Annual Report 1999

Placing Our Cards on the Table

acom

Profile

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 "Commitment to the Customer."

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.

In July 1998, ACOM became the first consumer finance company in Japan to obtain a license to issue credit cards under the MasterCard name. This capability now allows the Company to provide shopping services as well as its regular cashing services through a single card. The highly convenient dual function of the ACOM MasterCard has been extremely popular among all customers, both old and new.

Amid today's progressive deregulation and emerging globalization of competition, companies are enveloped in a period of dramatic change. ACOM is carefully considering the position and point of view of its customers in charting its response to the evolving changes and emerging era of megacompetition. Aiming to provide the services that ensure each and every customer the highest satisfaction, we are building business foundations for the 21st century based on the thorough implementation of customer satisfaction oriented management.

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 management 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 ACOM's debt and legal limits on interest rates charged by ACOM.

2. All amounts are truncated to the nearest expressed unit. Percentage figures are a result of rounding.

Contents

Five-Year Summary

ACOM CO., LTD. Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	1999	1998	1997	1996	1995	**1999**
For the year:						
Total operating income	**¥ 310,521**	¥ 284,632	¥ 258,420	¥ 228,964	¥ 207,402	**$ 2,575,868**
Operating profit	**127,109**	114,603	97,817	82,762	61,377	**1,054,408**
Net income	**56,499**	44,032	36,877	31,585	23,892	**468,676**
At year-end:						
Loans receivable outstanding	**1,206,401**	1,083,214	973,648	841,894	721,607	**10,007,474**
Total shareholders' equity	**343,349**	293,132	254,281	222,219	196,881	**2,848,187**
Total assets	**1,602,641**	1,436,151	1,254,459	1,118,162	984,793	**13,294,408**
Interest-bearing debt	**1,191,700**	1,080,286	947,431	848,493	747,747	**9,885,524**
Allowance for bad debts	**44,300**	36,900	34,300	32,500	30,300	**367,482**

Note: Allowance for bad debts includes a portion of the balance sheet item investments and other assets.

Adjusted per share data (in yen and U.S. dollars):						
Net income	**¥385.31**	¥300.29	¥251.50	¥215.40	¥162.94	**$3.19**
Cash dividends	**45.00**	40.00	35.00	30.00	27.27	**0.37**

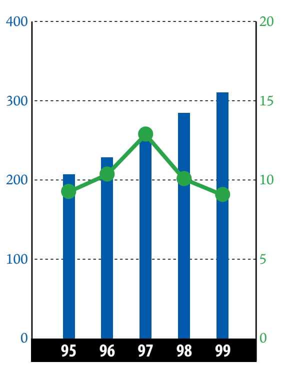
Note: The data is adjusted to reflect the increased number of shares resulting from stock splits.

Key financial ratios (percentage):					
Return on operating income	**18.2%**	15.5%	14.3%	13.8%	11.5%
Operating profit to operating income	**40.9**	40.3	37.9	36.1	29.6
Return on assets (ROA)	**3.7**	3.3	3.1	3.0	2.5
Return on equity (ROE)	**17.8**	16.1	15.5	15.1	12.9
Interest coverage (times)	**5.4**	4.8	3.9	3.5	2.6

Notes: 1. The translation of yen amounts into U.S. dollar amounts has been made solely for convenience, at the rate of ¥120.55=US$1, the exchange rate prevailing on March 31, 1999.
2. ROA and ROE are calculated using a simple average of beginning and end of term total assets and total shareholders' equity figures, respectively.

Total Operating Income

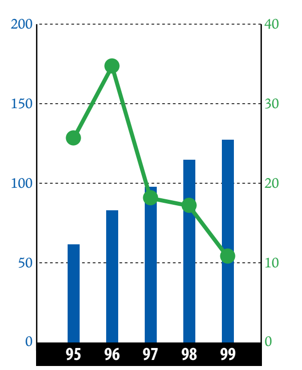
(Billions of yen) *(%)*



Total operating income
Percent change from previous year

Operating Profit

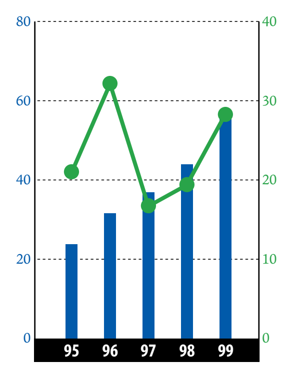
(Billions of yen) *(%)*



Operating profit
Percent change from previous year

Net Income

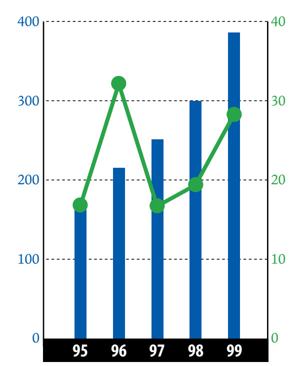
(Billions of yen) *(%)*



Net income
Percent change from previous year

Adjusted Net Income per Share

(Yen) *(%)*



Adjusted net income per share
Percent change from previous year

ACOM achieved another successful year. Total operating income for fiscal 1999 grew 9.1%, to ¥310.5 billion. Operating profit surged 10.9%, to ¥127.1 billion, while net income grew 28.3%, to ¥56.4 billion. Earnings per share were ¥385.31, a substantial improvement over the ¥300.29 per share recorded in the previous fiscal year. Profitability further advanced, with return on shareholders' equity rising to 17.8% from 16.1% in fiscal 1998 and return on assets climbing to 3.7% from 3.3%.

Business Climate In fiscal 1999, ended March 31, 1999, personal consumption and private-sector capital investment remained weak, as the Japanese economy continued to suffer the effects of adjustments in plant and equipment, inventories, and labor as well as tardiness in resolving the bad debt problem in the banking industry.

Performance In coping with the difficult business conditions, the Company concentrated on maintaining stable profits based on its guiding operating policies of "making total customer satisfaction the top priority," "establishing low-cost operations," and "adapting to global standards."

As a result of our efforts, total operating income for fiscal 1999 grew 9.1%, to ¥310.5 billion. This increase can mainly be attributed to favorable conditions in our loan business, the principal contributor to total operating income. Against the backdrop of a low interest rate environment, the accompanying rise in total operating expenses was held to 7.9%, thanks partially to a 3.6% drop in financial expenses. Consequently, operating profit surged 10.9%, to ¥127.1 billion, while net income grew 28.3%, to ¥56.4 billion.

Earnings per share were ¥385.31, a substantial improvement over the ¥300.29 per share recorded in the previous fiscal year. Return on shareholders' equity rose to 17.8% from 16.1% in fiscal 1998. Return on assets also improved, climbing to 3.7% from 3.3%. We increased the year-end dividend by ¥5.00 per share, and including interim dividends we paid out a total of ¥45.00 per share in fiscal 1999.

Fiscal Highlights One of the fiscal year's major activities, which involved the entire company, was our preparations for the issuance of credit cards. ACOM became a principal member of MasterCard International in July 1998 and received a license to issue credit cards under the MasterCard name. In April 1999, we made our entry into the credit card business, launching ACOM MasterCard, which offers many original services. To support our business expansion efforts, we established "ACOM's Ethical Codes for Business," based on a comprehensive review of our management principles and fair business practices from a global perspective. We also progressed with our full conversion to electronic information systems. In another highlight of fiscal 1999, we received a Baa1 issuer rating from Moody's Investors Service (as of June 1999).

Divisional Operations As of April 1999, we reorganized our business divisions. Our loan, credit card, and installment sales finance businesses are now grouped under the Financial Services Business Division, and rental, Internet-based credit settlement system ACOSIS, and other businesses now comprise the Other Business Division.

In our loan business, unsecured loans to consumers continued to be favorable. To deal with the rising number of personal bankruptcies, however, we maintained strict credit standards and positioned counseling teams in each of our regional offices. To upgrade our services, we strengthened our CD and ATM network, expanded the number of roadside loan service outlets and MUJINKUN outlets, and diversified our range of unsecured loans. To provide services that better meet regional needs, we established 22 regional customer service centers throughout Japan. We also set up installment sales finance offices in Sendai and Omiya.

In our Other Business Division, we commissioned the operation of our audio-visual software rental business to subsidiary AVRS CO., LTD. Also, we discontinued our bridal wear rental business.

Kyosuke Kinoshita
President

Year 2000 Issue We recognize that the Year 2000 problem could interrupt our operations and have a substantial impact on customer services. With this in mind, we are proceeding with measures to tackle this issue throughout the Company as well as at our subsidiaries and affiliates. For details about the various steps we are taking, refer to Year 2000 Readiness on page 40 in the Financial Section of this report.

Perspectives On May 20, 1999, the law for funding the loan operations of finance companies was enacted. This new law will allow ACOM greater flexibility in selecting financing methods according to the changing business and financial environment.

Competition is expected to intensify in the consumer finance industry in fiscal 2000 due to the market entry of foreign competitors. ACOM, however, will target further growth by using the ACOM MasterCard, which enables the Company to combine highly convenient cashing and shopping services in a single card, to demonstrate its superior position in the market.

To Our Shareholders During this period of dramatic change and emerging megacompetition, we intend to review and reaffirm our guiding principle of "Commitment to the Customer." By considering the position and point of view of our customers, we are committed to ensuring customer service oriented management and to providing services that truly satisfy.

Economic conditions in Japan are expected to remain harsh in fiscal 2000. We intend to respond to the challenges of this difficult business environment by strengthening our operating structure and continuing to focus on achieving stable profits. In this endeavor, we look to the support of our shareholders and the investment community as a whole.

June 1999

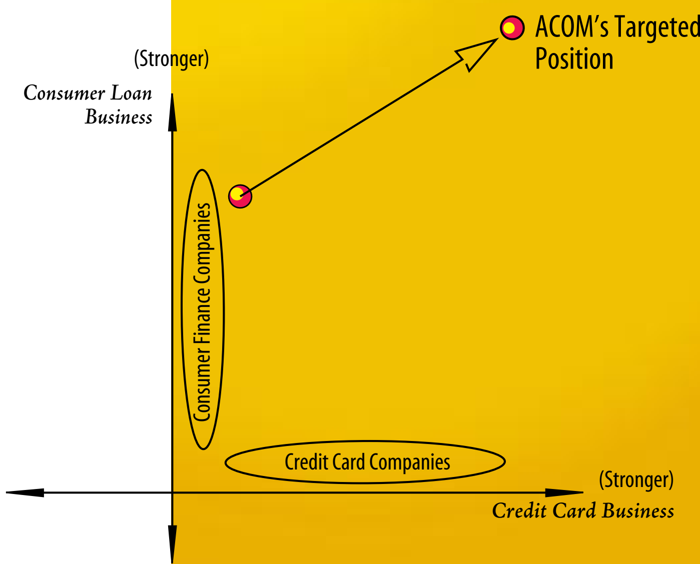
K. Kinoshita

Kyosuke Kinoshita
President

Placing Our Cards on the Table

Exploring Business Dimensions

ACOM'S TARGETED POSITIONING

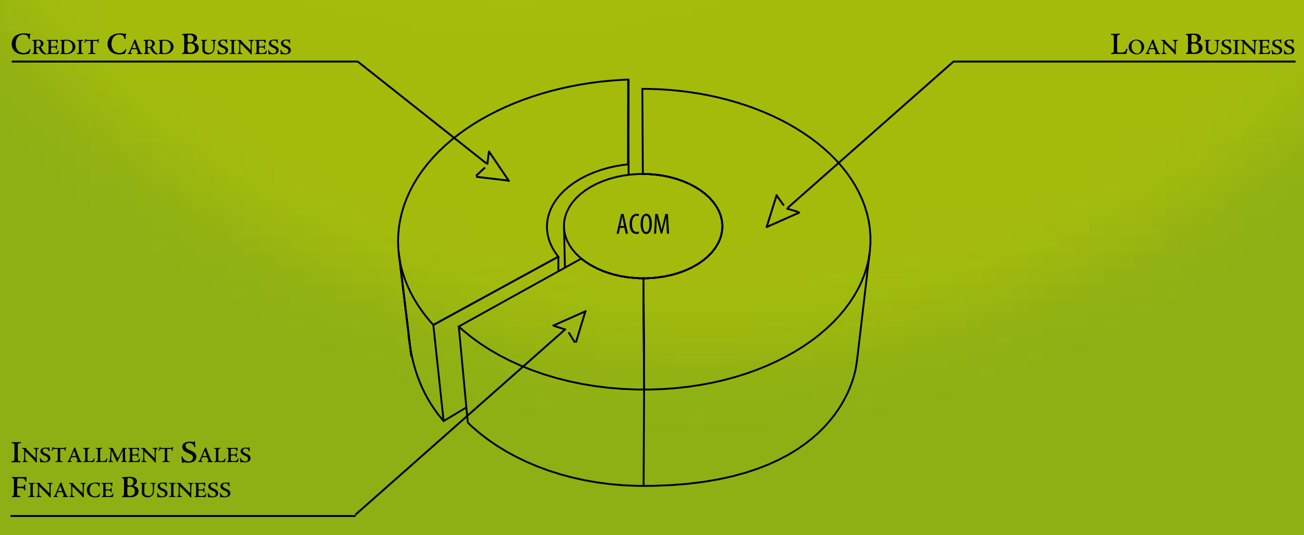


On April 26, 1999, ACOM commenced a new business with its full-scale entry into the credit card industry. We acquired a license to issue the MasterCard credit card, being registered as a principal member of MasterCard International in July 1998.

In terms of the Company's future, the start of credit card operations indicates a new stage in ACOM's development and is significant in two respects. First, the credit card business makes possible the vertical expansion of our core consumer loan business by allowing us to increase brand loyalty and access a new customer base. Second, it opens up the credit card business as a new market that offers us an opportunity to horizontally expand our nonbank finance operations.

In the following pages, we report on our "trump card" strategies to achieve further growth in the nonbank finance field. These strategies seek to explore ACOM's business dimensions through vertical and horizontal development.

ACOM'S NONBANK BUSINESSES



Vertical Expansion:
Further Strengthening Our Loan Business

ACOM's principal business, unsecured loans to consumers, has steadily expanded over the years. With the entry of foreign competitors into the consumer finance industry, however, competition is expected to intensify. Nevertheless, ACOM will work to achieve significant growth by continuing to demonstrate its superiority in the market. The Company's strategy involves the vertical expansion of unsecured consumer loan operations by diversifying ACOM's products and services to better meet consumer needs and, in turn, establishing a rock-solid business base.

Background to Growth The expansion of ACOM's operations to date is the result of the Company's constant pursuit of customer satisfaction based on the guiding principle of "Commitment to the Customer." This principle is embodied in the three key words that characterize our unsecured consumer loan services: Speed, Simplicity, and Secrecy. The introduction of our MUJINKUN automated loan application machines has also contributed widely to our success.

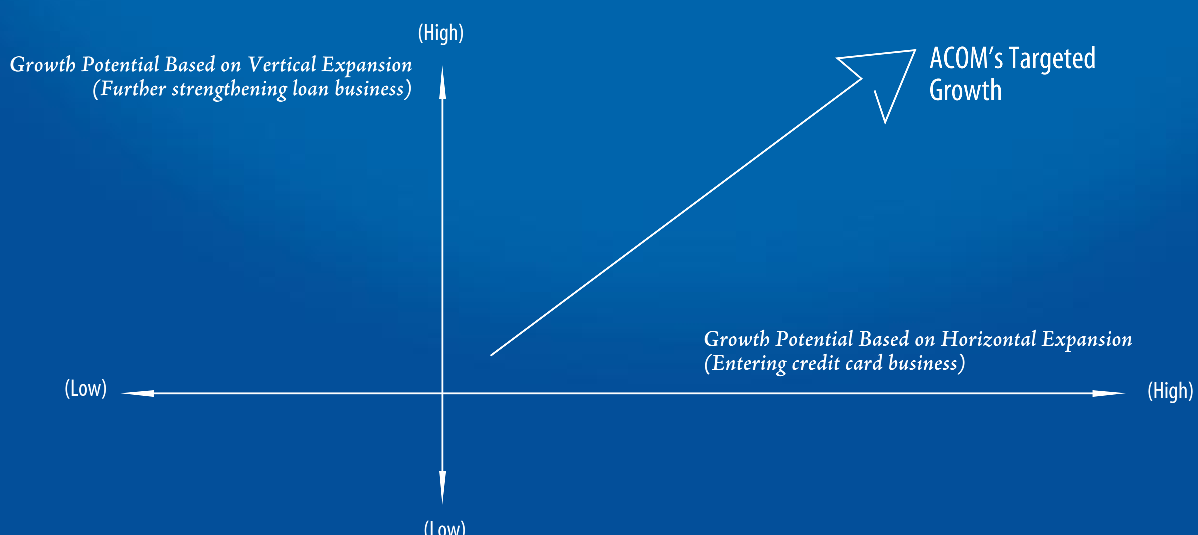
Diversifying Services—The Automated Loan Application Machine Revolution MUJINKUN automated loan application machines have provided an efficient method of expanding our network, principally unstaffed loan service outlets, over a short time. These machines have also made it possible to extend the hours during which loan applications can be received and to offer services on Sundays and public holidays. By quickly establishing 24-hour, year-round access to our ATM network, we have stimulated new demand for consumer loans that has contributed substantially to performance growth. Accessibility to our service has been further increased through business alliances that allow customers to use the CD and ATM networks of banks and other financial institutions.

Improving Products We have improved the commercial attractiveness of our loans by introducing smaller increments in our interest rate scale that allow customers to take advantage of the best interest rate possible. In addition, we are diversifying our products by developing unsecured loans to enterprises and second mortgage card loans.

Toward the 21st Century Clearly, ACOM's loan business, especially unsecured loans to consumers, has grown based on satisfying consumer demand. By keeping the customer's point of view in mind, we intend to continue to meet consumer demand by developing new services that match the needs of the times.

In May 1999, the law for funding the loan operations of finance companies was enacted. This new law is expected to have a large positive influence on our business operations. Because it removes regulations on the usage of funds procured, the law will facilitate the stable and efficient funding of our loan operations. The April 1999 launch of the ACOM MasterCard is another development that will have a major impact on our operations. The introduction of a credit card service widens ACOM's field of business, and this will be of major importance in ACOM's drive for continued growth as the Company heads into the 21st century.

ACOM'S TARGETED GROWTH DIRECTION



Horizontal Expansion:
Broadening Our Business Scope with MasterCard

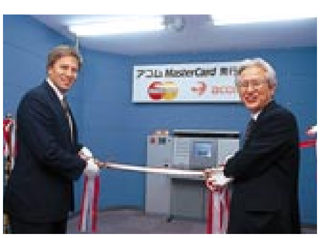
In July 1998, ACOM took a ground-breaking step into a new market by obtaining a license to issue MasterCard, one of the world's leading credit cards. ACOM now can handle full-fledged credit card operations, covering credit screening, loan management, and installment sales financing. This extension of the Company's capabilities through credit card issuance represents a horizontal expansion of ACOM's nonbank finance operations. This expansion of business scope affords ACOM a new business opportunity of great potential.

Japan's Credit Card Market Although the use of credit cards in Japan differs somewhat from that in North America and Europe, the use of credit cards is well established, with more than 200 million credit cards issued. Many people carry more than one credit card and determine their most frequently used card based on the services offered.

The World's First Instant and Decentralized Credit Card Issuance

(based on automated loan application machines)
By combining automated loan application and card issuing machines, we have created the world's first instant and decentralized credit card issuing system; customers receive their ACOM MasterCard 30 to 40 minutes after submitting their application. We plan to install approximately 500 card issuance machines at MUJINKUN outlets throughout Japan by the end of March 2000.

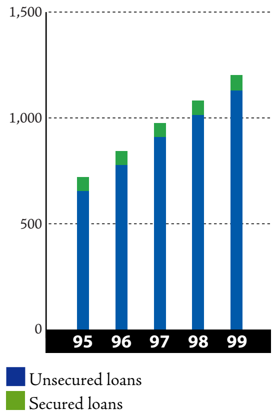
Key Features of the ACOM MasterCard The key features of the ACOM MasterCard have been developed based on the three S's that characterize our unsecured loans plus one more. Speed, Simplicity, Secrecy, and Safety form the underlying concept of our credit card system, which makes available new, original services that have never been offered by any other credit card company. The payment method, for example, allows the customer to choose whether to repay the whole amount or to make installment payments at the time of the first payment rather than at the point of purchase as most other credit cards require in Japan. And there are many other features that aim to provide a high degree of convenience for card users.



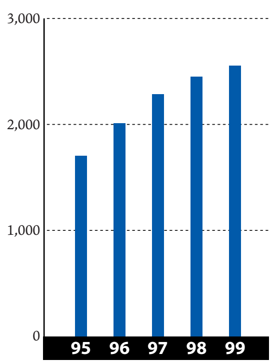
- The card can be used for shopping and cashing at more than 15 million MasterCard-participating retail outlets and ATMs in Japan and abroad. (Overseas, cashing is available using Cirrus ATMs.)
- As payments can be made through our ATMs or by bank transfers, there is no need for customers to arrange for automatic payment through their bank accounts, although they may choose to do so. ACOM has more than 1,800 ATMs located throughout Japan, of which more than 1,500 operate around the clock. In addition, ACOM has more than 500 staffed outlets that accept payments.
- Customers can check their account statements through our ATMs, automated loan application machines, or staffed offices. Statements are mailed to customers with automatic withdrawal accounts or if requested.
- The card carries shopping protection—insurance against the theft of or damage to purchases—as well as card theft insurance.
- Cardholders are enrolled in the Class A Service program, under which they receive discounts of 10% to 20% at more than 20,000 domestic restaurants, bars, and other establishments.
- There are no initial or annual membership fees.

Trump Card for Growth ACOM is seeking to establish world-class finance services by constantly working to raise customer satisfaction. The ACOM MasterCard, which enables the Company to offer highly convenient cashing and shopping services through a single card, is expected to become ACOM's "trump card" in targeting continued growth.

Loans Receivable
(Billions of yen)



Number of Unsecured Loan Customer Accounts
(Thousands)



Financial Services Business Division

Effective April 1999, we reorganized our business operations into two new divisions: the Financial Services Business and the Other Business divisions. The Financial Services Business Division comprises our loan, credit card, and installment sales finance businesses, which accounted for 94.9% of total operating income in fiscal 1999. Thanks to the continued strong performance of our loan business, the operating income of the Financial Services Business Division rose 9.3% in the year under review, to ¥294.7 billion.

Loan Business

Operating income from loans, which generated 92.2% of total operating income, rose 8.6% in fiscal 1999, to ¥286.3 billion. Of this amount, operating income from unsecured loans to consumers accounted for ¥278.4 billion, an 8.5% increase from the previous year. Operating income from unsecured loans to enterprises was ¥200 million. Operating income from secured loans grew 9.1%, to ¥7.6 billion.

Our response to the rising level of personal bankruptcies in Japan has been to maintain strict credit standards while providing greater access to advisory services by setting up counseling teams in each of our regional offices. During the fiscal year under review, we strengthened our CD and ATM network and increased the number of unstaffed outlets, centered mainly on roadside loan service outlets. We also focused on improving the commercial attractiveness of our unsecured loans to consumers, lowering the minimum preferential interest rate and introducing smaller increments in the interest rate scale. These various measures were successful, supporting steady performance growth.

The total balance of outstanding loans receivable at year-end rose to ¥1,206.4 billion, a gain of 11.4% from the end of the previous fiscal year. Looking at the composition of outstanding loans, unsecured loans to consumers expanded 11.4%, to ¥1,131.2 billion, while unsecured loans to enterprises was ¥1.9 billion. Total unsecured loans receivable grew 11.6%, to ¥1,133.1 billion, and secured loans receivable increased 7.9%, to ¥73.2 billion.

Credit Card Business

Credit card operating income almost doubled during fiscal 1999, rising 99.8%, to ¥15 million. This total included ¥9 million from our ACOSIS operations, a cardless settlement system designed especially for shopping over the Internet. The number of stores participating in ACOSIS increased to 640, while individual membership rose to 21,600. Credit card operating income is expected to soar in fiscal 2000, boosted by the addition of our new ACOM MasterCard operations.

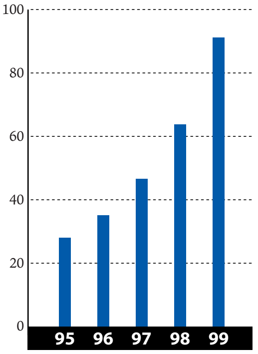
Installment Sales Finance Business

ACOM's installment sales finance business comprises installment purchase finance services for participating retail sales outlets. Operating income from installment purchase finance climbed 41.1% during the year under review, to ¥8.3 billion. The contribution of installment sales finance to total operating income also increased, rising 0.6 percentage points, to 2.7%. At fiscal year-end, the transaction volume of installment sales finance was ¥23.0 billion, up 45.6%, while the outstanding balance of installment sales finance receivable grew 42.9%, to ¥91.2 billion. The Company intends to further expand this business.

ACOM has a network of more than 4,600 stores participating in its installment sales finance services. During the fiscal year under review, we strengthened our network of sales offices, opening two offices to bring the total number to eight, including offices in Tokyo and Osaka. We also took cost-effective measures to expand sales, positioning sales representatives in ACOM loan service outlets on a trial basis.

Installment Sales Finance Receivable

(Billions of yen)

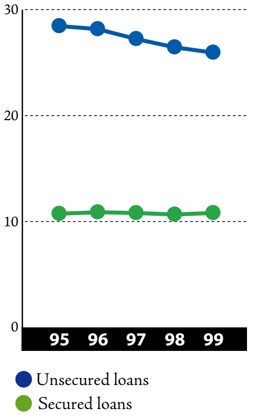


Interest Rates

The average interest rate on loans declined 0.43 percentage points, to 25.08%. The average interest rate on unsecured loans to consumers was 26.02%, a decrease of 0.50 percentage points from the previous fiscal year. We expanded our range of interest rates for unsecured loans to consumers during fiscal 1999, lowering the minimum preferential interest rate to 15.00% from 18.00% and introducing smaller increments in our interest rate scale. The proportion of loans receiving preferential interest rates equal to or less than 26.50% increased 2.1 percentage points, to 44.5%. The average interest rate on unsecured loans to enterprises was 24.43%, while the average interest rate on secured loans was 10.88%.

Average Contracted Loan Interest Rate

(%)

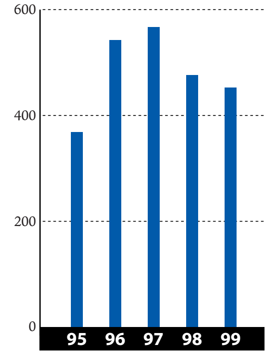


New Customer Accounts

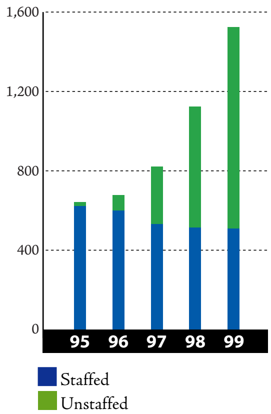
The number of new customers for unsecured loans to consumers fell again in fiscal 1999, down 5.0%, to 452 thousand, reflecting continued stagnation in the domestic economy and intensified competition. Of these new customers, 80.5% made contracts through MUJINKUN automated loan application machines, an increase of 0.2 percentage points from fiscal 1998. The number of new customers for unsecured loans to enterprises rose to 23 from 9 in the previous fiscal year. Consequently, the total number of unsecured loan customer accounts with outstanding balances was up 4.6%, to 2,559 thousand. The number of new customers for secured loans increased from 273 in the previous fiscal year to 353. The total number of secured loan customer accounts grew from 11 thousand to 12 thousand.

Number of New Unsecured Loan Customers

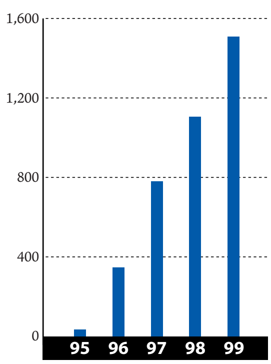
(Thousands)



Number of Loan Service Outlets

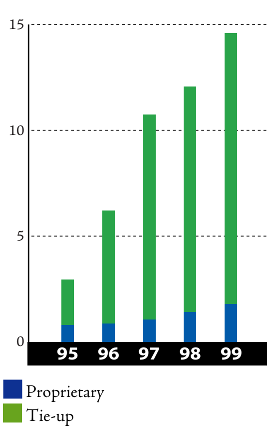


Number of MUJINKUN Outlets



Number of CDs and ATMs

(Thousands)



Average Loan Balance per Account

Concerted efforts to expand our offerings of preferential interest rate loans resulted in a ¥27 thousand, or 6.5%, increase in the average year-end balance of unsecured loans to consumers per customer account, to ¥442 thousand.

Service Outlets

We further expanded our network of loan service outlets during the fiscal year, adding 395 outlets, to reach a total of 1,521. We closed 7 staffed loan service outlets, reducing the total number of outlets to 509. On the other hand, the number of unstaffed loan service outlets was increased by 402 outlets, to 1,012. Our network of roadside loan service outlets increased by 376 unstaffed outlets, for a total of 883 outlets.

MUJINKUN Outlets

During the term, we added 401 MUJINKUN outlets that combine automated loan application machines and ATMs. Consequently, the total number of MUJINKUN outlets increased to 1,507. We also established 22 regional customer service centers nationwide to manage our network of MUJINKUN outlets. The concentration of the management of MUJINKUN operations in regional centers will promote greater operating efficiency and improved customer service.

CDs and ATMs

Customers find it extremely convenient to borrow or repay loans using our network of CDs and ATMs. During the fiscal year, we added 403 machines at our own facilities, bringing the total number of machines to 1,824. Aiming to make the use of these machines as convenient as possible for customers, 1,814 were available year-round and 1,507 operated around the clock. Through tie-ups arranged with banks and other financial institutions, customers could also access our system through an additional 12,770 machines, an increase of 2,140 machines from the previous fiscal year-end. Overall, there were a total of 14,594 machines in our CD and ATM network.

Thanks to favorable growth in the operations of our Financial Services Business Division, we achieved record profits for the 10th consecutive year. We intend to continue to target stable, steady performance growth by promoting greater efficiency and by demonstrating our leadership in the industry based on our experience and know-how as well as our ability to accurately grasp customer needs.

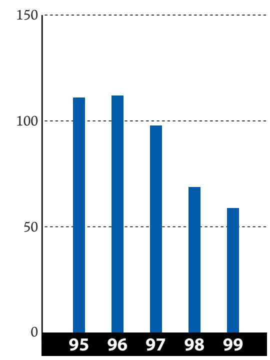
Other Business Division

The Other Business Division comprises our rental, ACOSIS, and other businesses. We discontinued our bridal wear rental operations during the fiscal year under review. The operating income of the division increased marginally, to ¥9.2 billion.

Audio-Visual Software Rental Business

In fiscal 1999, we discontinued operations at 10 rental outlets reporting poor performances, consolidating our business into 50 outlets nationwide. Operating income declined 18.3%, to ¥4.2 billion. As of April 1998, we commissioned the operation of our audio-visual software rental business to AVRS CO., LTD., a wholly owned subsidiary, aiming to improve profitability through the more efficient use of labor and other resources.

Number of Rental Outlets



Hardware Rental Business

During the period under review, we strengthened our management capabilities for the rental of equipment and related goods for corporate ceremonies and events. In addition, we worked toward amalgamating our distribution centers. Operating income edged down 0.8%, to ¥3.1 billion.

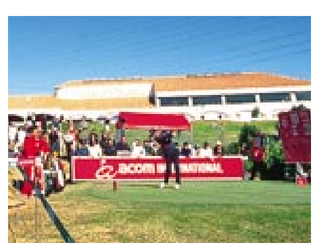
Supporting Cultural and Community Activities

As a company that helps people realize enjoyable and more-fulfilling 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, backing 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.

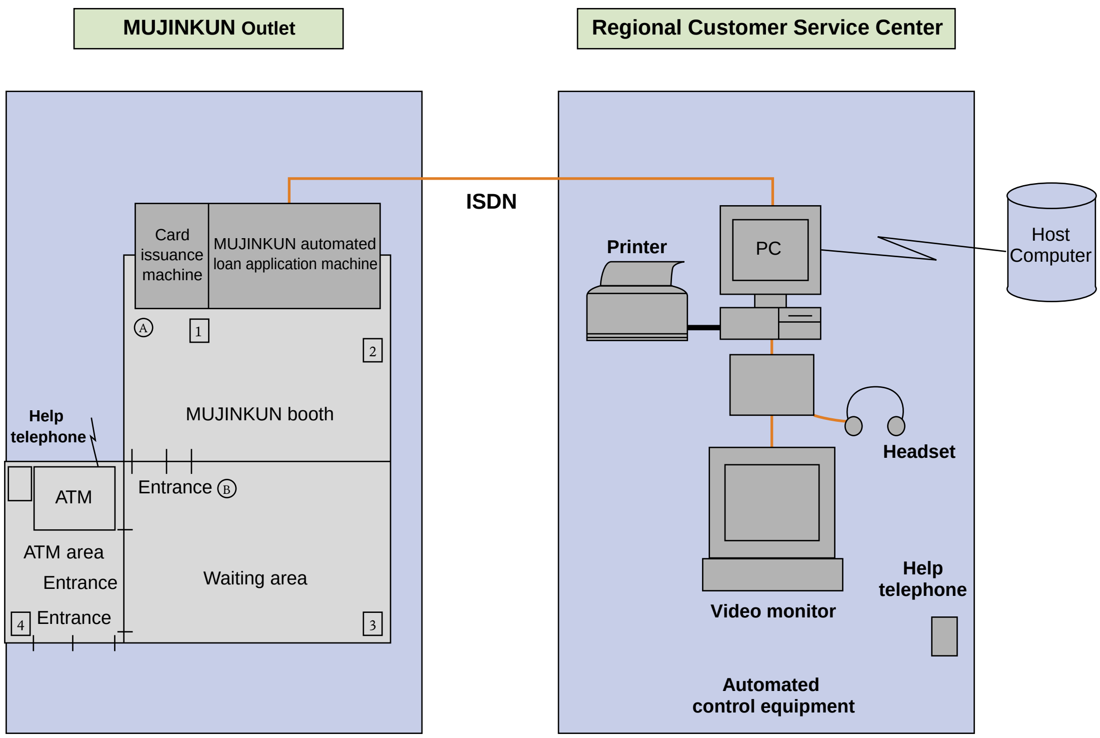
Visual Concert Story

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 in attendance to explain the story, this event is also well received by students who have hearing and speaking impairments.

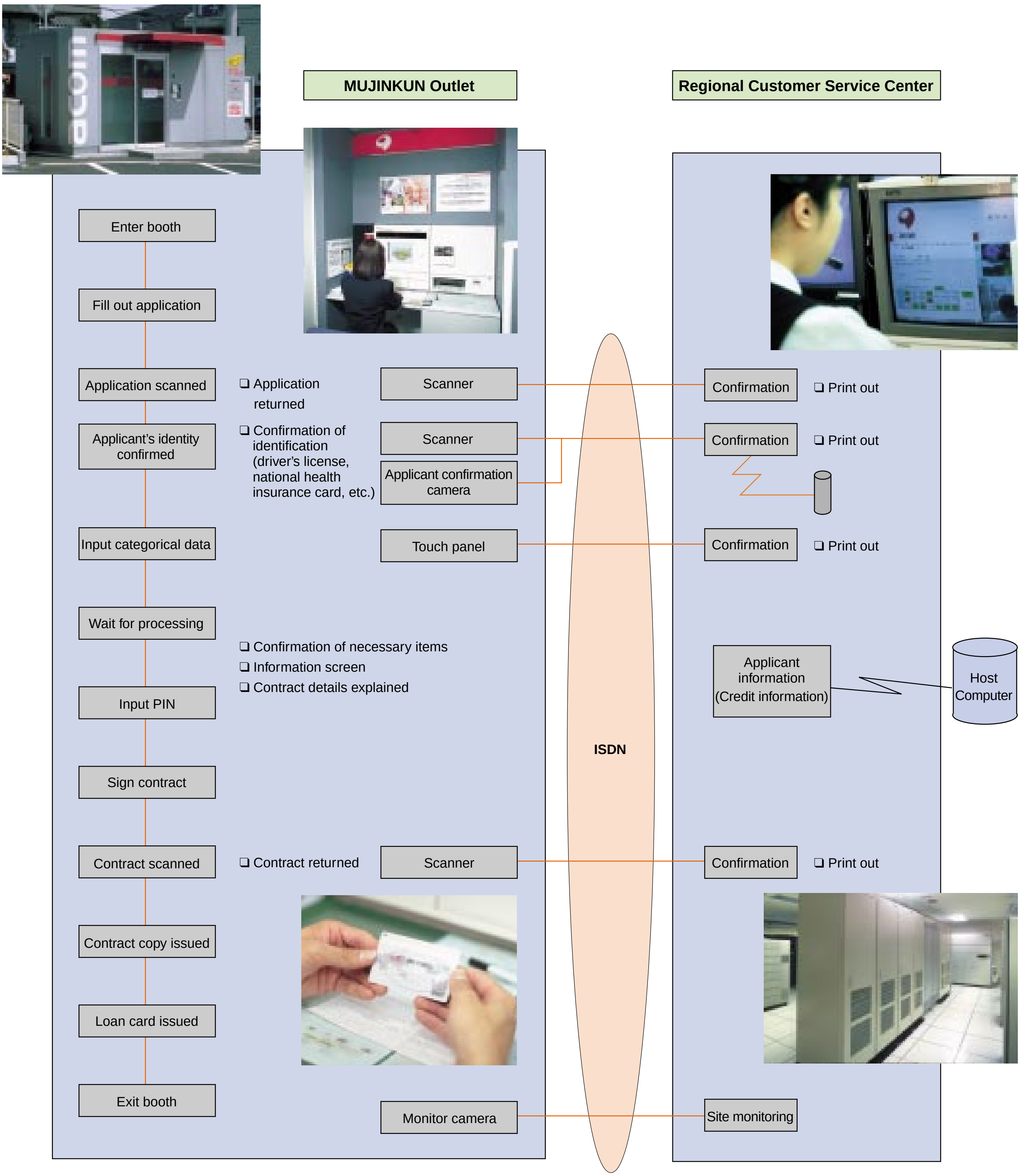
ACOM International Golf Tournament



Since 1983, ACOM has annually sponsored a professional golf tournament to promote local community 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.



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



Note: The above chart represents only the general procedures covering application and card issuance. The whole procedure normally takes 30 to 40 minutes.

Board of Directors

(As of June 29, 1999)

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

Chairman
Akihiko Kameda

Deputy Chairman
Hitoshi Kondo

President
Kyosuke Kinoshita

Deputy President
Shigeyoshi Kinoshita

Senior Managing Directors
Nobuyuki Yamochi
Hiroshi Sakai

Managing Directors
Masayoshi Tatsuta
Tsuneo Tsukada
Nobuhide Inada

Directors
Noriaki Tanaka
Teiichi Okayama
Masayoshi Fujimoto
Shigeo Mikami
Kazuhiro Shimada
Yusuke Yoshikawa
Keiji Nishio
Takafumi Hida
Kouichi Izumimoto
Yoshifusa Kagami
Yasushi Iwakiri

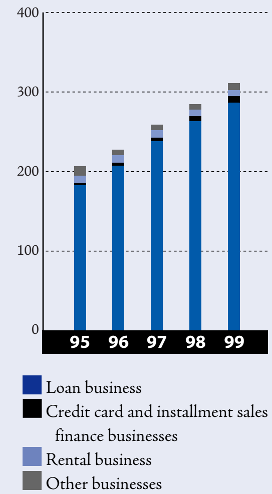
Corporate Auditors
Koichi Shimizu
Fusanoshin Yamada
Takehiro Hayashi*
Seikou Fujisawa*

* Independent Corporate Auditor

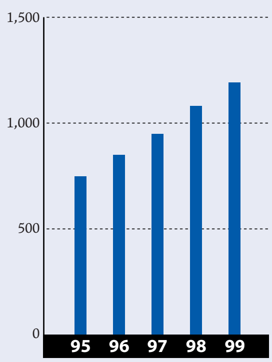
Financial Section

Contents

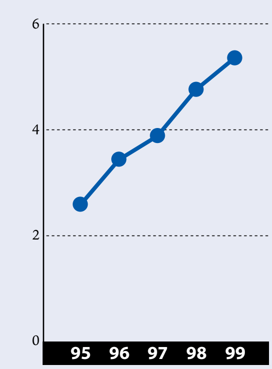
Operating Income by Segment
(Billions of yen)



Interest-Bearing Debt
(Billions of yen)



Interest Coverage
(Times)



OVERVIEW

Operating Income

Despite further weakening of the Japanese economy, the Company focused on expanding its sales capabilities during fiscal 1999, ended March 31, 1999, by substantially increasing the number of MUJINKUN automated loan application machines. These efforts resulted in a 9.1% rise in total operating income from the previous fiscal year, to ¥310.5 billion.

As of April 1999, ACOM reorganized its business divisions. The loan, credit card, and installment sales finance businesses are now grouped under the Financial Services Business Division, and rental and other businesses now comprise the Other Business Division.

Looking at performance by operating segment, operating income from the Financial Services Business Division rose 9.3%, to ¥294.7 billion, generating 94.9% of total operating income. Reasons for this expansion included continued strong performance in the area of unsecured loans to consumers, operating income of which increased 8.5%, to ¥278.4 billion. In addition, operating-income from installment sales finance business, an area in which we emphasize profitability in developing operations, climbed 41.1%, to ¥8.3 billion.

In the Other Business Division, we commissioned the operation of our audio-visual software rental business to wholly owned subsidiary AVRS CO., LTD., during the fiscal year under review. Also, we discontinued our bridal wear rental business. Therefore, operating income from rental operations fell 12.1%, to ¥7.5 billion. On the other hand, operating income from sales of merchandise grew 142.7%, to ¥1.7 billion. Overall, operating income from the Other Business Division increased slightly, to ¥9.2 billion, comprising 3.0% of total operating income.

Operating Expenses

Total operating expenses amounted to ¥183.4 billion in fiscal 1999, with growth in expenses being held to 7.9%, less than the rate of increase in total operating income. Total operating expenses as a percentage of total operating income were 59.1%, compared with 59.7% in the previous fiscal year. Among operating expenses, financial expenses dropped 3.6%, to ¥28.7 billion, despite an increase in interest-bearing debt. This decline was attributable to a decrease in the average interest rate on funds procured due to the low interest rate climate. Consequently, the ratio of financial expenses to operating income of the Financial Services Business Division was 9.8%, showing continued improvement from the 11.1% recorded in the previous fiscal year.

General and administrative expenses were ¥113.3 billion, an increase of 3.4%. The ratio of general and administrative expenses to total operating income declined 2.0 percentage points, to 36.5%. Among general and administrative expenses, employment costs decreased 5.4%, to ¥33.1 billion, reflecting the Company's efforts to achieve greater efficiency in the allocation of employees through centralizing outlet management and other measures. Administrative expenses rose 6.2%, to ¥14.8 billion, principally due to the expansion of our loan outlet network by 395 outlets. Of these outlets, 376 outlets were roadside unstaffed outlets, which have strongly contributed to improved cost efficiency.

Expenses for computer operation and development grew 26.9%, to ¥19.1 billion. This increase can mainly be attributed to a 25.4% rise in leasing expenses for MUJINKUN machines, to ¥2.4 billion, due to the greater number of machines; higher depreciation expenses related to ATMs; and higher installation expenses related to the Company's full-scale conversion to information systems.

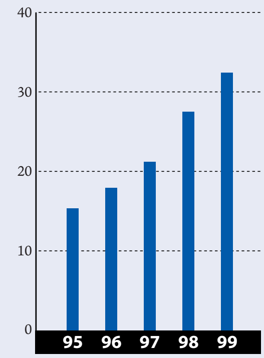
The provision for bad debts, consisting of bad debt write-offs and additional allowance for bad debts, grew 32.4%, to ¥39.7 billion, reflecting an increase in the balance of loans receivable. Of this amount, bad debt write-offs amounted to ¥32.3 billion, a 17.9% rise. Although the ratio of bad debt write-offs increased 0.13 percentage points, to 2.63%, it remained at a sound level. In addition, ¥7.4 billion was added to the allowance for bad debts to maintain the soundness of the Company's financial structure. Consequently, the allowance for bad debts reached ¥44.3 billion, up 20.1% from the previous fiscal year. At 3.46% of the combined balance of loans receivable outstanding and installment sales finance receivable, the allowance for bad debts is more than adequate to cover losses.

Earnings

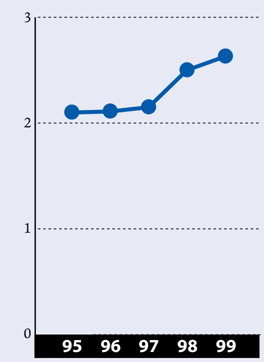
In fiscal 1999, operating profit rose 10.9%, to ¥127.1 billion, exceeding the rate of increase in total operating income. Consequently, operating profit to operating income climbed to 40.9% from 40.3%.

Net other expenses fell substantially, from ¥9.6 billion in the previous fiscal year to ¥4.0 billion. Other interest income principally comprises income from interest on loans to SIAM A&C CO., LTD., and employees. Net loss on sale or disposal of fixed assets decreased sharply, from ¥8.8 billion in fiscal 1998 to ¥2.7 billion. Included within that amount were fixed capital losses from real estate sold to a subsidiary, ACOM ESTATE CO., LTD. Income before income taxes, therefore, advanced 17.2%, to ¥123.0 billion. Net income grew 28.3%, to ¥56.4 billion, while net income as a proportion of total operating income moved up 2.7 percentage points, to 18.2%. Earnings per share also expanded substantially, from ¥300.29 in fiscal 1998 to ¥385.31. Total dividends for the term amounted to ¥45.00 per share, as the Company increased the year-end dividend by ¥5.00 per share.

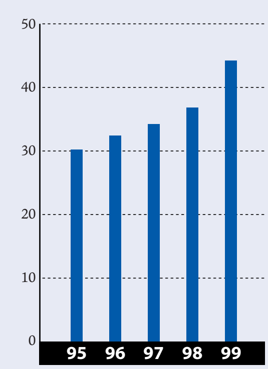
Bad Debt Write-Offs
(Billions of yen)



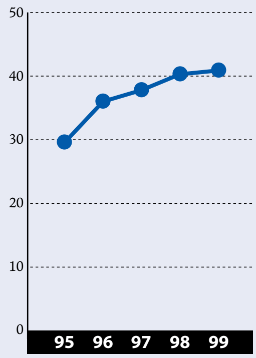
Ratio of Bad Debt Write-Offs
(%)



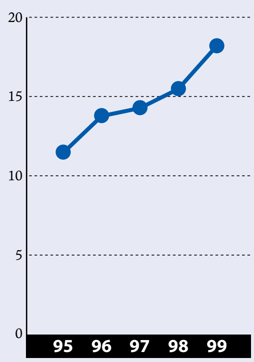
Allowance for Bad Debts
(Billions of yen)



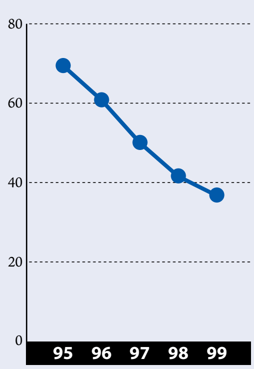
Operating Profit to Operating Income
(%)



Return on Operating Income
(%)



Fixed Assets Ratio
(%)



LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Net cash used in operating activities increased 90.4% from the previous fiscal year, to ¥101.3 billion. Although net income and such noncash items as depreciation and amortization and provision for bad debts increased, changes in operating assets and liabilities were significant, particularly loans receivable, notes and accounts receivable, and other loans receivable. The increase in net cash used in operating activities reflects expansion in the Company's businesses.

Net cash used in investing activities rose more than 10 times, to ¥15.5 billion, compared with ¥1.4 billion recorded in the previous year. This rise was mainly attributable to higher purchases of property and equipment and an increase in other investments.

On the other hand, net cash provided by financing activities declined from ¥127.7 billion to ¥105.5 billion. Long-term borrowings increased, while short-term borrowings fell considerably.

As a result, cash and cash equivalents at the end of the year amounted to ¥104.5 billion, down 9.8% from ¥115.9 billion at the end of fiscal 1998. Despite this decrease, cash and cash equivalents remained higher than net cash used in operating activities for the year, indicating adequate liquidity for operations.

Assets and Liabilities

Total current assets rose 12.3%, to ¥1,476.3 billion. This increase was mainly attributable to loans receivable growing 11.4%, to ¥1,206.4 billion, and notes and accounts receivable expanding 42.8%, to ¥91.3 billion. Property and equipment, less accumulated depreciation, declined 0.4%, to ¥73.4 billion, while investment and other assets rose 9.8%, to ¥52.8 billion. Consequently, total assets climbed 11.6%, to ¥1,602.6 billion.

Total current liabilities decreased 8.8%, to ¥501.3 billion. Although the current portion of long-term debt expanded from ¥228.1 billion to ¥293.4 billion, short-term loans, including commercial paper, dropped 45.4%, to ¥142.2 billion.

Total long-term liabilities grew 27.7%, to ¥757.9 billion. The major factor contributing to this increase was a 27.8% rise in long-term debt, to ¥755.9 billion, in line with the expansion in operating loans. A jump in the outstanding amount of straight bonds, from ¥32.0 billion to ¥85.0 billion, contributed to the increase in long-term debt.

Working Capital and Shareholders' Equity

Working capital grew 27.5% from the previous fiscal year-end, to ¥974.9 billion, due to the increase in current assets, principally because of the expansion in operating loans, as well as the decline in current liabilities.

The current ratio rose to 294% from 239%, reflecting the Company's improved liquidity. Total shareholders' equity grew 17.1%, to ¥343.3 billion, due to higher retained earnings and an increase in the legal reserve. Return on equity rose to 17.8% from 16.1%, while return on assets edged up to 3.7% from 3.3% in fiscal 1998.

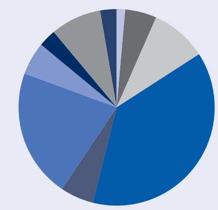
Capital Investment and Financing

During fiscal 1999, capital investment declined 6.5%, to ¥14.5 billion. Leases are included in capital investment on a cost equivalent basis. Scheduled capital investment for fiscal 2000 is half the figure for fiscal 1999 because the Company has reached the end of a phase of heavy investment in MUJINKUN automated loan application machines and new outlets.

As of the end of March 1999, interest-bearing debt totaled ¥1,191.7 billion, up 10.3% from the previous fiscal year-end. Indirect financing from banks and life and non-life insurance companies accounted for 88.9% of these borrowings, a decrease of 2.0 percentage points from the end of the previous year. This decline can be attributed to the approximately threefold increase in the amount of outstanding straight bonds, which jumped 212.2%, to ¥99.9 billion, against the backdrop of a low interest rate environment. Commercial paper, on the other hand, fell 58.8%. Moreover, a new source of funds, the securitization of installment sale finance receivable, was added during the fiscal year, contributing ¥5.0 billion. The proportion of direct borrowings in total debt was 11.1%.

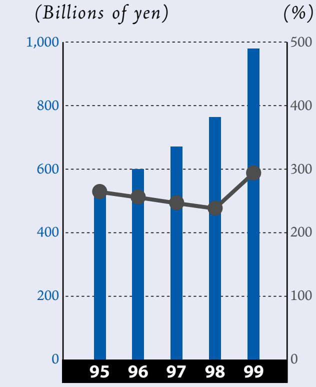
Short-term borrowings, including commercial paper, as a percentage of overall debt fell by approximately half, from 24.1% to 11.9%. The proportion of fixed interest rate borrowings, including straight bonds, in overall debt increased from 45.9% to 63.9%, a hike of 18.0 percentage points. The greater proportion of fixed interest rate funds provides increased protection against the risk of interest rates rising. As a result, the average interest rate on funds procured during the fiscal year under review was 2.57%, a substantial decline from the 3.00% recorded in the previous year. The average rate for floating interest rate funding during the term was 2.01%, approximately the same as in the previous year. The average rate for fixed interest rate funding, however, improved 0.96 percentage points, to 2.96%. While monitoring movements in financial markets, ACOM plans to actively expand its direct financing, taking a flexible approach to funding its operations.

Composition of Funds by Lenders
(As of March 31, 1999)



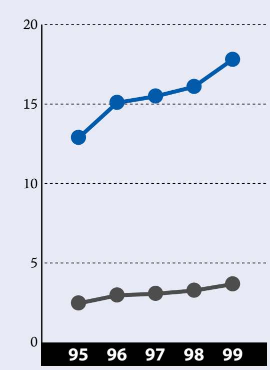
	(%)
City banks	1.4
Regional banks	5.2
Long-term credit banks	9.3
Trust banks	38.0
Foreign banks	5.5
Life insurance companies	21.2
Non-life insurance companies	5.4
Others	2.9
Straight bonds	8.4
Commercial paper and securitization of installment sales finance receivable	2.7

Working Capital and Current Ratio
(Billions of yen) *(%)*



Working capital
Current ratio

Return on Assets and Equity
(%)



Return on equity
Return on assets

ACOM CO., LTD. *March 31, 1999 and 1998*

ASSETS	Millions of yen 1999	Millions of yen 1998	Thousands of U.S. dollars (Note 3) 1999
Current assets:			
Cash and cash equivalents	**¥ 104,587**	¥ 115,957	**$ 867,581**
Time deposits	**15,245**	20,248	**126,462**
Marketable securities (Notes 5 and 7)	**13,377**	11,346	**110,966**
Loans receivable (Notes 4 and 7)	**1,206,401**	1,083,214	**10,007,474**
Notes and accounts receivable	**91,392**	63,989	**758,125**
Merchandise	**6,744**	7,962	**55,943**
Prepaid expenses	**5,800**	5,128	**48,112**
Loans to an affiliate	**207**	—	**1,717**
Other loans receivable (Note 6)	**59,960**	29,979	**497,386**
Other current assets	**16,490**	13,047	**136,789**
Allowance for bad debts	**(43,900)**	(36,590)	**(364,164)**
Total current assets	**1,476,308**	1,314,284	**12,246,437**
Property and equipment:			
Land	**27,848**	30,043	**231,007**
Buildings and structures	**46,981**	44,159	**389,722**
Equipment	**28,589**	24,385	**237,154**
	103,419	98,587	**857,892**
Accumulated depreciation	**(29,977)**	(24,877)	**(248,668)**
Property and equipment, net (Note 7)	**73,442**	73,710	**609,224**
Investments and other assets:			
Investments in securities (Notes 5 and 7)	**11,509**	10,529	**95,470**
Investments in and advances to subsidiaries and an affiliate	**14,536**	13,949	**120,580**
Telephone rights and other intangible assets	**1,687**	1,703	**13,994**
Rental deposits	**13,282**	13,349	**110,178**
Other	**11,876**	8,624	**98,515**
Total investments and other assets	**52,890**	48,156	**438,739**
Total assets	**¥1,602,641**	¥1,436,151	**$13,294,408**

See accompanying notes to financial statements.

Liabilities and Shareholders' Equity	Millions of yen 1999	1998	Thousands of U.S. dollars (Note 3) 1999
Current liabilities:			
Short-term loans (Note 7)	**¥ 142,297**	¥ 260,542	**$ 1,180,398**
Current portion of long-term debt (Note 7)	**293,465**	228,107	**2,434,384**
Accounts payable	**1,415**	1,108	**11,737**
Accrued income taxes	**36,470**	35,218	**302,530**
Accrued expenses	**8,556**	8,460	**70,974**
Deferred income on installment sales	**15,955**	10,826	**132,351**
Other current liabilities	**3,206**	5,364	**26,594**
Total current liabilities	**501,367**	549,626	**4,158,996**
Long-term liabilities:			
Long-term debt (Note 7)	**755,938**	591,637	**6,270,742**
Allowance for directors' and statutory auditors' retirement benefits	**872**	1,045	**7,233**
Other long-term liabilities	**1,113**	709	**9,232**
Total long-term liabilities	**757,923**	593,392	**6,287,208**
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, 1999 and 1998	**17,282**	17,282	**143,359**
Additional paid-in capital	**25,772**	25,772	**213,786**
Legal reserve (Note 10)	**2,769**	2,141	**22,969**
Retained earnings	**297,524**	247,935	**2,468,054**
Total shareholders' equity	**343,349**	293,132	**2,848,187**
Total liabilities and shareholders' equity	**¥1,602,641**	¥1,436,151	**$13,294,408**

Statements of Income

ACOM CO., LTD. Years ended March 31, 1999, 1998 and 1997

	Millions of yen			Thousands of U.S. dollars (Note 3)
	1999	1998	1997	**1999**
Operating income:				
Interest on loans receivable	**¥286,359**	¥263,697	¥237,715	**$2,375,437**
Other financial income	**815**	647	571	**6,760**
Rental income	**7,507**	8,538	9,195	**62,272**
Fees	**8,364**	5,929	4,899	**69,381**
Sales	**1,755**	723	1,134	**14,558**
Other operating income	**5,719**	5,095	4,904	**47,440**
Total operating income	**310,521**	284,632	258,420	**2,575,868**
Operating expenses:				
Financial expenses	**28,777**	29,844	33,516	**238,714**
Cost of sales	**1,529**	572	977	**12,683**
General and administrative expenses (Notes 8 and 12)	**113,349**	109,578	103,128	**940,265**
Provision for bad debts	**39,755**	30,033	22,981	**329,780**
Total operating expenses	**183,412**	170,029	160,603	**1,521,459**
Operating profit	**127,109**	114,603	97,817	**1,054,408**
Other income (expenses):				
Other interest income	**71**	27	28	**588**
Net loss on sale or disposal of fixed assets	**(2,744)**	(8,864)	(10,633)	**(22,762)**
Loss on revaluation of marketable securities	**(330)**	(847)	(762)	**(2,737)**
Loss on sale of investments in securities	**(868)**	—	—	**(7,200)**
Loss on revaluation of investments in securities	**(549)**	(992)	(812)	**(4,554)**
Loss on settlement of a subsidiary	**(223)**	—	—	**(1,849)**
Other, net	**585**	1,042	1,680	**4,852**
Income before income taxes	**123,049**	104,968	87,317	**1,020,729**
Income taxes (Note 9)	**66,550**	60,936	50,440	**552,053**
Net income	**¥ 56,499**	¥ 44,032	¥ 36,877	**$ 468,676**
Amounts per share (in yen and U.S. dollars):				
Net income	**¥ 385.31**	¥ 300.29	¥ 251.50	**$ 3.19**
Cash dividends	**45.00**	40.00	35.00	**0.37**

See accompanying notes to financial statements.

ACOM CO., LTD. Years ended March 31, 1999, 1998 and 1997

	Number of shares of common stock (Thousands)	Millions of yen			
		Common stock	Additional paid-in capital	Legal reserve	Retained earnings
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
Net income	—	—	—	—	**56,499**
Cash dividends paid	—	—	—	—	**(6,231)**
Bonuses to directors	—	—	—	—	**(50)**
Transfer to legal reserve	—	—	—	**628**	**(628)**
Balance at March 31, 1999	**146,630**	**¥17,282**	**¥25,772**	**¥2,769**	**¥297,524**

	Thousands of U.S. dollars (Note 3)			
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings
Balance at March 31, 1998	$143,359	$213,786	$17,760	$2,056,698
Net income	—	—	—	**468,676**
Cash dividends paid	—	—	—	**(51,688)**
Bonuses to directors	—	—	—	**(414)**
Transfer to legal reserve	—	—	**5,209**	**(5,209)**
Balance at March 31, 1999	**$143,359**	**$213,786**	**$22,969**	**$2,468,054**

See accompanying notes to financial statements.

Statements of Cash Flows

ACOM CO., LTD. Years ended March 31, 1999, 1998 and 1997

	Millions of yen			Thousands of U.S. dollars (Note 3)
	1999	1998	1997	**1999**
Operating activities:				
Net income	**¥ 56,499**	¥ 44,032	¥ 36,877	**$ 468,676**
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation and amortization	**6,864**	5,324	5,155	**56,939**
Provision for bad debts	**39,755**	30,033	22,981	**329,780**
Provision for directors' and statutory auditors' retirement benefits	**92**	102	128	**763**
Net loss on sale or disposal of fixed assets	**2,744**	8,864	10,633	**22,762**
Loss on revaluation of marketable securities	**330**	847	762	**2,737**
Loss on sale of investments in securities	**868**	—	—	**7,200**
Loss on revaluation of investments in securities	**549**	992	812	**4,554**
Loss on settlement of a subsidiary	**223**	—	—	**1,849**
Payments of directors' and statutory auditors' retirement benefits	**(286)**	(4)	(118)	**(2,372)**
Other	**20**	0	11	**165**
Changes in operating assets and liabilities:				
Loans receivable	**(155,479)**	(136,799)	(152,935)	**(1,289,746)**
Notes and accounts receivable	**(27,403)**	(17,216)	(11,464)	**(227,316)**
Merchandise	**1,218**	149	180	**10,103**
Prepaid expenses	**(672)**	(724)	74	**(5,574)**
Other loans receivable	**(29,981)**	7,008	508	**(248,701)**
Other current assets	**(3,265)**	(4,204)	(349)	**(27,084)**
Accounts payable	**307**	(80)	419	**2,546**
Accrued income taxes	**1,252**	5,709	4,844	**10,385**
Accrued expenses	**96**	(392)	(560)	**796**
Deferred income on installment sales	**5,128**	3,112	1,856	**42,538**
Other current liabilities	**(256)**	0	(264)	**(2,123)**
Net cash used in operating activities	**(101,393)**	(53,246)	(80,446)	**(841,086)**
Investing activities:				
Decrease in time deposits and marketable securities	**2,641**	7,179	4,339	**21,907**
Proceeds from sale of property and equipment	**434**	1,957	1,087	**3,600**
Purchases of property and equipment	**(11,301)**	(7,584)	(10,105)	**(93,745)**
Decrease in telephone rights and other intangible assets	**3**	208	964	**24**
Proceeds from maturity or sale of investments in securities	**640**	520	—	**5,309**
Increase in investments in securities	**(3,038)**	(2,606)	(440)	**(25,201)**
Increase in investments in and advances to subsidiaries and an affiliate	**(1,194)**	(182)	(190)	**(9,904)**
Increase in rental deposits	**(927)**	(1,337)	(1,690)	**(7,689)**
Decrease in rental deposits	**994**	1,771	1,466	**8,245**
Increase in other investments	**(3,766)**	(1,327)	(108)	**(31,240)**
Net cash used in investing activities	**(15,512)**	(1,402)	(4,677)	**(128,676)**
Financing activities:				
Proceeds from long-term debt	**464,116**	277,055	237,108	**3,849,987**
Payments on principal of long-term debt	**(234,457)**	(205,482)	(204,096)	**(1,944,894)**
(Decrease) increase in short-term loans	**(118,244)**	61,282	65,926	**(980,871)**
Increase (decrease) in other long-term liabilities	**403**	64	(11)	**3,343**
Cash dividends paid	**(6,231)**	(5,132)	(4,765)	**(51,688)**
Bonuses paid to directors	**(50)**	(50)	(50)	**(414)**
Net cash provided by financing activities	**105,536**	127,737	94,111	**875,454**
(Decrease) increase in cash and cash equivalents	**(11,370)**	73,089	8,987	**(94,317)**
Cash and cash equivalents at beginning of the year	**115,957**	42,868	33,881	**961,899**
Cash and cash equivalents at end of the year	**¥ 104,587**	¥ 115,957	¥ 42,868	**$ 867,581**
Supplemental disclosures of cash flow information:				
Cash paid during the year for:				
Interest	**¥ 28,151**	¥ 30,734	¥ 34,074	**$ 233,521**
Income taxes	**65,285**	55,205	45,506	**541,559**
Supplemental schedule of noncash investing and financing activities:				
Fair market value of fixed assets as investments in kind in a subsidiary	**¥ —**	¥ —	¥ 1,320	**$ —**

See accompanying notes to financial statements.

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. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan. 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.

Effective April 1, 1998, the Company changed the estimated useful lives of certain buildings from 17-65 years to 15-50 years with reference to modifications of corporation tax regulations. The effect of these changes was to decrease operating profit and income before income taxes for the year ended March 31, 1999 by ¥90 million ($746 thousand).

(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 the 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.

(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 ¥120.55=US$1, the exchange rate prevailing on March 31, 1999. 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, 1999 and 1998 included unsecured loans to individual customers in amounts of ¥1,131,255 million ($9,384,114 thousand) and ¥1,015,306 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:

	Millions of yen				Thousands of U.S. dollars	
	1999		1998		1999	
March 31,	Book value	Market value	Book value	Market value	Book value	Market value
Marketable securities	**¥11,147**	**¥16,465**	¥11,116	¥15,667	**$92,467**	**$136,582**
Investments in securities	**6,905**	**9,864**	5,688	7,589	**57,279**	**81,824**

6. Other Loans Receivable

29

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:

	Millions of yen		Thousands of U.S. dollars
March 31,	1999	1998	1999
Unsecured loans, mainly from banks and other financial institutions at interest rates ranging from 1.425% to 4.9% due through November 2005	**¥287,674**	¥ 263,905	**$2,386,345**
Loans with collateral mainly from banks and other financial institutions at interest rates ranging from 0.91973% to 4.9% due through March 2005	**656,829**	523,839	**5,448,602**
Unsecured bonds at interest rates ranging from 2% to 2.65% due through March 2004	**92,000**	32,000	**763,168**
Unsecured privately offered bonds at six-month LIBOR +1.2% (1.6844% at March 31, 1999) due March 2000	**3,000**	—	**24,885**
Unsecured privately offered bonds at 1.425% due March 2000	**4,900**	—	**40,647**
Payables under trust agreement of certain installment sales receivables due January 2000	**5,000**	—	**41,476**
Less: current portion	**(293,465)**	(228,107)	**(2,434,384)**
	¥755,938	¥ 591,637	**$6,270,742**

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 1999	1998	Thousands of U.S. dollars 1999
Marketable securities	¥ 1,481	¥ 196	$ 12,285
Loans receivable	745,324	679,563	6,182,695
Property and equipment, net	5,008	5,106	41,542
Investments in securities	326	248	2,704
	¥752,140	¥685,115	$6,239,236

The Company had a commitment at any time, at the lenders' request, to furnish collateral to be pledged on ¥192,436 million ($1,596,316 thousand) and ¥175,649 million of the loans receivable of ¥745,324 million ($6,182,695 thousand) and ¥679,563 million shown in the above table at March 31, 1999 and 1998, respectively. The collateral which the lenders could require to be pledged would be to cover the following:

March 31,	Millions of yen 1999	1998	Thousands of U.S. dollars 1999
Short-term loans	¥ 29,507	¥57,217	$244,769
Current portion of long-term debt	45,317	31,451	375,918
Long-term debt	119,097	85,621	987,946

The aggregate annual maturities of long-term debt subsequent to March 31, 1999 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2000	¥ 293,465	$2,434,384
2001	291,717	2,419,883
2002	236,922	1,965,342
2003	158,539	1,315,130
2004	65,278	541,501
2005 and thereafter	3,480	28,867
	¥1,049,403	$8,705,126

8. Pension Plan

Pension costs charged to income for 1999, 1998 and 1997 were as follows:

Year ended March 31,	Millions of yen 1999	1998	1997	Thousands of U.S. dollars 1999
Pension costs	¥2,021	¥2,299	¥947	$16,764

The total assets of the pension fund, in which certain of the Company's subsidiaries have participated jointly with the Company, were ¥12,297 million ($102,007 thousand) and ¥10,342 million at December 31, 1998 and 1997 (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 statutory tax rates of approximately 46% for 1999 and 52% for 1998 and 1997.

The effective tax rates reflected in the accompanying statements of income differ from the statutory tax rates 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, 1999 and 1998 and the related depreciation expense and interest expense for the years ended March 31, 1999, 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,	**1999**	1998	**1999**	1998	**1999**	1998	**1999**	**1999**	**1999**
Equipment	**¥21,391**	¥21,498	**¥10,497**	¥9,548	**¥10,893**	¥11,950	**$177,445**	**$87,075**	**$90,360**

	Millions of yen			Thousands of U.S. dollars
Year ended March 31,	**1999**	1998	1997	**1999**
Depreciation	**¥5,637**	¥5,344	¥4,509	**$46,760**
Interest	**430**	475	485	**3,566**

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥6,067 million ($50,327 thousand), ¥5,796 million and ¥4,938 million for the years ended March 31, 1999, 1998 and 1997, respectively.

Future minimum lease payments subsequent to March 31, 1999 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
2000	¥ 4,856	$40,282
2001 and thereafter	6,305	52,301
	¥11,161	$92,583

13. Commitments and Contingent Liabilities

Future payments under rental leases subsequent to March 31, 1999 amounted to ¥11,680 million ($96,889 thousand).

At March 31, 1999, the Company was contingently liable as guarantor of a subsidiary's and an affiliate's bank loans amounting to ¥2,200 million ($18,249 thousand) and THB2,459 thousand, respectively.

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, cross currency and interest-rate swap agreements and interest-rate options 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 as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate and cross currency swap agreements are exposed to changes in interest and/or foreign exchange rates. In addition, the Company is not exposed to risk on interest rate caps, as the Company holds only long positions in interest rate caps and the maximum funding costs of the combination of loans and interest rate caps are capped at the cap rates.

The Company does not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are 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 limit 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, 1999 and 1998, the contracted amounts, etc., market value and unrealized gain (loss) were as follows:

March 31,	Millions of yen					
	1999			1998		
	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	¥158,162	¥(1,385)	¥(1,385)	¥81,500	¥(1,818)	¥(1,818)
Cross currency and interest-rate swap agreements:						
Fixed rate paying into floating rate receiving (yen into U.S. dollars)	—	—	—	2,560	93	93
Interest-rate options:						
Interest-rate caps	35,000			—		
[Book value of premiums]	[619]	653	34	[—]	—	—
	¥193,162	¥ (732)	¥(1,351)	¥84,060	¥(1,725)	¥(1,725)

March 31,	Thousands of U.S. dollars		
	1999		
	Contracted amounts, etc.	Market value	Unrealized gain (loss)
Interest-rate swap agreements:			
Fixed rate paying into floating rate receiving	$1,312,003	$(11,489)	$(11,489)
Cross currency and interest-rate swap agreements:			
Fixed rate paying into floating rate receiving (yen into U.S. dollars)	—	—	—
Interest-rate options:			
Interest-rate caps	290,335		
[Book value of premiums]	[5,134]	5,416	282
	$1,602,339	$ (6,072)	$(11,206)

The contracted amounts of fixed rate paying into floating rate receiving fall due after one year at March 31, 1999 and 1998. Interest-rate call caps terminate subsequent to April 1, 2000.

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

Book value of premiums shown above is stated at amortized cost and includes the noncurrent portion amounting to ¥478 million ($3,965 thousand) at March 31, 1999.

Market value and unrealized gain (loss) as presented above represent the amounts provided by the financial institutions.

15. Subsequent Events

On January 18, 1999, the Board of Directors approved the issuance of ¥10,000 million of 2.3% unsecured bonds due April 15, 2004. 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, 1999, were approved at a shareholders' meeting held on June 29, 1999:

	Millions of yen
Cash dividends (¥25.00=US$0.20)	¥3,665
Transfer to legal reserve	370
Bonuses to directors	41

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The Board of Directors
ACOM CO., LTD.

We have examined the balance sheets of ACOM CO., LTD. as of March 31, 1999 and 1998, and the related statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 1999, all expressed in yen. Our examinations were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements, expressed in yen, referred to above present fairly the financial position of ACOM CO., LTD. at March 31, 1999 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 1999 in conformity with accounting principles and practices generally accepted in Japan.

As discussed in Note 2(l) 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.

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 1999 are presented solely for convenience. Our examination also included the translations of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

Showa Ota & Co

June 29, 1999

[Operating Income by Segment]

Year ended March 31,	1999	1998	1997	1996	1995
	Millions of yen				
Operating income	**¥310,521**	¥284,632	¥258,420	¥228,964	¥207,402
Loan business	**286,359**	263,697	237,715	207,911	183,322
Credit card business	**15**	7	6	8	11
Installment sales finance business	**8,364**	5,929	4,899	4,012	3,024
Rental business	**7,507**	8,538	9,195	10,006	10,010
Other business	**1,755**	723	1,195	1,408	4,606
Other financial income	**815**	647	571	912	1,773
Other	**5,704**	5,088	4,837	4,703	4,653

[Income]

Year ended March 31,	1999	1998	1997	1996	1995
	Millions of yen				
Operating profit	**¥127,109**	¥114,603	¥97,817	¥82,762	¥61,377
Net income	**56,499**	44,032	36,877	31,585	23,892

[Operating Expenses]

Year ended March 31,	1999	1998	1997	1996	1995
	Millions of yen				
Operating expenses	**¥183,412**	¥170,029	¥160,603	¥146,201	¥146,024
Financial expenses	**28,777**	29,844	33,516	33,381	37,646
Cost of sales	**1,529**	572	977	1,038	4,347
Other operating expenses	**153,105**	139,611	126,109	111,780	104,030
Employment costs	**33,179**	35,058	34,466	32,139	31,432
Bad debt write-offs	**32,355**	27,433	21,181	17,918	15,315
Additional allowance for bad debts	**7,400**	2,600	1,800	2,200	5,200
Advertising and promotion expenses	**13,513**	14,419	14,778	12,680	11,200
Administrative expenses	**14,857**	13,991	13,667	12,462	11,163
Expenses for computer operation and development	**19,189**	15,120	11,577	8,965	7,808
of which lease expenses for MUJINKUN	**2,474**	1,973	1,348	551	18
Other	**32,608**	30,988	28,637	25,414	21,910

[Loans Receivable and Loan Customer Accounts]

March 31,	1999	1998	1997	1996	1995
	Millions of yen				
Loans receivable	**¥1,206,401**	¥1,083,214	¥973,648	¥841,894	¥721,607
Unsecured loans	**1,133,197**	1,015,368	909,091	777,577	655,555
Secured loans	**73,204**	67,845	64,557	64,317	66,052
	Number				
Number of loan customer accounts	**2,572,127**	2,458,691	2,297,056	2,024,800	1,714,752
Unsecured loans	**2,559,255**	2,446,935	2,285,761	2,013,591	1,704,174
Secured loans	**12,872**	11,756	11,295	11,209	10,578
	Thousands of yen				
Average balance of loans per customer account	**¥ 469**	¥ 441	¥ 424	¥ 416	¥ 421
Unsecured loans	**443**	415	398	386	385
Secured loans	**5,687**	5,771	5,716	5,738	6,244

[New Loan Customers]

Year ended March 31,	Number				
	1999	1998	1997	1996	1995
Number of new loan customers	**453,123**	476,775	567,499	543,140	369,462
Unsecured loans	**452,770**	476,502	567,114	542,563	368,683
Secured loans	**353**	273	385	577	779

[Loan Service Outlets]

March 31,	Locations				
	1999	1998	1997	1996	1995
Number of loan service outlets	**1,521**	1,126	823	681	644
Staffed loan service outlets	**509**	516	532	603	624
Unstaffed loan service outlets	**1,012**	610	291	78	20

[MUJINKUN]

March 31,	Number				
	1999	1998	1997	1996	1995
Number of MUJINKUN outlets	**1,507**	1,106	782	347	35
Number of MUJINKUN machines	**1,509**	1,108	785	351	36

[CDs and ATMs]

March 31,	Number				
	1999	1998	1997	1996	1995
Number of CDs and ATMs	**14,594**	12,051	10,771	6,224	2,989
Proprietary	**1,824**	1,421	1,084	889	834
Open year-round	**1,814**	1,410	1,062	864	805
Open 24 hours/day	**1,507**	1,102	755	556	496
Tie-up	**12,770**	10,630	9,687	5,335	2,155

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

Year ended March 31,	Millions of yen				
	1999	1998	1997	1996	1995
Bad debt write-offs	**¥32,355**	¥27,433	¥21,181	¥17,918	¥15,315
Loans receivable	**31,778**	27,044	20,963	17,767	15,196
Unsecured loans	**31,042**	26,197	20,396	16,234	14,476
Secured loans	**736**	846	566	1,532	719
Sales finance, rental, etc.	**576**	389	218	151	120

	Percentage				
Ratio of bad debt write-offs					
Loans receivable	**2.63%**	2.50%	2.15%	2.11%	2.10%
Unsecured loans	**2.74**	2.58	2.24	2.09	2.21
Secured loans	**1.00**	1.24	0.87	2.35	1.08

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

[Allowance for Bad Debts]

March 31,	Millions of yen 1999	1998	1997	1996	1995
Allowance for bad debts	**¥44,300**	¥36,900	¥34,300	¥32,500	¥30,300
Ratio of allowance for bad debts (%)	**3.46**	3.25	3.39	3.73	4.07
Deductible	**27,514**	22,888	22,712	23,109	21,456
Ratio of allowance for bad debts (%)	**2.15**	2.01	2.24	2.65	2.88
Non-deductible	**16,785**	14,011	11,587	9,390	8,843
Ratio of allowance for bad debts (%)	**1.31**	1.23	1.14	1.08	1.19
Additional allowance for bad debts	**7,400**	2,600	1,800	2,200	5,200

Note: Ratio of allowance for bad debts (%) = $\frac{\text{Allowance for bad debts}}{\text{Loans receivable outstanding at fiscal year-end + Installment sales finance receivable (excluding deferred income on installment sales finance)}} \times 100$

[Average Loan Interest Rate]

Year ended March 31,	Percentage 1999	1998	1997	1996	1995
Average loan interest rate during the year	**25.08%**	25.51%	26.12%	26.78%	26.79%
Unsecured loans	**26.02**	26.52	27.29	28.24	28.48
Secured loans	**10.88**	10.68	10.83	10.93	10.79

[Borrowings and Average Interest Rate on Procured Funds]

March 31,	Millions of yen 1999	1998	1997	1996	1995
Borrowings	**¥1,191,700**	¥1,080,286	¥947,431	¥848,493	¥747,747
Short-term	**142,297**	260,542	199,260	133,334	54,440
of which commercial paper	**27,500**	66,700	24,000	14,500	—
Long-term	**1,049,403**	819,744	748,171	715,159	693,307
of which straight bonds	**99,900**	32,000	—	—	—

	Percentage 1999	1998	1997	1996	1995
Ratio of short-term	**11.9%**	24.1%	21.0%	15.7%	7.3%
Ratio of fixed interest	**63.9**	45.9	50.0	57.3	56.9
Average interest rate on funds procured during the year	**2.57%**	3.00%	3.72%	4.20%	5.18%
Floating interest rate (including commercial paper)	**2.01**	2.00	2.24	2.70	4.25
Fixed interest rate (including swap and straight bonds)	**2.96**	3.92	4.84	5.27	5.83

Note: Long-term borrowings include current portion of long-term debt.

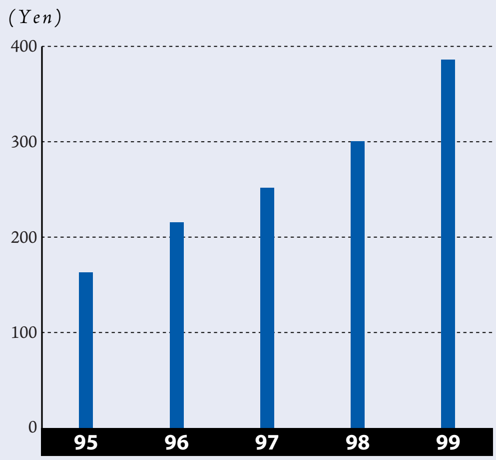
[Unsecured Loan Customers by Gender]

March 31,	Percentage 1999	1998	1997	1996	1995
Male	**72.4%**	71.9%	71.4%	71.1%	70.8%
Female	**27.6**	28.1	28.6	28.9	29.2

[Unsecured Loan Customers by Age]

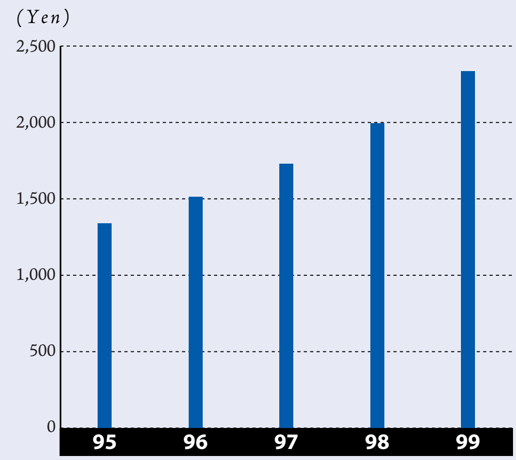
March 31,	Percentage 1999	1998	1997	1996	1995
Under 20	**0.0%**	0.0%	0.0%	0.0%	0.0%
20–29	**28.8**	29.1	29.2	28.2	27.0
30–39	**26.3**	25.9	25.3	25.4	25.3
40–49	**22.5**	23.3	24.5	25.2	25.4
50 and older	**22.4**	21.7	21.0	21.2	22.3

[Adjusted Net Income per Share]



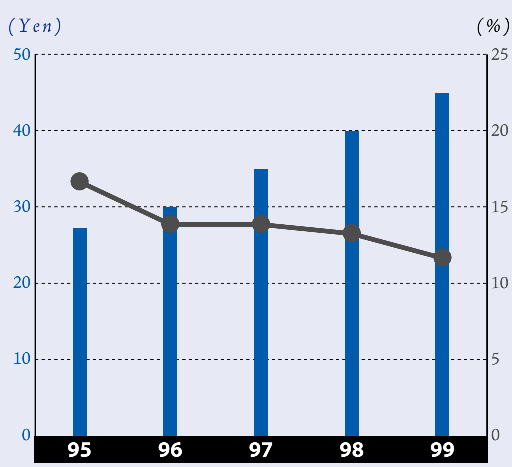
	95	96	97	98	99
■ Adjusted	¥162.94	¥215.40	¥251.50	¥300.29	**¥385.31**
Net income per share	¥179.24	¥215.40	¥251.50	¥300.29	**¥385.31**

[Adjusted Shareholders' Equity per Share]



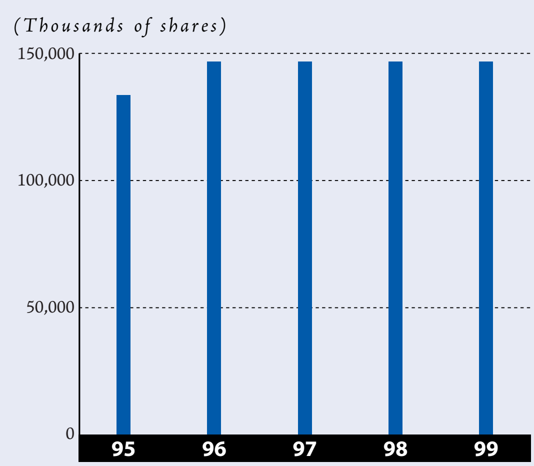
	95	96	97	98	99
■ Adjusted	¥1,342.70	¥1,515.50	¥1,734.16	¥1,999.11	**¥2,341.59**
Shareholders' equity per share	¥1,476.97	¥1,515.50	¥1,734.16	¥1,999.11	**¥2,341.59**

[Adjusted Dividends per Share and Payout Ratio]



	95	96	97	98	99
■ Adjusted	¥27.27	¥30.00	¥35.00	¥40.00	**¥45.00**
Dividends per share	¥30.00	¥30.00	¥35.00	¥40.00	**¥45.00**
● Dividend payout ratio	16.7%	13.9%	13.9%	13.3%	**11.7%**

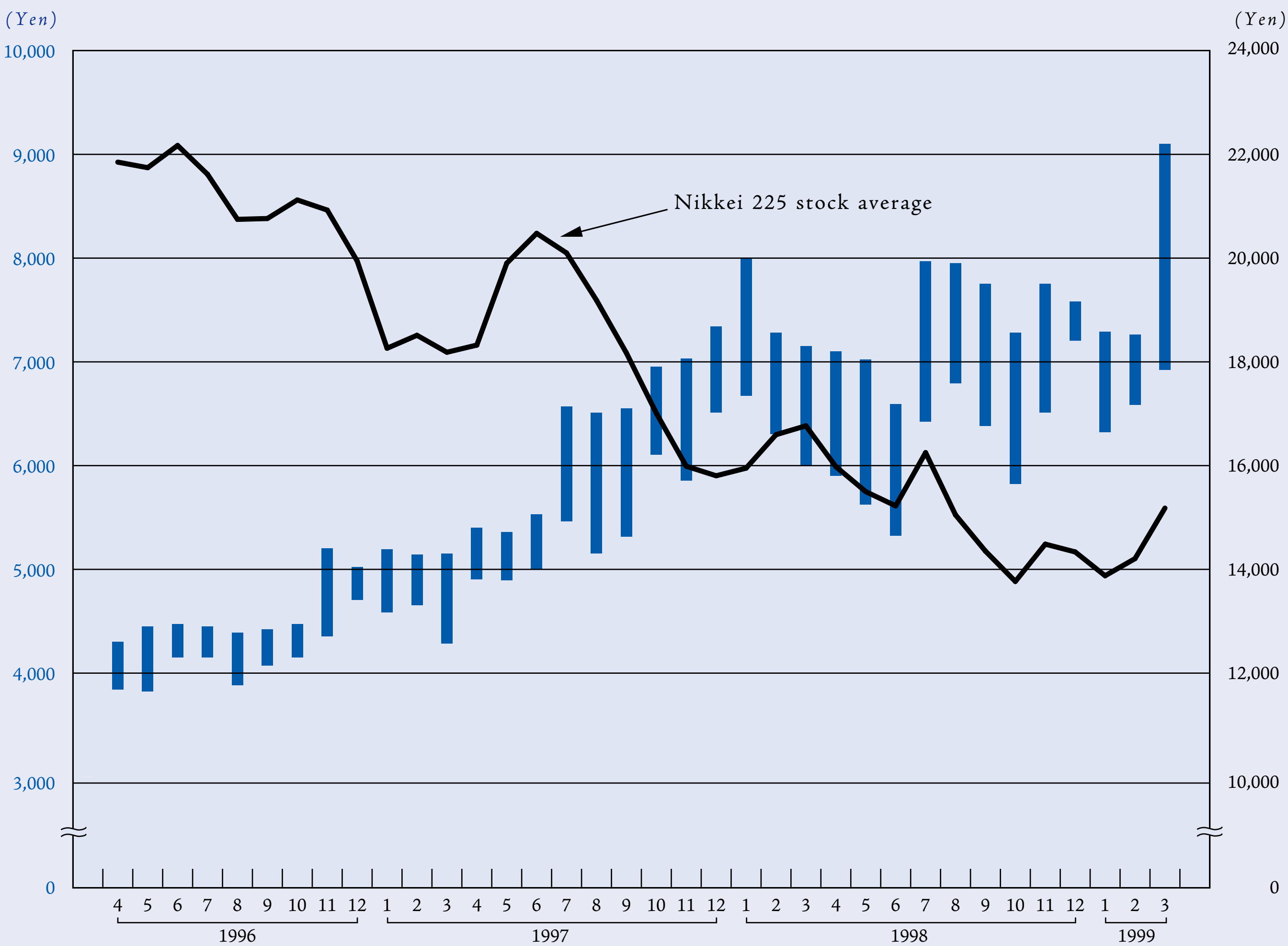
[Average Number of Shares]



	95	96	97	98	99
■ Average number of shares	133,300	146,630	146,630	146,630	**146,630**
Outstanding shares issued at fiscal year-end	133,300	146,630	146,630	146,630	**146,630**
Increased shares by stock split	95/5 13,330				
Stock split ratio	1.0→1.1				

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

[ACOM Stock Price Range]



Note: The Company's shares were listed on the First Section of the Tokyo Stock Exchange on September 2, 1996.

[Principal Shareholders]

(As of March 31, 1999)

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
Shigeyoshi Kinoshita	5,661	3.86
The Mitsubishi Trust and Banking Corporation	4,326	2.95
Maruito Shoten Co., Ltd.	3,873	2.64
The Sumitomo Trust and Banking Company, Limited (trust account)	3,087	2.11
The Long-Term Credit Bank of Japan, Limited	2,750	1.88
Total	86,478 (thousands)	58.98%

Notes: 1. As a result of Mitsubishi Trust and Banking Corporation separating the shares held related to its banking and its trust operations, shares related to trust operations are now listed under a different category than shown in the above table and total 2,015 thousand shares.
2. As a result of Sumitomo Trust and Banking Company, Limited separating the shares held related to its banking and its trust operations, shares related to banking operations are now listed under a different category than shown in the above table and total 544 thousand shares.
3. Share amounts have been rounded down to the nearest thousand.

ACOM's Response

Policy

ACOM recognizes that the Year 2000 computer problem could interrupt its operations and have a substantial impact on customer services. With this in mind, the Company is proceeding with measures to tackle this issue on a Companywide basis, including subsidiaries and affiliates.

Organization

The Company realizes the problems the Year 2000 issue poses for its computer systems and, since 1991, has been implementing corrective measures, including the development of a system based on a four-digit Western calendar. In December 1998, the Company established the Year 2000 Project Committee to further reinforce its Companywide efforts, creating a detailed compliance plan. Individual sections of the Company are implementing corrective measures according to a strict schedule, which is set out in the plan. The director in charge of the committee reports regularly on progress in Year 2000 readiness to ACOM's Board of Directors, and the president and other officers of the Company are directly involved in the management and review of the Year 2000 Project.

Readiness Progress

Compliance is being determined for all components of the Company's systems, including software, hardware, and communications equipment as well as for all systems containing microchips, such as elevators and security systems. ACOM is moving toward total compliance by the end of September 1999, based on the following schedule.

- *Impact assessment*
  Although impact assessment already has been carried out for individual systems, ACOM started a comprehensive assessment of its overall systems in November 1998, which is being updated on an interim basis.

- *System modifications and in-house compliance testing*
  After the completion of the impact assessment, systems are being modified and tested on a step-by-step basis, with the end of September 1999 being targeted for achieving total compliance.

- *Testing of connectivity with external networks and with partner financial institutions*
  Testing will begin as modifications are finished on each system, with final completion of testing targeted for the end of September 1999.

Expenses Related to Year 2000

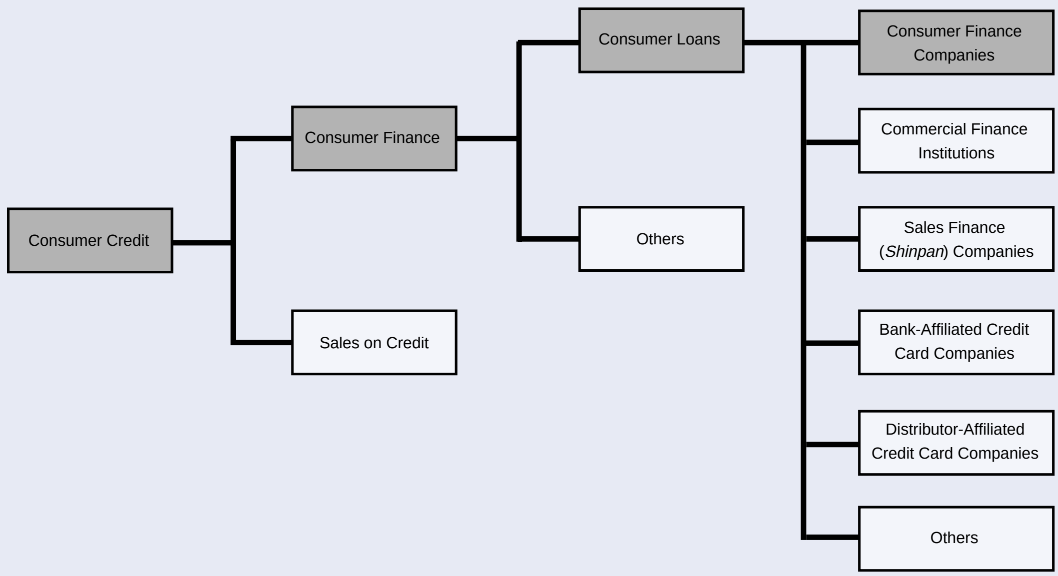
In fiscal 1999, Year 2000-related expenses totaled ¥14 million, with expenses of ¥464 million scheduled for fiscal 2000.

Contingency Plan

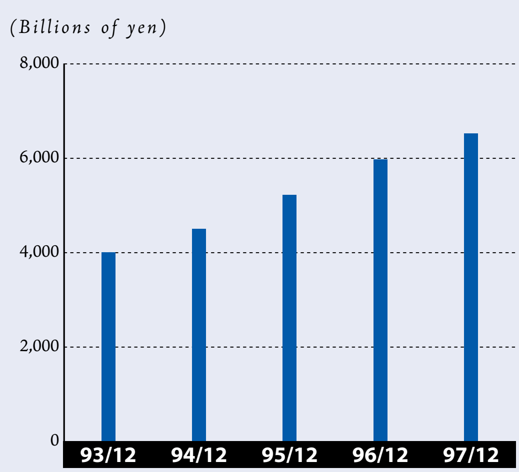
ACOM is creating a contingency plan to deal with a comprehensive range of problems that could arise. At present, the Company is assessing the impact of errors that might occur in its systems on an individual basis in the event that a problem arose in Japan's social infrastructure. ACOM is also assessing the Year 2000 readiness of external organizations that it conducts business with and, based on this evaluation, plans to complete its final contingency plan by the end of September 1999.

[The Consumer Credit Industry]

Source: Japan Consumer Credit Industry Association



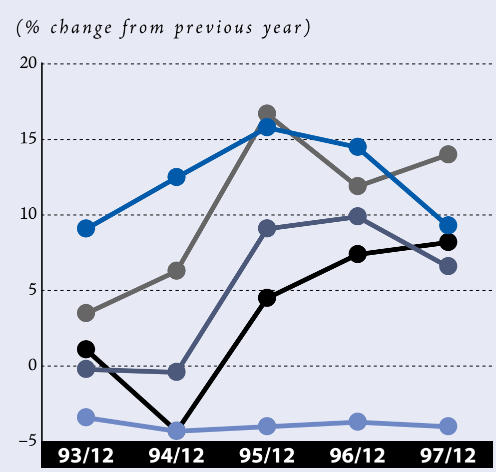
[Consumer Credit Outstanding]



Total consumer credit	¥74,104.8	¥74,911.0	¥74,800.5	¥75,240.7	**¥74,333.5**
Consumer finance	¥57,418.6	¥57,894.6	¥57,083.9	¥56,951.5	**¥56,071.4**
Consumer loans	¥38,017.7	¥37,243.2	¥37,201.7	¥37,403.5	**¥37,286.7**
■ Consumer finance companies	¥ 3,997.0	¥ 4,498.2	¥ 5,208.2	¥ 5,963.4	**¥ 6,517.9**

Source: Japan Consumer Credit Industry Association

[Consumer Loans by Type of Lender]



● Consumer finance companies	9.1	12.5	15.8	14.5	**9.3**
● Commercial finance institutions	−3.4	−4.3	−4.0	−3.7	**−4.0**
● Sales finance (*Shinpan*) companies	−0.2	−0.4	9.1	9.9	**6.6**
● Bank-affiliated credit card companies	1.1	−4.3	4.5	7.4	**8.2**
● Distributor-affiliated credit card companies	3.5	6.3	16.7	11.9	**14.0**

Source: Japan Consumer Credit Industry Association

The ACOM Group

(As of March 31, 1999)

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: ¥16,320 million
Head Office: 11-4, Umeda 1-chome, Kita-ku, Osaka 530-0001, Japan
Telephone: (06) 6347-1281

[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: ¥107 million
Head Office: 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo 102-0071, Japan
Telephone: (03) 3239-4896

[AJAST Ltd.]
Principal Business: Insurance agency
Incorporated: February 1992
Paid-in Capital: ¥4 million
Ownership: 25% owned by ACOM CO., LTD. (indirectly 75%)
Revenues: ¥51 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: ¥1,037 million
Head Office: Iwami Building, 4th Floor, 2-1, Iidabashi 4-chome, Chiyoda-ku, Tokyo 102-0072, Japan
Telephone: (03) 3221-6950

[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: ¥509 million
Head Office: Sakai Building, 2nd Floor, 12-9, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-0021, Japan
Telephone: (03) 5297-2707

[AVRS CO., LTD.]
Principal Business: Audio-visual software rental
Incorporated: March 1998
Paid-in Capital: ¥100 million
Ownership: Wholly owned by ACOM CO., LTD.
Revenues: ¥1,149 million
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.
Operating Loss*: US$984 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.
Operating Loss*: US$984 thousand
Head Office: 229 South State Street, Dover, Kent County, DE, U.S.A.

[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$16 thousand (Year ended December 31, 1998)
Head Office: 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, Singapore

[SIAM A&C CO., LTD.]
Incorporated: September 1996
Paid-in Capital: THB120 million
Ownership: 10% owned by ACOM CO., LTD. (indirectly 39%)
Revenues: THB68,107 thousand (Year ended December 31, 1998)
Head Office: 13th Floor, Ramaland Building, 952 Rama IV Road, Suriyawongse, Bangrak, Bangkok 10500, Thailand

* ACOM (U.S.A.) INC. and ACOM INTERNATIONAL, INC., each hold 50% of partnership capital of 1990K PARTNERSHIP, which recorded a net loss of US$1,968 thousand in fiscal 1999. Therefore, the above companies each posted operating losses of US$984 thousand.

Corporate Data

(As of June 29, 1999)

COMPANY NAME:
ACOM CO., LTD.

BUSINESS OUTLINE:
Loan, credit card, installment sales finance, rental

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:
4,258 (As of March 31, 1999)

For Further Information

Investor Relations Office:
Toyo Building, 8th Floor, 2-10, Nihonbashi 1-chome, Chuo-ku, Tokyo 103-0027, Japan
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