

ANNUAL REPORT 2000

Winning:

Staying Ahead of Customer Needs



Since the establishment of its predecessor, Maruito Shoten Co., Ltd., in 1936, ACOM CO., LTD., has pursued solid, progressive, and aggressive business expansion based on its corporate slogan of "Expanding the Sphere of Trust."

ACOM was incorporated in 1978 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. Based on this license, ACOM began issuing the ACOM MasterCard in April 1999, making its full-fledged entry into the credit card market. The card is gaining increasing popularity among customers. In addition to the instant issuance of the card through the world's first card issuance machines at our MUJINKUN corners throughout Japan, the ACOM MasterCard combines a highly convenient cashing service with a shopping function.

In response to the advent of the digital age in Japan, ACOM is working actively to build new business channels and, in October 1999, opened an office on the Internet.

During these times of dramatic change and intense competition, ACOM is carefully considering the position and point of view of its customers in implementing customer satisfaction oriented management to provide services that ensure each and every customer the highest satisfaction. And, under the banner of "Winning," we are expanding our business, aiming to continually be on the "winning side."

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.

3. Percentage figures are a result of rounding.

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Non-Consolidated Five-Year Summary

ACOM CO., LTD. Years ended March 31

	Millions of yen					Thousands of U.S. dollars
	2000	1999	1998	1997	1996	2000
For the year:						
Total operating income	¥ 341,767	¥ 310,521	¥ 284,632	¥ 258,420	¥ 228,964	\$ 3,219,660
Operating profit	144,374	127,109	114,603	97,817	82,762	1,360,094
Net income	74,038	56,499	44,032	36,877	31,585	697,484
At year-end:						
Loans receivable outstanding	1,347,757	1,206,401	1,083,214	973,648	841,894	12,696,721
Total shareholders' equity	427,716	343,349	293,132	254,281	222,219	4,029,354
Total assets	1,700,322	1,602,641	1,436,151	1,254,459	1,118,162	16,018,106
Borrowings	1,192,926	1,191,700	1,080,286	947,431	848,493	11,238,115
Allowance for bad debts	54,300	44,300	36,900	34,300	32,500	511,540

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

Amounts per share

(in yen and U.S. dollars):

Net income, basic	¥504.93	¥385.31	¥300.29	¥251.50	¥215.40	\$4.75
Cash dividends	55.00	45.00	40.00	35.00	30.00	0.51

Key financial ratios

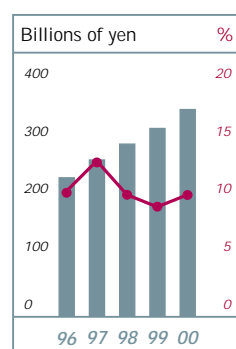
(percentage):

Return on operating income	21.7%	18.2%	15.5%	14.3%	13.8%
Operating profit to operating income	42.2	40.9	40.3	37.9	36.1
Return on assets (ROA)	4.5	3.7	3.3	3.1	3.0
Return on equity (ROE)	19.2	17.8	16.1	15.5	15.1
Interest coverage (times)	5.9	5.4	4.8	3.9	3.5

Notes: 1. The translation of yen amounts into U.S. dollar amounts has been made solely for convenience, at the rate of ¥106.15=US\$1, the exchange rate prevailing on March 31, 2000.

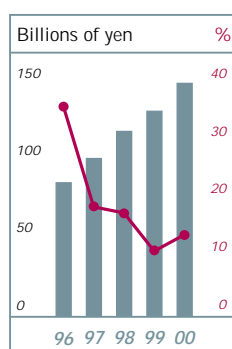
2. ROA and ROE are calculated using a simple average of beginning and end of term total assets and total shareholders' equity figures, respectively.

Total Operating Income



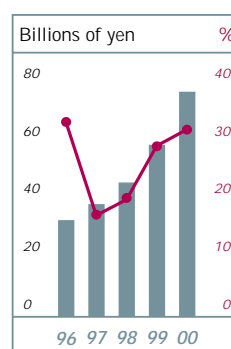
■ Total operating income
● Percent change from previous year

Operating Profit



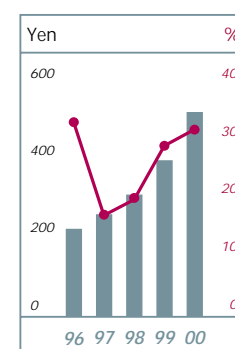
■ Operating profit
● Percent change from previous year

Net Income



■ Net income
● Percent change from previous year

Net Income per Share, Basic



■ Net income per share, basic
● Percent change from previous year

A Letter to Our Shareholders

IN OPENING

Effective June 1, 2000, I became the president of ACOM CO., LTD. It gives me great pleasure to report that the Company achieved its eighth consecutive year of growth in operating income and profit in fiscal 2000. I would like to take this opportunity to express my deep appreciation to our shareholders and customers for their continued strong support.

Business Climate and Performance

In fiscal 2000, ended March 31, 2000, there were signs of recovery in certain areas of the Japanese economy, including the financial services sector, as a result of financial and fiscal measures implemented by the government. Despite the emergence of such positive trends, business conditions remained difficult due to falling employee compensation and a worsening of the unemployment rate. In coping with these circumstances, the Company focused on strengthening its sales service capabilities and maintaining stable profits, while adhering to its operating principles of “achieving customer satisfaction oriented management,” “thoroughly implementing low-cost operations,” and “promoting greater corporate disclosure.”

Major developments during the fiscal year under review included the start-up of our card issuance operations for the ACOM MasterCard as a principal member of MasterCard International. The ACOM MasterCard has a variety of original features, such as no initial or annual membership fees; the selection of payment method, full or revolving, at the time of first payment; and instant card issue using our new card issuance machines at our MUJINKUN outlets.

Also during fiscal 2000, we launched an Internet office, online-A.com, which allows customers to apply for the ACOM MasterCard and loans via the Internet. In a similar vein, we set up E*NetCard CO., LTD., in cooperation with SOFTBANK FINANCE CORPORATION to mediate applications for loans and credit cards.

In addition, following the implementation of the law for funding the loan operations of finance companies (the so-called Nonbank Bond Law), we registered the Company as a “Specified Finance Company” and used the expanded issuing quota to make a zero coupon yen-denominated convertible note issue due March 2002. Through this and other measures, we worked to diversify our sources of funding and reduce funding costs.

We successfully dealt with the Year 2000 issue. Because of the various measures taken under the auspices of our Year 2000 Project Committee, we experienced no significant problems with our computer systems or hardware during the New Year period or during the leap-year day in February.

As a result of our efforts, non-consolidated operating income in fiscal 2000 expanded 10.1%, to ¥341.7 billion, while operating expenses grew 7.6%, to ¥197.3 billion. Consequently, operating profit jumped 13.6%, to ¥144.3 billion, and net income soared 31.0%, to ¥74.0 billion. On a consolidated basis, operating income and expenses were ¥343.6 billion and ¥198.1 billion, respectively. Operating profit and net income were ¥145.4 billion and ¥74.3 billion, respectively.

Dividend Policy

Our basic policy concerning the payment of dividends is to endeavor to maintain a positive and continuous distribution of profits to each shareholder through solid dividend payments by considering economic conditions and the operating environment of the financial services sector, market trends, the Company’s performance, and other factors. Retained earnings are allocated to the expansion of our sales network and our services, to the installation of MUJINKUN machines and information network equipment, and to operating capital.

Medium-Term Strategy and Other Management Issues

Our medium-term strategy aims to establish a solid management foundation and to expand our sales capabilities by focusing on the financial services business as our core business. In implementing this strategy, we focus our attention on the information technology (IT) revolution and the rapid emergence of the Internet society, intensifying competition on a global basis as markets become increasingly borderless, and the transition to a society with fewer children per family and an aging population. Our direction as a company is to “Expand the Sphere of Trust” with customers and society by aiming to become the “Best Personal Network Company.” Guided by our slogan of “Challenge, Value, and Solution,” we will continue to target “Winning” based on our management policies of “providing goods and services that are the first choice of our customers,” “creating value by sharing knowledge among employees and management,” and “achieving goals established in consideration of our competitive advantages by responding quickly to opportunities.”



Shigeyoshi Kinoshita
President

Corporate Governance

We have improved our organizational structure for corporate supervision through the implementation of management audits by our corporate auditors, the preparation of internal administrative rules, and thorough corporate disclosure. Our corporate auditors attend important meetings, such as directors' meetings, and carry out audits of each department and sales office. Also, by strengthening cooperation between the corporate auditors of subsidiaries and the parent company and by holding regular management coordinating meetings, we are working to achieve a balance of corporate governance among ACOM Group companies.

Performance Goals and Indicators

Management's main goals are to increase shareholder value and maintain stable operations. Consequently, we place strong emphasis on consolidated return on shareholders' equity and evaluate our overall management performance based on the equity ratio, return on total assets, and net income per share, among other key performance indicators.

To Our Shareholders

As we head into the 21st century during these times of dramatic change and intense competition, we expect that the business climate will become even more difficult. Nevertheless, we will work to establish a new business model centered on the ACOM MasterCard. In addition, based on our guiding principle of “Commitment to the Customer,” we intend to steadily strengthen our performance through the constant pursuit of customer satisfaction oriented management.

In these endeavors, it is my request that our shareholders and the investment community as a whole continue to support ACOM.

June 2000
Shigeyoshi Kinoshita
President

A handwritten signature in black ink that reads "S. Kinoshita". The signature is written in a cursive, flowing style.

Winning: *Staying Ahead of*



Customer Needs

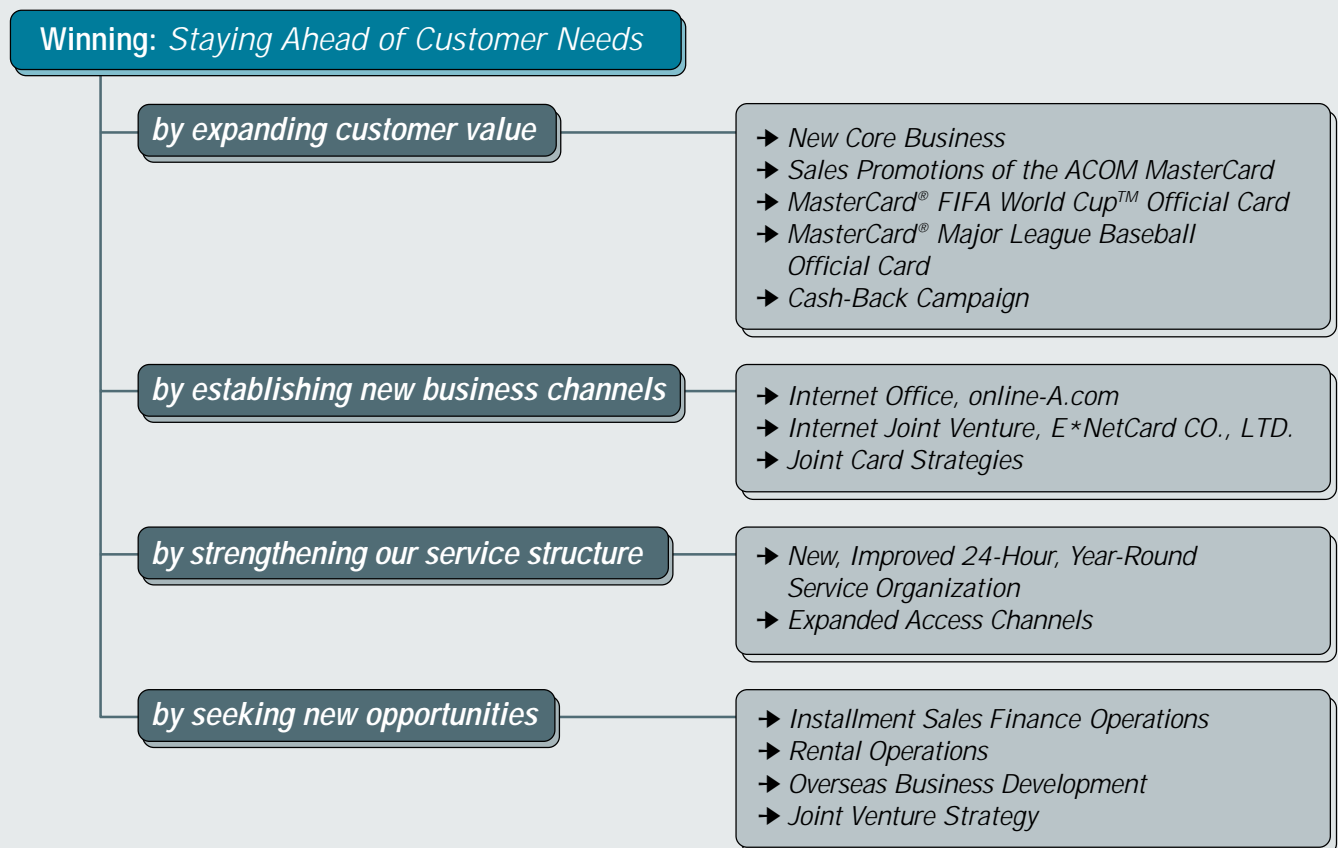
For ACOM, the year 2000—the historic start of a new millennium—is one in which we are aiming for new development. Considering these times of change to be our greatest business opportunity, we are aiming to establish the ACOM MasterCard as a core business by further strengthening our existing business foundations.

Based on its guiding principle of “Commitment to the Customer,” ACOM has cultivated new demand by offering progressive services and thoroughly adhering to its policy of customer satisfaction oriented management. For example, we were the first in the industry to introduce such breakthroughs as the launch of revolving card loans; 24-hour, year-round access to ATMs; and the development of our MUJINKUN automated loan application machines. These measures have had a positive and direct impact on our business expansion.

In April 1999, we began issuing the ACOM MasterCard, which features original services never offered before in the credit card market. And, in October 1999, accompanying the arrival of the digital age in Japan, we opened an Internet office, *online-A.com*, through which we intend to develop new business channels.

Heading into the 21st century, the nonbank sector has entered a period of dramatic change and intense competition. Under the banner of “Winning,” we will continue to develop new business models.

In this special feature, we explain our current business strategies and provide a glimpse of ACOM’s future direction.



by expanding customer value

ACOM's greatest rival is customer needs. We are convinced that staying ahead of customer needs and preferences is the key criterion for remaining on the winning side. With its original features, the ACOM MasterCard, which we began issuing during the fiscal year under review, is our latest initiative based on this strategy.

New Core Business



In July 1998, ACOM was approved as a principal member of MasterCard International, acquiring a license to issue the MasterCard®. In April 1999, we made a full-fledged entry into the credit card business with the launch of the ACOM MasterCard, which has a range of original features never offered by other companies. By combining highly useful cashing and shopping services in one card, we have made it possible to develop a new customer base in addition to our consumer loan customers. Moreover, we can expect high frequency of usage of the card and of the minimum monthly revolving payment system. Aiming to expand our business scope and further strengthen brand loyalty among our customers, we are developing the ACOM MasterCard into a new core business.

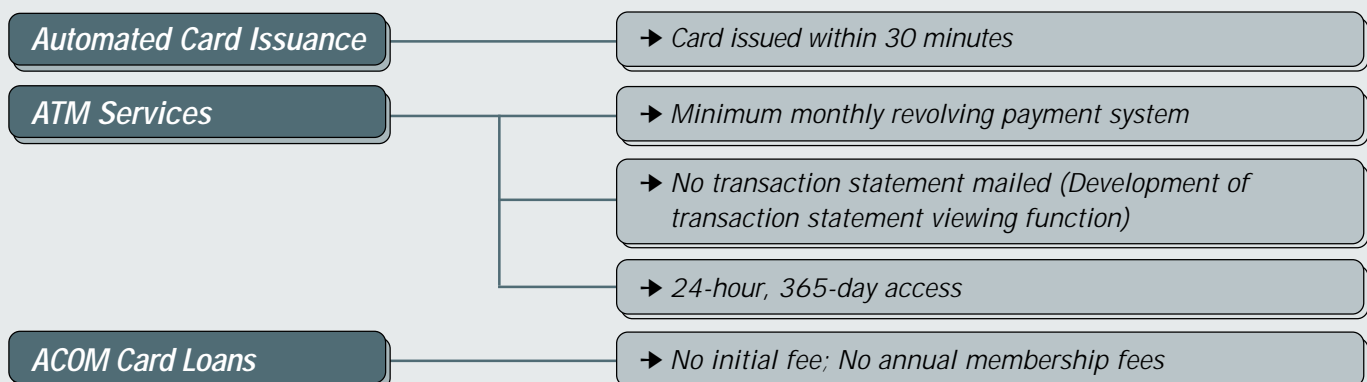
The success of our efforts to date were recognized on June 1, 2000, at the MasterCard International 2000 Asia Pacific Meeting, when ACOM was awarded the top prize in the Best Overall Marketing Program. We received high marks for our ACOM MasterCard sales promotions as well as for the high frequency of card usage.

Since issuance began in April 1999, the ACOM MasterCard has gained overwhelming popularity among our customers. As of the end of March 2000, more than 500 thousand cards had been issued. Also, by the end of April 2000, we had installed 495 instant card issuance machines, the first of their kind worldwide. We plan to increase this number to 800 by the end of March 2001.

Sales Promotions of the ACOM MasterCard

The fiscal year under review was stage one in the process of steadily developing the ACOM MasterCard into a core business. From the current fiscal year, we have entered the second stage of this process, implementing a range of new measures, such as events and sales campaigns, to target the full-scale development of credit card operations, including the expansion of the customer base and business performance.

ACOM MASTERCARD ORIGINAL SERVICES



MasterCard® FIFA World Cup™ Official Card

In May 2000, we began issuing the MasterCard® FIFA World Cup™ Official Card. There are six different card designs in this special card edition, including pictures of the Jules Rimet Cup and the King of Soccer, Pelé. As this is the first time the World Cup is to be held in Asia, hosted by the Republic of Korea and Japan, we are targeting soccer fans as their enthusiasm grows in the leadup to the event.

MasterCard® Major League Baseball Official Card

In June 2000, we began issuing the MasterCard® Major League Baseball Official Card. There are designs for all 30 teams as well as separate designs for the American and National leagues, for a total of 32 different designs to choose from. This sales campaign was planned to take advantage of the growing popularity of North American major league baseball in Japan following the move of several Japanese players to the major leagues in recent years.



Cash-Back Campaign

To promote the use of the ACOM MasterCard for shopping among new and existing cardholders, we are running a cash-back campaign for three months beginning in May 2000. One in every five users of the card will receive cash back equivalent to 10% of the amount they spent each month. Cardholders can participate in the campaign automatically by simply using the card for shopping. With no limit to the number of times a cardholder can win cash back, this sales campaign holds great appeal for cardholders.

by establishing new business channels

*To expand and diversify the sales routes for the ACOM MasterCard, we are working to develop new business channels. We set up an office on the Internet, online-A.com, during the fiscal year under review, and through a joint venture with SOFTBANK FINANCE CORPORATION we established E*NetCard CO., LTD.*

Internet Office, online-A.com

In October 1999, we launched our Internet office, online-A.com. Identical to our regular offices, it approves and manages loans, issues the ACOM MasterCard, and provides services to all categories of customers on a 24-hour basis. Over the medium term, we expect to develop the site into an efficient business channel to serve the growing number of Internet users in Japan.

When customers apply to online-A.com for the ACOM MasterCard, we provide them with speedy service, issuing them a card as quickly as the next business day following their application. Among the other services available over the Internet, customers can use the first electronic bill presentation (EBP) service in the credit card industry to receive one-to-one services, including checking outstanding balances, viewing credit card transaction statements, arranging transfers to bank accounts, and amending personal data files.



*Internet Joint Venture, E*NetCard CO., LTD.*

In October 1999, along with the establishment of our Internet office, we formed E*NetCard CO., LTD., a joint venture with SOFTBANK FINANCE CORPORATION. The joint venture, which began operations in January 2000, is targeting the cultivation of a new customer base for our loan and credit card operations via the Internet. Because of the high brand loyalty on the Internet to the SOFTBANK FINANCE name, we have high expectations that this joint venture will result in the development of a new business channel for expanding our customer base.



Joint Card Strategies

Presently, we are considering to issue the ACOM MasterCard on a joint basis through the network of stores participating in our installment sales finance services. In addition to the installment sales finance field, we believe that companies that have operating bases in the retail market are also promising partners for joint card issuance, and we are actively pursuing tie-ups with them.

by strengthening our service structure

To support the steady growth of our credit card operations as our second core business following consumer loans, we are improving our services, constantly aiming for greater customer satisfaction. For example, we have substantially expanded our 24-hour, year-round customer service organization, which we were the first in the industry to introduce.

New, Improved 24-Hour, Year-Round Service Organization

In May 2000, we strengthened and expanded our highly original 24-hour, year-round service organization, which we have been operating for some time. For example, we added such new services as making preliminary credit screening during the night and issuing the ACOM MasterCard the following morning, thereby strengthening our ability to meet the diverse needs of customers.

Expanded Access Channels

In June 2000, to expand the access channels for our services, we opened Mobile-A.com, a mobile phone on-line Internet service through which we offer a variety of information. Based on this service, customers can make applications and check their cashing and shopping balances, a significant step up in convenience.

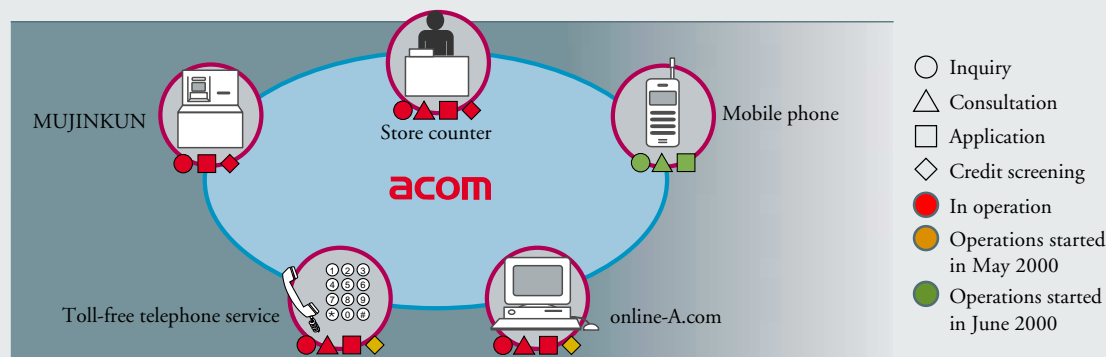
by seeking new opportunities

To promote the development of its ACOM MasterCard operations and other businesses for the future, ACOM researches and develops new business models based on an accurate grasp of changing customer needs.

Installment Sales Finance Operations

In 1983, we established a subsidiary, Japan Consumer Finance Co., Ltd., in response to the entrance of foreign consumer finance companies into the Japanese market, offering low interest rate cashing

ACOM SERVICE STRUCTURE



services and installment sales finance. Today, our installment sales finance operations have expanded to a network of more than 5,000 affiliated vendors with 350 thousand members and outstanding sales finance of more than ¥100 billion. And, we expect these operations to grow even larger.

Rental Operations

In 1978, we opened a rental store in Tokyo, beginning our hardware rental operations. In 1986, we started a video rental store in Osaka, making a full-scale entrance into the audio-visual rental market. As ACOM is a company that aims to offer services that are highly convenient for people's lifestyles, our rental operations contribute to building brand loyalty. These operations were recently spun off as a subsidiary and, in the future, will take a new direction within the ACOM Group.

Overseas Business Development

In September 1996, in consideration of the demographic changes taking place in Japanese society, such as a decreasing population, we established SIAM A&C CO., LTD., a joint venture (49% share) in Thailand with ITOCHU Corporation and a number of Thai companies, to make a full-scale entrance into overseas markets based on the hire purchase finance business.

In April 2000, we entered into an agreement to form a joint venture (40% share), CHAILEASE ACOM FINANCE CO., LTD., with CHAILEASE FINANCE CO., LTD., a major leasing company in Taiwan. The new company will begin hire purchase finance and factoring operations in Taiwan in July 2000.

We expect these overseas operations to provide a firm footing to develop our ACOM MasterCard operations on a global basis.

Joint Venture Strategy

In October 1999, ACOM formed E*NetCard CO., LTD., a joint venture (51% share) with SOFTBANK FINANCE CORPORATION, a company with high brand loyalty on the Internet. Since January 2000, ACOM has been developing a new customer base for its loan and credit card services over the Internet through E*NetCard. The joint venture is attracting considerable interest as a new business model for the rapidly developing digital age.

As can be seen in the previous examples, based on its guiding principle of "Commitment to the Customer," ACOM is anticipating the changing needs of consumers and steadily building on its performance through the development of progressive businesses. Heading into the 21st century, ACOM is seeking out new opportunities through a variety of business arrangements, including joint ventures, merger and acquisition, and tie-ups, as well as entering new businesses, to appropriately establish its credit card operations and other new businesses and to ensure its continued strong performance.

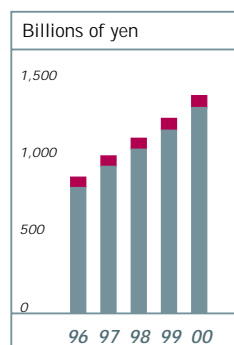
JOINT VENTURES

<i>Corporate name</i>	<i>Business scope</i>
SIAM A&C CO., LTD.	Hire purchase for consumers and factoring
CHAILEASE ACOM FINANCE CO., LTD.	Hire purchase for consumers, factoring, leasing, and servicing
E*NetCard CO., LTD.	New customer base development for consumer loan and credit card operations via the Internet

FINANCIAL SERVICES BUSINESS DIVISION

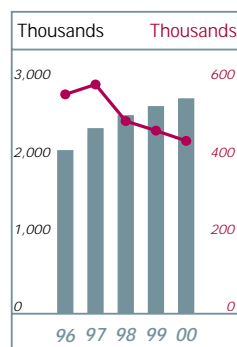
The Financial Services Business Division derives its income from interest from our loan business and income from our credit card and installment sales finance businesses, which, in total, accounted for 96.0% of the Company's operating income in fiscal 2000. Supported by the continued strong performance of our loan business, operating income of the Financial Services Business Division climbed 11.3% in the year under review, to ¥328.0 billion.

Loans Receivable



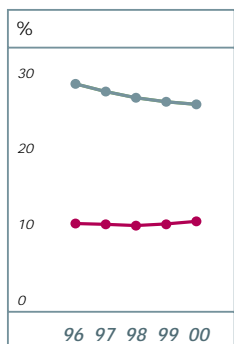
■ Unsecured loans ■ Secured loans

Number of Unsecured Loan Customer Accounts and New Customers



■ Loan customer accounts
● New customers

Average Contracted Loan Interest Rate



■ Unsecured loans ■ Secured loans

Loan Business

Operating income from loans, which generated 92.6% of the Company's total operating income, expanded 10.5% in fiscal 2000, to ¥316.4 billion. Of this amount, operating income from unsecured loans to consumers accounted for ¥307.6 billion, a 10.5% increase from the previous year. Operating income from unsecured loans to enterprises more than doubled, rising 118.8%, to ¥500 million. Operating income from secured loans advanced 7.9%, to ¥8.2 billion.

During the fiscal year under review, we expanded our array of preferential interest rates for our best customers, strengthened our cash dispenser (CD) and automated teller machine (ATM) network, and increased the number of roadside and MUJINKUN outlets. In the area of secured loans, in response to customer requests, we raised the upper ceiling on our real estate card loans to ¥15 million, from ¥8 million. These various measures were successful, supporting steady business expansion.

The total balance of outstanding loans receivable at year-end reached ¥1,347.7 billion, up 11.7% from the previous fiscal year-end. Looking at the composition of outstanding loans, unsecured loans to consumers grew 12.4%, to ¥1,271.8 billion, while unsecured loans to enterprises rose 4.8%, to ¥2.0 billion. Total unsecured loans expanded 12.4%, to ¥1,273.8 billion, and secured loans edged up 0.9%, to ¥73.8 billion.

Interest Rates

As a result of actively expanding our preferential interest rate product lineup, mainly for our best customers, the average interest rate on loans declined 0.22 percentage points, to 24.86%. The average interest rate on unsecured loans to consumers was 25.70%, a decrease of 0.32 percentage points from the previous fiscal year. The proportion of loans receiving preferential interest rates equal to or less than 26.50% increased 3.9 percentage points, to 48.4%. The proportion of loans receiving interest rates equal to or greater than 28.47% was 9.4%, dropping substantially from 15.3% in the previous fiscal year. The average interest rate on unsecured loans to enterprises was 24.08%, a decrease of 0.35 percentage points. As a result of reducing low interest rate secured loans to enterprises, the average interest rate on secured loans increased 0.32 percentage points, to 11.20%.

New Customer Accounts and Average Loan Balance per Account

The number of new customer accounts for unsecured loans to consumers dropped 5.6%, to 427 thousand accounts, reflecting continued stagnation in the domestic economy and worsening labor conditions. Of these new customers, 75.9% made contracts through MUJINKUN automated loan application machines.



The total number of unsecured loan accounts with outstanding balances at fiscal year-end rose 3.8%, to 2,655 thousand. The number of real estate card loan accounts increased 3.9% from the previous fiscal year, to 11,389.

Concerted efforts to expand our offerings of preferential interest rate loans resulted in a ¥37 thousand, or 8.4%, increase in the average year-end balance of unsecured loans to consumers per account, to ¥479 thousand.

Service Outlets

Because of intensive capital investment in the expansion of our network of loan service outlets up until the end of the previous fiscal year, our network has reached a certain level of development. During the fiscal year under review, we made a strategic review of our network, adding 114 outlets to bring the total number of outlets at fiscal year-end to 1,635. The number of staffed loan service outlets rose by 3 outlets, to 512, while the number of unstaffed loan service outlets increased by 111 outlets, to 1,123. The number of roadside loan service outlets also expanded, with the addition of 4 staffed outlets, to 90, and 101 unstaffed outlets, to 898, for a total of 988 outlets at year-end.

MUJINKUN Outlets

During the term, we added 116 MUJINKUN outlets that combine MUJINKUN loan application machines and ATMs. Consequently, the total number of MUJINKUN outlets increased to 1,623. With the introduction of a new system, the number of MUJINKUN machines that can be handled by one operator has been greatly increased, facilitating the more efficient allocation of personnel.

CDs and ATMs

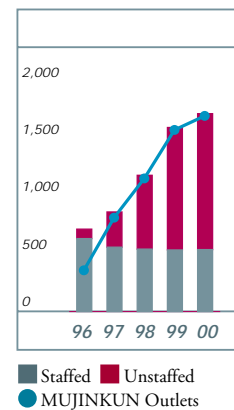
Customers find it extremely convenient to borrow or repay loans using our network of CDs and ATMs. During the fiscal year, we added 120 machines at our own facilities, bringing the total number of machines to 1,944. Of this total, 1,937 units were in operation year-round, while 1,633 also operated around the clock. Accessing our services through CDs and ATMs became even more convenient in fiscal 2000. Through tie-ups with banks and other financial institutions, customers could also access our system through an additional 16,534 machines, an increase of 3,764 machines from the previous fiscal year-end. Of this total, the number of machines in our tie-up network that provide credit-card-shopping repayment services reached 1,737.

Credit Card Business

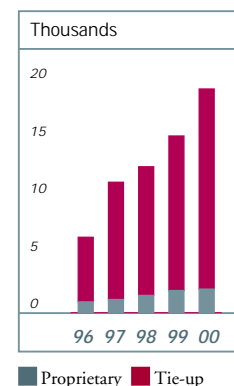
Operating income from credit card business comprises service fees from cardholders and participating retail outlets. Operating income was ¥451 million, up substantially from ¥15 million in the previous fiscal year. This surge in income was mainly attributable to the start-up of our ACOM MasterCard operations.

Since we began marketing the ACOM MasterCard in April 1999, 504 thousand contracts had been signed as of the end of March 2000, and 380 thousand cards were activated by customers. Card transactions totaled ¥8.0 billion, and card shopping receivable was ¥6.1 billion. At the end of the fiscal year under review, ACOM was operating 354 card issuance machines. We plan to increase this number to 800 by the end of fiscal 2001.

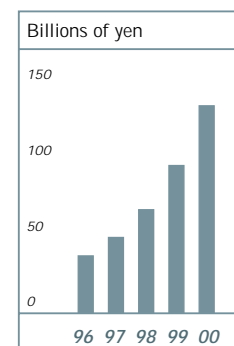
Number of Loan Service Outlets and MUJINKUN Outlets



Number of CDs and ATMs



Installment Sales Finance Receivable



Installment Sales Finance

Operating income from installment sales finance business increased 33.1% during the year under review, to ¥11.1 billion. Installment sales finance receivable expanded favorably, with transaction volume up 27.1%, to ¥93.5 billion, and the outstanding balance up 40.5%, to ¥128.2 billion. ACOM has a network of more than 5,000 affiliated vendors in its installment sales finance services. In fiscal 2000, we focused on the cost-effective expansion of our business through the use of ACOM's loan service outlet network, setting up the Matsuyama Installment Sales Finance Representative Office in the Matsuyama Loan Service Outlet.

Because of continued expansion in the operations of our Financial Services Business Division, we achieved growth in operating income and profit for the eighth consecutive year. In the future, we plan to leverage our advantage of being the first to issue a major credit card among consumer finance companies to the maximum in targeting stable growth. This will be done by pursuing further cost reductions through greater efficiency while accurately grasping customer needs and responding more promptly to them.

OTHER BUSINESS DIVISION

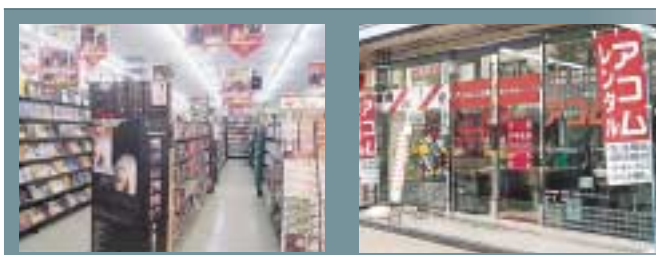
Other Business Division operating income comprises rental income and sales of goods by our audio-visual software stores. In fiscal 2000, operating income of the division was ¥6.7 billion, a decline of 27.5%. Of this amount, merchandise sales contributed ¥320 million.

Audio-Visual Software Rental and Sales

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. In fiscal 2000, we closed 11 inefficient outlets and opened one new, highly efficient type of store. As a result, the total number of stores nationwide decreased by 10, to 40 outlets. Reflecting this contraction in our network, operating income declined 29.3%, to ¥3.0 billion.

Hardware Rental

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 to increase efficiency. Also, in October 1999, we established ACOM RENTAL CO., LTD., spinning off our hardware rental operations as a subsidiary that began operations in April 2000 with the aim of achieving greater profitability. In fiscal 2000, operating income increased 7.6%, to ¥3.3 billion.



CULTURAL AND COMMUNITY ACTIVITIES

ACOM pursues a variety of endeavors in accordance with its corporate philosophy of supporting cultural and community activities, continually expanding the scope of its involvement to further enhance the lives of people in regions throughout Japan. Examples of its activities include assisting automobile accident victims with dependent children through the Bluebird Fund, cooperating with local organizers in holding festivals, supporting volunteer and social welfare programs, backing amateur sports events, and sponsoring a professional golf tournament. In addition, 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 support blood donation drives on a regular basis.

Visual Concert Story

Since 1994, ACOM has been a supporter of a new type of cultural performance that combines shadow theater with classical music. These performances are highly praised for giving both parents and children the opportunity to experience an artful production of sound and drama. Currently, the troupe is in the process of creating its third concert. During the fiscal year under review, performances were held in eight locations throughout Japan and attended by approximately 6,500 people.

Internet Community, "acommy"

In December 1999, ACOM set up "acommy," an Internet community. This Internet site provides daily lifestyle information for a wide range of Internet users as part of ACOM's advertising and public relations activities. The main feature of the site is Opinions, a section where a variety of guests are invited every month to share their views with Internet users based on the theme of "Lifestyle." In addition, there is a Communication Square that

contains eight menus, such as a bulletin board and a chat room, as well as other expanded services for the Internet community. (<http://www.acommy.com/>)

ACOM International Golf Tournament

Since 1983, ACOM has annually sponsored a professional golf tournament to promote local community involvement and further popularize golf. In 1991, the ACOM International Golf Tournament became 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. In 1999, the tournament was moved to the Ishioka Golf Club. In a recent survey of touring professional Japanese golfers, this event was ranked number four overall among men's professional tournaments in Japan during the 1999 season.



Board of Directors

(As of June 29, 2000)



Kyosuke Kinoshita



Masanao Kato



Shigeyoshi Kinoshita

Chairman

Kyosuke Kinoshita

Deputy Chairman

Masanao Kato

President

Shigeyoshi Kinoshita

Senior Managing Directors

Nobuyuki Yamochi

Masayoshi Tatsuta

Managing Directors

Tsuneo Tsukada

Shigeo Mikami

Kazuhiro Shimada

Keiji Nishio

Director and Senior Executive Adviser

Hitoshi Kondo

Directors

Yusuke Yoshikawa

Kouichi Izumimoto

Yoshifusa Kagami

Yasushi Iwakiri

Tatsuaki Murata

Hiroshi Hase

Kazuyoshi Matsuura

Zenichi Hioki

Shigeru Akaki

Masamitsu Seto

Atsumi Takagishi

Corporate Auditors

Koichi Shimizu*

Takehiro Hayashi*

Masayoshi Fujimoto

Noriaki Tanaka

* Independent Corporate Auditor



Nobuyuki Yamochi



Masayoshi Tatsuta



Tsuneo Tsukada



Shigeo Mikami



Kazuhiro Shimada

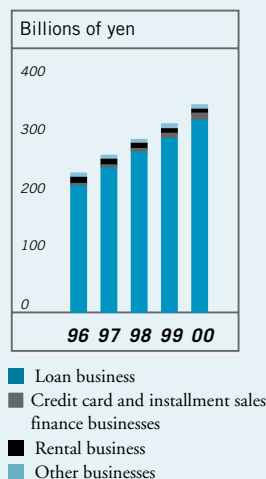


Keiji Nishio

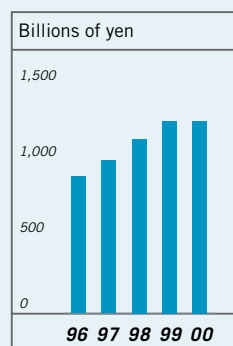
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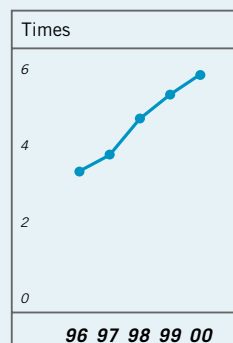
Operating Income by Segment



Borrowings



Interest Coverage



Consolidated Performance

Consolidated financial statements have been prepared for the first time in fiscal 2000. Therefore, comparative data for previous years is not available. There are 13 consolidated subsidiaries. However, the ratio of consolidated to non-consolidated total operating income is 1.004, indicating that the parent company accounts for a high proportion of consolidated results. For a more detailed analysis, refer to the non-consolidated section of the financial review.

In fiscal 2000, consolidated total operating income was ¥343.6 billion, while total operating expenses were ¥198.1 billion. Consequently, operating profit amounted to ¥145.4 billion. Total other expenses, net, amounted to ¥4.2 billion, resulting in income before income taxes of ¥141.2 billion and net income of ¥74.3 billion. Diluted net income per share was ¥500.32. Total assets stood at ¥1,708.0 billion at fiscal year-end, and total shareholders' equity at ¥429.1 billion. The shareholders' equity ratio was 25.1%, and shareholders' equity per share was ¥2,927.04. Net income as a percentage of shareholders' equity was 17.3% and as a percentage of operating income, 21.6%.

Looking at consolidated cash flow, net cash used in operating activities was ¥69.5 billion. Of this amount, income before income taxes covered an increase in loans receivable. Net cash provided by investing activities was ¥7.5 billion, principally due to a decrease in time deposits and marketable securities. Net cash used in financing activities was ¥5.9 billion, mainly because of a decrease in short-term loans and payments on principal of long-term debt. Consequently, cash and cash equivalents at end of the year totaled ¥99.9 billion, exceeding net cash used in operating activities by a significant margin.

Non-Consolidated Performance

Operating Income

Although there were some signs of recovery in Japan's financial services sector, the economy as a whole remained weak in fiscal 2000. Under these circumstances, the Company expanded its lineup of preferential interest rate unsecured loans, strengthened its CD and ATM network, and increased the number of roadside and MUJINKUN outlets. As a result of these efforts, non-consolidated total operating income advanced 10.1% in fiscal 2000, to ¥341.7 billion.

Operating income of the Financial Services Business Division increased 11.3%, to ¥328.0 billion, accounting for 96.0% of total operating income. Operating income of the Other Business Division fell 27.5%, to ¥6.7 billion, contributing 2.0% of total operating income. Other financial income and other operating income rose 7.0%, to ¥6.9 billion, accounting for the remaining 2.0%.

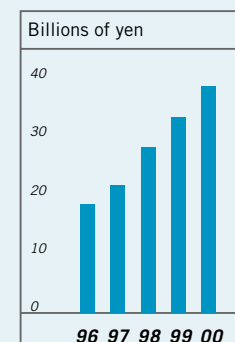
Operating Expenses

Total operating expenses amounted to ¥197.3 billion in fiscal 2000, a rise of 7.6%, less than the rate of increase in total operating income. Total operating expenses as a percentage of total operating income were 57.8%, decreasing from 59.1% in the previous fiscal year. Among operating expenses, financial expenses edged up 1.6%, to ¥29.2 billion. Because growth in financial expenses was substantially below that in operating income, the ratio of financial expenses to total operating income decreased 0.7 percentage points, to 8.6%. This improvement can be attributed to the issuance of straight and convertible bonds as well as an increase in the proportion of fixed interest rate borrowings, from 63.9% to 71.0%, which resulted in a decline in the average interest rate on funds procured during the fiscal year under review, from 2.57% to 2.46%. Consequently, the ratio of financial expenses related to the interest on the loans receivable of the Financial Services Business Division was 9.2%, down from 10.0% in the previous fiscal year.

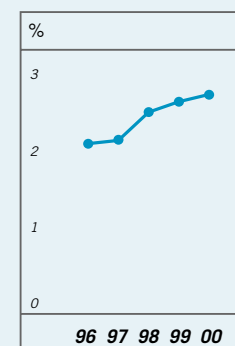
General and administrative expenses increased 6.2%, to ¥120.4 billion. The ratio of general and administrative expenses to total operating income decreased 1.3 percentage points, to 35.2%. Among general and administrative expenses, personnel costs rose 6.1%, to ¥35.2 billion. This increase included additional payments to the Company's pension fund of ¥2.5 billion. Advertising and promotion expenses rose 16.1%, to ¥15.6 billion, because of higher television, newspaper, and other advertising expenses accompanying the launch of the ACOM MasterCard. Administrative expenses were up 6.1%, to ¥15.7 billion, principally due to the addition of 114 outlets to our loan service outlet network. On the other hand, expenses for computer operation and development declined 3.0%, to ¥18.6 billion. Because of the turnover of expired leases on MUJINKUN machines and a reduction in leasing expenses for host computers and other equipment, leasing expenses for computers declined 6.4%, to ¥6.1 billion. In addition, commission fees for computer systems decreased 9.0%, to ¥4.0 billion, primarily because MasterCard system development was completed during the previous fiscal year.

The provision for bad debts, consisting of bad debt write-offs and additional allowance for bad debts, grew 19.4%, to ¥47.4 billion, reflecting an increase in the balance of loans receivable. Of this amount, bad debt write-offs rose 15.8%, to ¥37.4 billion. Although the ratio of bad debt write-offs edged up 0.09 percentage points, to 2.72%, it remained at a sound level. In addition, ¥10.0 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 amounted to ¥54.3 billion, up 22.6% from the previous fiscal year. The allowance for bad debts as a percentage of the combined balance of loans outstanding and installment sales finance receivable rose 0.27 percentage points, to 3.73%, more than adequate to cover losses.

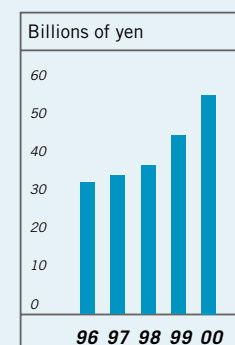
Bad Debt Write-Offs



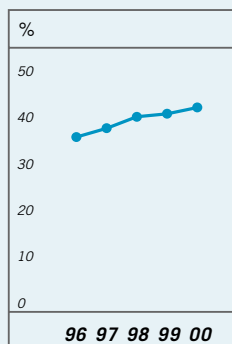
Ratio of Bad Debt Write-Offs



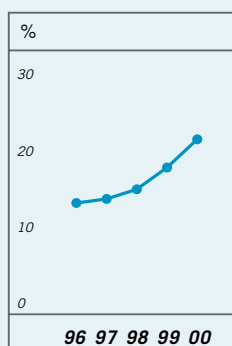
Allowance for Bad Debts



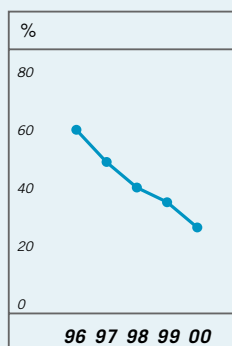
Ratio of Operating Profit to Operating Income



Return on Operating Income



Fixed Assets Ratio



Earnings

In fiscal 2000, operating profit increased 13.6%, to ¥144.3 billion, exceeding the rate of increase in operating income. As a result, the ratio of operating profit to total operating income was 42.2%, up from 40.9% in the previous fiscal year.

Total other expenses, net, edged up from ¥4.0 billion in the previous fiscal year to ¥4.1 billion. Although other interest income from interest on loans and dividends from securities expanded, this was offset by a ¥622 million loss on revaluation of marketable securities and a ¥2.8 billion net loss on sale or disposal of fixed assets, including capital losses of ¥2.0 billion from real estate sold to a subsidiary, ACOM ESTATE CO., LTD. In addition, the Company recorded bond issuance expenses of ¥1.7 billion. Income before income taxes climbed 13.9%, to ¥140.2 billion. Due to the application of tax effect accounting, the effective tax rate was 47.2%, down from 54.1% in the previous fiscal year. Net income grew 31.0%, to ¥74.0 billion, and net income as a proportion of total operating income rose 3.5 percentage points, to 21.7%. Basic net income per share also expanded substantially, from ¥385.31 in fiscal 1999 to ¥504.93. Total dividends for the term amounted to ¥55.00 per share, comprising an interim dividend of ¥25.00 per share and a year-end dividend of ¥30.00 per share.

Cash Flow

Net cash used in operating activities declined 1.9% from the previous fiscal year, to ¥69.2 billion. Although income before income taxes and the allowance for bad debts rose, there was also a substantial increase in cash outflows related to the expansion in loans receivable.

Net cash provided by investing activities totaled ¥9.7 billion, compared with net cash used in investing activities of ¥13.8 billion in the previous fiscal year, reflecting an increase in the repayments of time deposits and reduced purchases of property and equipment.

Net cash used in financing activities amounted to ¥7.0 billion, compared with net cash provided by financing activities of ¥104.7 billion in the previous year. Proceeds from long-term debt declined ¥48.1 billion, while payments on principal of long-term debt rose ¥58.2 billion and the decrease in short-term loans was ¥4.3 billion higher.

As a result, cash and cash equivalents at end of the year amounted to ¥96.6 billion, down 40.8% from ¥163.2 billion at the end of fiscal 1999. 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 6.9%, to ¥1,578.9 billion. This increase was mainly attributable to 11.7% growth in loans receivable, to ¥1,347.7 billion, which offset declines in cash and cash equivalents and time deposits. Property and equipment, net, decreased 8.1%, to ¥67.5 billion, while total investments and other assets edged up 1.9%, to ¥53.9 billion. Total assets, therefore, climbed 6.1%, to ¥1,700.3 billion.

Total current liabilities fell 14.5%, to ¥428.4 billion. Although the current portion of long-term debt grew 13.2%, to ¥332.2 billion, short-term loans, including commercial paper, dropped to ¥19.6 billion, from ¥142.2 billion at the end of the previous fiscal year.

Total long-term liabilities expanded 11.4%, to ¥844.1 billion. The main factor contributing to this increase was an 11.3% rise in long-term debt, to ¥841.0 billion, in line with the expansion in loans receivable. Against the backdrop of the low interest rate environment in Japan, the Company substantially increased the amount of straight bonds, from ¥99.9 billion to ¥160.0 billion. In addition, ACOM made a ¥50.0 billion unsecured zero coupon yen-denominated convertible note issue, which will mature in 2002.

Working Capital and Shareholders' Equity

Working capital rose 18.0% from the previous fiscal year-end, to ¥1,150.4 billion, due to the increase in current assets accompanying the expansion in loans receivable as well as the decline in current liabilities.

The current ratio was 368.5%, up from 294.5%, reflecting the Company's improved financial stability. Total shareholders' equity rose 24.6%, to ¥427.7 billion, due to higher retained earnings and legal reserve. As a result, the equity ratio climbed 3.8 percentage points, to 25.2%. Return on equity increased to 19.2%, from 17.8% in fiscal 1999, while return on assets was 4.5%, up from 3.7%.

Capital Expenditures and Financing

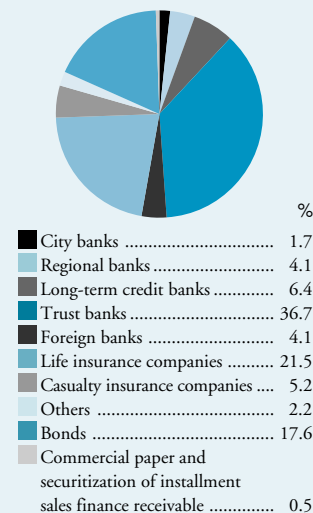
During fiscal 2000, capital expenditures contracted 50.6%, to ¥7.2 billion, because the end of a policy of intense network expansion resulted in lower investment in new automated loan application machines and ATMs.

As of the end of March 2000, borrowings totaled ¥1,192.9 billion, edging up 0.1% from the previous fiscal year-end. Indirect financing from banks, life and casualty insurance companies, and other companies accounted for 81.9% of these borrowings, a decrease of 7.0 percentage points from 88.9% at the end of the previous year. This decline can be attributed to the 60.2% increase in the amount of outstanding straight bonds, to ¥160.0 billion, and the ¥50.0 billion unsecured zero coupon yen-denominated convertible note issue. Commercial paper decreased substantially, to ¥1.0 billion. Consequently, direct financing of borrowings grew 63.1%, to ¥216.0 billion.

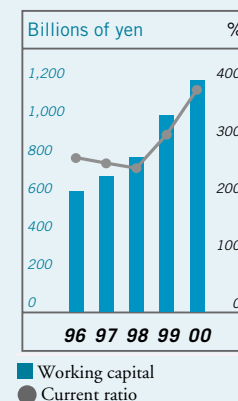
Short-term borrowings, including commercial paper, as a percentage of overall debt dropped to 1.6%, from 11.9%. On the other hand, the proportion of fixed interest rate borrowings, including straight bonds, in overall debt rose from 63.9% to 71.0%, up 7.1 percentage points. The greater proportion of fixed interest rate funds provides increased protection against the risk of interest rates rising. In addition, the average rate for floating interest rate funding during the term rose 0.19 percentage points, to 2.20%. The average rate for fixed interest rate funding declined 0.31 percentage points, to 2.65%. While monitoring movements in financial markets, ACOM will continue to actively expand its direct financing, taking a flexible approach to funding its operations.

Composition of Funds by Lenders

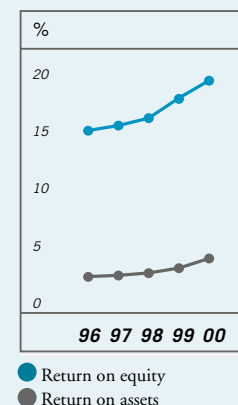
(As of March 31, 2000)



Working Capital and Current Ratio



Return on Assets and Equity



Consolidated Balance Sheet

ACOM CO., LTD. and Subsidiaries March 31, 2000

Assets	Millions of yen	Thousands of U.S. dollars (Note 3)
	2000	2000
Current assets:		
Cash and cash equivalents	¥ 99,932	\$ 941,422
Time deposits	7,471	70,381
Marketable securities (Notes 5 and 6)	9,653	90,937
Loans receivable (Notes 4 and 6)	1,347,757	12,696,721
Notes and accounts receivable	131,324	1,237,154
Inventories	7,105	66,933
Deferred tax assets (Note 8)	18,199	171,446
Other current assets	17,462	164,503
Allowance for bad debts	(53,305)	(502,166)
Total current assets	1,585,600	14,937,352
Property and equipment:		
Land	35,193	331,540
Buildings and structures	51,726	487,291
Equipment	29,576	278,624
	116,497	1,097,475
Accumulated depreciation	(36,055)	(339,660)
Property and equipment, net (Note 6)	80,441	757,804
Investments and other assets:		
Investments in securities (Notes 5 and 6)	11,966	112,727
Telephone rights and other intangible assets	1,839	17,324
Rental deposits	12,194	114,875
Deferred tax assets (Note 8)	2,212	20,838
Other	12,719	119,821
Allowance for bad debts	(1,040)	(9,797)
Total investments and other assets	39,894	375,826
Foreign currency translation adjustments	2,095	19,736
Total assets	¥1,708,030	\$16,090,720

See accompanying notes to consolidated financial statements.

Liabilities and Shareholders' Equity	Millions of yen	Thousands of U.S. dollars (Note 3)
	2000	2000
Current liabilities:		
Short-term loans (Note 6)	¥ 21,808	\$ 205,445
Current portion of long-term debt (Note 6)	332,216	3,129,684
Notes and accounts payable	5,027	47,357
Accrued income taxes	38,253	360,367
Deferred income on installment sales	22,172	208,874
Other current liabilities	13,128	123,674
Total current liabilities	432,608	4,075,440
Long-term liabilities:		
Long-term debt (Note 6)	842,858	7,940,254
Allowance for directors' and statutory auditors' retirement benefits	1,006	9,477
Other long-term liabilities	2,178	20,518
Total long-term liabilities	846,043	7,970,259
Minority interests in consolidated subsidiaries	183	1,723
Commitments and contingent liabilities (Note 11)		
Shareholders' equity:		
Common stock, ¥50 par value:		
Authorized: 533,200,000 shares		
Issued: 146,630,880 shares at March 31, 2000	17,282	162,807
Additional paid-in capital	25,772	242,788
Retained earnings (Note 10)	386,139	3,637,673
Less: treasury stock	(0)	(0)
Total shareholders' equity	429,195	4,043,287
Total liabilities and shareholders' equity	¥1,708,030	\$16,090,720

Consolidated Statement of Income

ACOM CO., LTD. and Subsidiaries Year ended March 31, 2000

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2000	2000
Operating income:		
Interest on loans receivable	¥316,490	\$2,981,535
Fees from credit card business	451	4,248
Fees from installment sales financing	11,602	109,298
Other financial income	367	3,457
Sales	8,013	75,487
Other operating income	6,719	63,297
Total operating income	343,644	3,237,343
Operating expenses:		
Financial expenses	29,263	275,675
Cost of sales	2,592	24,418
General and administrative expenses (Notes 7 and 9)	118,766	1,118,850
Provision for bad debts	47,532	447,781
Total operating expenses	198,155	1,866,745
Operating profit	145,488	1,370,588
Other income (expenses):		
Other interest and dividend income	235	2,213
Other interest expense	(60)	(565)
Net loss on sale or disposal of fixed assets	(2,797)	(26,349)
Loss on revaluation of marketable securities	(622)	(5,859)
Loss on revaluation of investments in securities	(123)	(1,158)
Loss on settlement of a subsidiary	(171)	(1,610)
Gain on termination of a leveraged lease contract	634	5,972
Other, net	(1,353)	(12,746)
Total other expenses, net	(4,259)	(40,122)
Income before income taxes	141,229	1,330,466
Income taxes (Note 8):		
Current	69,537	655,082
Deferred	(2,558)	(24,097)
Total income taxes	66,978	630,975
Minority interests in loss of consolidated subsidiaries	(101)	(951)
Net income	¥ 74,352	\$ 700,442
Amounts per share (in yen and U.S. dollars):		
Net income:		
Basic	¥ 507.07	\$ 4.77
Diluted	500.32	4.71
Cash dividends	55.00	0.51

See accompanying notes to consolidated financial statements.

Consolidated Statement of Shareholders' Equity

ACOM CO., LTD. and Subsidiaries Year ended March 31, 2000

	Number of shares of common stock (Thousands)	Millions of yen			
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance at March 31, 1999	146,630	¥17,282	¥25,772	¥301,350	¥ (0)
Adjustment for the cumulative effect on prior years of recognizing deferred income taxes	—	—	—	17,810	—
Net income	—	—	—	74,352	—
Cash dividends	—	—	—	(7,331)	—
Bonuses to directors	—	—	—	(41)	—
Net decrease in treasury stock	—	—	—	—	0
Balance at March 31, 2000	146,630	¥17,282	¥25,772	¥386,139	¥ (0)

	Thousands of U.S. dollars (Note 3)			
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock
Balance at March 31, 1999	\$162,807	\$242,788	\$2,838,907	\$ (0)
Adjustment for the cumulative effect on prior years of recognizing deferred income taxes	—	—	167,781	—
Net income	—	—	700,442	—
Cash dividends	—	—	(69,062)	—
Bonuses to directors	—	—	(386)	—
Net decrease in treasury stock	—	—	—	0
Balance at March 31, 2000	\$162,807	\$242,788	\$3,637,673	\$ (0)

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

ACOM CO., LTD. and Subsidiaries Year ended March 31, 2000

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2000	2000
Operating activities:		
Income before income taxes	¥ 141,229	\$ 1,330,466
Adjustments:		
Depreciation and amortization	6,664	62,779
Increase in allowance for bad debts	10,015	94,347
Increase in allowance for directors' and statutory auditors' retirement benefits	94	885
Non-operating interest and dividend income	(235)	(2,213)
Non-operating interest expense	60	565
Net loss on sale or disposal of fixed assets	2,797	26,349
Bond issuance expenses	1,781	16,778
Loss on revaluation of marketable securities	622	5,859
Loss on revaluation of investments in securities	123	1,158
Loss on settlement of a subsidiary	171	1,610
Gain on termination of a leveraged lease contract	(634)	(5,972)
Changes in operating assets and liabilities:		
Increase in loans receivable	(141,355)	(1,331,653)
Increase in notes and accounts receivable	(38,694)	(364,521)
Decrease in inventories	195	1,837
Decrease in other current assets	5,030	47,385
Increase in notes and accounts payable	1,685	15,873
Increase in deferred income on installment sales	6,040	56,900
Increase in other current liabilities	2,361	22,242
Bonuses paid to directors	(41)	(386)
Other, net	477	4,493
Subtotal	(1,608)	(15,148)
Non-operating interest and dividends received	233	2,195
Non-operating interest paid	(50)	(471)
Income taxes paid	(68,106)	(641,601)
Net cash used in operating activities	(69,531)	(655,025)
Investing activities:		
Decrease in time deposits and marketable securities	12,350	116,344
Proceeds from sale of property and equipment	20	188
Purchases of property and equipment	(4,061)	(38,257)
Proceeds from maturity or sale of investments in securities	258	2,430
Increase in investments in securities	(609)	(5,737)
Proceeds from settlement of a subsidiary	47	442
Proceeds from termination of a leveraged lease contract	340	3,203
Increase in other investments	(843)	(7,941)
Net cash provided by investing activities	7,503	70,682
Financing activities:		
Proceeds from long-term debt	416,303	3,921,837
Payments on principal of long-term debt	(293,335)	(2,763,400)
Decrease in short-term loans	(121,588)	(1,145,435)
Cash dividends paid	(7,332)	(69,072)
Net cash used in financing activities	(5,952)	(56,071)
Effect of exchange rate changes on cash and cash equivalents	(50)	(471)
Decrease in cash and cash equivalents	(68,030)	(640,885)
Cash and cash equivalents at beginning of the year	167,963	1,582,317
Cash and cash equivalents at end of the year	¥ 99,932	\$ 941,422

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ACOM CO., LTD. and Subsidiaries Year ended March 31, 2000

1. Basis of Presenting the Consolidated Financial Statements

The accounting records of ACOM CO., LTD. (the “Company”) and its domestic subsidiaries are maintained in accordance with the provisions set forth in the Commercial Code of Japan (the “Commercial Code”) and in conformity with accounting principles and practices generally accepted in Japan.

The accounts of overseas subsidiaries of the Company are based on the financial statements prepared in conformity with generally accepted accounting principles (“GAAP”) and practices prevailing in the countries where the subsidiaries have been incorporated. The accompanying financial statements have not been materially affected by the differences between the GAAP prevailing in these countries and Japanese GAAP. Therefore, no adjustments have been reflected in the accompanying consolidated financial statements to present the accounts of the subsidiaries in compliance with Japanese accounting principles and practices.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Ministry of Finance in Japan (the “MOF”) in accordance with the Securities and Exchange Law of Japan. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated 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 consolidated financial statements filed with the MOF have been reclassified for the convenience of readers outside Japan.

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 consolidated 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) Principles of consolidation

The Company had 13 subsidiaries as of March 31, 2000. The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries (together, the “Companies”), which are listed below:

Name	Country of incorporation	Percentage of equity ownership	Fiscal year end
JLA INCORPORATED	Japan	100%	March 31
ACOM RESEARCH INSTITUTE, INC.	Japan	100%	March 31
AJAST Ltd.	Japan	100%	March 31
ACOM ESTATE CO., LTD.	Japan	100%	March 31
ABS CO., LTD.	Japan	100%	March 31
AVRS CO., LTD.	Japan	100%	March 31
E*NetCard CO., LTD.	Japan	51%	March 31
ACOM RENTAL CO., LTD.	Japan	100%	March 31
ACOM (U.S.A.) INC.	U.S.A.	100%	December 31 ^(*)
ACOM INTERNATIONAL, INC.	U.S.A.	100%	December 31 ^(*)
1990 K PARTNERSHIP	U.S.A.	100%	December 31 ^(*)
ACOM PACIFIC, INC.	U.S.A.	100%	December 31 ^(*)
SIAM A&C CO., LTD.	Thailand	49% ^(**)	December 31

(*) Changed its fiscal year end from March 31 effective this fiscal year. As a result, the financial statements have been prepared for the nine-month period ended December 31, 1999.

(**) With reference to certain criteria regarding the “control” concept newly introduced into Japanese GAAP, the Company has treated any entity deemed as being substantially controlled by the Companies as a consolidated subsidiary, even if it is less-than-majority owned.

The difference between the cost of investment in a subsidiary and the equity in its net assets at the date of acquisition is charged to income as immaterial.

For the purpose of preparing the accompanying consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated. The accounts of the overseas subsidiaries have been included on the basis of fiscal periods ended December 31.

(b) Cash equivalents

The Companies consider all highly liquid investments, including time deposits with banks, bond investment funds and marketable securities purchased under resale agreements with a maturity of three months or less when purchased to be cash equivalents.

(c) Foreign currency translation

The accounts of the overseas subsidiaries are translated into yen at the year-end exchange rates, except for shareholders' equity, which is translated at historical rates. Differences arising from the translations are referred as "foreign currency translation adjustments" in the accompanying consolidated balance sheet.

(d) Foreign currency transactions

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 their historical rates except for those hedged by forward foreign exchange 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 foreign exchange contracts, such gains or losses are allocated equally over the period of each respective contract.

(e) 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.

(f) Inventories

Inventories primarily consist of paintings and are stated at individually specified cost.

(g) Allowance for bad debts

The allowance for bad debts of the Company and its domestic subsidiaries 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.

The allowance for bad debts of the overseas subsidiaries is provided at amounts determined by the estimates made by management to cover possible losses on collection.

(h) Property and equipment

Property and equipment is stated at cost. Depreciation of property and equipment is computed principally by the declining-balance method, except for that of the overseas subsidiaries which is depreciated by the straight-line method, over the estimated useful lives of the respective assets.

(i) Share and bond issuance expenses

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

(j) Pension plan

The Company and certain of its domestic subsidiaries have a joint noncontributory funded pension plan to cover their entire liability for employees' retirement benefits. Past service cost is being amortized at the rate of 50% per annum by the declining-balance method.

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

The allowance for directors' and statutory auditors' retirement benefits of the Company and certain of its domestic subsidiaries 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 internal rules of the respective companies.

(l) Leases

Noncancelable lease transactions of the Company and its domestic subsidiaries 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.

(m) 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 interest rate stipulated in the Interest Restriction Law of Japan or the contract interest rate, whichever is lower.

(n) 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").

(o) Income taxes

Effective April 1, 1999, the Company and its consolidated subsidiaries adopted the liability method for tax-effect accounting in accordance with an amendment to the "Regulations concerning Terminology, Forms and Methods of Preparation of Financial Statements, etc." The cumulative effect of this change is reported in the consolidated statement of shareholders' equity under the caption "Adjustment for the cumulative effect on prior years of recognizing deferred income taxes".

(p) Net income per share

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

Diluted net income per share is based upon the weighted-average number of shares of common stock outstanding during the year, after consideration of the dilutive effect of the zero coupon convertible notes issued on August 2, 1999.

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 ¥106.15 = US\$1.00, the exchange rate prevailing on March 31, 2000. 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, 2000 included unsecured loans to individual customers in the aggregate amount of ¥1,271,865 million (\$11,981,771 thousand).

Bad debts included in unsecured loans to individual customers as of March 31, 2000 are classified as below:

March 31,	Millions of yen	Thousands of U.S. dollars
	2000	2000
Stopped accruing interest as a result of bankruptcy or reorganization	¥ 3,776	\$ 35,572
Other stopped accruing interest	13,408	126,311
Overdue three months or longer other than the above	498	4,691
Interest reduced or other relief given to the debtor	16,394	154,441
	¥34,077	\$321,026

5. Marketable Securities and Investments in Securities

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

March 31,	Millions of yen		Thousands of U.S. dollars	
	2000		2000	
	Book value	Market value	Book value	Market value
Marketable securities	¥9,422	¥18,136	\$88,761	\$170,852
Investments in securities	7,647	9,509	72,039	89,580

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

The weighted-average interest rate of short-term loans as of March 31, 2000 was 1.63%.

Long-term debt is summarized as follows:

March 31,	Millions of yen	Thousands of U.S. dollars
	2000	2000
Unsecured loans mainly from banks and other financial institutions at interest rates ranging from 1.5% to 3.8% due through June 2005	¥ 271,641	\$ 2,559,029
Unsecured bank loan of a U.S. subsidiary at six-month LIBOR +0.5% due after December 31, 2001	716	6,745
Loans with collateral mainly from banks and other financial institutions at interest rates ranging from 0.88131% to 3.8% due through March 2007	687,717	6,478,728
Unsecured bonds at interest rates ranging from 1.3% to 2.7% due through February 2010	160,000	1,507,300
Unsecured zero coupon convertible notes due March 2002 ^(*)	50,000	471,031
Payables under trust agreements for certain installment sales receivables due January 2001	5,000	47,103
Less: current portion	(332,216)	(3,129,684)
	¥ 842,858	\$ 7,940,254

^(*) The unsecured zero coupon convertible notes with an initial principal amount of ¥50,000 million due March 31, 2002 were issued on August 2, 1999 and are convertible into common stock of the Company. The conversion price as of March 31, 2000 was ¥10,710 (\$100.89) per share.

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

March 31,	Millions of yen	Thousands of U.S. dollars
	2000	2000
Marketable securities	¥ 1,255	\$ 11,822
Loans receivable	688,888	6,489,759
Property and equipment, net	8,849	83,363
Investments in securities	326	3,071
	¥699,319	\$6,588,026

At March 31, 2000, the Company had a commitment, at the lenders' request, to furnish at any time collateral pledged on ¥189,318 million (\$1,783,495 thousand) of loans receivable of ¥688,888 million (\$6,489,759 thousand) shown in the above table. The pledged collateral which the lenders could require covered the following:

March 31,	Millions of yen	Thousands of U.S. dollars
	2000	2000
Short-term loans	¥ 6,000	\$ 56,523
Current portion of long-term debt	48,084	452,981
Long-term debt	133,660	1,259,161

The aggregate annual maturities of long-term debt subsequent to March 31, 2000 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2001	¥ 332,216	\$ 3,129,684
2002	353,831	3,333,311
2003	234,612	2,210,193
2004	139,065	1,310,080
2005	48,909	460,753
2006 and thereafter	66,439	625,897
	¥1,175,074	\$11,069,938

7. Pension Plan

Pension costs charged to income for the year ended March 31, 2000 amounted to ¥2,646 million (\$24,926 thousand).

The total assets of the pension fund amounted to ¥15,177 million (\$142,976 thousand) at December 31, 1999, the most recent valuation date.

8. Income Taxes

The Companies are subject to a number of taxes based on income. Corporation, inhabitants' and enterprise taxes are charged to the income tax account of the Company and its domestic subsidiaries. The aggregate statutory tax rate applicable to the domestic companies was approximately 40.9% for the year ended March 31, 2000.

A reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes for the year ended March 31, 2000 is summarized as follows:

	2000
Statutory income tax rate	40.9%
Taxation on undistributed income	5.1
Expenses not deductible for income tax purposes	0.1
Inhabitants' per capita taxes	0.2
Other	1.1
Effective income tax rate	47.4%

The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities as of March 31, 2000 are presented as follows:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Deferred tax assets:		
Bad debt write-offs	¥ 3,582	\$ 33,744
Provision for bad debts	8,261	77,823
Accrued bonuses	713	6,716
Allowance for directors' and statutory auditors' retirement benefits	411	3,871
Accrued interest income	1,072	10,098
Accrued enterprise tax	2,711	25,539
Depreciation and amortization	3,302	31,106
Consumption tax	157	1,479
Revaluation of marketable securities	320	3,014
Tax loss carryforwards of subsidiaries	152	1,431
Elimination of unrealized profit	1,546	14,564
Other	202	1,902
Total gross deferred tax assets	22,434	211,342
Deferred tax liabilities:		
Retained earnings of subsidiaries	(1,974)	(18,596)
Other	(47)	(442)
Total gross deferred tax liabilities	(2,021)	(19,039)
Net deferred tax assets	¥20,412	\$192,293

9. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of leased equipment as of March 31, 2000 and the related depreciation and interest expense for the year ended March 31, 2000, which would have been reflected in the consolidated balance sheet and the related consolidated statement 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,	2000	2000	2000	2000	2000	2000
Equipment	¥18,829	¥10,418	¥8,410	\$177,381	\$98,144	\$79,227

Year ended March 31,	Millions of yen	Thousands of U.S. dollars
	2000	2000
Depreciation	¥5,137	\$48,393
Interest	352	3,316

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥5,502 million (\$51,832 thousand) for the year ended March 31, 2000.

Future minimum lease payments subsequent to March 31, 2000 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
2001	¥4,167	\$39,255
2002 and thereafter	4,480	42,204
	¥8,647	\$81,460

10. Legal Reserve

Consolidated retained earnings includes a legal reserve which amounted to ¥3,519 million (\$33,151 thousand) as of March 31, 2000. The legal reserve has been provided in accordance with the Commercial Code of Japan which requires 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. Commitments and Contingent Liabilities

Future payments under rental leases subsequent to March 31, 2000 amounted to ¥8,994 million (\$84,729 thousand).

At March 31, 2000, the Companies had no contingent liabilities under guarantees for outside parties. Refer to Note 6 regarding pledged assets.

12. Derivative and Hedging Activities

(1) Outline of transactions and conditions

The Company has used interest-rate swap agreements and interest-rate options in order to hedge against the risk of fluctuations in interest rates relating 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 swap agreements are exposed to changes in interest 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 cost of funding the combination of loans and interest-rate caps is 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 which are deemed highly creditworthy.

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

Risk management for derivative transactions has been under the control of the Finance Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive managing directors' meeting during which the Company's annual business plan is adopted.

(2) Interest related derivatives

At March 31, 2000, the contracted amounts, market value and unrealized loss on derivatives were as follows:

March 31,	Millions of yen		
	2000		
	Contracted amounts	Market value	Unrealized loss
Interest-rate swap agreements:			
Fixed-rate/pay converted into floating-rate/receive	¥161,397	¥(1,908)	¥(1,908)
Interest-rate options:			
Interest-rate caps	35,000		
[Book value of premiums]	[477]	241	(235)
	¥196,397	¥(1,666)	¥(2,144)

March 31,	Thousands of U.S. dollars		
	2000		
	Contracted amounts	Market value	Unrealized loss
Interest-rate swap agreements:			
Fixed-rate/pay converted into floating-rate/receive	\$1,520,461	\$(17,974)	\$(17,974)
Interest-rate options:			
Interest-rate caps	329,722		
[Book value of premiums]	[4,493]	2,270	(2,213)
	\$1,850,183	\$(15,694)	\$(20,197)

At March 31, 2000, the contracted amounts of fixed-rate/pay which were converted into floating-rate/receive included amounts due after one year amounting to ¥76,152 million (\$717,399 thousand). The interest-rate call caps will terminate subsequent to April 1, 2001.

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

The book value of premiums shown above has been stated at amortized cost and included the noncurrent portion amounting to ¥336 million (\$3,165 thousand) at March 31, 2000.

The market value and unrealized loss presented above represent the amounts furnished by the respective financial institutions.

13. Segment information

The Companies' operations by business segment were as follows:

Year ended March 31, 2000	Millions of yen			Adjustments and eliminations	Consolidated
	Financial services	Other businesses	Total		
Operating income from:					
Outside customers	¥ 335,517	¥ 8,127	¥ 343,644	¥ —	¥ 343,644
Intersegment	—	16,377	16,377	(16,377)	—
Total	335,517	24,504	360,021	(16,377)	343,644
Operating expenses	183,304	22,344	205,648	(7,492)	198,155
Operating profit	¥ 152,213	¥ 2,160	¥ 154,373	¥ (8,884)	¥ 145,488
Assets	¥1,636,967	¥37,437	¥1,674,405	¥ 33,625	¥1,708,030
Depreciation expense	5,562	555	6,117	153	6,271
Capital expenditures	4,178	1,759	5,938	(1,491)	4,446
	Thousands of U.S. dollars				
Year ended March 31, 2000	Financial services	Other businesses	Total	Adjustments and eliminations	Consolidated
Operating income from:					
Outside customers	\$ 3,160,781	\$ 76,561	\$ 3,237,343	\$ —	\$ 3,237,343
Intersegment	—	154,281	154,281	(154,281)	—
Total	3,160,781	230,843	3,391,625	(154,281)	3,237,343
Operating expenses	1,726,839	210,494	1,937,333	(70,579)	1,866,745
Operating profit	\$ 1,433,942	\$ 20,348	\$ 1,454,291	\$ (83,692)	\$ 1,370,588
Assets	\$15,421,262	\$352,680	\$15,773,951	\$ 316,768	\$16,090,720
Depreciation expense	52,397	5,228	57,626	1,441	59,076
Capital expenditures	39,359	16,570	55,939	(14,046)	41,884

Unallocated corporate expenses and assets included in "Adjustments and eliminations" for the year ended March 31, 2000 were as follows:

Year ended March 31,	Millions of yen	Thousands of U.S. dollars
	2000	2000
Corporate expenses	¥ 7,068	\$ 66,585
Corporate assets	53,555	504,521

Geographical segment information and overseas sales have been omitted, as such sales were immaterial.

14. Subsequent Events

On February 18, 2000, the Board of Directors of the Company approved the issuance of ¥10,000 million of 2.09% unsecured bonds due May 10, 2007. The net proceeds from the sale of the bonds will be utilized for funding loans receivable, payments of operating expenses and the repayment of loans payable.

On the same day, the Board of Directors of the Company approved the issuance of ¥10,000 million of 2.56% unsecured bonds due May 10, 2010. The net proceeds from the sale of the bonds will be utilized for funding loans receivable, payments of operating expenses and the repayment of loans payable.

The following appropriations of retained earnings, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2000, were approved at a shareholders' meeting held on June 29, 2000:

	Millions of yen
Cash dividends (¥30.00=US\$0.28)	¥4,398
Transfer to legal reserve	443
Bonuses to directors	41

*Report of Independent Certified Public Accountants on
the Consolidated Financial Statements*

 **CENTURY OTA SHOWA & Co.**
ERNST & YOUNG INTERNATIONAL


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The Board of Directors
ACOM CO., LTD.

We have examined the consolidated balance sheet of ACOM CO., LTD. and its consolidated subsidiaries as of March 31, 2000, and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended, all expressed in yen. Our examination was made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above, expressed in yen, present fairly the consolidated financial position of ACOM CO., LTD. and its consolidated subsidiaries at March 31, 2000, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan.

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


June 29, 2000

Non-Consolidated Balance Sheets

ACOM CO., LTD. March 31, 2000 and 1999

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Current assets:			
Cash and cash equivalents	¥ 96,667	¥ 163,241	\$ 910,664
Time deposits	7,398	17,553	69,693
Marketable securities (Notes 5 and 6)	9,588	12,375	90,325
Loans receivable (Notes 4 and 6)	1,347,757	1,206,401	12,696,721
Notes and accounts receivable	128,425	91,392	1,209,844
Merchandise	6,736	6,744	63,457
Prepaid expenses	6,099	5,800	57,456
Loans to a subsidiary	—	207	—
Deferred tax assets (Note 8)	18,101	—	170,522
Other current assets	11,391	16,490	107,310
Allowance for bad debts	(53,260)	(43,900)	(501,742)
Total current assets	1,578,904	1,476,308	14,874,272
Property and equipment:			
Land	24,852	27,848	234,121
Buildings and structures	47,113	46,981	443,834
Equipment	30,392	28,589	286,311
	102,359	103,419	964,286
Accumulated depreciation	(34,858)	(29,977)	(328,384)
Property and equipment, net (Note 6)	67,500	73,442	635,892
Investments and other assets:			
Investments in securities (Notes 5 and 6)	11,776	11,509	110,937
Investments in and advances to subsidiaries	13,808	14,536	130,080
Telephone rights and other intangible assets	1,678	1,687	15,807
Rental deposits	12,723	13,282	119,858
Deferred tax assets (Note 8)	2,454	—	23,118
Other	12,515	12,276	117,899
Allowance for bad debts	(1,040)	(400)	(9,797)
Total investments and other assets	53,917	52,890	507,932
Total assets	¥1,700,322	¥1,602,641	\$16,018,106

See accompanying notes to non-consolidated financial statements.

Liabilities and Shareholders' Equity	Millions of yen		Thousands of U.S. dollars (Note 3)
	2000	1999	2000
Current liabilities:			
Short-term loans (Note 6)	¥ 19,668	¥ 142,297	\$ 185,284
Current portion of long-term debt (Note 6)	332,216	293,465	3,129,684
Accounts payable	2,415	1,415	22,750
Accrued income taxes	38,018	36,470	358,153
Accrued expenses	10,661	8,556	100,433
Deferred income on installment sales	21,749	15,955	204,889
Other current liabilities	3,727	3,206	35,110
Total current liabilities	428,458	501,367	4,036,344
Long-term liabilities:			
Long-term debt (Note 6)	841,041	755,938	7,923,137
Allowance for directors' and statutory auditors' retirement benefits	955	872	8,996
Unearned premium on convertible notes	468	—	4,408
Other long-term liabilities	1,681	1,113	15,836
Total long-term liabilities	844,147	757,923	7,952,397
Commitments and contingent liabilities (Note 12)			
Shareholders' equity:			
Common stock, ¥50 par value:			
Authorized: 533,200,000 shares			
Issued: 146,630,880 shares at March 31, 2000 and 1999	17,282	17,282	162,807
Additional paid-in capital	25,772	25,772	242,788
Legal reserve (Note 9)	3,507	2,769	33,038
Retained earnings	381,154	297,524	3,590,711
Total shareholders' equity	427,716	343,349	4,029,354
Total liabilities and shareholders' equity	¥1,700,322	¥1,602,641	\$16,018,106

Non-Consolidated Statements of Income

ACOM CO., LTD. Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2000	1999	1998	2000
Operating income:				
Interest on loans receivable	¥316,490	¥286,359	¥263,697	\$2,981,535
Fees from credit card business	451	15	7	4,248
Fees from installment sales financing	11,136	8,364	5,929	104,908
Other financial income	367	815	647	3,457
Rental income	6,395	7,507	8,538	60,244
Sales	320	1,755	723	3,014
Other operating income	6,605	5,704	5,088	62,223
Total operating income	341,767	310,521	284,632	3,219,660
Operating expenses:				
Financial expenses	29,250	28,777	29,844	275,553
Cost of sales	247	1,529	572	2,326
General and administrative expenses (Notes 7 and 11)	120,432	113,349	109,578	1,134,545
Provision for bad debts	47,461	39,755	30,033	447,112
Total operating expenses	197,392	183,412	170,029	1,859,557
Operating profit	144,374	127,109	114,603	1,360,094
Other income (expenses):				
Other interest and dividend income	330	215	154	3,108
Net loss on sale or disposal of fixed assets	(2,860)	(2,744)	(8,864)	(26,943)
Loss on revaluation of marketable securities	(622)	(330)	(847)	(5,859)
Loss on sale of investments in securities	—	(868)	—	—
Loss on revaluation of investments in securities	(106)	(549)	(992)	(998)
Loss on settlement of a subsidiary	(171)	(223)	—	(1,610)
Gain on termination of a leveraged lease contract	634	—	—	5,972
Other, net	(1,365)	441	916	(12,859)
Total other expenses, net	(4,161)	(4,059)	(9,634)	(39,199)
Income before income taxes	140,213	123,049	104,968	1,320,894
Income taxes (Note 8):				
Current	69,030	66,550	60,936	650,306
Deferred	(2,854)	—	—	(26,886)
Total income taxes	66,175	66,550	60,936	623,410
Net income	¥ 74,038	¥ 56,499	¥ 44,032	\$ 697,484
Amounts per share (in yen and U.S. dollars):				
Net income:				
Basic	¥ 504.93	¥ 385.31	¥ 300.29	\$ 4.75
Diluted	498.22	—	—	4.69
Cash dividends	55.00	45.00	40.00	0.51

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Shareholders' Equity

ACOM CO., LTD. Years ended March 31, 2000, 1999 and 1998

	Number of shares of common stock (Thousands)	Millions of yen			
		Common stock	Additional paid-in capital	Legal reserve	Retained earnings
Balance at March 31, 1997	146,630	¥17,282	¥25,772	¥1,623	¥209,603
Net income	—	—	—	—	44,032
Cash dividends	—	—	—	—	(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	—	—	—	—	(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
Adjustment for the cumulative effect on prior years of recognizing deferred income taxes	—	—	—	—	17,701
Net income	—	—	—	—	74,038
Cash dividends	—	—	—	—	(7,331)
Bonuses to directors	—	—	—	—	(41)
Transfer to legal reserve	—	—	—	737	(737)
Balance at March 31, 2000	146,630	¥17,282	¥25,772	¥3,507	¥381,154

	Thousands of U.S. dollars (Note 3)			
	Common stock	Additional paid-in capital	Legal reserve	Retained earnings
Balance at March 31, 1999	\$162,807	\$242,788	\$26,085	\$2,802,863
Adjustment for the cumulative effect on prior years of recognizing deferred income taxes	—	—	—	166,754
Net income	—	—	—	697,484
Cash dividends	—	—	—	(69,062)
Bonuses to directors	—	—	—	(386)
Transfer to legal reserve	—	—	6,943	(6,943)
Balance at March 31, 2000	\$162,807	\$242,788	\$33,038	\$3,590,711

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Cash Flows

ACOM CO., LTD. Years ended March 31, 2000, 1999 and 1998

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2000	1999	1998	2000
Operating activities:				
Income before income taxes	¥ 140,213	¥ 123,049	¥ 104,968	\$ 1,320,894
Adjustments:				
Depreciation and amortization	6,589	6,864	5,324	62,072
Increase in allowance for bad debts	10,000	7,400	2,600	94,206
Increase (decrease) in allowance for directors' and statutory auditors' retirement benefits	83	(173)	98	781
Non-operating interest and dividend income	(330)	(215)	(154)	(3,108)
Net loss on sale or disposal of fixed assets	2,860	2,744	8,864	26,943
Bond issuance expenses	1,781	418	191	16,778
Loss on revaluation of marketable securities	622	330	847	5,859
Loss on sale of investments in securities	—	868	—	—
Loss on revaluation of investments in securities	106	549	992	998
Loss on settlement of a subsidiary	171	223	—	1,610
Gain on termination of a leveraged lease contract	(634)	—	—	(5,972)
Changes in operating assets and liabilities:				
Increase in loans receivable	(141,355)	(123,186)	(109,565)	(1,331,653)
Increase in notes and accounts receivable	(37,032)	(27,403)	(17,216)	(348,864)
Decrease in merchandise	34	1,218	149	320
Increase in prepaid expenses	(85)	(672)	(724)	(800)
Decrease (increase) in other current assets	6,088	(3,257)	(4,204)	57,352
Increase (decrease) in accounts payable	999	307	(80)	9,411
Increase (decrease) in accrued expenses	2,556	83	(413)	24,079
Increase in deferred income on installment sales	5,794	5,128	3,112	54,583
Bonuses paid to directors	(41)	(50)	(50)	(386)
Other, net	(555)	247	498	(5,228)
Subtotal	(2,133)	(5,525)	(4,763)	(20,094)
Non-operating interest and dividends received	336	207	153	3,165
Income taxes paid	(67,482)	(65,285)	(55,205)	(635,723)
Net cash used in operating activities	(69,278)	(70,602)	(59,814)	(652,642)
Investing activities:				
Decrease in time deposits and marketable securities	12,350	4,315	6,379	116,344
Proceeds from sale of property and equipment	1,175	434	1,957	11,069
Purchases of property and equipment	(3,591)	(11,301)	(7,584)	(33,829)
Proceeds from maturity or sale of investments in securities	258	640	520	2,430
Increase in investments in securities	(609)	(3,038)	(2,606)	(5,737)
Additions to investments in and advances to subsidiaries	(1,938)	(1,194)	(182)	(18,257)
Proceeds from settlement or repayment of investments in and advances to subsidiaries	2,549	—	—	24,013
Proceeds from termination of a leveraged lease contract	340	—	—	3,203
Increase in other investments	(788)	(3,700)	(918)	(7,423)
Net cash provided by (used in) investing activities	9,747	(13,843)	(2,435)	91,822
Financing activities:				
Proceeds from long-term debt	415,586	463,697	276,863	3,915,082
Payments on principal of long-term debt	(292,714)	(234,457)	(205,482)	(2,757,550)
(Decrease) increase in short-term loans	(122,629)	(118,244)	61,282	(1,155,242)
Cash dividends paid	(7,332)	(6,231)	(5,132)	(69,072)
Net cash (used in) provided by financing activities	(7,088)	104,764	127,531	(66,773)
Effect of exchange rate changes on cash and cash equivalents	45	(33)	0	423
(Decrease) increase in cash and cash equivalents	(66,574)	20,284	65,280	(627,169)
Cash and cash equivalents at beginning of the year	163,241	142,957	77,676	1,537,833
Cash and cash equivalents at end of the year	¥ 96,667	¥ 163,241	¥ 142,957	\$ 910,664

See accompanying notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

ACOM CO., LTD. Years ended March 31, 2000, 1999 and 1998

1. Basis of Presentation

The accompanying non-consolidated 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).

^(*) SIAM A&C CO., LTD. (a 49%-owned company), which had been accounted for as an affiliate in prior years, has been retroactively treated as a subsidiary in accordance with the “control” concept newly introduced into Japanese GAAP. Refer to Note 2(a) “Principles of consolidation” in the accompanying consolidated financial statements.

The accompanying non-consolidated financial statements have been compiled from the non-consolidated financial statements filed with the Ministry of Finance in Japan (the “MOF”) in accordance with the Securities and Exchange Law of Japan. Accordingly, the accompanying non-consolidated financial statements are not intended to present the non-consolidated 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 non-consolidated financial statements filed with the MOF have been reclassified for the convenience of readers outside Japan.

Effective this fiscal year, consolidated statements of cash flows are required to be filed with the MOF. Although non-consolidated statements of cash flows are still not required in Japan, such statements have been prepared for the purpose of inclusion in these non-consolidated financial statements, after reclassifications made in conformity with MOF’s regulations concerning the preparation and presentation of consolidated statements of cash flows.

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 non-consolidated 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, including time deposits with banks, bond investment funds and marketable securities purchased under resale agreements 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 their 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.

(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 50% (30% for prior years) 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 interest rate stipulated in the Interest Restriction Law of Japan or the contracted interest rate, whichever is lower.

(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

Effective April 1, 1999, the Company adopted the liability method for tax-effect accounting in accordance with an amendment to the “Regulations concerning Terminology, Forms and Methods of Preparation of Financial Statements, etc.” The cumulative effect of this change is reported in the non-consolidated statements of shareholders’ equity under the caption “Adjustment for the cumulative effect on prior years of recognizing deferred income taxes”.

(n) Net income per share

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

Diluted net income per share is based upon the weighted-average number of shares of common stock outstanding during the year, after consideration of the dilutive effect of the zero coupon convertible notes issued on August 2, 1999.

(o) Reclassifications

Certain reclassifications have been made to the prior years’ non-consolidated 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 ¥106.15=US\$1.00, the exchange rate prevailing on March 31, 2000. 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 included unsecured loans to individual customers in the aggregate amount of ¥1,131,255 million.

For the information as of March 31, 2000, refer to Note 4 of the accompanying consolidated financial statements.

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 as of March 31, 1999 is summarized as follows:

	Millions of yen	
	1999	
March 31,	Book value	Market value
Marketable securities	¥11,147	¥16,465
Investments in securities	6,905	9,864

For the information as of March 31, 2000, refer to Note 5 of the accompanying consolidated financial statements.

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

Long-term debt is summarized as follows:

March 31,	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Unsecured loans mainly from banks and other financial institutions at interest rates ranging from 1.5% to 3.8% due through June 2005	¥ 271,641	¥ 287,674	\$ 2,559,029
Loans with collateral mainly from banks and other financial institutions at interest rates ranging from 0.88131% to 3.8% due through March 2007	686,617	656,829	6,468,365
Unsecured bonds at interest rates ranging from 1.3% to 2.7% due through February 2010	160,000	92,000	1,507,300
Unsecured privately offered bonds at six-month LIBOR +1.2% (1.6844% at March 31, 1999) due March 2000	—	3,000	—
Unsecured privately offered bonds at 1.425% due March 2000	—	4,900	—
Unsecured zero coupon convertible notes due March 2002 (*)	50,000	—	471,031
Payables under trust agreements for certain installment sales receivables due January 2001	5,000	5,000	47,103
Less: current portion	(332,216)	(293,465)	(3,129,684)
	¥ 841,041	¥ 755,938	\$ 7,923,137

(*) The unsecured zero coupon convertible notes with an initial principal amount of ¥50,000 million due March 31, 2002 were issued on August 2, 1999 and are convertible into common stock of the Company. The conversion price as of March 31, 2000 was ¥10,710 (\$100.89) per share.

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

March 31,	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Marketable securities	¥ 1,255	¥ 1,481	\$ 11,822
Loans receivable	688,888	745,324	6,489,759
Property and equipment, net	2,535	5,008	23,881
Investments in securities	326	326	3,071
	¥693,006	¥752,140	\$6,528,553

At March 31, 2000 and 1999, the Company had a commitment, at the lenders' request, to furnish at any time collateral pledged on ¥189,318 million (\$1,783,495 thousand) and ¥192,436 million of the loans receivable of ¥688,888 million (\$6,489,759 thousand) and ¥745,324 million shown in the above table, respectively. The pledged collateral which the lenders could require covered the following:

March 31,	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Short-term loans	¥ 6,000	¥ 29,507	\$ 56,523
Current portion of long-term debt	48,084	45,317	452,981
Long-term debt	133,660	119,097	1,259,161

The aggregate annual maturities of long-term debt subsequent to March 31, 2000 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2001	¥ 332,216	\$ 3,129,684
2002	353,580	3,330,946
2003	234,356	2,207,781
2004	137,858	1,298,709
2005	48,807	459,792
2006 and thereafter	66,439	625,897
	¥1,173,258	\$11,052,830

7. Pension Plan

Pension costs charged to income for 2000, 1999 and 1998 were as follows:

Year ended March 31,	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	2000
Pension costs	¥2,593	¥2,021	¥2,299	\$24,427

The total assets of the pension fund, in which certain of the Company's subsidiaries have participated jointly with the Company, amounted to ¥15,177 million (\$142,976 thousand) and ¥12,297 million at December 31, 1999 and 1998 (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.

8. 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. The aggregate statutory tax rates applicable to the Company were approximately 40.9% for 2000, 46.4% for 1999 and 50.0% for 1998.

A reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes is as follows:

	2000
Statutory income tax rate	40.9%
Taxation on undistributed income	5.2
Expenses not deductible for income tax purposes	0.1
Inhabitants' per capita taxes	0.2
Other	0.9
Effective income tax rate	47.2%

The tax effects of the temporary differences which give rise to a significant portion of the deferred tax assets as of March 31, 2000 are presented below:

	Millions of yen	Thousands of U.S. dollars
	2000	2000
Deferred tax assets:		
Bad debt write-offs	¥ 3,582	\$ 33,744
Provision for bad debts	8,249	77,710
Accrued bonuses	694	6,537
Allowance for directors' and statutory auditors' retirement benefits	390	3,674
Accrued interest income	1,072	10,098
Accrued enterprise tax	2,693	25,369
Depreciation and amortization	3,261	30,720
Consumption tax	157	1,479
Revaluation of marketable securities	320	3,014
Other	132	1,243
Total deferred tax assets	¥20,556	\$193,650

9. 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.

10. 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.

11. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of leased equipment as of March 31, 2000 and 1999 and the related depreciation expense and interest expense for the years ended March 31, 2000, 1999 and 1998, which would have been reflected in the non-consolidated balance sheets and the related non-consolidated 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
	2000	1999	2000	1999	2000	1999	2000	2000	2000
March 31,									
Equipment	¥18,737	¥21,391	¥10,358	¥10,497	¥8,378	¥10,893	\$176,514	\$97,578	\$78,926

Year ended March 31,	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	2000
Depreciation	¥5,119	¥5,637	¥5,344	\$48,224
Interest	351	430	475	3,306

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥5,481 million (\$51,634 thousand), ¥6,067 million and ¥5,796 million for the years ended March 31, 2000, 1999 and 1998, respectively.

Future minimum lease payments subsequent to March 31, 2000 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
2001	¥4,149	\$39,086
2002 and thereafter	4,463	42,044
	¥8,613	\$81,139

12. Commitments and Contingent Liabilities

Future payments under rental leases subsequent to March 31, 2000 amounted to ¥8,959 million (\$84,399 thousand).

At March 31, 2000, the Company was contingently liable as guarantor of the following subsidiaries:

Name of subsidiary	Amount of guaranteed loans
ACOM ESTATE CO., LTD.	¥1,100 million (\$10,362 thousand)
SIAM A&C CO., LTD.	THB875 thousand
1990 K PARTNERSHIP	US\$7,000 thousand

Refer to Note 6 regarding pledged assets.

13. Derivative and Hedging Activities

(1) Outline of transactions and conditions

The Company has used interest-rate swap agreements and interest-rate options in order to hedge against the risk of fluctuations in interest rates relating 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 swap agreements are exposed to changes in interest 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 cost of funding the combination of loans and interest-rate caps is 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 which are deemed highly creditworthy.

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

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

(2) Interest related derivatives

At March 31, 1999, the contracted amounts, market value and unrealized gain (loss) on derivatives were as follows:

March 31,	Millions of yen		
	1999		
	Contracted amounts	Market value	Unrealized gain (loss)
Interest-rate swap agreements:			
Fixed-rate/pay converted into floating-rate/receive	¥158,162	¥(1,385)	¥(1,385)
Interest-rate options:			
Interest-rate caps	35,000		
[Book value of premiums]	[619]	653	34
	¥193,162	¥ (732)	¥(1,351)

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

The market value and unrealized gain (loss) as presented above represent the amounts furnished by the respective financial institutions.

For the information as of March 31, 2000, refer to Note 12 of the accompanying consolidated financial statements.

14. Subsequent Events

On February 18, 2000, the Board of Directors approved the issuance of ¥10,000 million of 2.09% unsecured bonds due May 10, 2007. The net proceeds from the sale of the bonds will be utilized for funding loans receivable, payments of operating expenses and the repayment of loans payable.

On the same day, the Board of Directors approved the issuance of ¥10,000 million of 2.56% unsecured bonds due May 10, 2010. The net proceeds from the sale of the bonds will be utilized for funding loans receivable, payments of operating expenses and the repayment of loans payable.

The following appropriations of retained earnings, which have not been reflected in the accompanying non-consolidated financial statements for the year ended March 31, 2000, were approved at a shareholders' meeting held on June 29, 2000:

	Millions of yen
Cash dividends (¥30.00=US\$0.28)	¥4,398
Transfer to legal reserve	443
Bonuses to directors	41

*Report of Independent Certified Public Accountants on
the Non-Consolidated Financial Statements*

 **CENTURY OTA SHOWA & Co.**
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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, 2000 and 1999, and the related statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2000, 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, present fairly the financial position of ACOM CO., LTD. at March 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2000 in conformity with accounting principles and practices generally accepted in Japan consistently applied during the period except for the change, with which we concur, in the method of accounting for income taxes as described in Note 2 to the consolidated financial statements.

The U.S. dollar amounts in the accompanying financial statements with respect to the year ended March 31, 2000 are presented solely for convenience. Our examination also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.


June 29, 2000

Selected Company Data

[Operating Income by Segment]

Year ended March 31,	Millions of yen				
	2000	1999	1998	1997	1996
Operating income	¥341,767	¥310,521	¥284,632	¥258,420	¥228,964
Loan business	316,490	286,359	263,697	237,715	207,911
Credit card business	451	15	7	6	8
Installment sales finance business	11,136	8,364	5,929	4,899	4,012
Other financial income	367	815	647	571	912
Rental business	6,395	7,507	8,538	9,195	10,006
Sales	320	1,755	723	1,134	1,321
Other	6,605	5,704	5,088	4,837	4,703

Note: "Sales" include those of merchandise sold at rental outlets.

[Income]

Year ended March 31,	Millions of yen				
	2000	1999	1998	1997	1996
Operating profit	¥144,374	¥127,109	¥114,603	¥97,817	¥82,762
Net income	74,038	56,499	44,032	36,877	31,585

[Operating Expenses]

Year ended March 31,	Millions of yen				
	2000	1999	1998	1997	1996
Operating expenses	¥197,392	¥183,412	¥170,029	¥160,603	¥146,201
Financial expenses	29,250	28,777	29,844	33,516	33,381
Cost of sales	247	1,529	572	977	1,038
Other operating expenses	167,894	153,105	139,611	126,109	111,780
Personnel costs	35,200	33,179	35,058	34,466	32,139
Bad debt write-offs	37,461	32,355	27,433	21,181	17,918
Additional allowance for bad debts	10,000	7,400	2,600	1,800	2,200
Advertising and promotion expenses	15,693	13,513	14,419	14,778	12,680
Administrative expenses	15,770	14,857	13,991	13,667	12,462
Expenses for computer operation and development	18,617	19,189	15,120	11,577	8,965
of which lease expenses for MUJINKUN	2,331	2,474	1,973	1,348	551
Other	35,151	32,608	30,988	28,637	25,414

[Loans Receivable and Loan Customer Accounts]

March 31,	Millions of yen				
	2000	1999	1998	1997	1996
Loans receivable	¥1,347,757	¥1,206,401	¥1,083,214	¥973,648	¥841,894
Unsecured loans	1,273,899	1,133,197	1,015,368	909,091	777,577
Secured loans	73,857	73,204	67,845	64,557	64,317

Number of loan customer accounts	Number				
	2000	1999	1998	1997	1996
Number of loan customer accounts	2,669,016	2,572,127	2,458,691	2,297,056	2,024,800
Unsecured loans	2,655,803	2,559,255	2,446,935	2,285,761	2,013,591
Secured loans	13,213	12,872	11,756	11,295	11,209

Average balance of loans per customer account	Thousands of yen				
	2000	1999	1998	1997	1996
Average balance of loans per customer account	¥ 505	¥ 469	¥ 441	¥ 424	¥ 416
Unsecured loans	480	443	415	398	386
Secured loans	5,590	5,687	5,771	5,716	5,738

[New Loan Customers]

Year ended March 31,	Number				
	2000	1999	1998	1997	1996
Number of new loan customers	427,886	453,123	476,775	567,499	543,140
Unsecured loans	427,367	452,770	476,502	567,114	542,563
Secured loans	519	353	273	385	577

[Loan Service Outlets]

March 31,	Number				
	2000	1999	1998	1997	1996
Number of loan service outlets	1,635	1,521	1,126	823	681
Staffed loan service outlets	512	509	516	532	603
Unstaffed loan service outlets	1,123	1,012	610	291	78

[MUJINKUN]

March 31,	Number				
	2000	1999	1998	1997	1996
Number of MUJINKUN outlets	1,623	1,507	1,106	782	347
Number of MUJINKUN machines	1,625	1,509	1,108	785	351

[CDs and ATMs]

March 31,	Number				
	2000	1999	1998	1997	1996
Number of CDs and ATMs	18,478	14,594	12,051	10,771	6,224
Proprietary	1,944	1,824	1,421	1,084	889
Open year-round	1,937	1,814	1,410	1,062	864
Open 24 hours/day	1,633	1,507	1,102	755	556
Tie-up	16,534	12,770	10,630	9,687	5,335

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

Year ended March 31,	Millions of yen				
	2000	1999	1998	1997	1996
Bad debt write-offs	¥37,461	¥32,355	¥27,433	¥21,181	¥17,918
Loans receivable	36,739	31,778	27,044	20,963	17,767
Unsecured loans	35,958	31,042	26,197	20,396	16,234
Secured loans	781	736	846	566	1,532
Sales finance, rental, etc.	722	576	389	218	151

Ratio of bad debt write-offs	Percentage				
	2000	1999	1998	1997	1996
Loans receivable	2.72%	2.63%	2.50%	2.15%	2.11%
Unsecured loans	2.82	2.74	2.58	2.24	2.09
Secured loans	1.04	1.00	1.24	0.87	2.35

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

March 31,	Millions of yen				
	2000	1999	1998	1997	1996
Allowance for bad debts	¥54,300	¥44,300	¥36,900	¥34,300	¥32,500
Ratio of allowance for bad debts (%)	3.73	3.46	3.25	3.39	3.73
Deductible	34,114	27,514	22,888	22,712	23,109
Ratio of allowance for bad debts (%)	2.35	2.15	2.01	2.24	2.65
Non-deductible	20,185	16,785	14,011	11,587	9,390
Ratio of allowance for bad debts (%)	1.39	1.31	1.23	1.14	1.08
Additional allowance for bad debts	¥10,000	¥ 7,400	¥ 2,600	¥ 1,800	¥ 2,200

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

[Average Loan Interest Rate]

Year ended March 31,	Percentage				
	2000	1999	1998	1997	1996
Average loan interest rate during the year	24.86%	25.08%	25.51%	26.12%	26.78%
Unsecured loans	25.70	26.02	26.52	27.29	28.24
Secured loans	11.20	10.88	10.68	10.83	10.93

[Borrowings and Average Interest Rate on Procured Funds]

March 31,	Millions of yen				
	2000	1999	1998	1997	1996
Borrowings	¥1,192,926	¥1,191,700	¥1,080,286	¥947,431	¥848,493
Short-term	19,668	142,297	260,542	199,260	133,334
of which commercial paper	1,000	27,500	66,700	24,000	14,500
Long-term	1,173,258	1,049,403	819,744	748,171	715,159
of which straight bonds and convertible notes	210,000	99,900	32,000	—	—

	Percentage				
	2000	1999	1998	1997	1996
Ratio of short-term	1.6%	11.9%	24.1%	21.0%	15.7%
Ratio of fixed interest rate	71.0	63.9	45.9	50.0	57.3
Average interest rate on funds procured during the year	2.46%	2.57%	3.00%	3.72%	4.20%
Floating interest rate (including commercial paper)	2.20	2.01	2.00	2.24	2.70
Fixed interest rate (including swap and straight bonds)	2.65	2.96	3.92	4.84	5.27

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

[Unsecured Loan Customers by Gender]

March 31,	Percentage				
	2000	1999	1998	1997	1996
Male	72.8%	72.4%	71.9%	71.4%	71.1%
Female	27.2	27.6	28.1	28.6	28.9

[Unsecured Loan Customers by Age]

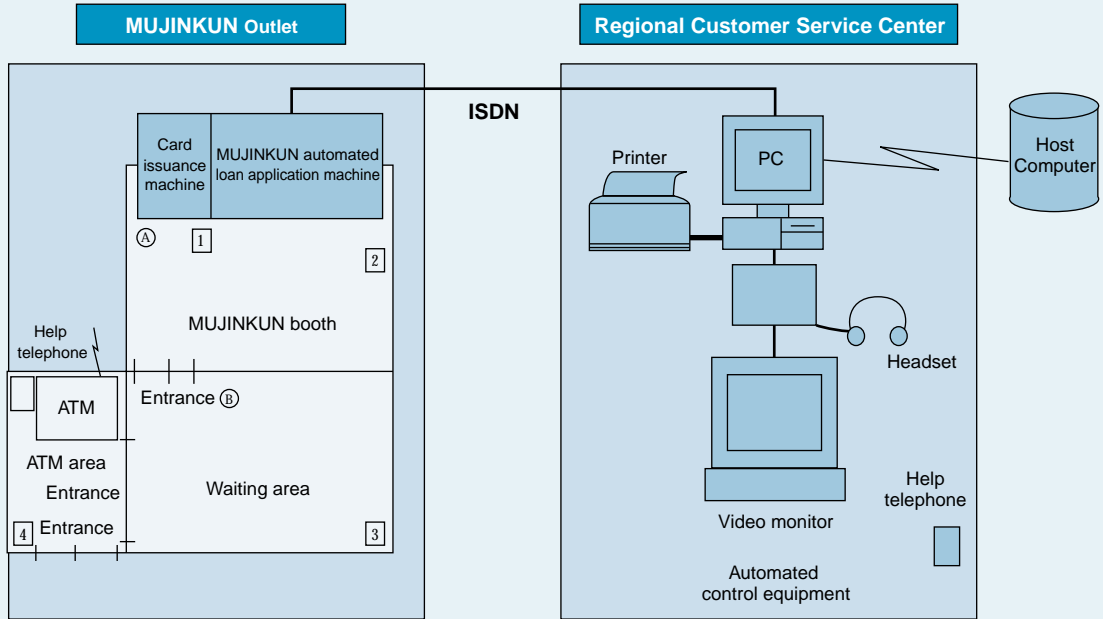
March 31,	Percentage				
	2000	1999	1998	1997	1996
Under 20	0.0%	0.0%	0.0%	0.0%	0.0%
20–29	27.8	28.8	29.1	29.2	28.2
30–39	26.9	26.3	25.9	25.3	25.4
40–49	21.9	22.5	23.3	24.5	25.2
50 and older	23.4	22.4	21.7	21.0	21.2

[Share Information]

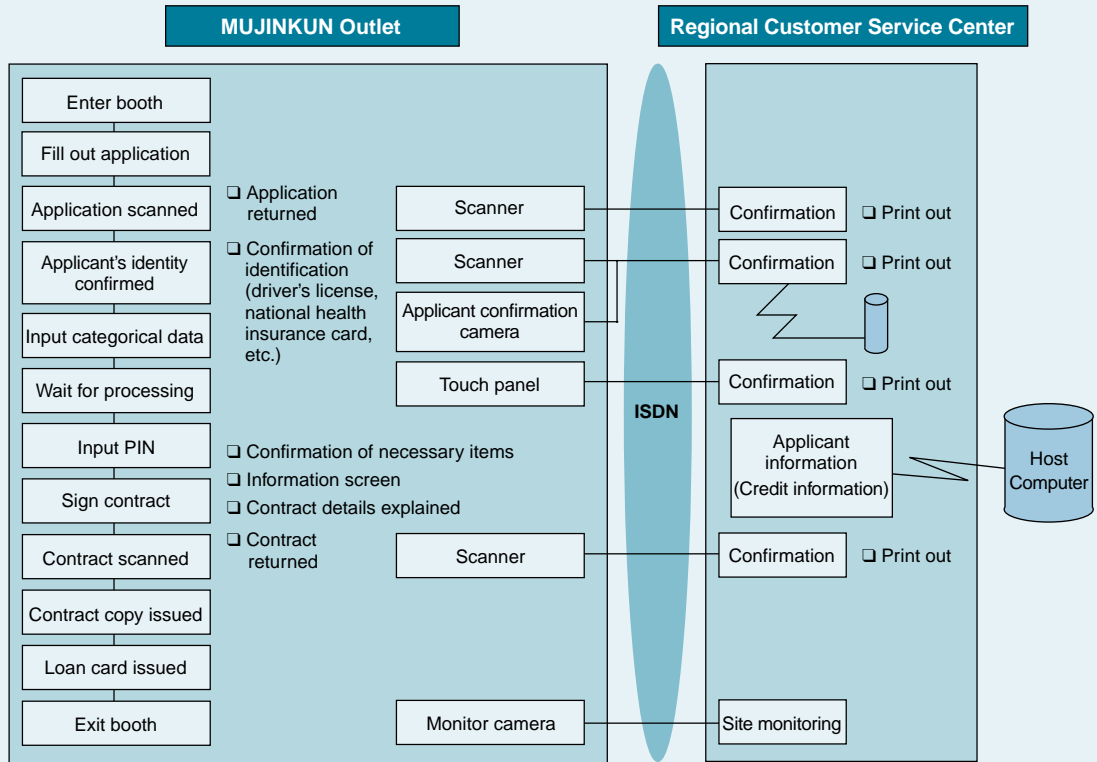
	2000	1999	1998	1997	1996
Net income per share (Yen)	504.93	385.31	300.29	251.50	215.41
Shareholders' equity per share (Yen)	2,916.96	2,341.59	1,999.11	1,734.16	1,515.50
Dividends per share (Yen)	55.00	45.00	40.00	35.00	30.00
Dividend payout ratio (%)	10.9	11.7	13.3	13.9	13.9
Average number of shares (Thousands of shares)	146,630	146,630	146,630	146,630	146,630
Outstanding shares issued at fiscal year-end (Thousands of shares)	146,630	146,630	146,630	146,630	146,630

Note: Number of shares has been rounded down to the nearest thousand.

MUJINKUN System and Procedures



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.

The ACOM Group

(As of March 31, 2000)

Corporate Name Address	Principal Business	Incorporated	Paid-in Capital	Equity owned by the Company	Revenues
DOMESTIC:					
JLA INCORPORATED 11-4, Umeda 1-chome, Kita-ku, Osaka 530-0001, Japan Telephone: (06) 6347-1281	Advertising agency, Interior design of service outlets	May 1972	¥45 million	100.0%	¥14,289 million
ACOM RESEARCH INSTITUTE, INC. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo 102-0071, Japan Telephone: (03) 3239-4896	Research on trends in household expenditures	Oct. 1986	¥20 million	100.0%	¥103 million
AJAST Ltd. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo 102-0071, Japan Telephone: (03) 3221-9408	Insurance agency	Feb. 1992	¥4 million	25.0% (75.0%) ¹	¥97 million
ACOM ESTATE CO., LTD. Iwami Building, 4th Floor, 2-1, Iidabashi 4-chome, Chiyoda-ku, Tokyo 102-0072, Japan Telephone: (03) 3221-6950	Real estate management	Mar. 1996	¥7,540 million	100.0%	¥1,343 million
ABS CO., LTD. Sakai Building, 2nd Floor, 12-9, Sotokanda 4-chome, Chiyoda-ku, Tokyo 101-0021, Japan Telephone: (03) 5297-2707	Maintenance of buildings and other properties	Oct. 1997	¥30 million	0.0% (100.0%) ¹	¥800 million
AVRS CO., LTD. 2-18, Nakanobu 6-chome, Shinagawa-ku, Tokyo 142-0053, Japan Telephone: (03) 3786-3130	Audio-visual software rental	Mar. 1998	¥100 million	100.0%	¥908 million
ACOM RENTAL CO., LTD. ACOM Shinbashi Building, 11-1, Shinbashi 3-chome, Minato-ku, Tokyo 105-0004, Japan Telephone: (03) 5401-0044	Hardware rental	Oct. 1999	¥300 million	100.0%	¥ - ²
E*NetCard CO., LTD. 3-3, Kudankita 1-chome, Chiyoda-ku, Tokyo 102-0073, Japan Telephone: (03) 5212-4121	New customer base development for consumer loan and credit card operations via the Internet	Oct. 1999	¥300 million	51.0%	¥2 million
OVERSEAS:					
ACOM (U.S.A.) INC. ⁵ 229 South State Street, Dover, Kent County, DE, U.S.A.	Lease of real estate in the United States	Dec. 1986	US\$17 million	100.0%	Operating loss: US\$549 thousand ^{3, 4}
ACOM INTERNATIONAL, INC. ⁵ 229 South State Street, Dover, Kent County, DE, U.S.A.	Lease of real estate in the United States	Dec. 1986	US\$17 million	100.0%	Operating loss: US\$549 thousand ^{3, 4}
1990 K PARTNERSHIP ⁵ 229 South State Street, Dover, Kent County, DE, U.S.A.	Lease of real estate in the United States	Dec. 1986	US\$33 million	0.0% (100.0%) ¹	US\$2,746 thousand ^{3, 4}
ACOM PACIFIC, INC. 1008 Pacific New Building, 238 Archbishop F.C. Flores Street, Agana, Guam	Lease of health resorts in Guam (U.S.A.)	July 1993	US\$10 thousand	100.0%	US\$20 thousand ^{3, 4}
SIAM A&C CO., LTD. Ramaland Building, 13th Floor, 952 Rama IV Road, Suriyawongse, Bangrak, Bangkok 10500, Thailand	Hire purchase business in Thailand	Sep. 1996	THB120 million	49.0%	THB185 million ³

Notes: 1. Figures in parentheses indicate indirect ownership by ACOM CO., LTD.

2. Business operations started in April 2000.

3. Year ended December 1999.

4. ACOM (U.S.A.) INC., ACOM INTERNATIONAL, INC., 1990 K PARTNERSHIP, and ACOM PACIFIC, INC., changed their fiscal year-end from March 31 to December 31 in the fiscal year under review. As a result, the financial statements have been prepared for the nine-month period ended December 31, 1999.

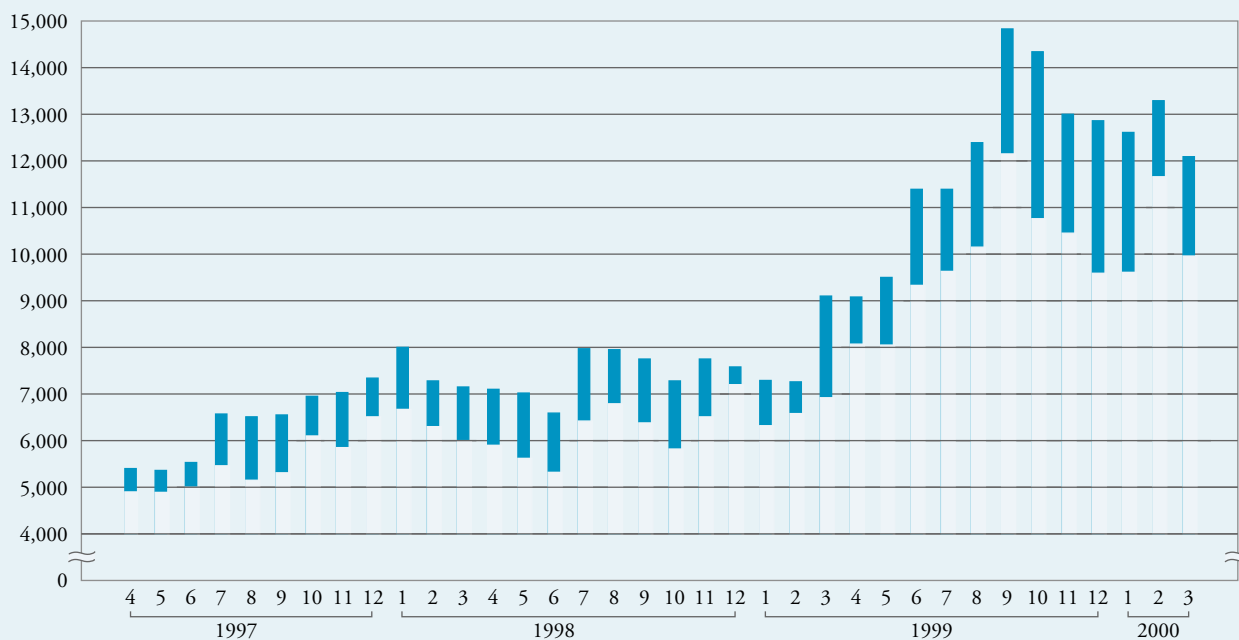
5. ACOM (U.S.A.) INC. and ACOM INTERNATIONAL, INC., each hold 50% of partnership capital of 1990 K PARTNERSHIP, which recorded a net loss of US\$1,099 thousand in fiscal 1999. Therefore, the above companies each posted operating losses of US\$549 thousand.

Share Information

(As of March 31, 2000)

stock price range:

(Yen)



principal shareholders:

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)	3,114	2.12
The Long-Term Credit Bank of Japan, Limited	2,750	1.88
Total	86,505 (thousands)	59.00%

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

Corporate Data

(As of March 31, 2000)

company name:

ACOM CO., LTD.

business outline:

Loan, credit card, installment sales finance, and rental businesses

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

number of employees:

4,314

common stock:

Authorized: 533,200,000 shares

Issued: 146,630,880 shares

number of shareholders:

2,728

stock listing:

First Section of Tokyo Stock Exchange

transfer agent:

The Mitsubishi Trust and Banking Corporation

general shareholders' meeting:

June

auditor:

CENTURY OTA SHOWA & CO.

(Member firm of) ERNST & YOUNG INTERNATIONAL

For Further Information

Investor Relations Office:

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