we are expanding this business by utilizing a network of more than 4,600 participating stores. Performance was favorable in fiscal 1998. At fiscal year-end, the transaction volume of installment sales loans jumped 37.6%, to ¥50.9 billion, while the outstanding balance of installment sales finance receivable climbed 36.8%, to ¥63.8 billion.

ACOSIS

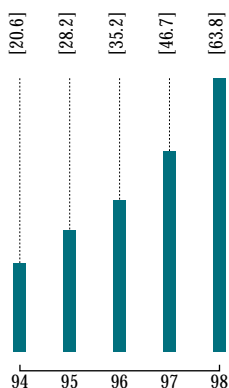
ACOSIS is our revolutionary, cardless settlement system designed especially for shopping over the Internet. In fiscal 1998, efforts were directed at making the system even more convenient for customers by increasing the number of participating stores and introducing a revolving monthly payment system. As a result, the number of participating stores increased to 267 while individual membership rose to 5,001.



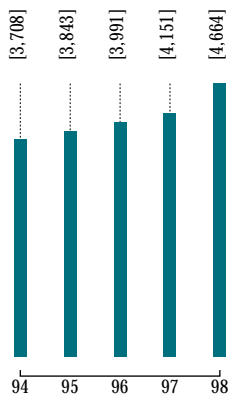
Audiovideo Software Rental

During the period under review, we consolidated and closed operations at 24 rental outlets, resulting in 60 outlets nationwide. Consequently, the number of customers using our services was held to 760 thousand. Reflecting this, operating income fell 10.3%, to ¥5.1 billion. As of April 1998, we consigned the operation of our audiovideo software rental business to AVRS CO., LTD., a wholly owned subsidiary, aiming to improve profitability through the more efficient use of such resources as labor.

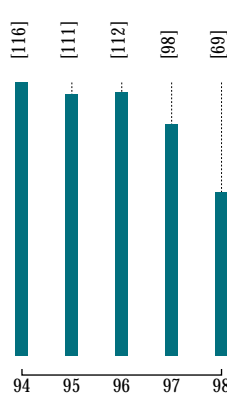
Installment Sales Finance Receivable
(Billions of yen)



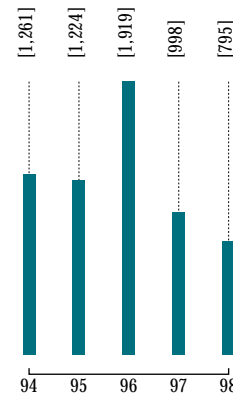
Number of Participating Installment Purchase Finance Stores



Number of Rental Outlets



Number of Rental Users
(Thousands)





Hardware Rental

To strengthen our focus on the rental of equipment and related goods for corporate ceremonies and events, we closed two rental outlets during the fiscal year, integrating our operations into eight rental outlets. Operating income amounted to ¥3.1 billion, an 11.1% gain from the previous fiscal year.



Other Rentals

In fiscal 1998, we ceased telephone rentals due to the growing use of cellular phones and other factors related to changing customer demand. In our bridal wear rental operations, we closed two of our Symphonie Marié ACOM rental shops, concentrating business in the remaining Shinjuku shop. As a result of this, operating income from other rentals dropped 69.5%, to ¥166 million.

Supporting Cultural and Community Activities

As a company that helps people realize enjoyable and more-fulfilling personal lifestyles, ACOM undertakes a variety of endeavors based on its corporate philosophy of supporting cultural and community activities. To enhance the lives of people in regions throughout Japan, the Company is steadily expanding the range of its involvement. Examples of our activities include assisting automobile accident victims with young children to support through the Bluebird Fund, cooperating with local organizations in holding festivals, supporting volunteer and social welfare programs, providing backing for amateur sports events, and sponsoring a professional golf tournament. Furthermore, ACOM is a perennial supporter of used stamp and telephone card collection drives in which funds received from dealers are donated to worthy causes. We also regularly support blood donation drives.



Visual Concert Story

Since 1994, ACOM has been a supporter of a new type of cultural performance that combines shadow theater with classical music. The Company takes pride in giving parents and children the opportunity to experience this artful production of sound and drama. With sign-language interpreters present to explain the story, this event is popular among students who have hearing and speaking impairments.



ACOM International Golf Tournament

Since 1983, ACOM has annually sponsored a professional golf tournament to promote local involvement and further popularize golf. And since 1991, the ACOM International Golf Tournament has been an official event of the Japan Professional Golfers' Association. Supported by volunteers, the tournament is steadily gaining a high reputation as an event with roots in the community.



From left: Shigeyoshi Kinoshita, Kyosuke Kinoshita, Hitoshi Kondo, and Akihiko Kameda

<i>Chairman</i>	Akihiko Kameda	<i>Directors</i>	Noriaki Tanaka Teiichi Okayama Masayoshi Fujimoto Shigeo Mikami Kazuhiro Shimada Yusuke Yoshikawa Keiji Nishio Takafumi Hida Kouichi Izumimoto Yoshifusa Kagami Yasushi Iwakiri
<i>President</i>	Kyosuke Kinoshita		
<i>Deputy Presidents</i>	Hitoshi Kondo Shigeyoshi Kinoshita		
<i>Senior Managing Directors</i>	Nobuyuki Yamochi Hiroshi Sakai		
<i>Managing Directors</i>	Masayoshi Tatsuta Tsuneo Tsukada Nobuhide Inada	<i>Statutory Auditors</i>	Koichi Shimizu Fusanoshin Yamada Takehiro Hayashi* Seikou Fujisawa*

* Independent Statutory Auditors

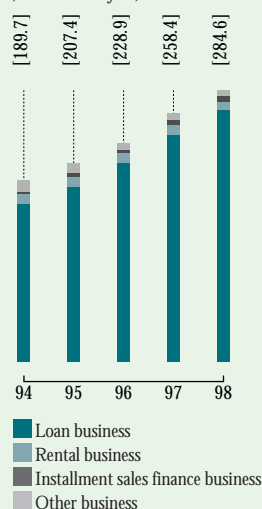
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Financial Review

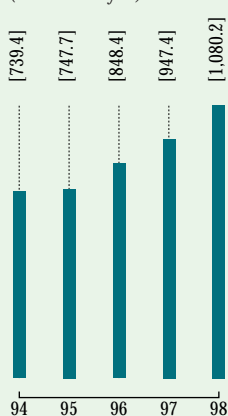
Operating Income by Segment

(Billions of yen)



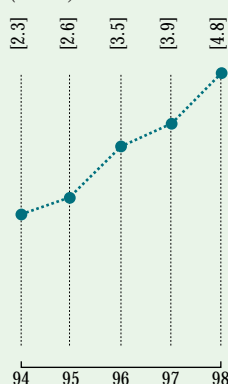
Interest-Bearing Debt

(Billions of yen)



Interest Coverage

(Times)



Operating Income

Despite deepening stagnation in the Japanese economy, ACOM concentrated on expanding its sales capabilities during fiscal 1998, the year ended March 31, 1998, by substantially increasing the number of unstaffed loan business outlets. These efforts resulted in total operating income rising 10.1% from the previous fiscal year, to ¥284.6 billion.

Looking at performance by operating segment, operating income from the Loan Business Division increased 10.9%, to ¥263.6 billion, generating 92.6% of total operating income. In the Rental and Sales Division, operating income from audiovideo software rental business decreased 10.3%, to ¥5.1 billion, mainly because of the consolidation and closure of outlets. Installment sales finance business, however, realized a 21.0% gain, to ¥5.9 billion, in installment sales finance income, thanks to expansion in the number of sales offices. Overall, operating income from the Rental and Sales Division declined 0.6%, to ¥15.1 billion. Other operating income, principally income from the collection of bad debts deducted, rose 6.0%, to ¥5.7 billion.

Expenses and Earnings

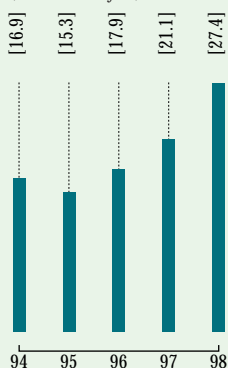
Operating Expenses

Total operating expenses amounted to ¥170.0 billion in fiscal 1998, a 5.9% rise from the previous year, considerably less than the increase in total operating income. Moreover, total operating expenses as a percentage of total operating income were 59.7%, down from 62.1% in fiscal 1997. Among operating expenses, financial expenses fell 11.0%, to ¥29.8 billion, despite a ¥132.8 billion rise in interest-bearing debt, to ¥1,080.2 billion. Reflecting the low interest rate climate, the average interest rate on funds procured during the year was 3.00%, falling further from the 3.72% rate in the previous fiscal year. The average rate during the term for floating rate funding, including commercial paper, decreased 0.24 percentage points, to 2.00%. The average rate for fixed interest rate borrowing, including swaps, dropped 0.92 percentage points, to 3.92%.

The ratio of financial expenses to operating income of the Loan Business Division was 11.3%, down from 14.1% in fiscal 1997. Reduced purchasing of merchandise, such as video tapes, due to the consolidation and closure of unprofitable audiovideo software rental outlets resulted in the cost of sales sinking 41.4%, to ¥572 million.

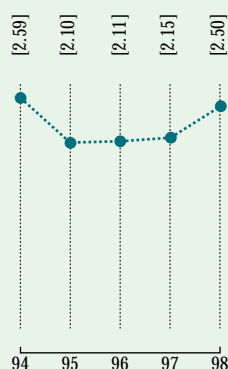
Bad Debt Write-Offs

(Billions of yen)



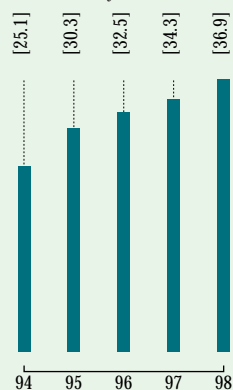
Ratio of Bad Debt Write-Offs

(%)



Allowance for Bad Debts

(Billions of yen)



General and Administrative Expenses

Although general and administrative expenses grew 6.3%, to ¥109.5 billion, this increase was significantly lower than the gain in operating income, resulting in a 1.4 percentage point decline, to 38.5%, in the ratio of general and administrative expenses to total operating income.

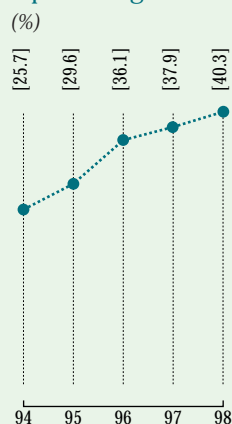
Major reasons for the increase in general and administrative expenses included a 1.7% rise in employment expenses, to ¥35.0 billion, mainly because of higher pension plan premiums due to lower-than-expected returns on invested funds. The number of employees decreased by 197 people from fiscal 1997 because of greater efficiencies achieved through ongoing centralization of outlet management. Administrative expenses rose 2.4%, to ¥13.9 billion, principally due to the expansion of our network of loan business outlets by 303 outlets. Most of these new outlets are roadside unstaffed outlets, which have strongly contributed to improved cost efficiency.

Expenses for computer operation and development soared 30.6%, to ¥15.1 billion. These higher costs can mainly be attributed to a 46.4% increase in leasing expenses for MUJINKUN machines due to their greater number, a 57.9% hike in system expenses associated with the upgrading of software for equipment at loan business outlets and the development of the SPEED integrated network system, and a 21.4% rise in maintenance expenses for MUJINKUN machines and ATMs.

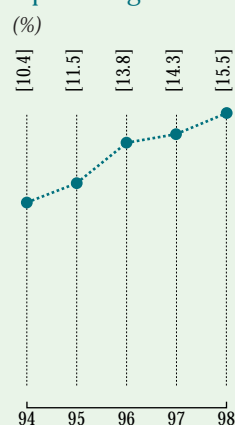
The provision for bad debts, which comprises bad debt write-offs and additional allowance for bad debts, rose 30.7% from the previous fiscal year, to ¥30.0 billion. Bad debt write-offs grew 29.5%, to ¥27.4 billion, reflecting an increase in the balance of loans receivable. Also, to maintain the soundness of our financial structure, ¥2.6 billion was added to the allowance for bad debts, compared with ¥1.8 billion in fiscal 1997. As a result, the allowance for bad debts rose to ¥36.9 billion. Although the ratio of bad debt write-offs increased 0.35 percentage points, to 2.50%, it remains at a sound level. At 3.25% of the combined balance of loans receivable outstanding and installment sales finance receivable, the allowance for bad debts is more than adequate to cover loan losses.

Financial Review

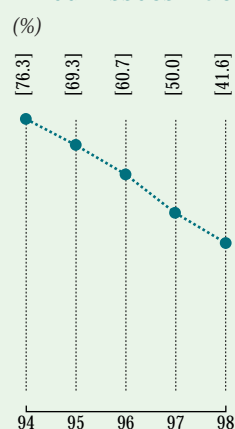
Operating Profit to Operating Income



Return on Operating Income



Fixed Assets Ratio



Earnings

In fiscal 1998, operating profit advanced 17.2%, to ¥114.6 billion, far outstripping the rise in total operating income. Consequently, operating profit to operating income climbed to 40.3% from 37.9%.

Among other income and expenses, other interest income decreased slightly to ¥27 million from ¥28 million. Net loss on sale or disposal of fixed assets declined 16.6%, to ¥8.8 billion. Included in that amount was a fixed capital loss of ¥7.6 billion from real estate transactions to a subsidiary, ACOM ESTATE CO., LTD. Loss on revaluation of marketable securities rose 11.2%, to ¥847 million, while loss on revaluation of investments in securities grew 22.2%, to ¥992 million. Other income, net, however, fell to ¥1.0 billion from ¥1.6 billion. This overall decline despite growth in interest and dividends received from marketable securities was caused by insurance proceeds received falling to ¥271 million from ¥740 million in the previous fiscal year and by ¥191 million in straight bond issuing expenses.

Income before income taxes advanced to ¥104.9 billion, a gain of 20.2% from fiscal 1997. Net income grew 19.4%, to ¥44.0 billion, while net income as a proportion of total operating income rose 1.2 percentage points, to 15.5%. Earnings per share expanded substantially to ¥300.29 from ¥251.50 in fiscal 1997. Total dividends for the term advanced to ¥40.00 per share, as the Company included the previous year's commemorative dividend of ¥5.00 per share in the regular dividend total and further increased that total by ¥5.00 per share.

Financial Position

Assets

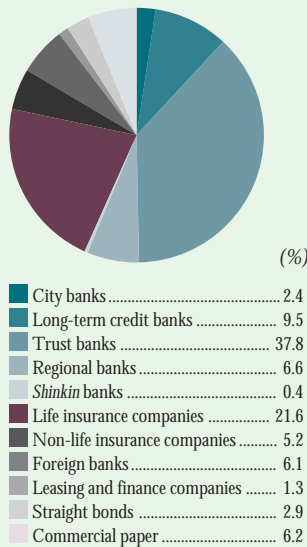
Total current assets rose 16.6%, to ¥1,314.2 billion, mainly because cash and cash equivalents soared to ¥115.9 billion and loans receivable and installment sales finance receivable grew sizably.

Property and equipment, net, slid 8.3% from ¥80.3 billion, to ¥73.7 billion. This decline can be attributed to a drop in land from ¥38.3 billion to ¥30.0 billion at the fiscal year-end due to land sold to ACOM ESTATE. Property and equipment and total investments and other assets decreased 4.1%, to ¥121.8 billion.

Because of the substantial increase in current assets, however, total assets rose 14.5%, to ¥1,436.1 billion.

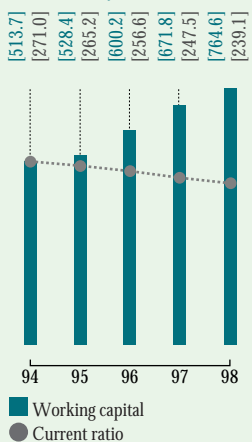
Composition of Funds by Lenders

(As of March 31, 1998)



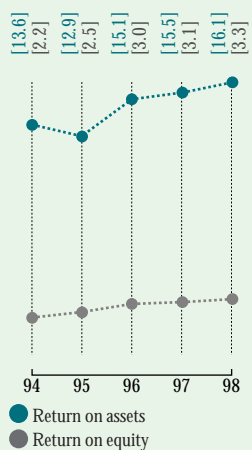
Working Capital and Current Ratio

(Billions of yen) (%)



Return on Assets and Equity

(%)



Liabilities

Total current liabilities grew 20.6%, to ¥549.6 billion, due to the aggressive borrowing of short-term, low interest rate funds. Short-term loans, excluding commercial paper, increased 10.6% from ¥175.2 billion, to ¥193.8 billion. Commercial paper rose substantially, from ¥24.0 billion at the end of fiscal 1997 to ¥66.7 billion. Long-term liabilities expanded along with the growth in loans receivable, gaining 9.0%, to ¥593.3 billion. Four straight bond issues were made during the fiscal year, raising a total of ¥32.0 billion in funds, which was the principal factor for a 9.0% increase in long-term debt, to ¥591.6 billion.

Working Capital and Shareholders' Equity

Working capital grew ¥92.8 billion from the previous fiscal year-end, to ¥764.6 billion, reflecting the surge in current assets produced mainly by growth in cash and cash equivalents and loans receivable. The current ratio declined slightly to 239.1% from 247.5% but provided ample liquidity for operations.

Total shareholders' equity advanced 15.3%, to ¥293.1 billion, boosted by increases in retained earnings and the legal reserve. The equity ratio rose 0.1 percentage points, to 20.4%. Return on equity improved to 16.1% from 15.5%, while return on assets rose to 3.3% from 3.1% in fiscal 1997.

Cash Flow

Cash used in operating activities decreased 33.8%, to ¥53.2 billion. This decline was primarily due to substantial increases in net income, depreciation and amortization, and the provision for bad debts. In addition, changes in operating assets and liabilities, including loans receivable, notes and accounts receivable, other current assets, and deferred income on installment sales, fell considerably to ¥143.4 billion from ¥157.6 billion.

Net cash used in investing activities dropped to ¥1.4 billion from ¥4.6 billion in fiscal 1997. A large decline in purchases of property and equipment was the main reason behind the fall.

Net cash provided by financing activities soared 35.7%, to ¥127.7 billion, principally the result of a rise in proceeds from long-term debt due to four straight bond issues made during the fiscal year.

Consequently, cash and cash equivalents increased ¥73.0 billion, to ¥115.9 billion. As previously mentioned, this resulted in a significant rise in current assets, substantially contributing to higher liquidity.

Balance Sheets

ACOM CO., LTD. March 31, 1998 and 1997

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	1998	1997	1998
Current assets:			
Cash and cash equivalents	¥ 115,957	¥ 42,868	\$ 877,797
Time deposits	20,248	23,971	153,277
Marketable securities (Notes 5 and 7)	11,346	15,649	85,889
Loans receivable (Notes 4 and 7)	1,083,214	973,648	8,199,954
Notes and accounts receivable	63,989	46,772	484,398
Merchandise	7,962	8,112	60,272
Prepaid expenses	5,128	4,403	38,819
Other loans receivable (Note 6)	29,979	36,987	226,941
Other current assets	13,047	8,843	98,766
Allowance for bad debts	(36,590)	(33,880)	(276,987)
Total current assets	1,314,284	1,127,376	9,949,159
Property and equipment:			
Land	30,043	38,393	227,426
Buildings and structures	44,159	42,933	334,284
Equipment	24,385	21,526	184,595
	98,587	102,852	746,305
Accumulated depreciation	(24,877)	(22,462)	(188,319)
Property and equipment, net (Note 7)	73,710	80,390	557,986
Investments and other assets:			
Investments in securities (Notes 5 and 7)	10,529	9,435	79,704
Investments in subsidiaries and an affiliate	13,949	13,767	105,594
Telephone rights and other intangible assets	1,703	1,997	12,891
Rental deposits	13,349	13,782	101,052
Other	8,624	7,709	65,283
Total investments and other assets	48,156	46,692	364,542
Total assets	¥1,436,151	¥1,254,459	\$10,871,695

See accompanying notes to financial statements.

Liabilities and Shareholders' Equity	Millions of yen		Thousands of U.S. dollars (Note 3)
	1998	1997	1998
Current liabilities:			
Short-term loans (Note 7)	¥ 260,542	¥ 199,260	\$ 1,972,308
Current portion of long-term debt (Note 7)	228,107	205,142	1,726,775
Accounts payable	1,108	1,188	8,387
Accrued income taxes	35,218	29,508	266,601
Accrued expenses	8,460	8,852	64,042
Deferred income on installment sales	10,826	7,714	81,953
Other current liabilities	5,364	3,889	40,605
Total current liabilities	549,626	455,555	4,160,681
Long-term liabilities:			
Long-term debt (Note 7)	591,637	543,029	4,478,705
Allowance for directors' and statutory auditors' retirement benefits	1,045	947	7,910
Other long-term liabilities	709	644	5,367
Total long-term liabilities	593,392	544,621	4,491,990
Commitments and contingent liabilities (Note 13)			
Shareholders' equity:			
Common stock, ¥50 par value:			
Authorized: 533,200,000 shares			
Issued: 146,630,880 shares at March 31, 1998 and 1997	17,282	17,282	130,825
Additional paid-in capital	25,772	25,772	195,094
Legal reserve (Note 10)	2,141	1,623	16,207
Retained earnings	247,935	209,603	1,876,873
Total shareholders' equity	293,132	254,281	2,219,015
Total liabilities and shareholders' equity	¥1,436,151	¥1,254,459	\$10,871,695

Statements of Income

ACOMCO, LTD. Years ended March 31, 1998, 1997 and 1996

	Millions of yen			Thousands of U.S. dollars (Note 3)
	1998	1997	1996	1998
Operating income:				
Interest on loans receivable	¥263,697	¥237,715	¥207,911	\$1,996,192
Other financial income	647	571	912	4,897
Rental income	8,538	9,195	10,006	64,632
Fees	5,929	4,899	4,012	44,882
Sales	723	1,134	1,321	5,473
Other operating income	5,095	4,904	4,798	38,569
Total operating income	284,632	258,420	228,964	2,154,670
Operating expenses:				
Financial expenses	29,844	33,516	33,381	225,919
Cost of sales	572	977	1,038	4,330
General and administrative expenses (Note 8)	109,578	103,128	91,662	829,507
Provision for bad debts	30,033	22,981	20,118	227,350
Total operating expenses	170,029	160,603	146,201	1,287,123
Operating profit	114,603	97,817	82,762	867,547
Other income (expenses):				
Other interest income	27	28	30	204
Net loss on sale or disposal of fixed assets	(8,864)	(10,633)	(10,290)	(67,100)
Loss on revaluation of marketable securities	(847)	(762)	(237)	(6,411)
Loss on revaluation of investments in securities	(992)	(812)	(55)	(7,509)
Other, net	1,042	1,680	1,707	7,887
Income before income taxes	104,968	87,317	73,917	794,610
Income taxes (Note 9)	60,936	50,440	42,332	461,286
Net income	¥ 44,032	¥ 36,877	¥ 31,585	\$ 333,323
Amounts per share (in yen and U.S. dollars):				
Net income	¥ 300.29	¥ 251.50	¥ 215.40	\$ 2.27
Cash dividends	40.00	35.00	30.00	0.30

See accompanying notes to financial statements.

Statements of Shareholders' Equity

ACOM CO., LTD. Years ended March 31, 1998, 1997 and 1996

	Number of shares of common stock (Thousands)	Millions of yen			
		Common stock	Additional paid-in capital	Legal reserve	Retained earnings
Balance at March 31, 1995	133,300	¥17,282	¥25,772	¥ 517	¥153,309
Net income	—	—	—	—	31,585
Cash dividends paid	—	—	—	—	(6,198)
Bonuses to directors	—	—	—	—	(49)
Transfer to legal reserve	—	—	—	624	(624)
1.1 for 1 stock split, May 22, 1995	13,330	—	—	—	—
Balance at March 31, 1996	146,630	17,282	25,772	1,141	178,022
Net income	—	—	—	—	36,877
Cash dividends paid	—	—	—	—	(4,765)
Bonuses to directors	—	—	—	—	(50)
Transfer to legal reserve	—	—	—	481	(481)
Balance at March 31, 1997	146,630	17,282	25,772	1,623	209,603
Net income	—	—	—	—	44,032
Cash dividends paid	—	—	—	—	(5,132)
Bonuses to directors	—	—	—	—	(50)
Transfer to legal reserve	—	—	—	518	(518)
Balance at March 31, 1998	146,630	¥17,282	¥25,772	¥2,141	¥247,935

	Thousands of U.S. dollars (Note 3)			
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings
Balance at March 31, 1997	\$130,825	\$195,094	\$12,286	\$1,586,699
Net income	—	—	—	333,323
Cash dividends paid	—	—	—	(38,849)
Bonuses to directors	—	—	—	(378)
Transfer to legal reserve	—	—	3,921	(3,921)
Balance at March 31, 1998	\$130,825	\$195,094	\$16,207	\$1,876,873

See accompanying notes to financial statements.

Statements of Cash Flows

ACOM CO., LTD. Years ended March 31, 1998, 1997 and 1996

	Millions of yen			Thousands of U.S. dollars (Note 3)
	1998	1997	1996	1998
Operating activities:				
Net income	¥ 44,032	¥ 36,877	¥ 31,585	\$ 333,323
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation and amortization	5,324	5,155	4,098	40,302
Provision for bad debts	30,033	22,981	20,118	227,350
Provision for directors' and statutory auditors' retirement benefits	102	128	97	772
Net loss on sale or disposal of fixed assets	8,864	10,633	10,290	67,100
Loss on revaluation of marketable securities	847	762	237	6,411
Loss on revaluation of investments in securities	992	812	55	7,509
Payments of directors' and statutory auditors' retirement benefits	(4)	(118)	—	(30)
Other	0	11	—	0
Changes in operating assets and liabilities:				
Loans receivable	(136,799)	(152,935)	(138,206)	(1,035,571)
Notes and accounts receivable	(17,216)	(11,464)	(7,054)	(130,325)
Merchandise	149	180	(130)	1,127
Prepaid expenses	(724)	74	1,172	(5,480)
Other loans receivable	7,008	508	(7,337)	53,050
Other current assets	(4,204)	(349)	(1,431)	(31,824)
Accounts payable	(80)	419	(68)	(605)
Accrued income taxes	5,709	4,844	2,872	43,217
Accrued expenses	(392)	(560)	1,765	(2,967)
Deferred income on installment sales	3,112	1,856	983	23,557
Other current liabilities	0	(264)	354	0
Net cash used in operating activities	(53,246)	(80,446)	(80,597)	(403,073)
Investing activities:				
Decrease in time deposits and marketable securities	7,179	4,339	3,631	54,345
Proceeds from sale of property and equipment	1,957	1,087	138	14,814
Purchases of property and equipment	(7,584)	(10,105)	(8,783)	(57,411)
Decrease (increase) in telephone rights and other intangible assets	208	964	(184)	1,574
Increase in investments in securities	(2,086)	(440)	(1,234)	(15,791)
Increase in investments in subsidiaries and an affiliate	(182)	(190)	—	(1,377)
Increase in rental deposits	(1,337)	(1,690)	(3,559)	(10,121)
Decrease in rental deposits	1,771	1,466	2,838	13,406
Increase in other investments	(1,327)	(108)	(864)	(10,045)
Net cash used in investing activities	(1,402)	(4,677)	(8,017)	(10,613)
Financing activities:				
Proceeds from long-term debt	277,055	237,108	251,176	2,097,312
Payments on principal of long-term debt	(205,482)	(204,096)	(224,324)	(1,555,503)
Increase in short-term loans	61,282	65,926	78,894	463,906
Decrease in securities borrowed	—	—	(5,000)	—
Increase (decrease) in other long-term liabilities	64	(11)	(26)	484
Cash dividends paid	(5,132)	(4,765)	(6,198)	(38,849)
Bonuses paid to directors	(50)	(50)	(49)	(378)
Net cash provided by financing activities	127,737	94,111	94,473	966,971
Increase in cash and cash equivalents	73,089	8,987	5,859	553,285
Cash and cash equivalents at beginning of the year	42,868	33,881	28,022	324,511
Cash and cash equivalents at end of the year	¥ 115,957	¥ 42,868	¥ 33,881	\$ 877,797
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest	¥ 30,734	¥ 34,074	¥ 31,637	\$ 232,657
Income taxes	55,205	45,506	39,464	417,903
Supplemental schedule of noncash investing and financing activities:				
Fair market value of fixed assets as investments in kind in a subsidiary	¥ —	¥ 1,320	¥ 6,220	\$ —

See accompanying notes to financial statements.

Notes to Financial Statements

ACOM CO., LTD. Years ended March 31, 1998, 1997 and 1996

1. Basis of Presentation

The accompanying financial statements of ACOM CO., LTD. (the "Company") relate to the Company only, with investments in subsidiaries and affiliates (20% to 50% owned) being stated at cost, and have been prepared in accordance with accounting principles generally accepted in Japan and the "Form of Standard Financial Statements in the Consumer Finance Business" (issued by the Federation of Finance Companies Associations of Japan on April 25, 1993). The accompanying financial statements have been compiled from the financial statements filed with the Ministry of Finance in Japan (MOF) in accordance with the Securities and Exchange Law of Japan. Certain items presented in the original financial statements filed with the MOF have been reclassified for the convenience of readers outside Japan. Statements of cash flows have been prepared for the purpose of inclusion in these financial statements, although such statements are not customarily prepared in Japan and are not required to be filed with the MOF.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(b) Foreign currency translation

Short-term monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing as of the fiscal year end, and other assets and liabilities are translated at historical rates, except for those hedged by forward foreign exchange contracts or currency swap contracts, which are translated at the contracted rates.

Gains and losses arising from the translation of short-term assets and liabilities are charged to income; however, with respect to long-term monetary assets and liabilities hedged by forward exchange contracts, such gains or losses are allocated equally over the period of each respective contract.

(c) Marketable securities and investments in securities

Marketable securities and investments in securities for which market prices are available are valued at the lower of moving-average cost or market. Other securities are stated at moving-average cost.

(d) Merchandise

Merchandise primarily consists of paintings and is stated at individually specified cost.

(e) Allowance for bad debts

The allowance for bad debts is provided at the maximum amount allowable for income tax purposes plus an estimated amount based on management's assessment of the loan portfolio.

Loan balances are written off in cases where (i) the Company has confirmed the death or bankruptcy of the debtor or has voluntarily waived repayment of the loan, and (ii) the amounts due have not been collected for a certain period (even after follow-up requests for payment) because of the inability on the part of the debtor or the guarantor to pay.

(f) Property and equipment

Property and equipment is stated at cost. Depreciation of property and equipment is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets.

(g) Share and bond issuance expenses

Share and bond issuance expenses are charged to income when incurred.

(h) Pension plan

The Company has a noncontributory funded pension plan to cover its entire liability for employees' retirement benefits. Past service cost is being amortized at the rate of 30% per annum by the declining-balance method.

(i) Allowance for directors' and statutory auditors' retirement benefits

The allowance for directors' and statutory auditors' retirement benefits is provided at the amount which would have been required to be paid if all directors and statutory auditors had voluntarily terminated their services as of the balance sheet date. This amount has been determined in accordance with the Company's internal rules.

(j) Leases

Noncancelable lease transactions are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(k) Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis. However, the Company computes accrued interest income on loans receivable at the lower of the interest rates stipulated in the Interest Restriction Law of Japan or the contracted interest rates.

(l) Recognition of fees from installment sales financing

Fees from customers and participating stores have principally been prorated by the respective number of installments, and the prorated amounts have been recognized as income when they become due (the "sum-of-the-months'-digits method").

Effective April 1, 1997, the Company changed its method of recognition of substantially all fees from customers from the credit balance method to the sum-of-the-months'-digits method. The reason for this change is as follows:

Fees from customers for installment sales financing are not calculated based purely on the actual rate of interest and it is then more reasonable to calculate them by the sum-of-the-months'-digits method (under which the fees are determined based on the number of installments) than by the credit balance method which is more suitable as a basis of recognition of income and expense from financial transactions.

Taking into consideration the change discussed above, effective April 1, 1997, the Company also changed its method of recognition of substantially all fees from participating stores from the average allocation method to the sum-of-the-months'-digits method as the nature of these fees is substantially same as those from customers.

The effect of these changes was to increase operating profit and income before income taxes for the year ended March 31, 1998 by ¥26 million (\$196 thousand).

(m) Income taxes

The Company is subject to a number of taxes based on income. Corporation, inhabitants' and enterprise taxes are charged to the income tax account.

Income taxes are provided based on taxable income. No tax effect is recognized for timing differences in the recognition of certain income and expenses for tax and financial reporting purposes.

(n) Net income per share

Net income per share is computed by dividing net income by the weighted-average number of outstanding shares of common stock during the respective year.

(o) Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year's presentation.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts has been made, solely for convenience, as a matter of arithmetical computation only, at the rate of ¥132.10=US\$1, the exchange rate prevailing on March 31, 1998. The translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Loans Receivable

Loans receivable as of March 31, 1998 and 1997 included unsecured loans to individual customers in amounts of ¥1,015,306 million (\$7,685,889 thousand) and ¥909,091 million, respectively.

5. Marketable Securities and Investments in Securities

Information with respect to the book and market values of marketable securities and investments in securities for which market prices are available is summarized as follows:

March 31,	Millions of yen				Thousands of U.S. dollars	
	1998		1997		1998	
	Book value	Market value	Book value	Market value	Book value	Market value
Marketable securities	¥11,116	¥15,667	¥15,553	¥20,149	\$84,148	\$118,599
Investments in securities	5,688	7,589	6,090	7,703	43,058	57,448

6. Other Loans Receivable

Other loans receivable represents marketable securities purchased principally from securities companies under resale agreements. Gains on sale of such securities are included in other financial income.

7. Short-Term Loans, Long-Term Debt and Pledged Assets

Long-term debt is summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	1998	1997	1998
Unsecured loans, mainly from banks and other financial institutions at interest rates ranging from 2.1% to 5.5% due through 2005	¥ 263,905	¥ 324,788	\$ 1,997,766
Loans with collateral from banks and other financial institutions at interest rates ranging from 1.404% to 4.9% due through 2005	523,839	423,383	3,965,473
2.6% unsecured bonds due 2002	10,000	—	75,700
2.175% unsecured bonds due 2001	10,000	—	75,700
2.1% unsecured bonds due 2001	5,000	—	37,850
2% unsecured bonds due 2000	7,000	—	52,990
Less: current portion	(228,107)	(205,142)	(1,726,775)
	¥ 591,637	¥ 543,029	\$ 4,478,705

Assets pledged as collateral for substantially short-term and long-term loans from banks and other financial institutions were as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	1998	1997	1998
Marketable securities	¥ 196	¥ 196	\$ 1,483
Loans receivable	679,563	499,543	5,144,307
Property and equipment, net	5,106	6,361	38,652
Investments in securities	248	372	1,877
	¥685,115	¥506,473	\$5,186,336

The Company had a commitment at any time, at the banks' request, to furnish collateral to be pledged on ¥175,649 million (\$1,329,666 thousand) and ¥162,976 million of the loans receivable of ¥679,563 million (\$5,144,307 thousand) and ¥499,543 million shown in the above table at March 31, 1998 and 1997, respectively. The collateral which the banks could require to be pledged would be to cover the following:

March 31,	Millions of yen		Thousands of U.S. dollars
	1998	1997	1998
Short-term loans	¥57,217	¥81,165	\$433,133
Current portion of long-term debt	31,451	28,958	238,084
Long-term debt	85,621	52,366	648,152

The aggregate annual maturities of long-term debt, excluding the above bonds, subsequent to March 31, 1998 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
1999	¥228,107	\$1,726,775
2000	212,344	1,607,448
2001	187,147	1,416,707
2002	102,922	779,121
2003	53,142	402,286
2004 and thereafter	4,081	30,893
	¥787,744	\$5,963,239

8. Pension Plan

Pension costs charged to income for 1998, 1997 and 1996 were as follows:

Year ended March 31,	Millions of yen			Thousands of U.S. dollars
	1998	1997	1996	1998
Pension costs	¥2,299	¥947	¥950	\$17,403

The total assets of the pension fund, in which certain of the Company's subsidiaries have participated jointly with the Company, were ¥10,342 million (\$78,289 thousand) and ¥8,153 million at December 31, 1997 and 1996 (the most recent valuation dates), respectively. It is not practicable to divide the total assets of the pension fund because the periods of participation in the plan vary from company to company.

9. Income Taxes

Income taxes applicable to the Company comprised corporation, inhabitants' and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of approximately 52% for 1998, 1997 and 1996.

The effective tax rates reflected in the accompanying statements of income differ from the statutory tax rate primarily due to the effect of timing differences in the recognition of income and expenses for financial and tax reporting purposes and the effect of permanent nondeductible expenses.

10. Legal Reserve

The Commercial Code of Japan provides that an amount equal to at least 10% of cash dividends and directors' and statutory auditors' bonuses in respect of each fiscal period be appropriated to the legal reserve until such reserve equals 25% of stated capital. This reserve is not available for dividends but may be used to reduce or eliminate a deficit or may be transferred to stated capital by resolution of the shareholders.

11. Stock Splits

Under the Commercial Code of Japan, the Company may, at any time, split the number of shares in issue into a greater number of shares by resolution of the Board of Directors if (i) the aggregate par value of the shares in issue after the stock split does not exceed the balance of the common stock account and (ii) the net assets of the Company at the latest balance sheet date divided by the number of shares in issue after the stock split are at least ¥50 per share.

Effective May 22, 1995 and May 20, 1994, the Company made a 1.1-for-1 and a 2-for-1 stock split, respectively. The Company's stated capital was not affected by these stock splits. The numbers of shares and the related per share amounts have been restated retroactively to reflect the stock splits.

12. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of leased equipment as of March 31, 1998 and 1997 and the related depreciation expense and interest expense for the years ended March 31, 1998 and 1997, which would have been reflected in the balance sheets and the related statements of income if finance lease accounting had been applied to the finance lease transactions accounted for as operating leases:

	Millions of yen						Thousands of U.S. dollars		
	Acquisition costs		Accumulated depreciation		Net book value		Acquisition costs	Accumulated depreciation	Net book value
March 31,	1998	1997	1998	1997	1998	1997	1998	1998	1998
Equipment	¥21,498	¥19,600	¥9,548	¥8,238	¥11,950	¥11,362	\$162,740	\$72,278	\$90,461

Year ended March 31,	Millions of yen		Thousands of U.S. dollars
	1998	1997	1998
Depreciation	¥5,344	¥4,509	\$40,454
Interest	475	485	3,595

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥5,796 million (\$43,875 thousand) and ¥4,938 million for the years ended March 31, 1998 and 1997, respectively.

Future minimum lease payments subsequent to March 31, 1998 for finance lease transactions accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
1999	¥ 5,049	\$38,221
2000 and thereafter	7,200	54,504
	¥12,250	\$92,732

13. Commitments and Contingent Liabilities

Future payments under rental leases subsequent to March 31, 1998 amounted to ¥12,875 million (\$97,464 thousand).

At March 31, 1998, the Company was contingently liable as guarantor of an affiliate's bank loans amounting to US\$2,400 thousand and THB21,000 thousand.

Refer to Note 7 regarding pledged assets.

14. Derivative and Hedging Activities

1. Outline of transactions and conditions:

The Company has used interest-rate swap agreements and compound currency and interest-rate swap agreements to avoid risks of changes in the foreign exchange rates and interest rates exposed to its short-term and long-term loans. No market risk is anticipated for the interest-rate swap agreements (fixed interest-rate paying and floating interest-rate receiving) and currency swap agreements (yen with fixed interest-rate paying and foreign currency with floating interest-rate receiving) which the Company has utilized.

The Company does not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are major financial institutions with high creditworthiness.

The Company has established an authorization rule for derivative transactions and a related risk management rule which stipulate the limit of derivative transactions. All derivative transactions have been entered into in compliance with these rules.

Risk management for derivative transactions has been performed under control of the Finance Department to establish the position limit for each derivative transaction and to manage the limit. The position limits for each derivative transaction is authorized at the executive managing directors' meeting when the Company's annual business plan is established.

2. Table of market value

At March 31, 1998 and 1997, the contracted amounts, etc., market value and unrealized gain (loss) were as follows:

March 31,	Millions of yen					
	1998			1997		
	Contracted amounts, etc.	Market value	Unrealized gain (loss)	Contracted amounts, etc.	Market value	Unrealized gain (loss)
Interest-rate swap agreements:						
Fixed rate paying into floating rate receiving	¥81,500	¥(1,818)	¥(1,818)	¥163,600	—	—
Compound currency and interest-rate swap agreements:						
Fixed rate paying into floating rate receiving (yen into U.S. dollars)	2,560	93	93	—	—	—
	¥84,060	¥(1,725)	¥(1,725)	¥163,600	—	—

March 31,	Thousands of U.S. dollars		
	1998		
	Contracted amounts, etc.	Market value	Unrealized gain (loss)
Interest-rate swap agreements:			
Fixed rate paying into floating rate receiving	\$616,956	\$(13,762)	\$(13,762)
Compound currency and interest-rate swap agreements:			
Fixed rate paying into floating rate receiving (yen into U.S. dollars)	19,379	704	704
	\$636,336	\$(13,058)	\$(13,058)

The contracted amounts of fixed rate paying into floating rate receiving include amounts due after one year amounting to ¥81,500 million (\$616,956 thousand) and ¥110,000 million at March 31, 1998 and 1997, respectively.

The contracted amounts, etc., presented in the above table do not represent the market risk exposure derived from underlying derivative transactions.

Market value and unrealized gain (loss) as present above represented the amounts provided by the financial institutions. In addition, information as of March 31, 1997 in the above table is not presented based on the regulations for disclosure of derivative financial instruments in financial statements.

15. Subsequent Events

On March 18, 1998, the Board of Directors approved the issuance of ¥3,000 million of six-month LIBOR +1.2% unsecured privately offered bonds due March 31, 2000. The net proceeds from the sale of the bonds will be utilized as working capital.

On April 15, 1998, the Board of Directors approved the issuance of ¥10,000 million of 2% unsecured bonds due May 1, 2001, ¥10,000 million of 2.15% unsecured bonds due May 28, 2003 and ¥4,900 million of 1.425% unsecured privately offered bonds due March 24, 2000. The net proceeds from the sale of the bonds will be utilized as working capital.

The following appropriations of retained earnings, which have not been reflected in the accompanying financial statements for the year ended March 31, 1998, were approved at a shareholders' meeting held on June 26, 1998:

	Millions of yen
Cash dividends (¥22.50=US\$0.17)	¥3,299
Transfer to legal reserve	334
Bonuses to directors	50

Report of Independent Certified Public Accountants on the Financial Statements

The Board of Directors
ACOM CO., LTD.

We have examined the balance sheets of ACOM CO., LTD. as of March 31, 1998 and 1997, and the related statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 1998, all expressed in yen. Our examinations were made in accordance with auditing standards generally accepted 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 financial statements expressed in yen referred to above present fairly the financial position of ACOM CO., LTD. at March 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 1998, in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2 (1) to the financial statements, the Company changed its method of revenue recognition regarding fees from installment sales financing and fees from participating stores, from the credit balance method and the average allocation method, respectively, to the sum-of-the-months'-digits method effective the year ended March 31, 1998. These changes, with which we concur, were made in order to adopt a more appropriate method of revenue recognition for fees from installment sales financing and fees from participating stores. The effect of these changes was to increase operating profit and income before income taxes for the year ended March 31, 1998 by ¥26 million (\$196 thousand).

The U.S. dollar amounts in the accompanying financial statements are presented solely for convenience. Our examinations also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

June 26, 1998



SHOWA OTA & CO.

Selected Company Data

[Operating Income by Segment]

Year ended March 31,	Millions of yen				
	1998	1997	1996	1995	1994
Operating income	¥284,632	¥258,420	¥228,964	¥207,402	¥189,787
Loan business	263,697	237,715	207,911	183,322	164,995
Rental and sales business	8,538	9,195	10,006	10,010	9,680
Installment sales finance business	5,937	4,906	4,021	3,035	2,318
Other business	723	1,195	1,408	4,606	5,623
Other financial income	647	571	912	1,773	2,639
Other	5,088	4,837	4,703	4,653	4,530

[Income]

Year ended March 31,	Millions of yen				
	1998	1997	1996	1995	1994
Operating profit	¥114,603	¥97,817	¥82,762	¥61,377	¥48,823
Net income	44,032	36,877	31,585	23,892	19,744

[Operating Expenses]

Year ended March 31,	Millions of yen				
	1998	1997	1996	1995	1994
Operating expenses	¥170,029	¥160,603	¥146,201	¥146,024	¥140,964
Financial expenses	29,844	33,516	33,381	37,646	37,389
Cost of sales	572	977	1,038	4,347	4,807
Other operating expenses	139,611	126,109	111,780	104,030	98,767
Employment costs	35,058	34,466	32,139	31,432	28,899
Bad debt write-offs	27,433	21,181	17,918	15,315	16,948
Additional allowance for bad debts	2,600	1,800	2,200	5,200	6,200
Advertising and promotion expenses	14,419	14,778	12,680	11,200	10,682
Administrative expenses	13,991	13,667	12,462	11,163	10,125
Expenses for computer operation and development	15,120	11,577	8,965	7,808	6,489
of which lease expenses for MUJINKUN	1,973	1,348	551	18	—
Other	30,988	28,637	25,414	21,910	19,420

[Loans Receivable and Loan Customer Accounts]

March 31,	Millions of yen				
	1998	1997	1996	1995	1994
Loans receivable	¥1,083,214	¥973,648	¥841,894	¥721,607	¥649,995
Unsecured loans	1,015,368	909,091	777,577	655,555	583,591
Secured loans	67,845	64,557	64,317	66,052	66,403

	Number				
	1998	1997	1996	1995	1994
Number of loan customer accounts	2,458,691	2,297,056	2,024,800	1,714,752	1,547,361
Unsecured loans	2,446,935	2,285,761	2,013,591	1,704,174	1,537,949
Secured loans	11,756	11,295	11,209	10,578	9,412

	Thousands of yen				
	1998	1997	1996	1995	1994
Average balance of loans per customer account	¥ 441	¥ 424	¥ 416	¥ 421	¥ 420
Unsecured loans	415	398	386	385	379
Secured loans	5,771	5,716	5,738	6,244	7,055

[New Loan Customers]

Year ended March 31,	Number				
	1998	1997	1996	1995	1994
Number of new loan customers	476,775	567,499	543,140	369,462	334,426
Unsecured loans	476,502	567,114	542,563	368,683	333,588
Secured loans	273	385	577	779	838

[Loan Business Outlets]

March 31,	Locations				
	1998	1997	1996	1995	1994
Number of loan business outlets	1,126	823	681	644	630
Staffed loan service outlets	516	532	603	624	628
Unstaffed loan service outlets	610	291	78	20	2

[MUJINKUN]

March 31,	Locations				
	1998	1997	1996	1995	1994
Number of MUJINKUN outlets	1,106	782	347	35	4
Number of MUJINKUN machines	1,108	785	351	36	4

[CDs and ATMs]

March 31,	Number				
	1998	1997	1996	1995	1994
Number of CDs and ATMs	12,051	10,771	6,224	2,989	1,166
Proprietary	1,421	1,084	889	834	805
Open 365 days/year	1,410	1,062	864	805	773
Open 24 hours/day	1,102	755	556	496	459
Tie-up	10,630	9,687	5,335	2,155	361

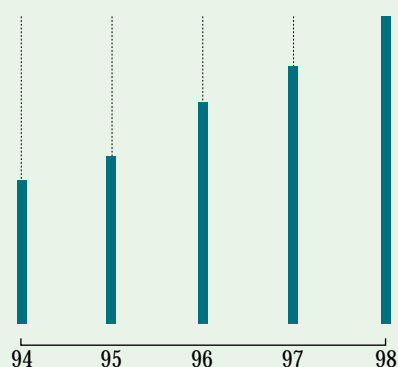
[Bad Debt Write-offs and Allowance for Bad Debts]

Year ended March 31,	Millions of yen				
	1998	1997	1996	1995	1994
Bad debt write-offs	¥27,433	¥21,181	¥17,918	¥15,315	¥16,948
Loans receivable	27,044	20,963	17,767	15,196	16,860
Unsecured loans	26,197	20,396	16,234	14,476	15,111
Secured loans	846	566	1,532	719	1,748
Sales finance, rental, etc.	389	218	151	120	88
Ratio of bad debt write-offs	Percentage				
Loans receivable	2.50%	2.15%	2.11%	2.10%	2.59%
Unsecured loans	2.58	2.24	2.09	2.21	2.59
Secured loans	1.24	0.87	2.35	1.08	2.61

Note: Ratio of bad debt write-offs (%) = $\frac{\text{Bad debt write-offs (excludes installment sales finance, rental and others)}}{\text{Loans receivable outstanding at fiscal year-end} + \text{Reorganization claims outstanding at fiscal year-end}} \times 100$

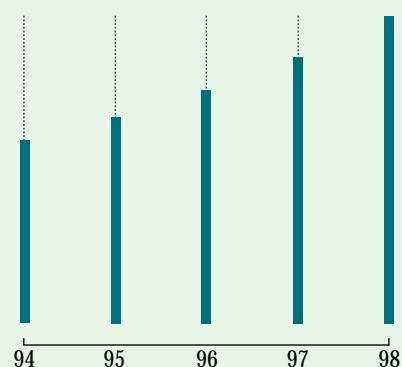
Share Information

[Adjusted Net Income per Share]
(Yen)



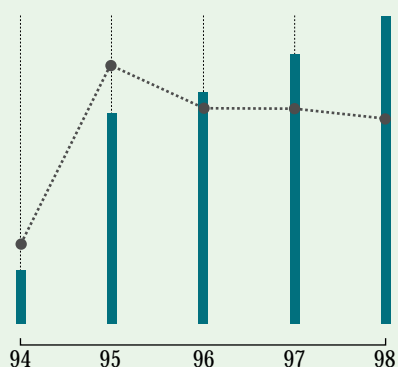
■ Adjusted	¥139.36	¥162.94	¥215.40	¥251.50	¥300.29
Net income per share	¥306.59	¥179.24	¥215.40	¥251.50	¥300.29

[Adjusted Shareholders' Equity per Share]
(Yen)



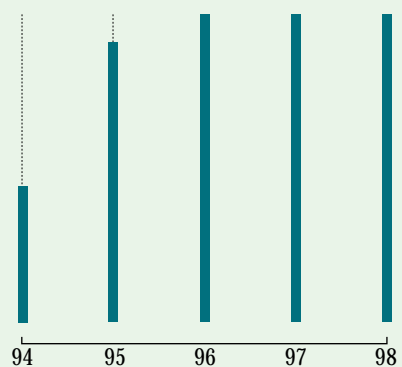
■ Adjusted	¥1,186.86	¥1,342.70	¥1,515.50	¥1,734.16	¥1,999.11
Shareholders' equity per share	¥2,611.09	¥1,476.97	¥1,515.50	¥1,734.16	¥1,999.11

[Adjusted Dividends per Share and Payout Ratio]
(Yen/%)



■ Adjusted	¥ 6.81	¥27.27	¥30.00	¥35.00	¥40.00
Dividends per share	¥15.00	¥30.00	¥30.00	¥35.00	¥40.00
● Dividend payout ratio	5.1%	16.7%	13.9%	13.9%	13.3%

[Average Number of Shares]
(Thousands of shares)



■ Average number of shares	64,400	133,300	146,630	146,630	146,630
Outstanding shares issued at fiscal year-end	66,650	133,300	146,630	146,630	146,630
Increased shares by stock split	94/5	95/5			
Stock split ratio	66,650	13,330			
	1.0→2.0	1.0→1.1			

Note: Share amounts have been rounded down to the nearest thousand.

[ACOM Stock Price and Trading Volume]



Note: The Company's shares were listed on the Second Section of the Tokyo Stock Exchange on December 15, 1994.

[Principal Shareholders]

(As of March 31, 1998)

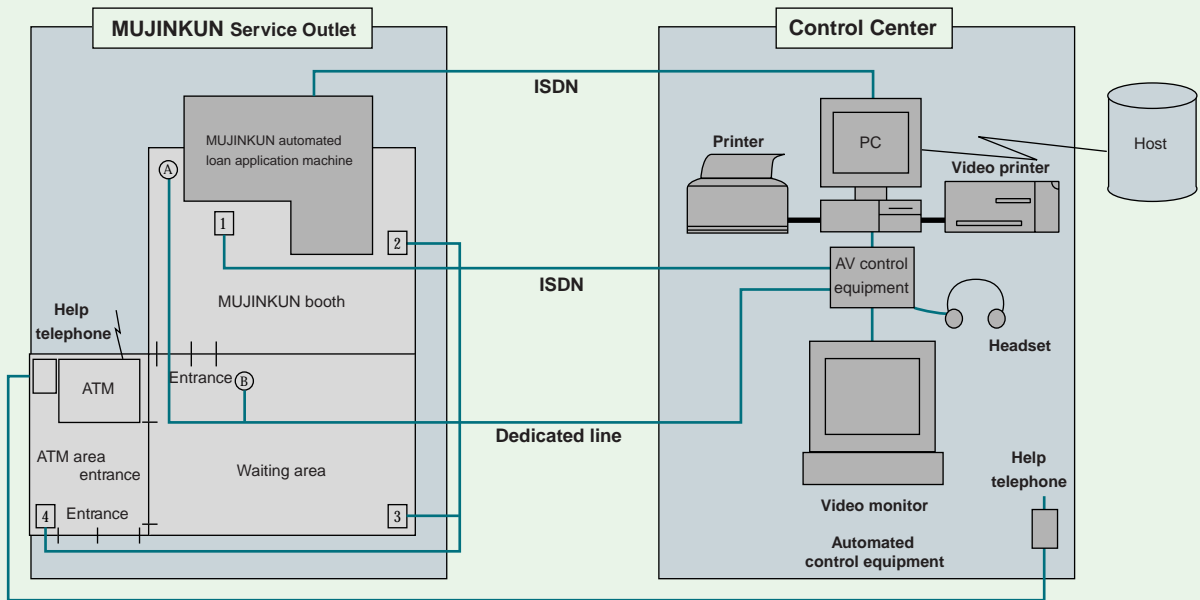
Name	Number of Shares Held	Percentage of Total Shares Issued
Maruito Shokusan Co., Ltd.	27,846 (thousands)	18.99%
Maruito Co. Ltd.	14,553	9.93
Kinoshita Memorial Foundation	9,219	6.29
Kyosuke Kinoshita	8,230	5.61
Katsuhiro Kinoshita	6,930	4.73
The Mitsubishi Trust and Banking Corporation	6,008	4.10
Shigeyoshi Kinoshita	5,661	3.86
Maruito Shoten Co., Ltd.	3,873	2.64
The Sumitomo Trust and Banking Company, Limited	2,517	1.72
The Long-Term Credit Bank of Japan, Limited	2,407	1.64
Total	87,248	59.50%

Notes: 1. Shares held by the Mitsubishi Trust and Banking Corporation and the Sumitomo Trust and Banking Company, Limited, include those related to its trust operations.

2. Share amounts have been rounded down to the nearest thousand.

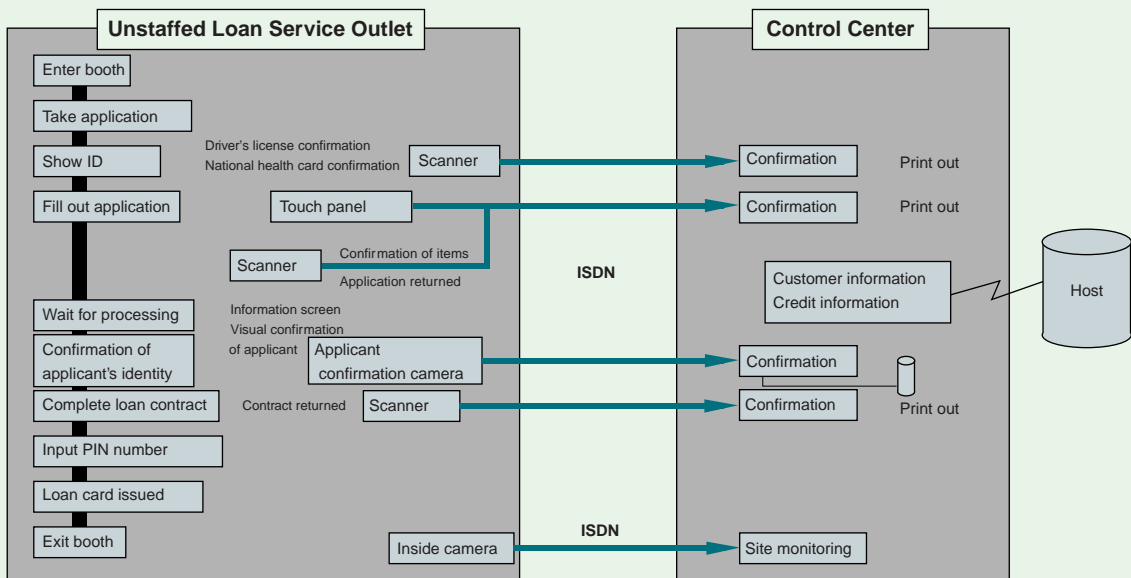
MUJINKUN System and Procedures

[MUJINKUN Automated Loan Application Machine System]



Items 1 to 4 are part of the visual monitoring system (video conferencing).
 A: Emergency telephone
 B: Inquiry telephone

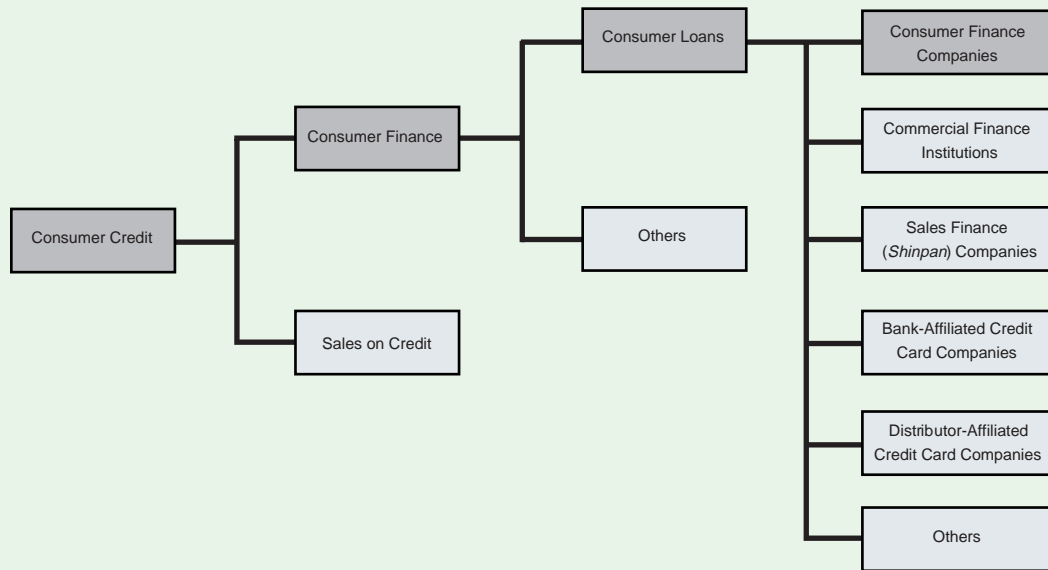
[Loan Procedures Using an Automated Loan Application Machine]



Industry Data

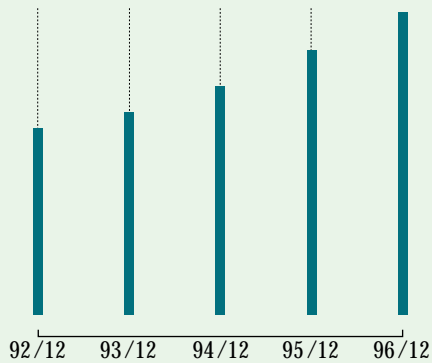
[The Consumer Credit Industry]

Source: Japan Consumer Credit Industry Association



[Consumer Credit Outstanding]

(Billions of yen)

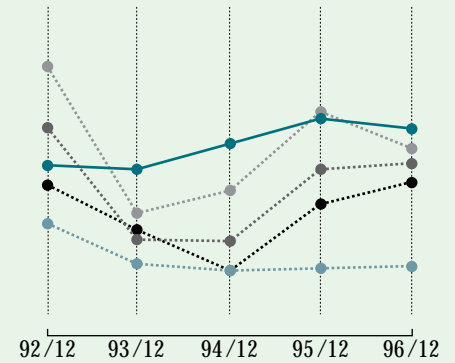


Total consumer credit	¥71,538.3	¥74,104.8	¥74,911.0	¥74,800.5	¥75,240.7
Consumer finance	¥54,630.8	¥57,418.6	¥57,894.6	¥57,083.9	¥56,951.5
Consumer loans	¥38,709.7	¥38,017.7	¥37,243.2	¥37,201.7	¥37,403.5
■ Consumer finance companies	¥ 3,663.0	¥ 3,997.0	¥ 4,498.2	¥ 5,208.2	¥ 5,963.4

Source: Japan Consumer Credit Industry Association

[Consumer Loans by Type of Lender]

(% change from previous year)



● Consumer finance companies	9.6	9.1	12.5	15.8	14.5
● Commercial finance institutions	1.9	-3.4	-4.3	-4.0	-3.7
● Sales finance (Shinpan) companies	14.6	-0.2	-0.4	9.1	9.9
● Bank-affiliated credit card companies	7.0	1.1	-4.3	4.5	7.4
● Distributor-affiliated credit card companies	22.7	3.5	6.3	16.7	11.9

Source: Japan Consumer Credit Industry Association

DOMESTIC**[JLA INCORPORATED]**

Principal Business: Advertising agency, Interior design of service outlets
 Incorporated: May 1972
 Paid-in Capital: ¥45 million
 Ownership: Wholly owned by ACOM CO., LTD.
 Revenues: ¥16,429 million
 Head Office: 11-4, Umeda 1-chome, Kita-ku,
 Osaka 530-0001, Japan
 Telephone: (06) 347-1281

[ACOM RESEARCH INSTITUTE, INC.]

Principal Business: Research on trends in household expenditures
 Incorporated: October 1986
 Paid-in Capital: ¥20 million
 Ownership: Wholly owned by ACOM CO., LTD.
 Revenues: ¥178 million
 Head Office: 15-11, Fujimi 2-chome, Chiyoda-ku,
 Tokyo 102-0071, Japan
 Telephone: (03) 3239-4896

[AMISTAD TRAVEL CO., LTD.]

Principal Business: Travel agency
 Incorporated: March 1990
 Paid-in Capital: ¥400 million
 Ownership: Wholly owned by ACOM CO., LTD.
 Revenues: ¥73 million
 Head Office: ACOM Shinbashi Bldg., 11-1, Shinbashi 3-chome,
 Minato-ku, Tokyo 105-0004, Japan
 Telephone: (03) 5276-2777

[AJAST Ltd.]

Principal Business: Insurance agency
 Incorporated: February 1992
 Paid-in Capital: ¥4 million
 Ownership: 25% owned by ACOM CO., LTD. (indirectly 75%)
 Revenues: ¥57 million
 Head Office: 15-11, Fujimi 2-chome, Chiyoda-ku,
 Tokyo 102-0071, Japan
 Telephone: (03) 3221-9408

[ACOM ESTATE CO., LTD.]

Principal Business: Real estate management
 Incorporated: March 1996
 Paid-in Capital: ¥7,540 million
 Ownership: Wholly owned by ACOM CO., LTD.
 Revenues: ¥827 million
 Head Office: ACOM Iidabashi Bldg., 10-10, Iidabashi 2-chome,
 Chiyoda-ku, Tokyo 102-0072, Japan
 Telephone: (03) 3221-7263

[ABS CO., LTD.]

Principal Business: Maintenance of buildings and other properties
 Incorporated: October 1997
 Paid-in Capital: ¥30 million
 Ownership: Wholly owned by ACOM ESTATE CO., LTD.
 Revenues: ¥87 million
 Head Office: Sakai Bldg., 2nd Floor, 12-9, Sotokanda 4-chome,
 Chiyoda-ku, Tokyo 101-0021, Japan
 Telephone: (03) 5297-2707

[AVRS CO., LTD.]

Principal Business: Audiovideo software rental
 Incorporated: March 1998
 Paid-in Capital: ¥100 million
 Ownership: Wholly owned by ACOM CO., LTD.
 Head Office: 2-18, Nakanobu 6-chome, Shinagawa-ku,
 Tokyo 142-0053, Japan
 Telephone: (03) 3786-3130

OVERSEAS**[ACOM (U.S.A.) INC.]**

Incorporated: December 1986
 Paid-in Capital: US\$17 million
 Ownership: Wholly owned by ACOM CO., LTD.
 Revenues: US\$287 thousand
 Head Office: 229 South State Street,
 Dover, Kent County, DE, U.S.A.

[ACOM INTERNATIONAL INC.]

Incorporated: December 1986
 Paid-in Capital: US\$17 million
 Ownership: Wholly owned by ACOM CO., LTD.
 Revenues: US\$287 thousand
 Head Office: 229 South State Street,
 Dover, Kent County, DE, U.S.A.

[AK TRAVEL CANADA LTD.]

Incorporated: March 1991
 Paid-in Capital: C\$500 thousand
 Ownership: Wholly owned by AMISTAD TRAVEL CO., LTD.
 Revenues: C\$1,114 thousand
 Head Office: #603-905 West Pender Street,
 Vancouver, B.C., Canada V6C 1L6

[ACOM PACIFIC, INC.]

Incorporated: July 1993
 Paid-in Capital: US\$10 thousand
 Ownership: Wholly owned by ACOM CO., LTD.
 Revenues: US\$27 thousand
 Head Office: 1008 Pacific New Building,
 238 Archbishop F.C. Flores Street, Agana, Guam

[A&Y HOLDINGS PTE., LTD.]

Incorporated: May 1996
 Paid-in Capital: S\$3 million
 Ownership: Wholly owned by ACOM CO., LTD.
 Revenues: S\$10 thousand (Year ended December 31, 1997)
 Head Office: 10 Collyer Quay,
 #19-08 Ocean Building, Singapore 049315

[SIAM A&C CO., LTD.]

Incorporated: September 1996
 Paid-in Capital: B120 million
 Ownership: 10% owned by ACOM CO., LTD. (indirectly 39%)
 Revenues: B32,239 thousand (Year ended December 31, 1997)
 Head Office: 13th Floor, Ramaland Building, 952 Rama IV Road,
 Suriyawongse, Bangrak, Bangkok 10500, Thailand

Corporate Data

(As of March 31, 1998)

company name:
ACOM CO., LTD.

business outline:
Loan Business, Rental and Sales,
Installment Sales Finance

head office:
15-11, Fujimi 2-chome, Chiyoda-ku,
Tokyo 102-0071, Japan

established:
April 2, 1936

incorporated:
October 23, 1978

paid-in capital:
¥17,282 million

date for the settlement
of accounts:
March 31

general shareholders' meeting:
June

listing of the company's shares:
First Section of the Tokyo Stock Exchange

transfer agent:
The Mitsubishi Trust and Banking Corporation

number of employees:
4,287

For Further Information

Investor Relations Office:

Toyo Bldg. , 8th Floor, 2-10, Nihonbashi 1-chome, Chuo-ku, Tokyo 103-0027, Japan
Tel: (03) 3270-3423 Fax: (03) 3270-1742

ACOM CO., LTD.

HEAD OFFICE

15-11, Fujimi 2-chome, Chiyoda-ku,
Tokyo 102-0071, Japan

TEL: (03) 3234-9120

Internet Home Page: <http://www.acom.co.jp/>