acom

Annual Report
2003 Year ended March 31, 2003

Consistency and Flexibility

Contents

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.

Corporate Philosophy

Based on our twin mottos of "respecting other people" and "putting the customer first," we will continue to pursue an innovative and creative style of corporate management aimed at helping our customers realize happier and more fulfilling personal lives.

In 1936, ACOM was founded on the ideal of "extending the feeling of confidence from people to people." Since then, we have always sought to develop our business by establishing an unshakable mutual trust between us and our customers.

acom

ACOM is an acronym created from the following three words:

Moderation
We are hard-working and humble as we carry out our business of helping our customers achieve satisfying lives.

Confidence
We strive to establish an unshakable mutual trust between us and our customers.

Affection
We constantly attempt to have heart-warming relations with our customers that are based on their interests.

Financial Highlights

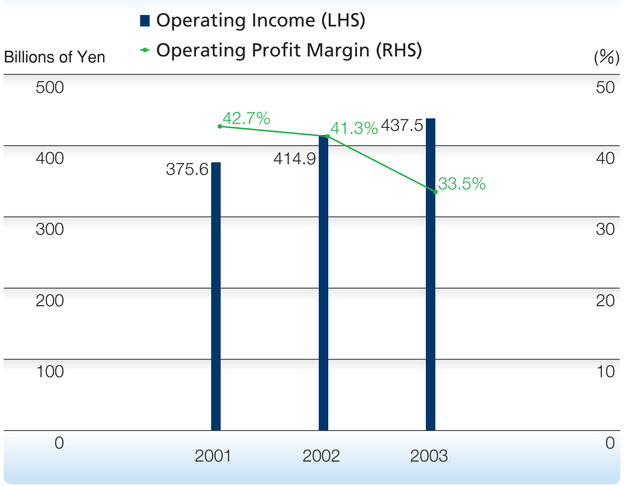
Years ended March 31

I. ACOM CO., LTD. and Subsidiaries	Millions of Yen 2001	2002	2003	Millions of U.S. Dollars* 2003
1. For the year:				
Total operating income	375,674	414,918	**437,572**	**3,640**
Operating expenses	215,363	243,669	**290,877**	**2,419**
Bad debts related expenses*	52,420	72,047	**115,671**	**962**
Operating profit	160,310	171,248	**146,695**	**1,220**
Net income	81,369	95,637	**75,096**	**624**
2. At year-end:				
Total assets	1,943,836	2,166,865	**2,183,414**	**18,164**
Receivables outstanding*	1,720,616	1,888,265	**1,940,055**	**16,140**
Total amount of bad debts	34,819	44,516	**60,791**	**505**
Loans to borrowers in bankruptcy or under reorganization	3,650	7,204	**9,227**	**76**
Loans in arrears	16,897	21,751	**31,302**	**260**
Loans past due for three months or more	684	519	**1,139**	**9**
Restructured loans	13,587	15,041	**19,122**	**159**
Allowance for bad debts	64,360	81,064	**112,549**	**936**
Total shareholders' equity	503,335	582,737	**644,431**	**5,361**
Interest-bearing debts	1,333,568	1,470,366	**1,439,905**	**11,979**
3. Per share:	Yen			U.S. Dollars
Net income, basic	554.92	653.18	**513.08**	**4.26**
Cash Dividends	65.0	80.0	**80.0**	**0.66**
4. Financial ratios:				
Operating profit margin	42.7%	41.3%	**33.5%**	—
ROE*	16.2%	17.6%	**12.2%**	—
ROA*	4.2%	4.7%	**3.5%**	—
II. ACOM CO., LTD. (Parent Only)				
Ratio of bad debt write-offs*	2.9%	3.2%	**4.6%**	—
Bad debt ratio (Gross basis)*	2.3%	2.7%	**3.7%**	—
Bad debt ratio (Net basis)*	-1.8%	-2.1%	**-2.9%**	—

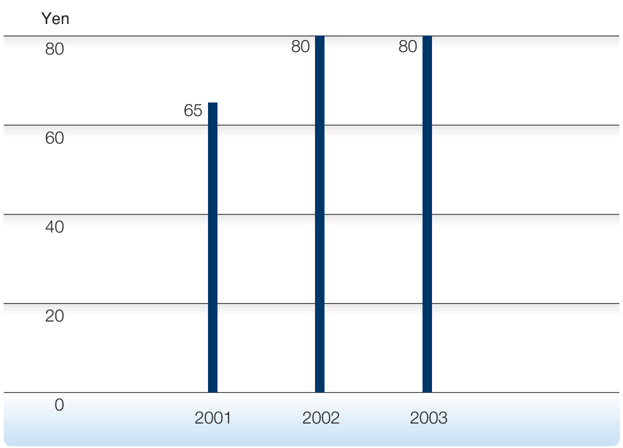
*Notes:
1. The translation of yen amounts into U.S. dollar amounts has been made, solely for convenience, as a matter of arithmetical computation only, at the rate of ¥120.20 = US $1.00, the exchange rate prevailing on March 31, 2003.
2. The amount of bad debts related expenses is the sum of bad debt expenses, provision for bad debts, and provision for loss on debt guarantees.
3. Receivables outstanding indicates the total amount of Receivables outstanding of Loan Business, Credit Card Business and Installment Sales Finance Business.
4. ROE and ROA are calculated using the simple average of beginning and end of term balance sheet figures.
5. All data for ACOM CO., LTD. are applied for its loan business alone.
6. Bad debt ratio(Gross basis)=Total amount of bad debts / Recievables outstanding plus Loans to borrowers in bankruptcy or under reorganization
7. Bad debt ratio(Net basis)=(Bad debts – Allowance for bad debts) / Recievables outstanding plus Loans to borrowers in bankruptcy or under reorganization

Years ended March 31

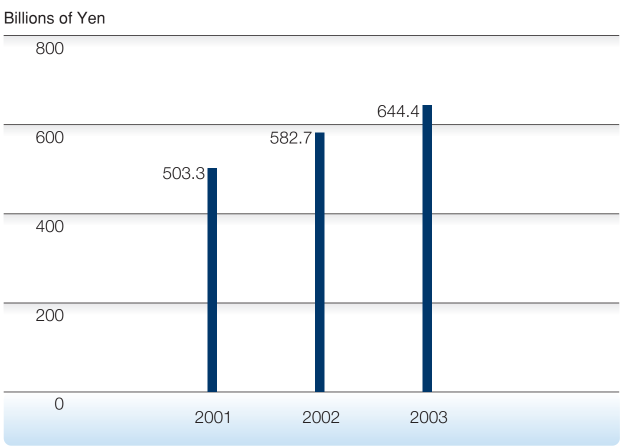
Consolidated Operating Results



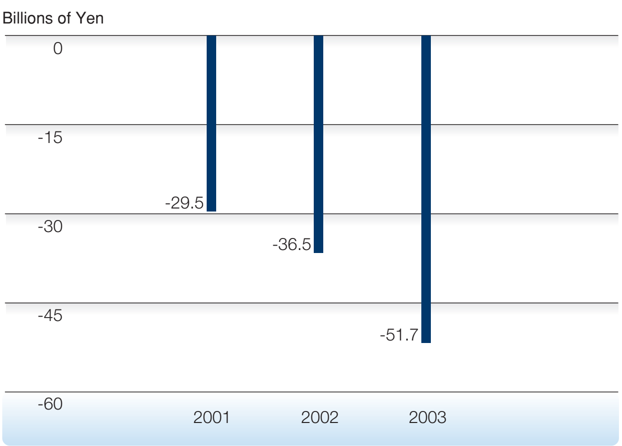
Dividends Per Share



Consolidated Shareholders' Equity



Consolidated Bad Debts (Net Basis)*



*Bad debts (net basis)＝Total amount of bad debts－Allowance for bad debts

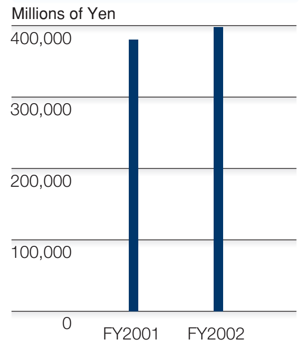
Business Highlights

Segment	Business Overview
1. Financial Businesses	
Loan Business	At our loan business, we conduct individual credit screenings of loan applications that are submitted at our branch offices, automated loan application machines, and the Internet. We then provide loans to customers who successfully pass this process. Small unsecured loans for individual consumers account for the majority of the business in this segment, and there have been no major changes to this situation. According to the 2003 edition of Japan Consumer Credit Statistics (published by the Japan Consumer Credit Industry Association), the consumer finance market was worth ¥10 trillion in 2001, and of this amount the ACOM Group had a share of about 16%. The ACOM Group is positioned as one of the largest players in this market, along with TAKEFUJI CORPORATION and Promise Co., Ltd.
Credit Card Business	In 1998, ACOM entered the credit card business after acquiring principal membership of MasterCard International. According to the Japan Consumer Credit Statistics, the overall credit card market was worth ¥3 trillion in 2001. In this market, the ACOM Group lagged behind the leaders, with a share of 1%. However, in the three years up to fiscal 2002, receivables outstanding at this business have expanded by 558%.
Installment Sales Finance Business	This business, which is operated by ACOM and ACOM's subsidiaries JCK CREDIT CO., LTD. and SIAM A&C CO., LTD. (Thailand), provides installment sales financing. At the end of fiscal 2002, the consolidated receivables outstanding at this business reached ¥237.9 billion. This was about 1.9 times the level registered three years ago. According to the Japan Consumer Credit Statistics, the size of the domestic market for installment sales financing in 2001 was ¥12 trillion.
Guarantee Business	At this business, we mainly provide guarantees for individual loans issued by regional banks. This business began in fiscal 2001, however guaranteed loans receivable at the end of fiscal 2002 reached ¥57.9 billion.
Servicing Business	This business collects on loans on behalf of financial institutions, as well as collecting on loans that it has bought up. ACOM entered this market in fiscal 2000 through its investment in IR Loan Servicing, Inc.
2. Non-Financial Businesses	
Rental Business	ACOM's wholly-owned subsidiary ACOM RENTAL CO., LTD. operates a business renting out goods used in daily life and leisure equipment. It also provides support for event planning.
Other Businesses	ACOM's other non-financial businesses mainly consist of an advertising agency, insurance agency, real estate management business, and temporary employment agency. These businesses are operated by 11 consolidated subsidiaries.

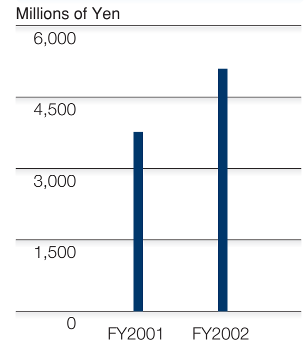
Consolidated Operating Income (Millions of Yen)

FY2001	FY2002	yoy
408,431	431,671	5.7%
380,553	398,057	4.6%
3,771	5,096	35.1%
23,595	25,725	9.0%
319	1,866	483.8%
191	925	383.9%
6,487	5,901	-9.0%
3,853	3,629	-5.8%
2,634	2,271	-13.8%

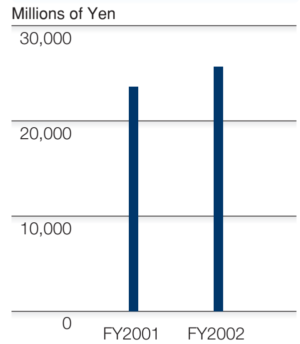
Loan Business



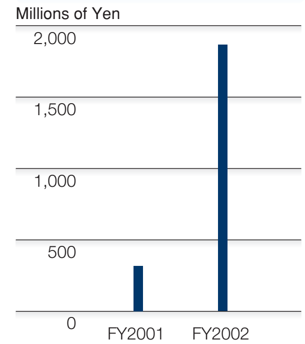
Credit Card Business



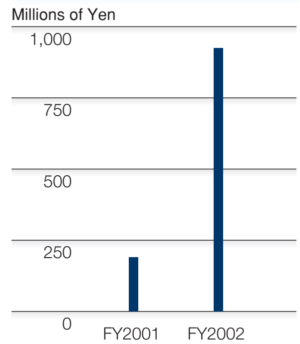
Installment Sales Finance Business



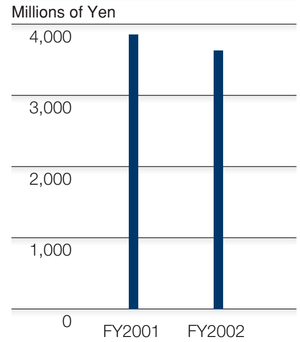
Guarantee Business



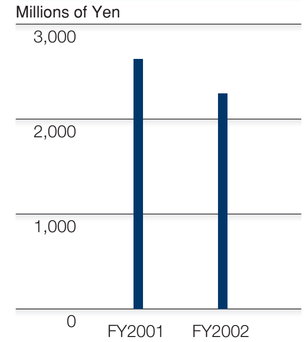
Servicing Business



Rental Business



Other Businesses



To Our Shareholders, Customers and Employees

President & Chief Executive Officer
Shigeyoshi Kinoshita

1. Looking Back at Fiscal 2002

(1) The Macroeconomic Environment

No Sense of a Recovery in the Japanese Economy

In fiscal 2002 ended March 31, 2003, the Japanese economy was buoyed by favorable growth in exports in the first half, and the real GDP showed positive growth for the first time in a year. However, the nominal GDP, which reflects the price deflator, remained on the negative growth path from the previous term. Thus, the economy was far from recovering in fiscal 2002. Corporate earnings as a whole expanded, but this was mostly due to cost reductions such as restructuring. Domestic final demand was weak, and the situation did not encourage an optimistic view towards the sustainability of corporate earnings growth.

The Operating Environment in the Industry Deteriorated Sharply

In the midst of a jobless recovery in corporate earnings, the operating environment for the consumer finance and installment sales finance businesses was extremely tough. Over the past few years, household consumption expenditure has fallen by an annual rate of 1% or so. However, in some months in the second half of fiscal 2002, household consumption expenditure declined by 3% compared with the previous year. On the other hand, in August 2002, the unemployment rate reached the 5.5% level, and the number of unemployed people amounted to about 3.7 million, which is slightly less than three times the level registered during the bubble economy. While the total number of unemployed showed an apparently mild increase, at about 5%, the number of involuntary unemployed grew by 40% over the previous year. Thus one feels compelled to say that the business environment deteriorated sharply in fiscal 2002. This led to a dramatic increase in the number of personal bankruptcies, and provision for bad debts in the industry rose by more than expected. Furthermore, new entrants into the consumer finance industry made an unfavorable business environment even worse.

(2) Operating Results of the ACOM Group and the Parent Company

First Decline in Profit Since the Stock Was Listed

In fiscal 2002, consolidated operating profit fell by 14.3% over the previous term to ¥146.6 billion, and net income dropped by 21.5% to ¥75.0 billion. Operating profit was ¥32.5 billion short of our initial plan and net income was ¥22.2 billion short. Under an unforgiving operating environment, operating income grew by 5.5%, but provision for bad debts rose by 60.4% or ¥43.5 billion, and this was the major reason for the profit decline. ACOM (parent), which is the mainstay company of the Group, accounted for 95.8% of the consolidated operating income and 97.2% of the consolidated operating profit. The parent results were similar to the consolidated results, with ACOM's operating profit falling by 15.6% and net income dropping by 18.2%.

The Quality of Claims Also Deteriorated

On the balance sheet, there was also a slight deterioration in credit quality. At the end of the term, the total amount of the parent company's bad debts and loans in arrears for less than three months rose by ¥22.1 billion compared with the end of fiscal 2001 to ¥79.4 billion. Bad debts and loans in arrears for less than three months reached 4.8% of the receivables outstanding, for an increase of 1.3 percentage points. That said, however, ACOM had an allowance for bad debts of ¥107.7 billion at the end of fiscal 2002.

Shareholders' Equity Expanded Steadily

As a result of the aforementioned situation, the consolidated operating profit margin declined from 41.3% in fiscal 2001 to 33.5% in fiscal 2002 and net income as a percentage of shareholders' equity (ROE) dropped from 17.6% to 12.2%. However, shareholders' equity grew from ¥582.7 billion to ¥644.4 billion, and the shareholders' equity ratio reached 29.5% at the end of the term. Thus, ACOM paid a dividend of ¥80 per share, the same level as in fiscal 2001, as it had initially promised. This dividend was paid by the parent company from ¥101.7 billion in unappropriated retained earnings for the term.

(3) On the Compliance Infraction

In December 2002, by means of an internal investigation, we discovered that a few of ACOM's employees were engaged in some improper behavior with regard to compliance. When restructuring the debt of some customers, some improper bookkeeping was performed related to the "statement revised in accordance with the Interest Rate Restriction Law" which ACOM submits voluntarily. Believing in the importance of information disclosure, we investigated and reported this behavior on our own initiative because it violates the rules we have set down related to business ethics. We would like to offer our profound and sincere apologies to our customers, shareholders, business partners, and any other affected parties for the enormous inconvenience and anxiety this incident caused. We are ashamed that such a situation occurred, as not only were we founded on the ideal of "expanding the circle of trust," but we have been working hard to be a best life partner under the corporate ideology of always putting the customer first. We have carried out disciplinary action against the employees involved, along with devising measures to have all of the aforementioned revised statements inputted into our host computer in such a way that no employee will ever be allowed to touch the statements twice. Since 1998, we have been working to promote business ethics with the aim of following compliance rules assiduously. Nevertheless, based on the Three-Year Business Ethics Plan that we drew up in April 2003, we are creating a system and environment to ensure that all employees of the ACOM Group reflect upon the importance of trustworthiness, the meaning of putting the customer first, and the importance of setting a good example and fulfilling their social responsibilities related to observance of the law.

2. Strategy and Outlook for Fiscal 2003 and Beyond

Ascertaining What We Should Continue and the Adjustments We Need to Make to Our Course

Fiscal 2002 was the first year since ACOM was listed that it experienced a drop in its profits. As a representative of the ACOM Group, I am not blaming this profit decline to an unfavorable environment. Nor are we thinking of taking temporary remedial measures that just treat the symptoms. We believe it is of vital importance that we analyze the situation rationally, ascertain the strategy we should follow consistently and the adjustments we need to make to our course, and create a stronger corporate fabric. We do not believe that employment and consumption will show a full-scale recovery with companies still carrying out restructuring. Based on this macro view, we will put a priority on improving our resistance to a deterioration in the broader economy over the medium to long term.

(1) The Strategy We Will Follow Consistently

Advancement in Businesses Peripherally Related to Consumer Loans

We are working to build strong management foundations which will allow us to adapt quickly and flexibly to changes in the environment. We have put our main emphasis on the areas described below: The first is our advance in fields that are peripherally related to consumer loans where we can make use of our know-how, skills, and database. Specifically, these include the credit card business, the installment sales finance business, the loan guarantee business, and the servicing (i.e., debt collection) business. With the business environment worsening, our growth would be limited if we confined our activities to the narrow sphere of consumer finance. Thus, we have targeted the entire consumer credit market, which is five times as large as the consumer loan market. By meeting a wide range of consumer needs, we are aiming to be a reliable company for comprehensive financial services. Even under the unfavorable operating environment that existed in fiscal 2002, ACOM's receivables outstanding rose by 2.1% at the end of the term. This growth was largely due to a 30.8% increase in receivables outstanding at the credit card business. In addition, the receivables outstanding at the guarantee business expanded sharply, to six times the previous year's level. In the future, we intend to hold fast to our idea of "cross selling," in other words, having these other businesses complement the consumer loan business through an organic fusion of operations.

The Practice of CS Management and Efficient Management

Our second area of emphasis is "the practice of CS (customer satisfaction) management." Up to now, we at ACOM have responded to the needs of the times and people's changing lifestyles by providing the most advanced services in the industry. Some of the ways we did this were by establishing automated loan application machines (MUJINKUN machines) and offering services through the Internet and cellular phones. And, from now on, our aim is to be a trustworthy company that offers the highest level of customer satisfaction through the most advanced comprehensive financial services. Our third area of emphasis is "efficient management." By the end of 2002, we reformed our business system by concentrating all of the back office work at staffed branch offices at contact centers. Under the new business system, we are aiming to lower costs substantially by making the maximum use of the infrastructure and the stronger ties between the branch offices, the contact centers, and the service centers.

(2) Additional Points and Modifications

In fiscal 2002, we experienced a decline in our profits. This was because we were not able to respond effectively to the confusion in macroeconomic environment. Undeniably, there were some areas where we could have tried harder. Taking this experience as a lesson, in fiscal 2003 we are implementing a revised and expanded plan. Here, we would like to express only our basic ideas. For details, please refer to the Special Feature.

1) Thorough Observance of Business Ethics

Along with revising the Business Ethics Plan that we have been following since 1998 and making new improvements to our detailed behavioral manual, by the end of June 2003 we will have all our employees take a Business Ethics Course run by the supervisor of the Business Ethics Office. Our executives will also talk with employees at least once every half year. In this way, we will try to make sure that no other compliance mistakes occur. Through these measures, we will make all of our executives and employees realize that the more ACOM aims to be a highly significant company, the more it needs to behave in accordance with the highest level of ethical standards.

2) Establishment of a New Sales System

In an environment where competition is intense and the market is shrinking as a result of factors related to the economic cycle, companies need to be "selected" by customers in order to survive. Our contact centers, which began operating at the end of last year, were established with the aim of shifting to a function-based organizational structure. However, the functions that we originally envisioned have not yet been fully realized. Thus, we will intend to revise and further strengthen our business system. Specifically, our aim is to offer all of our customers' needs in one location, in other words, one-stop marketing. We will strengthen the ties between our organizations and organizational heads and do our utmost to carry out CS management.

3) Upgrade of Credit Quality

With the employment situation undergoing an unprecedented deterioration, it is not an easy matter to prevent an increase in bad debts. However, we are trying to improve the quality of our credit by providing extensive counseling to our customers when their loans fall into arrears and not simply informing them of their repayment date. For this purpose, we have further divided our customer segments by age, gender, amount of debt, and transaction situation and are switching from "uniform operations for all customer segments" to "detailed management by customer segment" by making more extensive use of information technology than we did in the past.

4) Acceleration of Decision-Making

We plan to introduce an executive officer system featuring a Board of Directors that draws up the management strategy and oversees the company's management, and executive officers who run the business. By lessening the number of members on the Board of Directors, we are aiming to facilitate speedy decision-making. Furthermore, the assignment of authority to executive officers will enable them to run the business more flexibly. In this way, we aim to realize efficient management and strengthen our competitiveness.

5) Achievement of Low-Cost Operations

In keeping with our commitment to CS management, we are well aware that customers want lower interest rates on loans. Competition is bound to intensify as a result of more companies entering the field. In this situation, it is necessary for us to lower all types of costs, maintain our services even at low interest rates, and build a corporate system for managing the company. Through the aforementioned revisions to our business organization, we intend to cut costs, prevent an increase in the provision for bad debts by strengthening our debt management, and improve our relative cost competitiveness.

Structural Improvements are Necessary, Even If We Must Temporarily Take a Step Back

In May 2003, we announced our forecast for a 0.1% decline in fiscal 2003 consolidated operating income to ¥437.1 billion, a 12.8% drop in operating profit to ¥127.9 billion, and a 6.4% decrease in net income to ¥70.2 billion. These estimates assume that the deterioration in the macroeconomic environment will accelerate. However, through the implementation of the aforementioned five objectives, we would like to achieve results that are higher than our estimates, if even by only a little bit. We have positioned fiscal 2003 as the year when we will perfect the management base of the ACOM Group as a whole, including personnel, asset content, organizational strength, and information systems. The ACOM Group aims to gain the trust of all of our stakeholders and will make steady advancements despite the unfavorable macroeconomic environment.

Shigeyoshi Kinoshita
President & Chief Executive Officer
ACOM CO., LTD.

Special Feature: ACOM's Medium- to Long-Term Growth Strategy

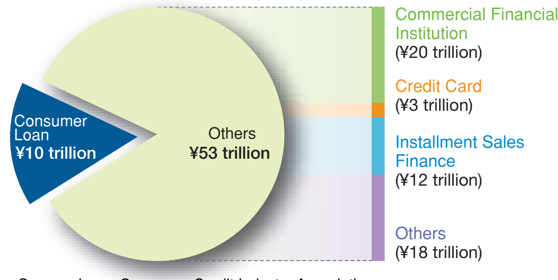
Strategy for Business Diversification

1. Reconfirming Our Basic Strategy

Consumer loans, which have been ACOM's mainstay business, are a small segment that accounts for only 15% of the overall consumer credit market. Peripheral businesses such as the credit card business and installment sales finance business represent a market worth as much as ¥53 trillion. ACOM has been developing its own strategy for these peripheral fields by making efficient use of its database and the know-how related to the credit screening of individuals that it has cultivated over the years in the consumer loan business.

Breakdown of the Consumer Credit Industry (Market Scale of 63 trillions of yen)

Consumer Loan is Only the Small Segment that Occupies 15% of the Whole



Source: Japan Consumer Credit Industry Association
Note: All the data is as of CY2001

2. Results and Identification of Problem Areas

● Credit Card Business and Installment Sales Finance Business

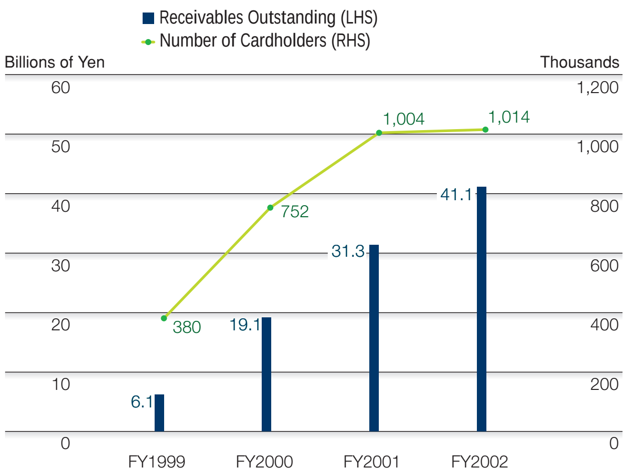
ACOM entered the credit card business in 1998 after acquiring the principal membership of MasterCard International. By the end of fiscal 2002, this business had grown to the point where it had about 1.01 million credit card users. We achieved this level of growth through the following features not offered by any other cards: First, customers are able to get a credit card the day they apply for one. Second, by using ATMs operating around the clock every day of the year, customers can make repayments at almost any time and place. In addition, since the customers can receive payment date notices through the ATMs, ACOM MasterCard® is useful for protecting the customers' privacy. At the end of the term, the receivables outstanding at this business expanded by a strong 31% compared with one year before.

In fiscal 2002, the number of cardholders increased by 1.1% over the previous year despite the unfavorable business environment. We somehow managed to attain positive growth in the number of our cardholders thanks to our active efforts to tie up with companies in other industries with customer-drawing power, such as the Osaka Kintetsu Buffaloes Co., Ltd., YOSHIMOTO KOGYO CO., LTD., and Paw Creation Co., Ltd., which is a wholly owned subsidiary of Don Quijote Co., Ltd. However, considering that we achieved an increase of more than 30% in fiscal 2001, we cannot deny that the rate of growth has slowed down. And this deceleration trend was not limited to the credit card business. It also appeared in the installment sales finance business.

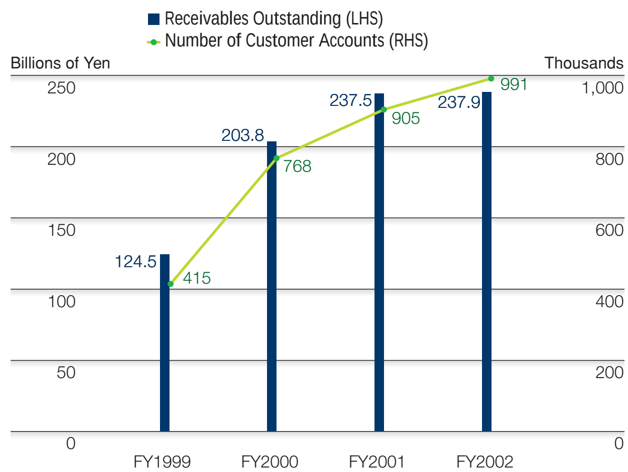
Owing to the consumption slump, receivables outstanding at the installment sales finance business edged up by 0.2% and the number of customer accounts rose by 9.4%.

Along with continuing to strengthen its tie-ups with companies in other industries with customer-drawing power, ACOM plans to firm up the organic ties that exist among its businesses, including the credit card business, installment sales finance business, and consumer loan business. In the midst of the ongoing consumption slump, we would like to achieve stable growth for our financial service businesses.

ACOM MasterCard®



Installment Sales Finance Business of ACOM Group



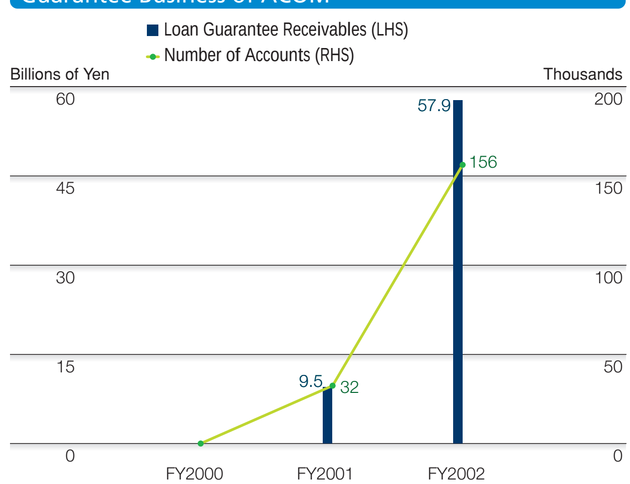
Guarantee Business, Servicing Business, and Others

ACOM works with financial institutions – mainly prominent regional banks – to provide loan-related guarantee services to their customers. This business has been developed by bringing together the financial institutions' brand names with our skills related to consumer loans and the credit screening of individuals. We entered this business in May 2001 with a tie-up with THE HOKKAIDO BANK, LTD. In fiscal 2002, we made new business tie-ups with The Aomori Bank, Ltd. The Hachijuni Bank, Ltd., The Fukuoka City Bank, Ltd., THE BANK OF NAGASAKI, LTD., and THE NANTO BANK, LTD. At the end of fiscal 2002, we had tie-ups with nine banks and one other company, and the balance of loan guarantee receivables reached ¥57.9 billion, which is about 6 times the previous year's level. In the future, we would like to add more tie-up partners and cultivate more customers through the speedy and advanced credit screening.

The servicer business refers to a private company that specializes in the management and collection of claims. Its main sources of profits are (1) fees collected from banks, life insurance companies, and others to manage and collect on claims and (2) margins obtained from the collection of claims that we have purchased. Previously, only attorneys were allowed to practice in this business field, but others have been allowed to operate this business since 1999. ACOM entered the servicing business in March 2001 when it bought a stake in IR Loan Servicing, Inc. (currently, ACOM's equity ownership is 80%). At the end of fiscal 2002, the total principal of consigned and purchased receivables rose by 49.5% to ¥1.085 trillion, and the business managed to achieve a profit in its second year after starting operations in July 2001.

Tokyo-Mitsubishi Cash One Ltd., which was established jointly with The Bank of Tokyo Mitsubishi, Ltd., The Mitsubishi Trust & Banking, Ltd., DC CARD CO., LTD., and JACCS CO., LTD., began operations in March 2002. At the end of fiscal 2002, its loan receivables amounted to ¥19.4 billion. As is the case with the guarantee business, we expect this business to enjoy a high rate of growth over the medium to long term owing to the fusion of the banks' strong brand names and ACOM's know-how related to credit screening and the collection of debt for consumer loans.

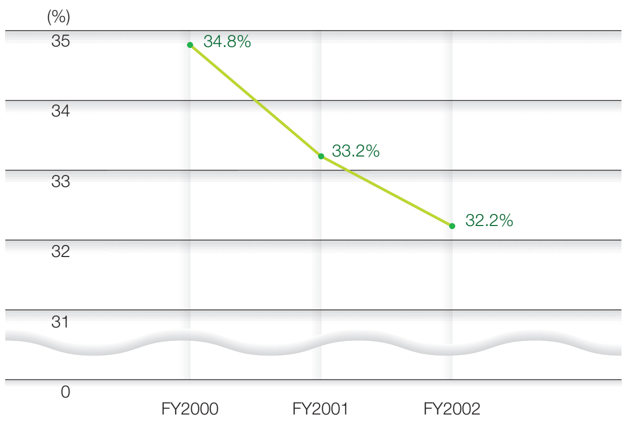
Guarantee Business of ACOM



Efficient Management and the Creation of a Low-Cost System

In October 2002, ACOM established contact centers for each of the four regional organizations (i.e., Business Promotion Departments Nos. 1 - 4) and began introducing a new sales system designed to concentrate the back-office functions such as answering telephone calls, credit screening, and managing debt that used to be performed by staffed branch offices in each region. This system was nearly completed by the end of the year. Along with improving operational efficiency by having the staffed branch offices specialize in face-to-face work with customers, the aim of this move was to lower costs by concentrating the back-office functions. We also endeavored to cope with the unfavorable business environment and pare down our general expenses, as well as continuing to outsource certain functions, such as the computer center. As a result, general expenses other than financial expenses and provision for bad debts accounted for 32.2% of operating income in fiscal 2002, in contrast to 33.2% in fiscal 2001. The cost-cutting effect should be even greater in fiscal 2004, as the shift to the new sales system was completed in the third quarter of fiscal 2002 and we will be working to strengthen our management in fiscal 2003.

Ratio of “Other operating expenses” excluding Financial expenses and Provision for bad debts to “Operating income”(ACOM)



Contact Center
Newly established contact centers will improve operational efficiency as well as cost structure of ACOM.

Here, we would like to explain a somewhat detailed action plan that covers three of the five objectives of the management plan outlined in the Chapter titled "To Our Shareholders, Customers and Employees": Establishment of a new sales system, upgrade of credit quality, and achievement of low-cost operations.

1. Revision of the Branch Network and Cultivation of New Markets

In response to our customers' needs and lifestyles which are undergoing dramatic changes, we are thinking of setting up branches in shopping malls (also known as in-store branches) and establishing branches operated jointly with our business partners. This is along with actively consolidating our operating branches. We are also planning to change about 150 staffed branch offices to unstaffed branch offices over the next two years using the new sales system that we implemented in fiscal 2002. However, we will flexibly adjust the aforementioned number of branches to be switched depending upon the economic trend and other features of the external environment.

2. Reconstruction of Our Credit Management

We are fully aware that the current macroeconomic environment is not conducive to reducing the absolute amount of our provision for bad debts. With this in mind, we will work to improve the quality of our credit, using the measures listed below:

(1) Changing Our Credit Management Method from the Date Guidance Type to the Counseling Type

Under today's unforgiving macroeconomic environment, we cannot prevent a qualitative deterioration in our credit by managing debt through repayment dates alone. It is necessary that we meet face to face with customers whose payments fall into arrears and, as a personal financial advisor, provide guidance to help normalize and improve the customers' situations. ACOM intends to increase the number of its counseling staff (regular employees) from 670 at the end of fiscal 2002 to about 800 in fiscal 2003. At the same time, we will strengthen the counseling we provide to our customers through the use of counseling manuals and computer systems.

(2) Optimizing Our Services by Customer Segment

In addition to making value decisions, we intend to realize "One-to-One Marketing" through finer classifications of our customer segments based on our current classification of credit risk called "50 Levels of Risk Determination." We are also working to rebuild our relationships with our customers, including providing products and services that suit their needs.

3. A Thorough Commitment to Achieving Low-Cost Operations

The organizational reform of our business divisions that we began last term is not yet complete. We aimed to strengthen our organization by function, but if the different parts of the organization are not cooperating sufficiently, we will not be able to provide our customers with the optimum services at all times. Under our idea of one-stop marketing, we intend to make further progress in building a hierarchical functional-based organization and to offer services that suit our customer segments in all areas of operations through our business mix.

Specifically, we intend to revise the operations and organization of our Call Center, Customer Support Center, and Customer Counseling Center and to provide services that consistently suit our customer segments. By doing this, we hope to improve our contract continuance rate and usage intention rate through the management of the operations of the new centers, as well as to forge ties between the different parts of our organization with the aim of carrying out stable credit management.

In addition, the external environment has worsened by more than we expected, and therefore it is necessary that we further concentrate our operations and build a smaller organization. In fiscal 2003, we plan to integrate the Customer Marketing Control Group and the Operation Management Department's Operation Analysis Team, as well as carrying out the organizational reforms of the business divisions that we began last term. In addition, we significantly slimmed down administrative departments at the head office in June 2003. As a result of these measures, we will achieve the lowest cost operations possible and build a system for achieving far-reaching cost reductions.

Compliance and Corporate Governance

1. Compliance

Since ACOM's establishment in 1936, our motto has been business development based on "serving humanity" and "the customer comes first". The compliance violations that we discovered in fiscal 2002 represent a deviance from this ideal and should not have occurred. Based on serious reflection of this incident, we have determined to build a system to prevent a reoccurrence. In addition of course to obeying the law, we promise to have all of our employees approach the compliance issue together to ensure that they set a good social example.

(1) Scrupulous observance of the regulations and our manual is of course imperative. But, more crucial than the creation of rules is that from time to time each employee is made aware of the importance of having society's trust. Based on this idea, we will require that by June 2003 all employees attend a lecture called Business Ethics Training held by the head of the Business Ethics Office, and we will have them re-attend this lecture on a regular basis.

(2) Reflecting upon the fact that communication between superiors and subordinates has centered on the examination of business performance, we regularly give our employees sufficient opportunities to receive counseling related to their concerns, not just in the workplace, but also at home and related to the economy. Our aim is to prevent any accidents by keeping apprised of changes in our employees that could result in rule violations.

ACOM's Ethical Codes For Business

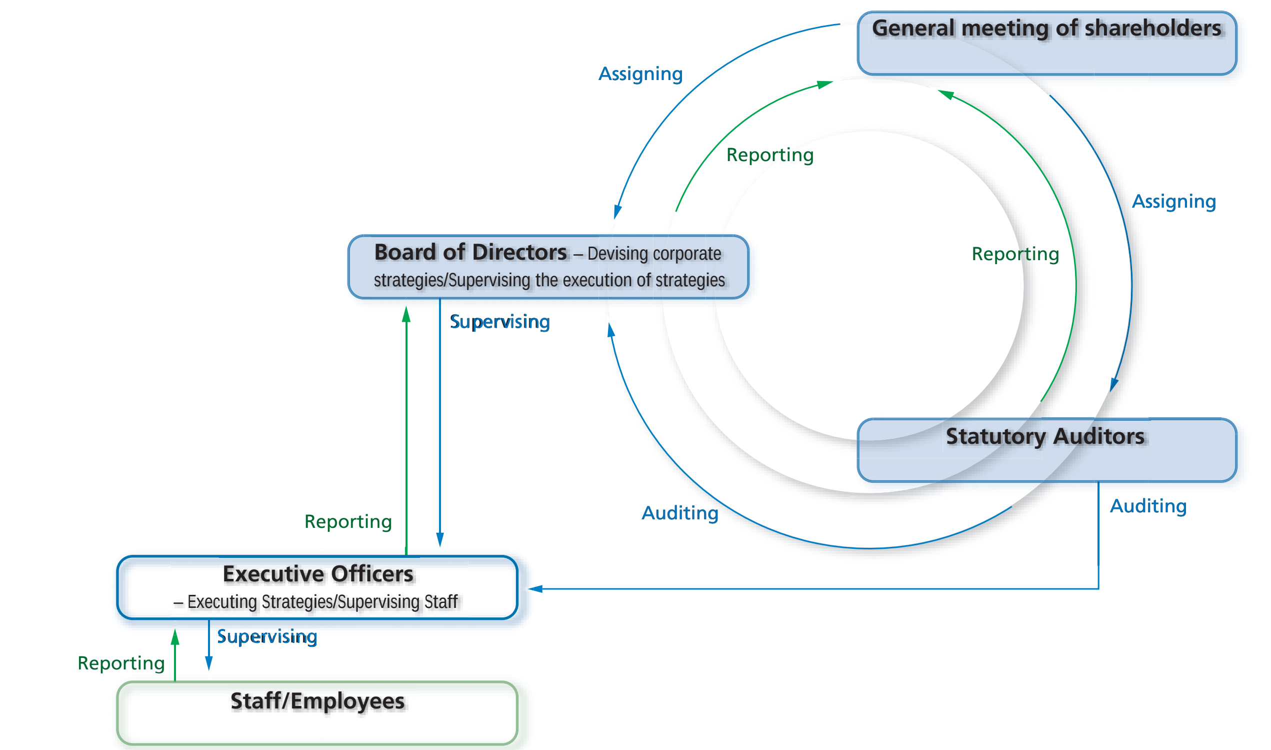
2. Corporate Governance

Up to now, corporate management at ACOM has centered on the directors and the statutory auditors. The statutory auditors of course attend all of the main meetings, including the Board of Directors' meeting. In addition, they investigate how the business is run, examine its assets and liabilities, and audit the management of the firm, either independently or in collaboration with outside auditors.

With the outlook for the macroeconomic environment looking more uncertain, we need to make faster management decisions than ever before. Faced with this situation, ACOM decided to introduce an executive officer system in fiscal 2003. By reducing the number of members of the Board of Directors from 23 or less to 12 or less, we have made it possible to devise strategies more rapidly and make flexible changes in the direction we are taking, in response to changes in the external environment. Furthermore, under the new management system, the nine new executive officers will be able to concentrate on the execution of strategies decided upon by the Board of Directors.

In addition to holding an earnings release conference for domestic securities analysts to explain our results, meeting with analysts and investors, and visiting investors, ACOM is working to maintain and ensure the transparency of management to our stakeholders by means of active disclosure to investors and securities analysts. This is achieved through our investor relations activities in Japan and abroad, such as telephone and video conferences with overseas investors and road shows in Europe and the U.S. At its homepage, ACOM also has a site devoted to investor relations (http://ir.acom.co.jp/). By enriching the information service through the Internet which many people can access, we strive to make the information disclosure as fair as possible. These include live broadcasts of earnings release conferences and the suitable disclosure

ACOM's New Management System



of monthly and quarterly data on our operations. In December 2002, we were recognized for our active stance towards information disclosure by winning the 2002 Internet IR Best Company Prize and the 2002 Internet IR Best Effort Company Prize. These prizes are given each year by Daiwa Investor Relations Co., Ltd. for excellent investor relations sites. In addition, in May 2002, ACOM lowered the minimum amount for purchases of its stock from 100 shares to 10 shares, thereby making it easier for individual investors to hold our stock.

In fiscal 2002, ACOM paid an annual dividend of ¥80 per share, the same level as in fiscal 2001. As a result, the dividend payout ratio in fiscal 2002 was 15.1%. Our basic policy towards the distribution of profits is to continue to return profits to our shareholders through dividends, while striking the best balance between paying out dividends and making forward-looking investments aimed at reducing the cost of our operations.

ACOM's IR site
(http://ir.acom.co.jp)

Organization Chart (As of June 27, 2003)

Board of Directors (As of June 27, 2003)

Director

Chairman
Kyosuke Kinoshita

Deputy Chairman
Masanao Kato

President
Shigeyoshi Kinoshita

Senior Managing Director
General Affairs Department
Credit Supervision Department No.1
Credit Supervision Department No.2
Customer Relations Department
Masayoshi Tatsuta

Managing Director
Operation Risk Management Department
Inspection Department
Legal Office
Business Ethics Office
Tsuneo Tsukada

Treasury Department
Shigeo Mikami

Corporate Planning Department
Corporate Management Department
Business Development Department
Public Relations Department
Kazuhiro Shimada

Marketing Development Department
Loan Business Management Department
Business Promotion Department No.1
Business Promotion Department No.2
Business Promotion Department No.3
Business Promotion Department No.4
Credit Card and Installment Business Department
Keiji Nishio

Human Resources Department
System Development & Administration Department
Employment Counseling Office
Shigeru Akaki

Director and Senior Executive Advisor
Hitoshi Kondo

Executive Officer

President & Chief Exective Officer
Shigeyoshi Kinoshita

Senior Executive Managing Officer
Masayoshi Tatsuta

Executive Managing Officer
Tsuneo Tsukada

Shigeo Mikami

Kazuhiro Shimada

Keiji Nishio

Shigeru Akaki

Executive Officer
Kouichi Izumimoto

Zenichi Hioki

Atsumi Takagishi

Junya Fukuda

Syozo Tanaka

Kiyoshi Tachiki

Satoru Tomimatsu

Kenji Ando

Shigeru Sato

The ACOM Group

Consolidated subsidiaries

JCK CREDIT CO., LTD. Asahi-life Bldg. 3rd Floor, 14-1, Fuchu-cho 1-chome, Fuchu-shi, Tokyo, Japan Telephone : (042) 361-8111	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Installment sales finance and loan business Oct. 1984 ¥500 million 100.0% ¥ 7,820 million
IR Loan Servicing, Inc. Trusty Koujimachi Bldg. 7th Floor, 4 Koujimachi 3-chome, Chiyoda-ku, Tokyo, Japan Telephone : (03) 5215-6511	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Loan recovery business June 2000 ¥500 million 80.0% ¥1,002 million
ACOM RENTAL CO., LTD. ACOM Shinbashi Bldg. 3rd Floor, 11-1, Shinbashi 3-chome, Minato-ku, Tokyo, Japan Telephone: (03) 5401-0044	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Comprehensive rental business Oct. 1999 ¥300 million 100.0% ¥3,654 million
JLA INCORPORATED Osaka Ekimae Dai 4 Bldg. 19th Floor, 11-4, Umeda 1-chome, Kita-ku, Osaka, Japan Telephone: (06) 6347-1281	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Advertising agency, interior design and construction of service outlets May 1972 ¥45 million 100.0% ¥11,959 million
Acom Economic Research Institute, Inc. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3239-4896	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Survey and research on trends in household expenditures Oct. 1986 ¥20 million 100.0% ¥39 million
AJAST Ltd. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3221-9408	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Insurance agency business Feb. 1992 ¥4 million 25.0%, (75.0%) *1 ¥142 million
ACOM ESTATE CO., LTD. Mine Bldg. 2nd Floor, 11-11, Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3221-6950	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Real estate management in Japan Mar. 1996 ¥7,540 million 100.0% ¥1,267 million
ABS CO., LTD. 1st Seiki Bldg. 3rd Floor, 2-2 , Sotokanda 5-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3834-9215	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Maintenance of buildings and other properties Oct. 1997 ¥30 million 0.0% (100.0%) *1 ¥1,435 million
A B PARTNER CO., LTD. Mine Bldg. 3rd Floor, 11-11 Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3234-9301	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Temporary employment agencies and back-office service Nov. 2000 ¥300 million 100.0% ¥3,303 million
AVRS CO., LTD. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: ——	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	—— Mar. 1998 ¥100 million 100.0% *3

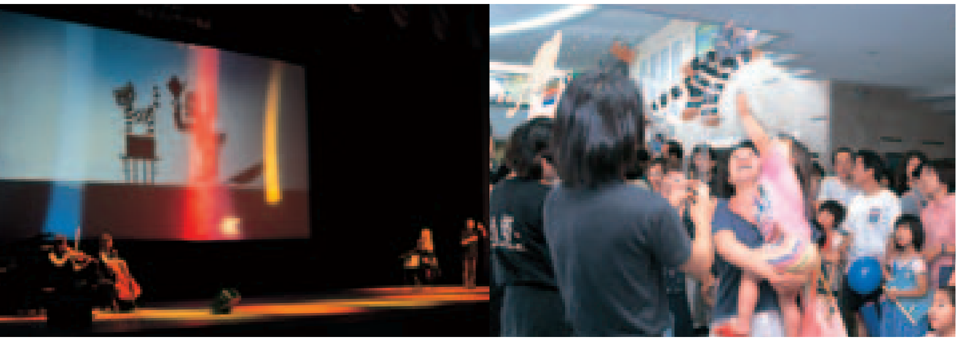
SIAM A&C CO., LTD. Ramaland Bldg. 13th Floor, 952 Rama IV Road, Suriyawongse, Bangrak, Bangkok 10500, Thailand	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Hire purchase and unsecured loan business in Thailand Sep. 1996 THB 120 million 49.0% THB 1,386 million *3,4
ACOM CAPITAL CO., LTD. Ugland House, South Church Street, P.O.Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Financial services for ACOM (Special Purpose Company) Aug. 2000 US$1,000 100.0% US$3,247 thousand *4
ACOM FUNDING CO., LTD. M&A Corporate Services Limited PO BOX 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands, British West Indies	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Financial services for ACOM (Special Purpose Company) July. 2002 US$1,000 100.0% US$13 thousand *4
ACOM PACIFIC, INC. 1008 Pacific New Building, 238 Archbishop F.C. Flores Street, Hagatna, Guam	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	Lease of health resorts in Guam (U.S.A.) July 1993 US$10 thousand 100.0% US$27 thousand *4
ACOM (U.S.A.) INC. 229 South State Street, Dover, Kent County, DE, U.S.A.	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	—— Dec. 1986 US$17 million 100.0% -US$15 thousand *2,4
ACOM INTERNATIONAL, INC. 229 South State Street, Dover, Kent County, DE, U.S.A.	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: FY02 Revenues:	—— Dec. 1986 US$17 million 100.0% -US$15 thousand *2,4

Equity-method affiliates

Tokyo-Mitsubishi Cash One Ltd. Nihonbashi Plaza Bldg. 12th Floor, 3-4 Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan Telephone : (03) 5299-6625	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: Revenues:	Unsecured loan business August 2001 ¥20,000 million 35.0% ¥369 million
ASCOT CO., LTD. Kudanshita Tokyu Shin-Sakura Bldg. 5F, 3-3, Kudankita 1-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 5212-4121	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: Revenues:	Fiduciary business to open up, on the Internet, new consumer with respect to unsecured loans, business loan, and credit card Oct. 1999 ¥450 million 38.25% ¥65 million
CHAILEASE ACOM FINANCE CO., LTD. 4F, 102 TUN HWA North Road, Taipei, Taiwan R.O.C.	Principal Business: Incorporated: Paid-in Capital: Equiy Owned by the Company: Revenues:	Hire purchase business in Taiwan June 2000 150 million yuan 40.0% 170 million yuan *4

*Notes: 1. Figures in parentheses indicate indirect ownership by ACOM CO., LTD.
2. Suspended its operation, and further business scheme is under consideration.
3. The Company treated any entity deemed as being substantially controlled by the Company as a consolidated subsidiary, even if it is less-than-majority owned.
4. Year ended December 2002.

Activities That Contribute to Society



Miru Concert Monogatari

ACOM Track & Field Team

"Affection" and "Confidence", two words used in the formation of our name (ACOM), represent the foundations from which we carry out our business. We think these two elements should be the cornerstone not only for business management but also for our employees' personal growth. Based on the spirit present at the company's inception of "expanding the circle of trust," the ACOM Group and its employees aim to build good relations with the local societies. ACOM is developing the following activities that contribute to society under the motto of "assistance with a smile."

1. Barrier-Free Concert: Miru Concert Monogatari

Since 1994, we have sponsored and supported public performances of the Miru Concert Monogatari. This is a theatrical performance featuring silhouette pictures, live music, and storytelling. As our motto reads, the aim of this performance is to help the audience to smile by creating a fantastic new artistic world through the three elements of light, shadow, and sound. In addition, we have made this a barrier-free concert that can be enjoyed both by people with and without disabilities. Thus, we make sure to call welfare facilities near where the concert will be held, invite many people with disabilities, and actively provide sign language interpretation and space for wheelchairs. Thanks to the support of many people, we have been able to hold a total of 66 performances through the end of March 2003.

2. Internet Website

This homepage is designed to provide a communication forum related to welfare and volunteer activities. Every month, we visit various welfare centers and welfare events and report on what is happening at those centers and events, as well as what motivates the people to work there so energetically. At the site, we also hold panel discussions regarding welfare and volunteer activities.

3. Other Supporting Activities

In addition to the aforementioned activities, we are working to make a wide range of contributions to local societies by (1) providing financial and human support to various forums related to societal welfare activities, (2) engaging in a number of activities related to the promotion of sports, such as golf and track & field, and (3) holding independent campaigns run by our employees, such as blood drives and the collection of used postcards and stamps. We are seeking not only the satisfaction related to physical accomplishments such as the collection of money, but also the cultivation of generous spirits. This is what makes for a "genuine smiling face." And, this is the way of thinking that lies behind our activities.

ACOM CO., LTD. Annual Report 2003

ACOM in Figures

Related Macroeconomic Data

	FY1999	FY2000	FY2001
1.Employment-related Statistics			
The number of unemployed people (Millions)	3.20	3.19	3.48
The ratio of unemployed people	4.7	4.7	5.2
The ratio of job offers to job seekers (Times)	0.49	0.62	0.56
The total cash wage amount (YoY Change)	-0.8	0.5	-1.6
Regular employment index (YoY Change)	-0.2	-0.2	-0.3
2. Consumption-related Statistics			
Consumer spending (YoY Change)	-1.8	-1.2	-3.4
Retail Sales (YoY Change)	-2.0	-1.0	-3.7
3. Financial-related Statistics, etc.			
Ten-year government bond yield	1.770	1.270	1.400
Nikkei 225 (Yen)	18,049	15,616	11,468

Source: Nikkei

Operating Income (Consolidated)

	Millions of Yen			
	1999/3		2000/3	
		yoy %		yoy %
Operating Income	—	—	343,644	—
Loan Business	—	—	323,306	—
Credit Card Business	—	—	464	—
Installment Sales Finance Business	—	—	11,745	—
Guarantee Business	—	—	—	—
Loan Servicing Business	—	—	—	—
Rental Business	—	—	6,719	—
Others	—	—	1,407	—

FY2002				
full term	1st quarter	2nd quarter	3rd quarter	4th quarter
3.60	3.58	3.64	3.58	3.59
5.4	5.4	5.4	5.4	5.4
0.55	0.52	0.54	0.57	0.61
-2.0	-2.4	-3.2	-1.3	-0.6
-0.7	-0.5	-0.7	-0.8	-0.7
-0.8	0.0	1.4	-1.5	-1.7
-3.1	-3.8	-3.5	-2.9	-1.5
0.700	1.357	1.222	0.960	0.763
9,611	11,353	9,819	8,728	8,426

Millions of Yen							
2001/3		2002/3		2003/3		2004/3(E)	
	yoy %		yoy %		yoy %		yoy %
375,674	9.3	414,918	10.4	437,572	5.5	437,100	-0.1
348,295	7.7	380,553	9.3	398,057	4.6	394,400	-0.9
2,353	407.3	3,771	60.2	5,096	35.1	5,600	9.9
17,446	48.5	23,595	35.2	25,725	9.0	23,800	-7.5
—	—	319	—	1,866	483.8	5,100	173.2
—	—	191	—	925	383.9	1,600	72.9
5,569	-17.1	3,853	-30.8	3,629	-5.8	3,800	4.7
2,009	42.8	2,634	31.1	2,271	-13.8	2,800	23.3

Receivables Outstanding by Segment (Consolidated)

	Millions of Yen			
	1999/3		2000/3	
		yoy %		yoy %
Receivables Outstanding (Millions of Yen)	—	—	1,478,703	—
Loans Business	—	—	1,347,757	—
ACOM CO., LTD.	—	—	1,347,757	—
JCK CREDIT CO., LTD.	—	—	—	—
SIAM A&C CO., LTD.	—	—	—	—
Credit Card Business	—	—	6,359	—
ACOM MasterCard®	—	—	6,167	—
JCK CREDIT CO., LTD.	—	—	—	—
SIAM A&C CO., LTD.	—	—	—	—
Installment Sales Finance Business	—	—	124,586	—
ACOM CO., LTD.	—	—	121,933	—
JCK CREDIT CO., LTD.	—	—	—	—
SIAM A&C CO., LTD.	—	—	2,652	—
Loan Servicing Business	—	—	—	—

Number of Customer Accounts by Segment (Consolidated)

	Number of Accounts			
	1999/3		2000/3	
		yoy %		yoy %
Loan Business*	—	—	2,669,016	—
ACOM CO., LTD.	—	—	2,669,016	—
JCK CREDIT CO., LTD.	—	—	—	—
SIAM A&C CO., LTD.	—	—	—	—
Credit Card Business*	—	—	404,941	—
ACOM MasterCard®	—	—	380,396	—
JCK CREDIT CO., LTD.	—	—	—	—
SIAM A&C CO., LTD.	—	—	—	—
Installment Sales Finance*	—	—	415,065	—
ACOM CO., LTD.	—	—	358,400	—
JCK CREDIT CO., LTD.	—	—	—	—
SIAM A&C CO., LTD.	—	—	56,665	—
Loan Servicing Business*	—	—	—	—

Notes: 1. Loan Business: Number of customer accounts with outstanding that includes non-interest bearing balance.
2. ACOM MasterCard® : Cardholders.
3. Installment Sales Finance Business: Number of contracts with receivables outstanding.
4. Loan Servicing Business: Number of accounts for purchased loans.

Millions of Yen							
2001/3		2002/3		2003/3		2004/3(E)	
	yoy %		yoy %		yoy %		yoy %
1,720,616	16.4	1,888,413	9.8	1,941,244	2.8	1,933,210	-0.4
1,497,045	11.1	1,618,660	8.1	1,660,256	2.6	1,664,570	0.3
1,496,237	11.0	1,616,837	8.1	1,652,890	2.2	1,652,100	0.0
808	—	327	-59.5	153	-53.1	70	-49.3
—	—	1,495	—	7,212	382.3	12,400	71.9
19,735	210.3	32,102	62.7	41,850	30.4	43,340	3.6
19,157	210.6	31,388	63.8	41,114	31.0	42,730	3.9
405	—	624	54.1	684	9.6	590	-13.2
—	—	—	—	—	—	—	—
203,834	63.6	237,502	16.5	237,948	0.2	223,500	-6.1
150,581	23.5	161,247	7.1	153,203	-5.0	141,250	-7.8
49,112	—	69,996	42.5	77,338	10.5	71,730	-7.2
4,140	56.1	6,258	51.1	7,406	18.3	10,520	42.1
—	—	147	—	1,189	706.5	1,800	58.4

Number of Accounts							
2001/3		2002/3		2003/3		2004/3(E)	
	yoy %		yoy %		yoy %		yoy %
2,898,760	8.6	3,058,274	5.5	3,161,304	3.4	3,175,980	0.5
2,893,789	8.4	3,035,706	4.9	3,032,330	-0.1	2,980,400	-1.7
4,971	—	2,719	-45.3	1,122	-58.7	480	-56.7
—	—	19,849	—	127,852	544.1	195,100	52.6
781,590	93.0	1,016,544	30.1	1,021,131	0.5	1,030,000	0.9
752,509	97.8	1,004,118	33.4	1,014,845	1.1	1,024,500	1.0
3,238	—	4,952	52.9	6,004	21.2	5,250	-12.5
—	—	—	—	—	—	—	—
768,882	85.2	905,725	17.8	991,162	9.4	1,033,840	4.3
446,217	24.5	486,532	9.0	479,182	-1.5	445,000	-7.1
212,068	—	246,786	16.4	263,202	6.7	230,400	-12.5
110,597	95.2	172,407	55.9	248,778	44.3	358,440	44.1
—	—	1,468	—	10,540	618.0	—	—

Financial Highlights (ACOM CO., LTD)

Years ended March 31

	Millions of Yen
	1998
1. For the year:	
Total operating income	284,632
Operating expenses	182,365
Bad debts related expenses	30,033
Operating profit	102,267
Income before extraordinary items	102,527
Net income	44,032
2. At year-end:	
Total assets	1,436,151
Receivables outstanding*	1,147,108
Total amount of bad debts	—
Loans to borrowers in bankruptcy or under reorganization	—
Loans in arrears	—
Loans past due for three months or more	—
Restructured loans	—
Allowance for bad debts	36,900
Total shareholders' equity	293,132
Interest-bearing debts	1,080,286
3. Per shares:	Yen
Net income, basic	300.29
Cash dividends	40.00
4. Key financial ratios:	
Operating profit margin	35.9%
ROE*	16.1%
ROA*	3.3%
Ratio of bad debt write-offs	2.5%
Bad debt ratio (Gross basis)*	—
Bad debt ratio (Net basis)*	—

*Notes: 1. The amount of bad debts related expenses is the sum of bad debt expenses, provision for bad debts, and provision for loss on debt guarantees.
2. Receivables outstanding indicates the total amount of Loan Business, Credit Card Business and Installment Sales Finance Business.
3. ROE and ROA are calculated using the simple average of beginning and end of term balance sheet figures.
4. Bad debt ratio (Gross basis) =Total amount of bad debt / Recievables outstanding plus Loans to borrowers in bankruptcy or under reorganization
5. Bad debt ratio (Net basis) = (Bad debts – Allowance for bad debts) / Recievables outstanding plus Loans to borrowers in bankruptcy or under reorganization

		Millions of Yen		
1999	2000	2001	2002	2003
310,521	341,767	366,712	400,818	419,258
183,412	197,392	208,205	231,857	276,677
39,755	47,461	51,654	69,997	112,108
127,109	144,374	158,507	168,961	142,581
127,440	142,735	159,062	170,680	144,502
56,499	74,038	80,757	94,777	77,489
1,602,641	1,700,322	1,876,210	2,095,251	2,110,009
1,297,689	1,476,050	1,666,149	1,809,564	1,847,259
—	34,077	34,596	43,691	60,491
—	3,776	3,650	7,204	9,227
—	13,408	16,866	20,972	31,128
—	498	518	497	1,036
—	16,394	13,561	15,016	19,099
44,300	54,300	61,900	77,700	107,700
343,349	427,716	502,833	580,716	645,386
1,191,700	1,192,926	1,283,167	1,417,966	1,384,848
		Yen		
385.32	504.93	550.75	647.31	529.45
45.00	55.00	65.00	80.00	80.00
40.9%	42.2%	43.2%	42.2%	34.0%
17.8%	19.2%	17.4%	17.5%	12.6%
3.7%	4.5%	4.5%	4.8%	3.7%
2.6%	2.7%	2.9%	3.2%	4.6%
—	2.5%	2.3%	2.7%	3.7%
—	-1.5%	-1.8%	-2.1%	-2.9%

Receivables Outstanding (ACOM)

	Millions of Yen			
	1999/3		2000/3	
		yoy %		yoy %
Receivables Outstanding (Millions of Yen)	1,297,689	13.1	1,476,050	13.7
Loans Business	1,206,401	11.4	1,347,757	11.7
Unsecured Loans	1,133,197	11.6	1,273,899	12.4
Consumers	1,131,255	11.4	1,271,865	12.4
Commercials	1,941	—	2,034	4.8
Secured Loans	73,204	7.9	73,857	0.9
Real Estate Card Loan	42,744	15.1	45,454	6.3
Credit Card Business	135	42.5	6,359	—
ACOM MasterCard®	—	—	6,167	—
Installment Sales Finance Business	91,152	42.9	121,933	33.8
Average Balance of Unsecured Loans for Consumers per Account (Thousands of Yen)	442	6.5	479	8.4
<Reference>				
Guaranteed loans receivable	—	—	—	—

Note: The figures in brackets represent the amounts of loans exclusive of non-interest-bearing balance.

Number of Customer Accounts (ACOM)

	Number of Accounts			
	1999/3		2000/3	
		yoy %		yoy %
Loan Business*	2,572,127	4.6	2,669,016	3.8
Unsecured Loans	2,559,255	4.6	2,655,803	3.8
Consumers	2,558,273	4.6	2,654,651	3.8
Commercials	982	—	1,152	17.3
Secured Loans	12,872	9.5	13,213	2.6
Credit Card Business	22,132	—	404,941	—
ACOM MasterCard®*	—	—	380,396	—
Installment Sales Finance*	286,327	31.7	358,400	25.2

Notes: 1. Loan Business: Number of customer accounts with outstanding balance.
2. ACOM MasterCard®: Cardholders.
3. Installment Sales Finance Business: Number of contracts with receivables outstanding.
4. The figures in brackets represent the number of loan customer accounts exclusive of non-interest-bearing balance.

Millions of Yen							
2001/3		2002/3		2003/3		2004/3(E)	
	yoy %		yoy %		yoy %		yoy %
1,666,149	12.9	1,809,564	8.6	1,847,259	2.1	1,836,100	-0.6
1,496,237	11.0	1,616,837	8.1	1,652,890	2.2	1,652,100	0.0
1,428,196	12.1	1,548,894	8.5	1,582,751	2.2	1,579,800	-0.2
1,426,696	12.2	1,547,850	8.5	1,582,125	2.2	1,579,400	-0.2
1,499	-26.3	1,043	-30.4	625	-40.1	400	-36.1
68,041	-7.9	67,942	-0.1	70,139	3.2	72,300	3.1
49,663	9.3	53,509	7.7	56,852	6.2	—	—
19,330	204.0	31,478	62.8	41,166	30.8	42,750	3.8
19,157	210.6	31,388	63.8	41,114	31.0	42,730	3.9
150,581	23.5	161,247	7.1	153,203	-5.0	141,250	-7.8
496	3.5	512	3.2	524	2.3	533	1.7
(513)	(7.1)	(541)	(5.5)				
—	—	9,539	—	57,926	—	110,000	89.9

Number of Accounts							
2001/3		2002/3		2003/3		2004/3(E)	
	yoy %		yoy %		yoy %		yoy %
2,893,789	8.4	3,035,706	4.9	3,032,330	-0.1	2,980,400	-1.7
(2,796,743)	(4.8)	(2,873,888)	(2.8)				
2,880,304	8.5	3,021,780	4.9	3,017,837	-0.1	2,965,500	-1.7
(2,783,290)	(4.8)	(2,860,021)	(2.8)				
2,879,293	8.5	3,020,908	4.9	3,017,176	-0.1	2,965,000	-1.7
(2,782,279)	(4.8)	(2,859,149)	(2.8)				
1,011	-12.2	872	-13.7	661	-24.2	500	-24.4
13,485	2.1	13,926	3.3	14,493	4.1	14,900	2.8
778,352	92.2	1,011,592	30.0	1,015,127	0.3	1,024,750	0.9
752,509	97.8	1,004,118	33.4	1,014,845	1.1	1,024,500	1.0
446,217	24.5	486,532	9.0	479,182	-1.5	445,000	-7.1

Number of New Loan Customers (ACOM)

	1999/3	yoy %	2000/3	yoy %
Number of New Loan Customers	453,123	-5.0	427,886	-5.6
Unsecured Loans	452,770	-5.0	427,367	-5.6
Consumers	452,747	-5.0	427,345	-5.6
Commercials	23	155.6	22	-4.3
Secured Loans	353	29.3	519	47.0

Number of Loan Business Outlets (ACOM)

	1999/3	yoy	2000/3	yoy
Number of Loan Business Outlets	1,521	395	1,635	114
Staffed	509	-7	512	3
Unstaffed	1,012	402	1,123	111

MUJINKUN (ACOM)

	1999/3	yoy	2000/3	yoy
Number of MUJINKUN Outlets	1,507	401	1,623	116
Number of MUJINKUN Machines	1,509	401	1,625	116

Cash Dispensers and ATMs (ACOM)

	1999/3	yoy	2000/3	yoy
Number of Cash Dispensers and ATMs	14,594	2,543	18,478	3,884
Proprietary	1,824	403	1,944	120
Open 365 Days/Year	1,814	404	1,937	123
Open 24 Hours/Day	1,507	405	1,633	126
Tie-up	12,770	2,140	16,534	3,764
Others*	—	—	—	—

Note: "Others" indicates receipt of payment by convenience stores under an agency agreement.

2001/3		2002/3		2003/3		2004/3(E)	
	yoy %		yoy %		yoy %		yoy %
443,100	3.6	443,538	0.1	408,146	-8.0	386,410	-5.3
442,110	3.4	442,184	0.0	406,693	-8.0	385,010	-5.3
442,092	3.5	442,165	0.0	406,685	-8.0	385,000	-5.3
18	-18.2	19	5.6	8	-57.9	10	25.0
990	90.8	1,354	36.8	1,453	7.3	1,400	-3.6

2001/3		2002/3		2003/3		2004/3(E)	
	yoy		yoy		yoy		yoy
1,741	106	1,761	20	1,716	-45	1,723	7
521	9	521	0	468	-53	406	-62
1,220	97	1,240	20	1,248	8	1,317	69

2001/3		2002/3		2003/3		2004/3(E)	
	yoy		yoy		yoy		yoy
1,733	110	1,749	16	1,705	-44	1,715	10
1,735	110	1,751	16	1,706	-45	1,716	10

2001/3		2002/3		2003/3		2004/3(E)	
	yoy		yoy		yoy		yoy
30,819	12,341	49,777	18,958	69,215	19,438	—	—
2,053	109	2,068	15	2,026	-42	2,028	2
2,046	109	2,059	13	2,020	-39	—	—
1,755	122	1,773	18	1,749	-24	—	—
28,766	12,232	47,709	18,943	67,189	19,480	—	—
7,611	7,611	7,611	0	7,621	10	—	—

Employees (ACOM)

	1999/3		2000/3	
		yoy		yoy
Number of Employees	4,258	-29	4,314	56
Head Office	664	39	658	-6
Credit Supervision related	191	23	184	-7
Financial Service Business Division	3,468	95	3,552	84
Contact Center	—	—	—	—
Installment Sales Finance	180	46	200	20

Note: The number of employees for head offce at march 2002 is indicated based on organazation as of March 2003.

Average Loan yield (ACOM)

	%			
	1999/3		2000/3	
		yoy p.p.		yoy p.p.
Average yield	25.08	-0.43	24.86	-0.22
Unsecured Loans	26.02	-0.50	25.70	-0.32
Consumers	26.02	-0.50	25.70	-0.32
Commercials	24.43	8.98	24.08	-0.35
Secured Loans	10.88	0.20	11.20	0.32

Note: Average Yield = Interest on Loans Receivable / Term Average of Receivables Outstanding at the Beginning of the Year

Unsecured Loans Receivable Outstanding for Consumers by Interest Rate (ACOM)

	Millions of Yen			
	1999/3		2000/3	
		C.R. (%)		C.R. (%)
Loans Receivable Outstanding	1,131,255	100.0	1,271,865	100.0
28.470% and Higher	173,549	15.3	119,221	9.4
27.375%	454,270	40.2	536,453	42.2
25.000% – 26.500%	297,550	26.3	304,112	23.9
20.000% – 24.820%	159,279	14.1	204,425	16.1
18.250% – 19.000%	2,189	0.2	37,612	2.9
15.000% – 18.000%	33,176	2.9	57,751	4.5
Less than 15.000%	11,241	1.0	12,288	1.0

2001/3	yoy	2002/3	yoy	2003/3	yoy	2004/3(E)	yoy
4,321	7	4,366	45	4,405	39	4,232	-173
653	-5	756	103	825	69	830	5
219	35	241	22	302	61	348	46
3,668	116	3,610	-58	3,580	-30	3,402	-178
—	—	335	335	1,059	724	—	—
216	16	231	15	228	-3	227	-1

%

2001/3	yoy p.p.	2002/3	yoy p.p.	2003/3	yoy p.p.	2004/3(E)	yoy p.p.
24.08	-0.78	23.80	-0.28	23.47	-0.33	23.02	-0.45
24.75	-0.95	24.32	-0.43	23.96	-0.36	23.52	-0.44
24.76	-0.94	24.32	-0.44	23.96	-0.36	23.52	-0.44
22.88	-1.20	21.59	-1.29	20.04	-1.55	18.88	-1.16
11.33	0.13	12.13	0.80	12.15	0.02	12.06	-0.09

Millions of Yen

2001/3	C.R. (%)	2002/3	C.R. (%)	2003/3	C.R. (%)	2004/3(E)	C.R. (%)
1,426,696	100.0	1,547,850	100.0	1,582,125	100.0	1,579,400	100.0
82,965	5.8	62,372	4.0	49,475	3.1	35,800	2.3
554,181	38.8	597,408	38.6	639,356	40.4	580,900	36.8
332,986	23.3	349,436	22.6	345,529	21.9	375,800	23.8
282,329	19.9	332,221	21.5	332,760	21.0	344,800	21.8
71,366	5.0	93,180	6.0	96,294	6.1	108,700	6.9
90,123	6.3	98,799	6.4	99,223	6.3	109,000	6.9
12,744	0.9	14,431	0.9	19,485	1.2	24,400	1.5

Unsecured Loans Receivable Outstanding by Classified Receivable Outstanding (ACOM)

Classified Receivable Outstanding (Thousands of Yen)	Millions of Yen			
	1999/3		2000/3	
		C.R. (%)		C.R. (%)
≦100	20,481	1.8	20,133	1.6
100＜ ≦300	131,855	11.7	128,577	10.1
300＜ ≦500	586,541	51.8	609,559	47.9
500＜ ≦1,000	303,527	26.8	329,124	25.9
1,000＜	88,850	7.9	184,470	14.5
Total	1,131,255	100.0	1,271,865	100.0

Number of New Customers by Annual Income [Unsecured Loans](ACOM)

Annual Income (Millions of Yen)	1999/3		
	Number of Accounts		Initial Average Lending Amouunt
		C.R. (%)	Thousands of Yen
≦2	77,325	17.1	112
2＜ ≦5	294,800	65.1	146
5＜ ≦7	52,611	11.6	196
7＜ ≦10	22,778	5.0	222
10＜	5,233	1.2	258
Total	452,747	100.0	152

Composition Ratio of Customer Accounts by Age [Unsecured Loans](ACOM)

	%	
	1999/3	
	Exsisting Accounts	Write-offs Account
Under 29	28.8	25.5
Age 30 – 39	26.4	25.3
Age 40 – 49	22.5	23.7
Age 50 – 59	16.0	17.8
Over 60	6.3	7.7
Total	100.0	100.0

Millions of Yen							
2001/3		2002/3		2003/3		2004/3(E)	
	C.R. (%)		C.R. (%)		C.R. (%)		C.R. (%)
19,576	1.4	20,039	1.3	20,603	1.3	21,000	1.3
129,995	9.1	127,094	8.2	125,037	7.9	120,700	7.6
637,882	44.7	643,286	41.6	631,290	39.9	603,600	38.2
338,669	23.7	333,173	21.5	326,476	20.6	329,000	20.8
300,571	21.1	424,257	27.4	478,716	30.3	505,100	32.0
1,426,696	100.0	1,547,850	100.0	1,582,125	100.0	1,579,400	100.0

2000/3			2001/3			2002/3			2003/3		
Number of Accounts		Initial Average Lending Amouunt	Number of Accounts		Initial Average Lending Amouunt	Number of Accounts		Initial Average Lending Amouunt	Number of Accounts		Initial Average Lending Amouunt
	C.R. (%)	Thousands of Yen		C.R. (%)	Thousands of Yen		C.R. (%)	Thousands of Yen		C.R. (%)	Thousands of Yen
74,541	17.5	114	89,006	20.1	134	101,134	22.9	133	96,455	23.7	136
278,576	65.2	152	281,654	63.7	160	276,288	62.5	158	255,555	62.9	161
48,037	11.2	208	46,232	10.5	211	42,720	9.6	204	36,465	8.9	204
21,371	5.0	233	20,531	4.7	237	18,054	4.1	227	15,014	3.7	225
4,820	1.1	259	4,669	1.0	255	3,969	0.9	246	3,196	0.8	239
427,345	100.0	157	442,092	100.0	165	442,165	100.0	161	406,685	100.0	162

%							
2000/3		2001/3		2002/3		2003/3	
Exsisting Accounts	Write-offs Account	Exsisting Accounts	Write-offs Account	Exsisting Accounts	Write-offs Account	Exsisting Accounts	Write-offs Account
27.9	21.9	27.2	22.1	26.3	22.9	25.3	21.8
26.9	26.9	27.4	26.8	28.1	27.3	28.7	28.0
21.8	23.4	21.2	22.4	20.7	21.7	20.5	21.7
16.9	19.7	17.4	19.8	17.7	21.0	17.9	19.7
6.5	8.1	6.8	8.9	7.2	7.1	7.6	8.8
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Composition Ratio of Customer Accounts by Gender [Unsecured Loans] (ACOM)

	%	
	1999/3	
	Exsisting Accounts	Write-offs Account
Male	72.4	70.6
Female	27.6	29.4

Bad Debt Write-offs (ACOM)

	Millions of Yen			
	1999/3		2000/3	
		yoy %		yoy %
Bad Debt Write-offs (Millions of Yen)	32,355	17.9	37,461	15.8
Loans Receivable	31,778	17.5	36,739	15.6
Unsecured Loans	31,042	18.5	35,958	15.8
Secured Loans	736	-13.0	781	6.1
ACOM MasterCard®	—	—	19	—
Installment Sales Finance	568	44.8	682	20.2
Guarantee	—	—	—	—
Average Bad Debt Write-off Amounts per Account for Unsecured Loans (Thousands of Yen)	298	1.7	324	8.7
Average Balance of Unsecured Loans for Consumers per Account (Thousands of Yen)	442	—	479	—

Ratio of Bad Debt Write-offs (ACOM)

	%			
	1999/3		2000/3	
		yoy p.p.		yoy p.p.
Loans Receivable	2.63	0.13	2.72	0.09
Unsecured Loans	2.74	0.16	2.82	0.08
Secured Loans	1.00	-0.24	1.04	0.04
ACOM MasterCard®	—	—	0.32	0.32
Installment Sales Finance	0.62	0.00	0.57	-0.05
Guarantee	—	—	—	—

Note: 1. Ratio of bad debt write-offs
Loan Business = Bad Debt Write-off of Loan Business / Receivables Outstanding plus Loans to Borrowers in Bankruptcy or Under Reorganization
ACOM MasterCard® = Bad Debt Write-off of ACOM MasterCard® / Card Shopping Receivables
Installment Sales Finance Business = Bad Debt Write-off of Installment Sales Finance / Installment Receivables
Gurantee= Bad Debt write-off of Gurantee / Guranteed Loan Receivaqbles plus Payments in Subrogation
2. Figures in brackets indicate year-on-year change in percentage points.

%							
2000/3		2001/3		2002/3		2003/3	
Exsisting Accounts	Write-offs Account	Exsisting Accounts	Write-offs Account	Exsisting Accounts	Write-offs Account	Exsisting Accounts	Write-offs Account
72.8	70.3	73.2	70.7	73.3	70.0	73.3	69.2
27.2	29.7	26.8	29.3	26.7	30.0	26.7	30.8

Millions of Yen							
2001/3		2002/3		2003/3		2004/3(E)	
	yoy %		yoy %		yoy %		yoy %
44,392	18.5	54,251	22.2	81,608	50.4	103,800	27.2
42,847	16.6	51,003	19.0	75,428	47.9	95,300	26.5
39,839	10.8	49,713	24.8	75,039	50.9	93,500	24.6
3,007	284.9	1,290	-57.1	388	-69.9	1,800	384.9
511	—	1,767	245.8	3,344	89.2	4,600	37.8
1,018	49.2	1,475	44.9	2,457	66.6	2,700	12.6
—	—	12	—	306	—	1,100	268.7
319	-1.5	332	4.1	363	9.3	—	—
496	—	512	—	524	—	533	—

%							
2001/3		2002/3		2003/3		2004/3(E)	
	yoy p.p.		yoy p.p.		yoy p.p.		yoy p.p.
2.86	0.14	3.15	0.29	4.56	1.41	5.77	1.21
2.79	-0.03	3.21	0.42	4.74	1.53	5.91	1.17
4.35	3.31	1.84	-2.51	0.54	-1.30	2.58	2.04
2.67	2.35	5.63	2.96	8.13	2.50	10.77	2.64
0.68	0.11	0.91	0.23	1.60	0.69	1.96	0.36
—	—	0.13	—	0.52	0.39	1.02	0.49

Bad Debts (ACOM)

	Millions of Yen			
	1998/3		1999/3	
		%		%
Total Amount of Bad Debts	—	—	—	—
Loans to Borrowers in Bankruptcy or Under Reorganization	—	—	—	—
Applications for Bankruptcy are Proceeded	—	—	—	—
Applications for The Civil Rehabilitation are proceeded	—	—	—	—
Applications for The Civil Rehabilitation are determined	—	—	—	—
Loans in Arrears	—	—	—	—
Loans Past Due for Three Months or More	—	—	—	—
Restructured Loans	—	—	—	—

Loans in Arrears for Less Than 3 Months [excluding balance held by headquarters' collection department] (ACOM)

	Millions of Yen			
	1998/3		1999/3	
		%		%
11days ≦ ＜ 3 months	—	—	—	—
31days ≦ ＜ 3 months	—	—	—	—
11days ≦ ＜ 31 days	—	—	—	—

Allowance for Bad Debts (ACOM)

	Millions of Yen			
	1999/3		2000/3	
		yoy %		yoy %
Allowance for Bad Debts (Millions of Yen)	44,300	20.1	54,300	22.6
Ratio of Allowance for Bad Debts*	3.46	—	3.73	—
General Allowance for Bad Debts	—	—	—	—
Unsecured Consumer Loans	—	—	—	—
Specific Allowance for Bad Debts	—	—	—	—
Additional Allowance for Bad Debts	7,400	184.6	10,000	35.1
Allowance for Loss on Debt Guarantees	—	—	—	—
Additional Allowance	—	—	—	—

Note:

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

	Millions of Yen							
	2000/3		2001/3		2002/3		2003/3	
		%		%		%		%
	34,077	2.53	34,596	2.31	43,691	2.70	60,491	3.65
	3,776	0.28	3,650	0.24	7,204	0.45	9,227	0.56
	2,440	0.18	2,549	0.17	3,292	0.20	3,540	0.21
	—	—	—	—	1,659	0.10	2,853	0.17
	—	—	—	—	131	0.01	815	0.05
	13,408	0.99	16,866	1.13	20,972	1.30	31,128	1.88
	498	0.04	518	0.03	497	0.03	1,036	0.06
	16,394	1.22	13,561	0.91	15,016	0.93	19,099	1.15

	Millions of Yen							
	2000/3		2001/3		2002/3		2003/3	
		%		%		%		%
	9,504	0.70	10,703	0.71	13,605	0.84	18,971	1.15
	5,798	0.43	6,269	0.42	7,468	0.46	9,761	0.59
	3,706	0.27	4,434	0.30	6,136	0.38	9,210	0.56

	Millions of Yen							
	2001/3		2002/3		2003/3		2004/3(E)	
		yoy %		yoy %		yoy %		yoy %
	61,900	14.0	77,700	25.5	107,700	38.6	130,900	21.5
	3.78	—	4.36	—	5.91	—	7.22	—
	—	—	—	—	67,127	—	74,100	10.4
	—	—	—	—	59,980	—	67,100	11.9
	—	—	—	—	40,184	—	50,500	25.7
	7,600	-24.0	15,800	107.9	30,000	89.9	23,200	-22.7
	—	—	12	—	474	—	1,134	—
	—	—	12	—	461	—	660	—

Funds Procurement (ACOM)

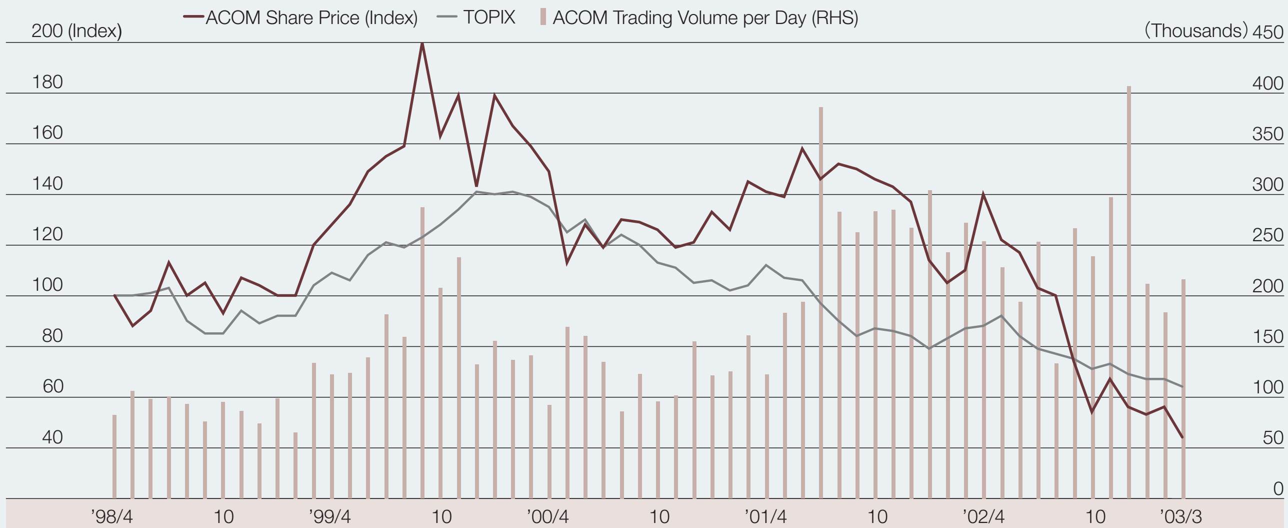
	Millions of Yen			
	1999/3		2000/3	
		C.R. (%)		C.R. (%)
Borrowings	1,191,700	100.0	1,192,926	100.0
Indirect	1,059,300	88.9	976,926	81.9
City Banks	16,987	1.4	20,423	1.7
Regional Banks	61,618	5.2	49,427	4.1
Long-term Credit Banks	110,762	9.3	75,810	6.4
Trust Banks	452,698	38.0	437,622	36.7
Foreign Banks	65,000	5.5	49,000	4.1
Life Insurance Companies	253,177	21.2	256,893	21.5
Non-Life Insurance Companies	64,224	5.4	61,845	5.2
Others	34,834	2.9	25,906	2.2
Direct	132,400	11.1	216,000	18.1
Straight Bonds	99,900	8.4	160,000	13.4
Convertible Bonds	—	—	50,000	4.2
Commercial Paper	27,500	2.3	1,000	0.1
Securitization of Installment Sales Finance Receivable	5,000	0.4	5,000	0.4
Others	—	—	—	—
Short-term	142,297	11.9	19,668	1.6
Long-term	1,049,403	88.1	1,173,258	98.4
Fixed	761,465	63.9	847,114	71.0
Interest Rate Swaps (Notional)	158,162	13.3	161,398	13.5
Interest Cap (Notional)	35,000	2.9	35,000	2.9
Average Interest Rate on Funds Procured During the Year (%)*	2.57	—	2.46	—
Average Nominal Interest Rate on Funds Procured During the Year*	2.39	—	2.25	—
Floating Interest Rate	2.01	—	2.20	—
Fixed Interest Rate	2.96	—	2.65	—
Short-term	1.48	—	1.35	—
Long-term	2.82	—	2.55	—
Direct	1.71	—	1.72	—
Indirect	2.63	—	2.58	—
Term Average of Long-term Prime Rate	2.49	—	2.18	—

Notes: 1. From the interim accounting period ended September 30, 2001, average interest rate on funds procured during the year include bond issue expenses.
2. Financial expenses pertaining to derivatives have been excluded from the calculation of average nominal interest rate on funds procured during the year.

Millions of Yen										
2001/3		2002/3		2003/3			2004/3(E)			
	C.R. (%)		C.R. (%)		yoy %	C.R. (%)		yoy %	C.R. (%)	
1,283,167	100.0	1,417,966	100.0	1,384,848	-2.3	100.0	1,276,000	-7.9	100.0	
971,367	75.7	1,035,186	73.0	1,053,068	1.7	76.0	944,200	-10.3	74.0	
28,798	2.3	37,017	2.6	35,065	-5.3	2.5	—	—	—	
47,576	3.7	56,634	4.0	58,300	2.9	4.2	—	—	—	
67,638	5.3	85,608	6.0	93,880	9.7	6.8	—	—	—	
457,598	35.7	433,001	30.5	409,257	-5.5	29.6	—	—	—	
17,000	1.3	46,000	3.3	63,000	37.0	4.5	—	—	—	
270,883	21.1	268,215	18.9	263,779	-1.7	19.0	—	—	—	
55,711	4.3	51,434	3.6	50,043	-2.7	3.6	—	—	—	
26,163	2.0	57,277	4.1	79,744	39.2	5.8	—	—	—	
311,800	24.3	382,780	27.0	331,780	-13.3	24.0	331,800	0.0	26.0	
245,000	19.1	295,000	20.8	295,000	0.0	21.3	—	—	—	
50,000	3.9	50,000	3.5	—	-100.0	0.0	—	—	—	
12,000	0.9	10,000	0.7	10,000	0.0	0.7	—	—	—	
4,800	0.4	3,900	0.3	2,900	-25.6	0.2	—	—	—	
—	—	23,880	1.7	23,880	0.0	1.7	—	—	—	
19,188	1.5	13,562	1.0	16,400	20.9	1.2	16,400	0.0	1.3	
1,263,980	98.5	1,404,403	99.0	1,368,448	-2.6	98.8	1,259,600	-8.0	98.7	
978,647	76.3	1,154,619	81.4	1,171,837	1.5	84.6	1,034,800	-11.7	81.1	
88,577	6.9	96,648	6.8	142,310	47.2	10.3	—	—	—	
110,000	8.6	117,000	8.3	117,000	0.0	8.4	—	—	—	
2.37	—	2.13	—	2.10	—	—	2.05	—	—	
2.17	—	1.88	—	1.85	—	—	1.79	—	—	
2.20	—	1.77	—	1.89	—	—	1.68	—	—	
2.38	—	2.21	—	2.14	—	—	2.14	—	—	
1.21	—	1.07	—	0.56	—	—	0.78	—	—	
2.43	—	2.19	—	2.11	—	—	2.07	—	—	
1.76	—	1.88	—	1.86	—	—	1.84	—	—	
2.52	—	2.21	—	2.18	—	—	2.13	—	—	
2.17	—	1.80	—	1.79	—	—	—	—	—	

Investor Information (As of March 31, 2003)

1. Stock index and Trading Volume

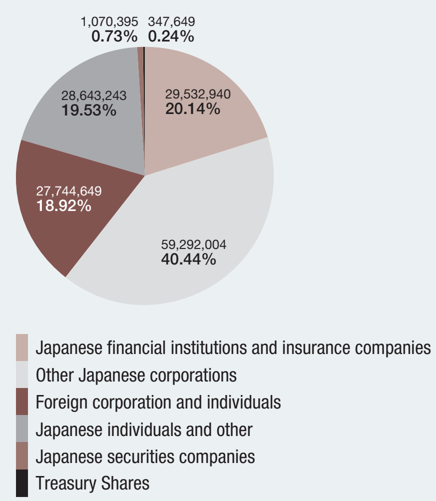


2. Principal Stockholders

	Name	Number of shares held	% of total shares in issue
1	Maruito Shokusan Co., Ltd.	27,346,755	18.65
2	Maruito Co., Ltd.	13,553,343	9.24
3	Kinoshita Memorial Foundation	9,219,232	6.29
4	The Master Trust Bank of Japan, Ltd., Trust Account	4,710,660	3.21
5	The Trusty Service Bank of Japan, Ltd., Trust Account	4,337,580	2.96
6	Kyosuke Kinoshita	4,230,321	2.89
7	Maruito Shoten Co., Ltd.	3,873,320	2.64
8	Katsuhiro Kinoshita	3,730,368	2.54
9	Shigeyoshi Kinoshita	3,461,144	2.36
10	The Mitsubishi Trust and Banking Corporation	3,157,280	2.15

3. Breakdown of Shareholders

Name／Number of shares held／% of total shares in issue



4. Other Data

Transfer agent	: The Mitsubishi Trust and Banking Corporation
Stock listing	: First Section of Tokyo Stock Exchange
General shareholders' meeting	: June 27, 2003
Shares and shareholders	: Number of stock authorized 533,200,000
	: Number of stock issued 146,630,880*
Number of Shareholders	: 8,912

*Due to retirement of the treasury stocks, the number of stock issued was reduced by 1,002,600 on June 10, 2003.

ACOM CO., LTD.   Annual Report 2003

Management's Discussion & Analysis (Analysis of Fiscal 2002 Earnings)

Retrospect of the Macroeconomic Environment

In fiscal 2002, Japan's real GDP grew by 1.5%, showing positive growth for the first time in one year, after undergoing a decline of 1.2% in fiscal 2001. However, both wholesale prices and consumer prices continued to fall, dropping by an annual rate of slightly under 1%. Nominal GDP shrank by 0.7%, following a 2.5% decline in fiscal 2001. Recurring profit in all industries showed double-digit year-on-year growth from the second quarter of fiscal 2002, but this was largely due to a cost-cutting effect at corporations (from restructuring, etc.). The industrial production index (IPI) peaked out in August 2002, and exports, which were the sole driver of the Japanese economy, started to taper off in the second half.

The aforementioned situation, a so-called jobless recovery, has caused a significant deterioration in the overall consumer credit market which ACOM is targeting, such as consumer loans or installment sales finance. This is because consumption is sluggish and the employment situation has worsened. In fiscal 2002, household expenditure declined by an annual rate of slightly less than 2%, and the unemployment rate has stayed at a high level after rising to 5.5% in August 2002. Among the unemployed, the number of involuntary unemployed increased by more than 40% compared with fiscal 2001. This is a special distinguishing characteristic of the rapid changes that occurred in the business environment in fiscal 2002 and an indication of the seriousness of those changes. Furthermore, the increase in the number of involuntary unemployed led to a sharp increase in the number of personal bankruptcies. This trend was also spurred on by a revision to the law making it easier to liquidate the liabilities of individuals.

Review and Analysis of the Consolidated Income Statement

1. General Remarks

While operating income rose by 5.5% in fiscal 2002, operating profit fell by 14.3%. The reason why profits declined despite the increase in operating income was because bad debts related expenses jumped by ¥43.6 billion or 60.5% compared with fiscal 2001, in a reflection of the seriousness of the employment situation. Operating expenses excluding provision for bad debts rose by only 2.1%, which is a much lower rate of growth than that for operating income, at 5.5%. In order to deal with the deterioration in the business environment, we held down increases in personnel expenses, in addition to cutting advertising and promotional expenses, and general expenses.

"Total other expenses, net" deteriorated from a ¥4.4 billion in fiscal 2001 to ¥12.3 billion in fiscal 2002. This was mainly because the equity-method affiliate Tokyo-Mitsubishi Cash One Ltd., which began operating its business in fiscal 2002, had not yet reached the break-even point, and the equity in loss on equity-method investments expanded by about ¥2.6 billion over fiscal 2001. As a result, income before income taxes fell by 19.5 % to ¥134.4 billion. In addition, with share prices in the doldrums, we posted impairment losses of about ¥2.7 billion on the revaluation of securities held for investment purposes. This led to a 21.5% drop in net income, to ¥75 billion.

2. Information and Analysis Regarding Operations by Segment

(1) Loan Business

In fiscal 2002, consolidated operating income rose by 4.6% over the previous year, to ¥398 billion. The business environment was unfavorable, but receivables outstanding at the end of the term increased by 2.6% to ¥1.66 trillion, thanks to improvements made to information provision services provided through CD and ATM networks, the Internet, and cellular phones. The loan business at SIAM A&C CO., LTD. also expanded smoothly.

On the other hand, in response to the deteriorating employment situation, we tried our utmost to elaborate our credit screening and strengthen our counseling function. However, we were unable to prevent our bad debts from increasing. At the parent company, which forms the core of the loan business, ratio of bad debt write-offs surged from 3.2% in fiscal 2001 to 4.6% in fiscal 2002.

(2) Credit Card Business and Installment Sales Finance Business

At the credit card business, operating income in fiscal 2002 jumped 35% over fiscal 2001, to ¥5 billion. Along with expanding the number of instant card issuance machines linked with the MUJINKUN automated loan application machines and continuing to promote our mainstay credit card ACOM MasterCard®, in fiscal 2002 we issued credit cards linked with 15 new business partners, including some with excellent customer-drawing power, such as the professional baseball team Osaka Kintetsu Buffaloes Co., Ltd. and the entertainment production company YOSHIMOTO KOGYO CO., LTD. However, as a result of the consumption slump and the worsening employment situation, the number of cardholders at the end of the term rose by only 0.5% compared with the end of fiscal 2001.

At the installment sales finance business, operating income increased by 9% over the previous term to ¥25.7 billion. Receivables outstanding at the end of the term edged up by only 0.2% compared with fiscal 2001. We strengthened the ties with our wholly-owned subsidiary JCK CREDIT CO., LTD. and put efforts into cultivating new member stores. As a result, the number of customers at this business rose by 9.4% at the end of the term. However, sales at member stores declined because of the consumption slump, and this is the reason why receivables outstanding at the end of the term was almost flat year-over-year despite of 9.4% increase in the number of customers, in our opinion.

(3) Guarantee Business

We began our guarantee business in May 2001 with the aim of further strengthening the foundations of our financial service businesses. During fiscal 2002, we concluded new tie-up agreements with five banks, including The Aomori Bank, Ltd. This brought the total number of our tie-up partners in the guarantee business to 10 (nine banks and one non-bank company). Our active efforts paid off, and the consolidated operating income in this business expanded by as much as 5.8 fold compared with fiscal 2001. In addition, guaranteed loans receivable at the end of the term reached ¥57.9 billion, which is 6.1 times greater than at the end of fiscal 2001. We are achieving a high rate of growth in the guarantee business through the skillful fusion of the trustworthiness and brand power of the financial institutions with ACOM's expertise related to the credit screening and customer management in the field of personal loans.

(4) Servicing Business (Servicer)

Operating income at the servicing business in fiscal 2002 rose by 4.8 fold, and receivables outstanding at the end of the term increased by 8.1 fold, with this business showing strong growth as the guarantee business did. In July 2001, we began operations at the servicing business by buying a stake in IR Loan Servicing, Inc. In only one and a half years, IR Loan Servicing became profitable with net income of ¥100 million.

(5) Rental Business and Others

In fiscal 2002, the operating income at our wholly-owned subsidiary ACOM RENTAL CO., LTD. declined by 5.8% over the previous year as a result of the slump in overall consumption. Moreover, operating income at our other businesses fell by 13.8%.

Review and Analysis of the Consolidated Balance Sheet and Cash Flow

At the end of fiscal 2002, total assets stood at ¥2.183 trillion, which was ¥16.5 billion higher than at the end of fiscal 2001. This was because while operating assets such as loans receivable, notes and accounts receivable increased by ¥51.8 billion, the allowance for bad debts rose by ¥31.4 billion and the book value of securities held for investment purposes declined by ¥3.3 billion on the back of falling share prices. Owing to the deterioration in the business environment, the total amount of bad debts including "loans to borrowers in bankruptcy or under reorganization" and "loans in arrears" grew by ¥16.2 billion over the end of fiscal 2001 to ¥60.7 billion. And, to handle these bad debts, we provided an allowance for bad debts of ¥112.5 billion at the end of the term.

The total amount of interest-bearing debt at the end of fiscal 2002 reached ¥1.439 trillion, which was ¥30.4 billion lower than at the end of fiscal 2001. Breaking this down, short-term debt dropped by ¥45.9 billion and long-term debt rose by ¥15.5 billion. On the other hand, total shareholders' equity increased by ¥61.6 billion to ¥644.4 billion mainly owing to higher retained earnings. As a result, the shareholders' equity ratio at the end of the term rose by 2.6 percentage points to 29.5%, and the book value per share reached ¥4,405.

In fiscal 2002, cash flow from operating activities rose by about ¥94.1 billion over fiscal 2001 to ¥47.5 billion. This was because while the increase in operating assets was ¥114.7 billion lower than the previous term, income before income taxes fell by ¥32.4 billion. In addition, the cash flow from investing activities was negative ¥8.1 billion versus negative ¥5.5 billion in fiscal 2001. We managed to hold down our capital spending through cost reductions and improvements to operating efficiency, such as through the setting up of contact centers, and as a result, purchases of property and equipment declined by ¥1.8 billion. However, ACOM posted almost no proceeds from sale of property and equipment in fiscal 2002, in contrast to ¥7.1 billion in such income in fiscal 2001. On the other hand, the cash flow from financing activities plunged ¥59.7 billion to ¥7.9 billion. This large decline was mainly attributable to a reduction in our interest-bearing debt, which we carried out in consideration of the unfavorable business environment, as epitomized by the sluggish growth in receivables outstanding at the mainstay loan business.

Risks and Risk Management

The consumer loan, credit card, installment sales finance, guarantee, and servicing businesses are affected by fluctuations in (1) the overall economy, such as consumption and employment, and (2) interest rate levels (the lending interest rate and the interest rate on fund procurement).

(1) Earnings Volatility Stemming from Economic Fluctuations

The overall economy (mainly consumption and employment) is a major variable influencing operating income of the ACOM Group. The economic trend has a significant effect not only on operating income, but also on profitability, through the amount of bad debt write-offs. In response to this situation, we are working to minimize the impact of the shrinking market by improving the quality of customer services in our core consumer loan business (such as by strengthening its quality of services through the Internet and cellular phones), as well as by expanding mainly the three business areas of credit cards, guarantees, and servicing. At the same time, we are doing all we can to avoid bad debt risk, by strengthening our reviews of the suitability of our credit screening standards and by making improvements to the follow-up care we provide to our customers, in accordance with changes in the economic conditions.

(2) Earnings Volatility Stemming from Interest Rate Fluctuations

Fluctuations in the lending interest rate have a major influence, especially on the operating income of our core business, consumer loans. In fact, there is talk that the maximum lending interest rate allowed under the Regulation for Investment and Money Rate (currently 29.2%) may be lowered. However, ACOM brought its lending interest rate down to an average of 24.1% in fiscal 2002 as a result of continued cost reductions. In the future, we will continue to work to improve our profitability by raising the efficiency of our businesses and reducing our costs.

On the other hand, a protracted economic slump actually has a positive effect on the interest rate for fund procurement. The average nominal interest rate on our fund procurement has continued to decline, falling from 2.4% in fiscal 1998 to 1.9% in fiscal 2002. However, because we believed that continuing to seek benefits from a declining interest rate on fund procurement could lead to a large earnings fluctuation risk in the future, we decided to raise our ratio of funds procured at a fixed interest rate while the interest rate was on the decline. Fixed interest rate borrowing as a percentage of total borrowing rose from 63.9% in fiscal 1998 to 84.6% in fiscal 2002. Furthermore, under our policy of putting a priority on stability, we raised our ratio of funds procured through direct financing from the 11% level in fiscal 1998 to over 24% from fiscal 2000.

ACOM CO., LTD. Annual Report 2003

Financial Section

Consolidated Balance Sheets

ACOM CO., LTD. and Subsidiaries

March 31	Millions of Yen 2003	Millions of Yen 2002	Thousands of U.S. Dollars (Note 3) 2003
Assets			
Current assets:			
Cash and cash equivalents	¥ 166,739	¥ 120,163	$ 1,387,179
Time deposits and other bank deposits (Note 6)	1,254	1,263	10,432
Marketable securities (Note 5)	1,079	452	8,976
Loans receivable (Notes 4 and 6)	1,660,256	1,618,660	13,812,445
Notes and accounts receivable (Note 6)	280,291	270,084	2,331,871
Inventories	8,339	7,356	69,376
Deposit for redemption of convertible notes (Note 6)	—	50,000	—
Deferred tax assets (Note 8)	40,264	30,061	334,975
Other current assets	24,246	22,669	201,713
Allowance for bad debts	(109,617)	(78,945)	(911,955)
Total current assets	2,072,855	2,041,766	17,245,049
Property and equipment:			
Land	19,094	24,852	158,851
Buildings and structures	43,981	46,196	365,898
Equipment	36,175	34,243	300,956
	99,251	105,292	825,715
Accumulated depreciation	(42,838)	(40,024)	(356,389)
Property and equipment, net (Note 6)	56,412	65,268	469,317
Investments and other assets:			
Investments in securities (Note 5)	21,691	21,459	180,457
Investments in and advances to affiliates	2,818	6,440	23,444
Telephone rights and other intangible assets	1,455	1,459	12,104
Rental deposits	10,890	11,452	90,599
Prepaid pension expenses (Note 7)	2,680	3,671	22,296
Discounts on bonds	1,400	1,787	11,647
Deferred tax assets (Note 8)	4,095	2,410	34,068
Other	12,047	13,269	100,224
Allowance for bad debts	(2,931)	(2,118)	(24,384)
Total investments and other assets	54,146	59,831	450,465
Total assets	¥ 2,183,414	¥ 2,166,865	$18,164,841

See accompanying notes to consolidated financial statements.

March 31	Millions of Yen 2003	2002	Thousands of U.S. Dollars (Note 3) 2003
Liabilities and Shareholders' Equity			
Current liabilities:			
Short-term loans (Note 6)	¥ 42,313	¥ 29,337	$ 352,021
Current portion of long-term debt (Note 6)	359,150	418,121	2,987,936
Accounts payable	4,934	6,571	41,048
Accrued income taxes (Note 8)	31,849	43,061	264,966
Deferred income on installment sales	37,642	39,437	313,161
Allowance for loss on debt guarantees (Note 11)	474	12	3,943
Deferred tax liabilities (Note 8)	0	27	0
Other current liabilities	14,540	16,265	120,965
Total current liabilities	490,904	552,834	4,084,059
Long-term liabilities:			
Long-term debt (Note 6)	1,038,441	1,022,907	8,639,276
Allowance for employees' retirement benefits (Note 7)	3,671	3,173	30,540
Allowance for directors' and statutory auditors' retirement benefits	1,071	980	8,910
Deferred tax liabilities (Note 8)	7	—	58
Other long-term liabilities	4,422	3,874	36,788
Total long-term liabilities	1,047,614	1,030,936	8,715,590
Minority interests in consolidated subsidiaries	463	357	3,851
Commitments and contingent liabilities (Note 11)			
Shareholders' equity:			
Common stock:			
Authorized: 533,200,000 shares			
Issued: 146,630,880 shares at March 31, 2003 and 2002	17,282	17,282	143,777
Additional paid-in capital	25,772	25,772	214,409
Retained earnings (Notes 10 and 17)	606,622	543,276	5,046,772
Net unrealized gains on other securities	75	1,127	623
Foreign currency translation adjustments	(1,518)	(920)	(12,628)
Less: Treasury stock, at cost (Note 13):			
347,549 shares and 347,383 shares at March 31, 2003 and 2002, respectively	(3,803)	(3,802)	(31,638)
Total shareholders' equity	644,431	582,737	5,361,322
Total liabilities and shareholders' equity	¥ 2,183,414	¥ 2,166,865	$ 18,164,841

Consolidated Statements of Income

ACOM CO., LTD. and Subsidiaries

Years ended March 31	Millions of Yen 2003	2002	2001	Thousands of U.S. Dollars (Note 3) 2003
Operating income:				
Interest on loans receivable	¥ 390,710	¥ 373,526	¥ 341,539	$3,250,499
Fees from credit card business	5,071	3,755	2,344	42,188
Fees from installment sales financing	25,120	23,044	17,188	208,985
Fees from credit guarantees	1,667	114	—	13,868
Collection of purchased receivables	436	149	—	3,627
Other financial income	27	24	77	224
Sales	6,344	6,481	7,541	52,778
Other operating income	8,194	7,823	6,983	68,169
Total operating income	437,572	414,918	375,674	3,640,366
Operating expenses:				
Financial expenses	30,562	29,903	29,573	254,259
Cost of purchased receivables	66	52	—	549
Cost of sales	3,795	3,850	4,188	31,572
General and administrative expenses (Notes 7 and 9)	140,781	137,815	129,182	1,171,222
Bad debt expenses	6,327	—	—	52,637
Provision for bad debts	108,869	72,034	52,420	905,732
Provision for loss on debt guarantees	474	12	—	3,943
Total operating expenses	290,877	243,669	215,363	2,419,941
Operating profit	146,695	171,248	160,310	1,220,424
Other income (expenses):				
Other interest and dividend income	365	571	643	3,036
Other interest expenses	(36)	(78)	(92)	(299)
Net loss in affiliates by the equity method	(3,577)	(920)	(5)	(29,758)
Net loss on sale or disposal of fixed assets	(6,752)	(3,865)	(4,299)	(56,173)
Loss on sale of investments in securities	—	(74)	(155)	—
Loss on revaluation of investments in securities (Note 5)	(2,710)	(412)	(1,340)	(22,545)
Loss on settlement of investments in a mutual insurance company	—	—	(1,000)	—
Gain on termination of a leveraged lease contract	—	—	299	—
Net gain on change in accounting standard for employees' retirement benefits (Note 7)	—	—	1,247	—
Other, net	430	410	(760)	3,577
Total other expenses, net	(12,281)	(4,368)	(5,463)	(102,171)
Income before income taxes	134,414	166,880	154,847	1,118,252
Income taxes (Note 8):				
Current	70,157	80,787	75,831	583,668
Deferred	(11,179)	(9,562)	(2,371)	(93,003)
Total income taxes	58,977	71,224	73,459	490,657
Minority interests in earnings of consolidated subsidiaries	339	18	17	2,820
Net income	¥ 75,096	¥ 95,637	¥ 81,369	$ 624,758
Amounts per share (in yen and U.S. dollars):				
Net income:				
Basic	¥ 513.08	¥ 653.18	¥ 554.92	$ 4.26
Diluted	—	631.64	535.97	—
Cash dividends	80.00	80.00	65.00	0.66

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

ACOM CO., LTD. and Subsidiaries

	Thousands	Millions of Yen					
	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2000	146,630	¥ 17,282	¥ 25,772	¥ 386,139	¥ —	¥ —	¥ (0)
Net income	—	—	—	81,369	—	—	—
Cash dividends	—	—	—	(8,797)	—	—	—
Bonuses to directors	—	—	—	(41)	—	—	—
Net unrealized gains on other securities	—	—	—	—	3,183	—	—
Foreign currency translation adjustments	—	—	—	—	—	(1,572)	—
Net increase in treasury stock	—	—	—	—	—	—	(0)
Balance at March 31, 2001	146,630	17,282	25,772	458,669	3,183	(1,572)	(0)
Net income	—	—	—	95,637	—	—	—
Cash dividends	—	—	—	(10,983)	—	—	—
Bonuses to directors	—	—	—	(47)	—	—	—
Net unrealized gains on other securities	—	—	—	—	(2,056)	—	—
Foreign currency translation adjustments	—	—	—	—	—	652	—
Net increase in treasury stock	—	—	—	—	—	—	(3,802)
Balance at March 31, 2002	146,630	17,282	25,772	543,276	1,127	(920)	(3,802)
Net income	—	—	—	75,096	—	—	—
Cash dividends	—	—	—	(11,702)	—	—	—
Bonuses to directors	—	—	—	(47)	—	—	—
Net unrealized gains on other securities	—	—	—	—	(1,052)	—	—
Foreign currency translation adjustments	—	—	—	—	—	(597)	
Net increase in treasury stock	—	—	—	—	—	—	(1)
Balance at March 31, 2003	**146,630**	**¥ 17,282**	**¥ 25,772**	**¥ 606,622**	**¥ 75**	**¥ (1,518)**	**¥ (3,803)**

	Thousands of U.S. Dollars (Note 3)					
	Common stock	Additional paid-in capital	Retained earnings	Net unrealized gains on other securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2002	$ 143,777	$ 214,409	$ 4,519,767	$ 9,376	$ (7,653)	$ (31,630)
Net income	—	—	624,758	—	—	—
Cash dividends	—	—	(97,354)	—	—	—
Bonuses to directors	—	—	(391)	—	—	—
Net unrealized gains on other securities	—	—	—	(8,752)	—	—
Foreign currency translation adjustments	—	—	—	—	(4,966)	—
Net increase in treasury stock	—	—	—	—	—	(8)
Balance at March 31, 2003	**$ 143,777**	**$ 214,409**	**$ 5,046,772**	**$ 623**	**$ (12,628)**	**$ (31,638)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ACOM CO., LTD. and Subsidiaries

Years ended March 31	Millions of Yen 2003	2002	2001	Thousands of U.S. Dollars (Note 3) 2003
Operating activities:				
Income before income taxes	¥ 134,414	¥ 166,880	¥ 154,847	$ 1,118,252
Adjustments:				
Depreciation and amortization	6,321	6,867	6,794	52,587
Increase in allowance for bad debts	31,572	16,695	7,351	262,662
Increase in allowance for loss on debt guarantees	461	12	—	3,835
Increase in allowance for employees' retirement benefits	498	81	2,853	4,143
Increase (decrease) in allowance for directors' and statutory auditors' retirement benefits	90	93	(143)	748
Non-operating interest and dividend income	(365)	(571)	(643)	(3,036)
Non-operating interest expenses	36	78	92	299
Net loss in affiliates by the equity method	3,577	920	5	29,758
Net loss on sale or disposal of fixed assets	6,752	3,865	4,299	56,173
Amortization of discounts on bonds	386	183	—	3,211
Bond issuance expenses	256	639	568	2,129
Loss on sale of investments in securities	—	74	155	—
Loss on revaluation of investments in securities	2,710	412	1,340	22,545
Loss on settlement of investments in a mutual insurance company	—	—	1,000	—
Gain on termination of a leveraged lease contract	—	—	(299)	—
Changes in operating assets and liabilities:				
Increase in loans receivable	(41,705)	(121,614)	(148,241)	(346,963)
Increase in notes and accounts receivable	(10,668)	(45,507)	(48,412)	(88,752)
Increase in inventories	(983)	(127)	(120)	(8,178)
Increase in other current assets	(1,554)	(2,680)	(1,871)	(12,928)
Decrease (increase) in prepaid pension expenses	991	492	(4,164)	8,244
Decrease in notes and accounts payable	(1,618)	(3,169)	(288)	(13,460)
(Decrease) increase in deferred income on installment sales	(1,740)	5,784	6,557	(14,475)
(Decrease) increase in other current liabilities	(1,735)	2,321	1,273	(14,434)
Bonuses paid to directors	(47)	(47)	(41)	(391)
Other, net	915	(406)	(248)	7,612
Subtotal	128,566	31,278	(17,336)	1,069,600
Non-operating interest and dividends received	368	662	643	3,061
Non-operating interest paid	(33)	(110)	(86)	(274)
Income taxes paid	(81,350)	(78,384)	(73,606)	(676,788)
Net cash provided by (used in) operating activities	¥ 47,550	¥ (46,554)	¥ (90,386)	$ 395,590

(Continued)

Years ended March 31	Millions of Yen 2003	2002	2001	Thousands of U.S. Dollars(Note 3) 2003
Investing activities:				
Decrease in time deposits and marketable securities	¥ 521	¥ 1,366	¥ 7,495	$ 4,334
Proceeds from sale of property and equipment	550	7,187	36	4,575
Purchases of property and equipment	(4,389)	(6,268)	(5,941)	(36,514)
Proceeds from maturity or sale of investments in securities	134	—	1,770	1,114
Increase in investments in securities	(6,020)	(1,019)	(1,996)	(50,083)
Decrease (increase) in investments in and advances to affiliates	25	(7,000)	(214)	207
Net proceeds from acquisition of consolidated subsidiaries (Note 15)	—	—	6,134	—
Proceeds from termination of a leveraged lease contract	—	—	170	—
Proceeds from sale of AV rental business (Note 16)	—	350	595	—
Decrease (increase) in other investments	986	(208)	(471)	8,202
Net cash (used in) provided by investing activities	(8,191)	(5,590)	7,580	(68,144)
Financing activities:				
Proceeds from long-term debt	377,800	527,467	484,952	3,143,094
Payments on principal of long-term debt	(371,372)	(447,428)	(388,363)	(3,089,617)
Increase (decrease) in short-term loans	13,301	2,389	(269)	110,657
Increase in treasury stock	(1)	(3,801)	(0)	(8)
Net proceeds from issuance of a subsidiary's stock	28	—	298	232
Cash dividends paid by the Company	(11,700)	(10,986)	(8,800)	(97,337)
Cash dividends paid by a subsidiary to minority shareholders	(149)	—	—	(1,239)
Net cash provided by financing activities	7,906	67,639	87,818	65,773
Effect of exchange rate changes on cash and cash equivalents	(689)	42	13	(5,732)
Increase in cash and cash equivalents	46,576	15,536	5,026	387,487
Cash and cash equivalents at beginning of the year	120,163	104,627	99,932	999,692
Decrease in cash and cash equivalents due to exclusion of an affiliate from consolidation at end of the year	—	—	(332)	—
Cash and cash equivalents at end of the year	¥ 166,739	¥ 120,163	¥ 104,627	$ 1,387,179

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ACOM CO., LTD. and Subsidiaries

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 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 Prime Minister of Japan (the "PM") 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 PM 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

In accordance with Japanese consolidation accounting standards, the Company considers any entity in which the Company, directly or indirectly, is able to control operations to be a subsidiary, even if it is less-than-majority owned. The Company had 16 subsidiaries as of March 31, 2003. The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries (together, the "Companies"), which are listed on the following page:

Name	Jurisdiction 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
ACOM RENTAL CO., LTD.	Japan	100%	March 31
JCK CREDIT CO., LTD.	Japan	100%	March 31
A B PARTNER CO., LTD.	Japan	100%	March 31
IR Loan Servicing, Inc.	Japan	80% (**)	March 31
ACOM (U.S.A.) INC. (*)	U.S.A.	100%	December 31
ACOM INTERNATIONAL, INC. (*)	U.S.A.	100%	December 31
ACOM PACIFIC, INC.	U.S.A.	100%	December 31
SIAM A&C CO., LTD.	Thailand	49% (***)	December 31
ACOM CAPITAL CO., LTD.	Cayman Island	100%	December 31
ACOM FUNDING CO., LTD. (****)	Cayman Island	100%	December 31

* Currently suspended its operation, and further business scheme is under consideration.
** Due to an acquisition of stock from a minority shareholder in February 2003, the percentage of equity ownership was changed from 60% to 80%.
*** A substantially controlled company.
**** Established on July 10, 2002.
1990 K Partnership, a former consolidated subsidiary, was dissolved on December 31, 2001 and excluded from consolidation.

In accordance with Japanese consolidation accounting standards, the Company considers any entity over which the Company does not have a control but an ability to exercise significant influence to be an affiliate. Investments in affiliates are accounted for by the equity method of accounting. The Company had three affiliates as of March 31, 2003, which are listed below:

Name	Jurisdiction of incorporation	Percentage of equity ownership	Fiscal year end
ASCOT CO., LTD.	Japan	38.25%	March 31
Tokyo-Mitsubishi Cash One Ltd.	Japan	35%	March 31
CHAILEASE ACOM FINANCE CO., LTD.	Taiwan	40%	December 31

The difference between the cost of investments in a subsidiary or an affiliate 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 amounts of the overseas subsidiaries or affiliates have been included or accounted for 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 stated as "Foreign currency translation adjustments" in the accompanying consolidated balance sheets.

From the year ended March 31, 2001, "Foreign currency translation adjustments" have been presented in the shareholders' equity section in accordance with the revised "Accounting Standard for Foreign Currency Transactions" issued by the Business Accounting Deliberation Council (the "BADC") on October 22, 1999. In prior years, such adjustments were stated in the assets section.

(d) Foreign currency transactions
In accordance with the revised "Accounting Standard for Foreign Currency Transactions" mentioned in (c) above, all monetary assets and liabilities, regardless of short-term or long-term, denominated in foreign currencies are translated into yen at the exchange rates prevailing as of the fiscal year end, and resulting gains and losses are included in income.

(e) Marketable securities and investments in securities
Effective April 1, 2000, the Company and its domestic subsidiaries adopted the "Accounting Standard for Financial Instruments" issued by the BADC on January 22, 1999. Under this Standard, marketable securities and investments in securities are classified by their holding objectives into trading, held-to-maturity and other securities. Trading securities are valued at market prices and the resulting gains or losses are included in income. Held-to-maturity securities are stated at amortized cost. Other securities are valued at market prices and the resulting gains or losses are stated, net of tax, in the shareholders' equity section in the accompanying consolidated balance sheets, except that any impairment loss is recorded and charged to income. In prior years, marketable securities and investments in securities for which market prices are available were valued at the lower of moving-average cost or market. The effect of this change was to increase income before income taxes for the year ended March 31, 2001 by ¥69 million.

Furthermore, as a result of examination of the respective holding objectives at the beginning of the fiscal year ended March 31, 2001, held-to-maturity and other securities with a maturity within one year, and those with the same characteristics as deposits, were reclassified to "Marketable securities" in the current assets section; and securities falling outside these categories were reclassified to "Investments in securities" in the investments and other assets section.

Other securities for which market prices are not available are stated at moving-average cost.

(f) Inventories
Inventories, primarily consisting of paintings held by the Company and purchased receivables held by a subsidiary servicing company, are stated at individually specified cost.

(g) Allowance for bad debts
As a result of the adoption of "Accounting Standard for Financial Instruments" effective April 1, 2000 mentioned in (e) above, to cover possible losses on collection of loans and other receivables, the Company and its domestic subsidiaries provided for an allowance (i) with respect to ordinary debts, based on the historical rate of write-off, and (ii) with respect to other specific debts whose recovery is doubtful, based on estimated write-off amounts, after considering the likelihood of recovery on an individual basis.

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 property and equipment 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 and discounts on bonds
Share and bond issuance expenses are charged to income when incurred.

From the fiscal year ended March 31, 2002, in accordance with the revised "Form of Standard Financial Statements in the Consumer Finance Business" (issued by the Federation of Moneylenders Associations of Japan on April 25, 1993, revised on May 10, 2001), bond issuance expenses, related to the bonds issued by Financial Services companies only, were reclassified from "Other, net" in the other income (expenses) section to "Financial expenses" in the operating expenses section. The effect of this reclassification was to increase operating expenses by ¥629 million and decreasing operating profit and other expenses by the same amount for the year ended March 31, 2002.

Discounts on bonds are deferred and amortized by the straight-line method over the period of duration of the related bonds.

(j) Allowance for loss on debt guarantees
The Company has entered into affiliations with Japanese regional banks and an unconsolidated affiliate to provide credit guarantees for personal loans held by those banks and the affiliate. To cover possible losses on debt guarantees, the Company provided for an allowance based on the historical rates of fulfillment of guarantee obligation and subsequent write-off of the guaranteed loans.

(k) Employees' retirement benefits
Effective April 1, 2000, the Company and its domestic subsidiaries adopted the "Accounting Standard for Retirement Benefits" issued by the BADC on June 16, 1998.

Under this Standard, allowance for employees' retirement benefits should be recognized at the net total of the present value of the defined benefit obligation at the balance sheet date, plus any actuarial gains (less any actuarial losses) not yet recognized, minus any past service cost not yet recognized, minus the fair value at the balance sheet date of plan assets (if any) out of which the obligations are to be settled directly. If the amount determined above is negative (an asset), such asset should be recorded as prepaid pension expenses.

Net retirement benefit expense or income should be recognized at the net total of current service cost and interest cost, minus the expected return on any plan assets, minus any actuarial gains (less any actuarial losses) and past service cost recognized during the year, plus any retirement benefits paid as a lump sum.

To determine the present value of a defined benefit obligation and the related current service cost and, where applicable, past service cost, the project unit credit method is used.

Actuarial gains or losses and past service cost should be recognized for each defined benefit plan over a period not exceeding the expected average remaining working lives of the employees participating in that plan. The Company and its domestic subsidiaries have recognized actuarial gains or losses evenly over the five years following the respective fiscal years when such gains or losses are identified. In addition, the Company and its domestic subsidiaries have recognized past service cost evenly over five years from the time of its origination.

Any transition benefit liability or prepayment existing at the initial adoption of this Standard should be recognized over a period not exceeding 15 years. The Company and its domestic subsidiaries recognized such transition liability and prepayment immediately in the year ended March 31, 2001, and the resulting net gain was stated as "Net gain on change in accounting standard for employees' retirement benefits" in the accompanying consolidated statement of income for the year then ended.

This change had the effect of reducing retirement benefit expenses by ¥104 million, increasing operating profit by the same amount, and increasing income before income taxes by ¥1,351 million for the year ended March 31, 2001.

The allowance for employees' retirement benefits of an overseas subsidiary is provided at the amount determined in accordance with basic salary and number of years of employment.

(l) 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.

(m) Leases

Non-cancellable 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.

(n) 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 Rate Restriction Law of Japan or the contract interest rate, whichever is lower.

(o) 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 became due (the "sum-of-the-months digits method").

(p) Recognition of fees from credit guarantees

Fees from credit guarantees have been recognized on an accrual basis using the credit-balance method.

(q) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. In accordance with Japanese tax-effect accounting standards, the asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the reported amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(r) Derivative and hedging transactions

The Company and certain of its subsidiaries have used interest rate swap agreements, interest rate options (interest rate caps in long positions only) and currency swap agreements solely in order to hedge against risks of fluctuations in interest rates and currency exchange rates relating to its short-term and long-term loans in compliance with the internal rules of the respective companies.

Under the “Accounting Standard for Financial Instruments”, derivative transactions are valued at market prices, except for hedging transactions whose gains or losses are deferred and recorded in the balance sheet until the hedged transactions are settled. Moreover, if interest rate swaps and currency swaps are specifically tied to the hedged loan transactions, unrealized gains or losses on those swaps are not recognized in the consolidated financial statements as such gains or losses are to be offset with those on the hedged transactions. Similarly, if interest rate caps are specifically tied to the hedged loan transactions, fees paid for those caps are stated at amortized costs regardless of their market prices.

(s) Net income per share

From this fiscal year ended March 31, 2003, the Company adopted the Financial Accounting Standards No. 2, “Accounting Standard for Earnings Per Share” issued by the Accounting Standards Board of Japan (the “ASBJ”) on September 25, 2002. Under this Standard, basic net income per share is computed by dividing net income, the portion attributable to shareholders of common stock only, by the weighted-average number of shares of common stock outstanding during the year. Accordingly, in the per share computation, the portion not attributable to shareholders of common stock, such as bonuses payable to directors and statutory auditors, should be excluded. If this Standard had been retroactively applied, basic net income per share for the fiscal years ended March 31, 2002 and 2001 would have been ¥652.85 and ¥554.60, respectively.

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 and matured on March 31, 2002. If the Standard, above described, had been retroactively applied, diluted net income per share for the fiscal years ended March 31, 2002 and 2001 would have been ¥631.33 and ¥535.65, respectively.

(t) **Reclassifications**
Certain reclassifications have been made to prior years' 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 ¥120.20 = US $1.00, the exchange rate prevailing on March 31, 2003.

The translation should not be construed as a representation that yen amounts 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, 2003 and 2002 included unsecured loans to individual customers in the aggregate amount of ¥1,589,480 million ($13,223,627 thousand) and ¥1,549,661 million, respectively.

Bad debts included in unsecured loans to individual customers as of March 31, 2003 and 2002 were classified as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2003**	2002	**2003**
Non-accrual loans due to bankruptcy or reorganization	**¥ 9,227**	¥ 7,204	**$ 76,763**
Other non-accrual loans	**31,302**	21,751	**260,415**
Loans past due for three months or more	**1,139**	519	**9,475**
Restructured loans	**19,122**	15,041	**159,084**
	¥ 60,791	¥ 44,516	**$ 505,748**

5. Marketable Securities and Investments in Securities

At March 31, 2003, information with respect to held-to-maturity securities for which market prices were available was summarized as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Balance sheet amount	Market value	Unrealized losses	Balance sheet amount	Market value	Unrealized losses
Unrealized loss items:						
Bonds:						
Other	**¥ 4,000**	**¥ 3,998**	**¥ (1)**	**$ 33,277**	**$ 33,261**	**$ (8)**

At March 31, 2002, the Companies had no held-to-maturity securities.

At March 31, 2003 and 2002, information with respect to other securities for which market prices were available was summarized as follows:

	Millions of Yen					
	2003			2002		
March 31	Cost	Balance sheet amount	Unrealized gains (losses)	Cost	Balance sheet amount	Unrealized gains (losses)
Unrealized gain items:						
Stock	¥ 4,005	¥ 6,148	¥ 2,142	¥ 5,932	¥ 10,347	¥ 4,414
Bonds:						
National and municipal	80	87	7	80	85	5
Corporate	1,313	1,356	43	85	158	72
Other	10	10	0	10	10	0
Other	2,004	2,047	43	1,502	1,508	5
Total	7,413	9,650	2,236	7,611	12,109	4,497
Unrealized loss items:						
Stock	8,777	7,060	(1,717)	8,943	6,652	(2,290)
Bonds:						
Other	5	5	(0)	213	210	(3)
Other	1,308	912	(395)	2,020	1,723	(296)
Total	10,090	7,977	(2,113)	11,177	8,586	(2,590)
Total	¥ 17,504	¥ 17,628	¥ 123	¥ 18,788	¥ 20,695	¥ 1,906

	Thousands of U.S. Dollars		
	2003		
March 31	Cost	Balance sheet amount	Unrealized gains (losses)
Unrealized gain items:			
Stock	$ 33,319	$ 51,148	$ 17,820
Bonds:			
National and municipal	665	723	58
Corporate	10,923	11,281	357
Other	83	83	0
Other	16,672	17,029	357
Total	61,672	80,282	18,602
Unrealized loss items:			
Stock	73,019	58,735	(14,284)
Bonds:			
Other	41	41	(0)
Other	10,881	7,587	(3,286)
Total	83,943	66,364	(17,579)
Total	$ 145,623	$ 146,655	$ 1,023

An impairment loss has been recorded when (i) the market price of a marketable security fell below 50% of its acquisition cost (or book value, if previously written-down) at the fiscal year end, and is deemed unlikely to recover to the level of the cost, or (ii) the market price fell bellow 30% to 50% of the cost at the fiscal year end, and the rate of decline remained 30% or higher during the past one year.

With respect to other securities for which market prices were available, impairment losses amounting to ¥2,690 million ($22,379 thousand) and ¥363 million were recorded and included in “Loss on revaluation of investments in securities“ of the accompanying consolidated statements of income for the years ended March 31, 2003 and 2002, respectively.

Information with respect to other securities sold in the years ended March 31, 2003, 2002 and 2001 was as follows:

Years ended March 31	Millions of Yen 2003	2002	2001	Thousands of U.S. Dollars 2003
Total sales amount	¥ 177	¥ 860	¥ 246	$1,472
Total gain on sales	87	307	0	723
Total loss on sales	14	92	155	116

At March 31, 2003 and 2002, securities for which market prices were not available included principally the following:

March 31	Millions of Yen 2003	2002	Thousands of U.S. Dollars 2003
	Balance sheet amount		
Other securities:			
Unlisted companies' stock, excluding over-the-counter stock	¥ 1,142	¥ 1,160	$ 9,500

Other securities with maturity and held-to-maturity securities will fall due subsequent to March 31, 2003 and 2002 as follows:

	Millions of Yen					
	2003			2002		
March 31	Within one year	One - five years	Over five years	Within one year	One - five years	Over five years
Bonds:						
National and municipal	¥ —	¥ —	¥ 87	¥ —	¥ —	¥ 85
Corporate	—	1,356	—	87	70	—
Other	15	—	4,000	265	10	—
Other	1,064	587	532	99	1,668	503
Total	¥ 1,079	¥ 1,944	¥ 4,620	¥ 452	¥ 1,749	¥ 589

	Thousands of U.S. Dollars		
	2003		
March 31	Within one year	One - five years	Over five years
Bonds:			
National and municipal	$ —	$ —	$ 723
Corporate	—	11,281	—
Other	124	—	33,277
Other	8,851	4,883	4,425
Total	$ 8,976	$ 16,173	$ 38,435

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

The weighted-average interest rates of short-term loans as of March 31, 2003 and 2002 were 1.26% and 1.57%, respectively.

Long-term debt was summarized as follows:

March 31	Millions of Yen 2003	Millions of Yen 2002	Thousands of U.S. Dollars 2003
Unsecured loans of domestic Companies mainly from banks and other financial institutions at interest rates ranging from 0.79917% to 3.8% due through December 2009	¥ 461,530	¥ 413,988	$ 3,839,683
Unsecured loans of an overseas subsidiary at interest rates ranging from 4.2% to 7.738% due through February 2004	2,177	1,698	18,111
Loans with collateral of domestic Companies mainly from banks and other financial institutions at interest rates ranging from 0.8% to 3.7% due through November 2009	607,759	646,771	5,056,231
Unsecured bonds issued by the Company at interest rates ranging from 0.85% to 2.72% due through June 2012	295,000	295,000	2,454,242
1.45% unsecured bonds issued by domestic subsidiaries due May 2005	300	4,000	2,495
Japanese yen discounted bonds with collateral issued by an overseas subsidiary due March 2008	25,284	25,671	210,349
3.2% THB 2,000 million unsecured bonds issued by an overseas subsidiary due December 2005	5,540	—	46,089
Unsecured zero coupon convertible notes issued by the Company(*)	—	50,000	—
Payables under trust agreements for certain installment sales receivables	—	3,900	—
Less: current portion	(359,150)	(418,121)	(2,987,936)
	¥ 1,038,441	¥ 1,022,907	$ 8,639,276

* The unsecured zero coupon convertible notes fell due on March 31, 2002 without any conversion right exercised. As the due date and the following date were bank holidays at an oversea payment place, the actual redemption date was April 2, 2002. In advance of the due date, on March 28, 2002, the Company made a deposit with the paying agent amounting to ¥50,000 million, equivalent to the principal amount of the notes, which was stated in the accompanying consolidated balance sheet as of March 31, 2002 as “Deposit for redemption of convertible notes”.

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 2003	Millions of Yen 2002	Thousands of U.S. Dollars 2003
Bank deposits	¥ 1,194	¥ 1,194	$ 9,933
Loans receivable	642,524	688,230	5,345,457
Notes and accounts receivable	100	877	831
Property and equipment, net	8,247	8,295	68,610
	¥ 652,067	¥ 698,597	$ 5,424,850

At March 31, 2003 and 2002, the Company had a commitment, at the lenders' request, to furnish at any time, collateral pledged on ¥137,761 million ($1,146,098 thousand) and ¥147,347 million of loans receivable of ¥642,524 million ($5,345,457 thousand) and ¥688,230 million shown in the above table, respectively. The pledged collateral which the lenders could require covered the following:

March 31	Millions of Yen 2003	Millions of Yen 2002	Thousands of U.S. Dollars 2003
Short-term loans	¥ 1,000	¥ 1,000	$ 8,319
Current portion of long-term debt	40,324	43,582	335,474
Long-term debt	95,608	102,460	795,407

The aggregate annual maturities of long-term debt subsequent to March 31, 2003 were summarized as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2004	¥ 359,150	$ 2,987,936
2005	366,860	3,052,079
2006	315,205	2,622,337
2007	180,618	1,502,645
2008	91,403	760,424
2009 and thereafter	84,353	701,772
	¥ 1,397,591	$ 11,627,212

For efficient procurement of working capital, the Company and certain of its subsidiaries have entered into overdraft contracts with six financial institutions and commitment line contracts with twelve financial institutions, which provided the Companies with the overdraft and commitment facilities in the aggregate amount of ¥436,503 million ($3,631,472 thousand) as of March 31, 2003. The unused facilities maintained by the Companies as of March 31, 2003 amounted to ¥376,302 million ($3,130,632 thousand).

7. Employees' Retirement Benefits

At March 31, 2003 and 2002, the Company and certain of its subsidiaries had, jointly or severally, defined benefit plans, including two funded non-contributory tax-qualified retirement pension plans and two funded contributory welfare pension plans, which together cover substantially all full-time employees who meet certain eligibility requirements.

The funded status and amounts recognized in the accompanying consolidated balance sheets as of March 31, 2003 and 2002 were summarized as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Projected benefit obligation	¥ (34,172)	¥ (30,993)	$ (284,292)
Plan assets at fair market value	24,060	24,800	200,166
Unfunded retirement benefit liabilities	(10,112)	(6,193)	(84,126)
Unrecognized past service cost (gain)(*)	(1,649)	(2,080)	(13,718)
Net unrecognized actuarial losses	10,771	8,772	89,608
Net retirement benefit liabilities recognized on the consolidated balance sheets	(991)	497	(8,244)
Prepaid pension expenses	2,680	3,671	22,296
Allowance for employees' retirement benefits	¥ (3,671)	¥ (3,173)	$ (30,540)

* In connection with the revision to the Welfare Pension Insurance Law of Japan, effective March 2002, one of the joint welfare pension plans held by the Companies raised the age of commencement of benefit payments from 60 to 65 years, which reduced the benefit obligation of the plan by ¥2,116 million as of March 31, 2002.

The components of net retirement benefit expenses recognized in the accompanying consolidated statements of income for the years ended March 31, 2003, 2002 and 2001 were summarized as follows:

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars
	2003	2002	2001	2003
Current service cost	¥ 2,504	¥ 2,167	¥ 2,202	$ 20,831
Interest cost	774	800	722	6,439
Expected return on plan assets	(743)	(721)	(759)	(6,181)
Past service cost (gain) recognized for the year	(421)	(35)	—	(3,502)
Net actuarial losses recognized for the year	1,908	739	—	15,873
Net gain on change in accounting standard for employees' retirement benefits	—	—	(1,247)	—
Retirement payments in a lump sum and other	13	—	23	108
Net retirement benefit expenses	¥ 4,036	¥ 2,950	¥ 941	$ 33,577

The principal assumptions used in determining retirement benefit obligations and other components for the Companies' plans were as follows:

	2003	2002	2001
Discount rate	**2.50%**	2.50%	3.00%
Rate of return on assets	**3.00%**	3.00%	3.00%
Period of recognition of past service cost	**5 years evenly**	5 years evenly	—
Period of recognition of actuarial gains or losses	**5 years evenly**	5 years evenly	5 years evenly

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 years ended March 31, 2003, 2002 and 2001. Reconciliation between the statutory tax rate and the effective tax rates as a percentage of income before income taxes for the years ended March 31, 2003, 2002 and 2001 was summarized as follows:

Years ended March 31	2003	2002(*)	2001
Statutory income tax rate	**40.9%**	—	40.9%
Taxation on undistributed income	**—**	—	5.0
Net loss in affiliates by the equity method	**1.1**	—	0.0
Retained earnings of subsidiaries	**0.3**	—	0.2
Expenses not deductible for income tax purposes	**0.1**	—	0.1
Inhabitants' per capita taxes	**0.2**	—	0.2
Other	**1.3**	—	1.0
Effective income tax rate	**43.9%**	—	47.4%

* Reconciliation for the year ended March 31, 2002 was omitted, as the statutory tax rate did not significantly differ from the effective tax rate.

The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities as of March 31, 2003 and 2002 were presented as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	2003	2002	2003
Deferred tax assets:			
Bad debt write-offs	¥ 11,565	¥ 9,105	$ 96,214
Allowance for bad debts	22,234	12,145	184,975
Allowance for loss on debt guarantees	193	5	1,605
Accrued bonuses	1,268	1,009	10,549
Allowance for employees' retirement benefits	1,454	1,259	12,096
Allowance for directors' and statutory auditors' retirement benefits	434	400	3,610
Accrued interest income	464	1,978	3,860
Accrued enterprise tax	2,716	4,059	22,595
Depreciation and amortization	6,443	5,331	53,602
Consumption tax	289	244	2,404
Revaluation of marketable securities	42	243	349
Loss on investments in golf club and other membership	171	184	1,422
Tax loss carryforwards of subsidiaries	6	89	49
Elimination of unrealized profit	1,336	1,439	11,114
Other	255	197	2,121
Subtotal	48,877	37,693	406,630
Less: valuation allowance	(145)	(186)	(1,206)
Total gross deferred tax assets	48,732	37,506	405,424
Deferred tax liabilities:			
Retained earnings of subsidiaries	(3,187)	(2,727)	(26,514)
Prepaid pension expenses	(1,085)	(1,500)	(9,026)
Net unrealized gains on other securities	(47)	(779)	(391)
Other	(59)	(53)	(490)
Total gross deferred tax liabilities	(4,380)	(5,061)	(36,439)
Net deferred tax assets	¥ 44,352	¥ 32,444	$ 368,985

On March 31, 2003, the Local Taxes Law of Japan was amended to introduce the pro forma standard taxation system to enterprise tax from the fiscal years commencing on and after April 1, 2004. Under this system, companies with stated capital over ¥100 million will be subject to taxation based on the sum of stated capital and capital reserve and the total value added for the fiscal year ("pro forma standards") in exchange for reduced rates on taxable income, which will reduce the aggregate statutory tax rate on income of the Company and certain of its domestic subsidiaries for the fiscal years ending March 31, 2004 and thereafter. The effect of this change was to decrease deferred tax assets, net of deferred tax liabilities (non-current portion only), as of March 31, 2003 by ¥54 million ($449 thousand) and increase deferred income tax expenses for the year then ended by the same amount.

9. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of leased equipment as of March 31, 2003 and 2002 and the related depreciation and interest expenses for the years ended March 31, 2003, 2002 and 2001, which would have been reflected in the consolidated balance sheets and the related 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
March 31	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	**2003**	**2003**
Equipment . . .	**¥ 9,495**	¥ 12,870	**¥ 5,315**	¥ 7,642	**¥ 4,179**	¥ 5,228	**$ 78,993**	**$ 44,217**	**$ 34,767**

	Millions of Yen			Thousands of U.S. Dollars
Years ended March 31	**2003**	2002	2001	**2003**
Depreciation	**¥ 2,827**	¥ 3,681	¥ 4,347	**$ 23,519**
Interest	**144**	190	253	**1,198**

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥3,004 million ($24,991 thousand), ¥3,924 million and ¥4,649 million for the years ended March 31, 2003, 2002 and 2001, respectively.

Future minimum lease payments subsequent to March 31, 2003 for finance lease transactions accounted for as operating leases were summarized as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2004	¥ 1,924	$ 16,006
2005 and thereafter	2,342	19,484
	¥ 4,267	$ 35,499

10. Legal Reserve

Consolidated retained earnings included a legal reserve which amounted to ¥4,353 million ($36,214 thousand) as of March 31, 2003 and 2002. 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 the sum of such reserve and capital reserve, including additional paid-in capital, equals 25% of stated capital. This reserve is not available for dividends but may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to stated capital by resolution of the board of directors.

11. Commitments and Contingent Liabilities

Future payments under rental leases subsequent to March 31, 2003 amounted to ¥4,557 million ($37,911 thousand).

The Company makes loans to customers primarily in the form of revolving credit-line contracts whereby a maximum credit amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility. At March 31, 2003, the unexercised portion of such facilities amounted to ¥648,671 million ($5,396,597 thousand), including ¥410,167 million ($3,412,371 thousand) for customers with zero outstanding balances. As a certain portion of revolving credit-line contracts lapse without ever being used, the unexercised facilities will not necessarily affect the future cash flows of the Company.

At March 31, 2003, contingent liabilities on the personal loans for which the Company provided credit guarantees amounted to ¥57,452 million ($477,970 thousand), net of allowance for loss on debt guarantees in the amount of ¥474 million ($3,943 thousand). In addition, at March 31, 2003, the Company was contingently liable as guarantor of an unconsolidated affiliate's debt amounting to NT$180 million.

Refer to Note 6 regarding pledged assets.

12. Derivative and Hedging Activities

(1) Outline of transactions and conditions

The Company and certain of its subsidiaries have used interest rate swap agreements, interest rate options and currency swap agreements in order to hedge against the risk of fluctuations in interest rates and currency exchange rates relating to their 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 and currency swap agreements are exposed to changes in interest rates and currency exchange rates, respectively. In addition, the Companies are not exposed to risk on interest rate caps, as the Companies hold 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 Companies do not anticipate non-performance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.

The Companies have established rules for the authorization of derivative transactions and related risk management rules which stipulate 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 when the Company's annual business plan is established.

(2) Market value information

Market value information as of March 31, 2003 and 2002 was omitted, as all of the Companies' derivative transactions are accounted for as hedging transactions.

13. Stock Option Plan

The Company has a stock option plan for the granting of non-transferable options to certain eligible directors and key employees of the Company. Options are granted for terms of five years to purchase the aggregate of 346,800 shares of common stock of the Company at ¥10,682, equivalent to 103% of the higher of the closing price of the shares on the day prior to August 1, 2001 (the date of grant) or the monthly average closing price for July, 2001 (the month prior to the date of grant). The options are exercisable beginning on July 1, 2003.

To provide for exercise of the options, in August 2001, the Company purchased 346,800 shares of common stock in the aggregate amount of ¥3,796 million from the stock market, which were included in "Treasury stock" of the shareholders' equity section of the accompanying consolidated balance sheets as of March 31, 2003 and 2002.

14. Segment Information

The Companies' operations by business segment were as follows:

	Millions of Yen				
Year ended or as of March 31, 2003	Financial services	Other businesses	Total	Adjustments and eliminations	Consolidated
Operating income from:					
Outside customers	**¥ 431,671**	**¥ 5,901**	**¥ 437,572**	**¥ —**	**¥ 437,572**
Intersegment	**—**	**15,300**	**15,300**	**(15,300)**	**—**
Total	**431,671**	**21,201**	**452,873**	**(15,300)**	**437,572**
Operating expenses	**277,805**	**20,524**	**298,330**	**(7,452)**	**290,877**
Operating profit	**¥ 153,866**	**¥ 676**	**¥ 154,543**	**¥ (7,847)**	**¥ 146,695**
Assets	**¥ 2,118,518**	**¥ 35,893**	**¥ 2,154,411**	**¥ 29,002**	**¥ 2,183,414**
Depreciation	**5,492**	**549**	**6,041**	**2**	**6,043**
Capital expenditure	**4,281**	**1,361**	**5,642**	**(1,131)**	**4,511**
Year ended or as of March 31, 2002					
Operating income from:					
Outside customers	¥ 408,431	¥ 6,487	¥ 414,918	¥ —	¥ 414,918
Intersegment	—	14,671	14,671	(14,671)	—
Total	408,431	21,158	429,589	(14,671)	414,918
Operating expenses	230,284	19,876	250,160	(6,491)	243,669
Operating profit	¥ 178,146	¥ 1,282	¥ 179,429	¥ (8,180)	¥ 171,248
Assets	¥ 2,095,238	¥ 39,292	¥ 2,134,531	¥ 32,334	¥ 2,166,865
Depreciation	5,771	704	6,476	53	6,529
Capital expenditure	6,109	2,730	8,839	(2,588)	6,251
Year ended or as of March 31, 2001					
Operating income from:					
Outside customers	¥ 368,113	¥ 7,561	¥ 375,674	¥ —	¥ 375,674
Intersegment	—	17,192	17,192	(17,192)	—
Total	368,113	24,753	392,866	(17,192)	375,674
Operating expenses	200,346	22,587	222,933	(7,569)	215,363
Operating profit	¥ 167,766	¥ 2,165	¥ 169,932	¥ (9,622)	¥ 160,310
Assets	¥ 1,877,544	¥ 38,061	¥ 1,915,606	¥ 28,229	¥ 1,943,836
Depreciation	5,632	673	6,305	98	6,404
Capital expenditure	5,629	1,377	7,007	(1,394)	5,612

Year ended or as of March 31, 2003	Thousands of U.S. Dollars				
	Financial services	Other businesses	Total	Adjustments and eliminations	Consolidated
Operating income from:					
Outside customers	$ 3,591,272	$ 49,093	$ 3,640,366	$ —	$ 3,640,366
Intersegment	—	127,287	127,287	(127,287)	—
Total	3,591,272	176,381	3,767,662	(127,287)	3,640,366
Operating expenses	2,311,189	170,748	2,481,946	(61,996)	2,419,941
Operating profit	$ 1,280,083	$ 5,623	$ 1,285,715	$ (65,282)	$ 1,220,424
Assets	$ 17,624,941	$ 298,610	$ 17,923,552	$ 241,281	$ 18,164,841
Depreciation	45,690	4,567	50,257	16	50,274
Capital expenditure	35,615	11,322	46,938	(9,409)	37,529

Unallocated corporate expenses and assets included in "Adjustments and eliminations" for the years ended or as of March 31, 2003, 2002 and 2001 were as follows:

	Millions of Yen			Thousands of U.S. Dollars
Years ended or as of March 31	2003	2002	2001	2003
Corporate expenses	¥ 7,956	¥ 8,280	¥ 8,103	$ 66,189
Corporate assets	54,666	53,750	48,622	454,792

As described in Notes 2(c) and 2(d), the “Accounting Standard for Foreign Currency Transactions” was revised. As a result of this change, unallocated corporate assets as of March 31, 2001 decreased by ¥1,572 million. Except for this, the effect of this change was immaterial.

As described in Note 2(e), effective April 1, 2000, the Company and its domestic subsidiaries adopted the “Accounting Standard for Financial Instruments” and reclassified certain of “Marketable securities” in the current assets section to “Investments in securities” in the non-current assets section. Concurrent with this reclassification, a portion of other financial income was reclassified to other non-operating income, resulting in a reduction in operating income of the “Financial services” segment for the year ended March 31, 2001 by ¥145 million. As described in Note 2(k), effective April 1, 2000, the Company and its domestic subsidiaries adopted the “Accounting Standard for Retirement Benefits”. This change had the effect of reducing operating expenses of the “Financial service” segment for the year ended March 31, 2001 by ¥90 million and unallocated corporate expenses for the year then ended by ¥14 million. The effect on the “Other businesses” segment was immaterial. In addition, as a result of this change, assets of the “Financial services” segment, those of the “Other businesses” segment and unallocated corporate assets as of March 31, 2001 increased by ¥3,488 million, ¥96 million and ¥579 million, respectively.

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

15. Acquisition of Subsidiaries

In the year ended March 31, 2001, the Company acquired 100% of the equity of JUKI CREDIT CO., LTD. (currently JCK CREDIT CO., LTD.) and 60% of the equity of IR Loan Servicing, Inc., both of which have been included in the accompanying consolidated financial statements from the respective effective acquisition dates. The fair value of the assets and liabilities of these companies were as follows:

	Millions of Yen	
	JUKI CREDIT CO., LTD. (as of October 1, 2000)	IR Loan Servicing, Inc. (as of March 31, 2001)
Current assets	¥ 50,777	¥ 493
Non-current assets	563	2
Current liabilities	(33,295)	(0)
Long-term liabilities	(17,345)	—
Consolidation adjustments	(0)	2
Minority interests	—	(198)
Acquisition cost paid	700	300
Cash and cash equivalents acquired	(6,640)	(493)
Net proceeds from acquisition	¥ 5,940	¥ 193

16. Sale of AV Rental Business

From December 2000 to February 2001, the Company sold its Audio-Visual Software Rental (“AV Rental”) business for cash consideration of ¥1,052 million, resulting in a gain on sale of ¥39 million. The aggregate book value of the assets sold was ¥905 million.

17. Subsequent Events

In June 2003, the Company acquired, by a tender offer, 1,002,600 shares of its common stock in the amount of ¥3,408 million based on the approval by the Board of Directors of the Company on May 6, 2003. The acquired shares were extinguished by offsetting with retained earnings of the Company based on the approval by the Board of Directors of the Company on May 29, 2003.

In June 2003, the Company acquired, from the stock market, 1,719,610 shares of its common stock in the amount of ¥7,657 million based on the approval by the Board of Directors of the Company on May 29, 2003. The Plan for disposal of the acquired shares has not been decided.

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2003, were approved at a shareholders' meeting of the Company held on June 27, 2003:

	Millions of Yen
Cash dividends (¥40.00 = US$0.33)	¥ 5,851
Bonuses to directors	39

Report of Independent Auditors

Shin Nihon & Co.

Certified Public Accountants
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo 100-0011
C.P.O. Box 1196, Tokyo 100-8641

Phone: 03 3503-1100
Fax: 03 3503-1197

Report of Independent Auditors

The Board of Directors
ACOM CO.,LTD.

We have audited the accompanying consolidated balance sheets of ACOM CO.,LTD. and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2003, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ACOM CO.,LTD. and consolidated subsidiaries at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2003 in conformity with accounting principles and practices generally accepted in Japan.

As described in Note 2 to the consolidated financial statements, ACOM CO.,LTD. and consolidated subsidiaries have adopted new accounting standards for financial instruments, retirement benefits, and foreign currency transactions in the preparation of their consolidated financial statements for the year ended March 31, 2001.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit 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.

Shin Nihon & Co

June 27, 2003

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of ACOM CO.,LTD. *and consolidated subsidiaries under Japanese accounting principles and practices.*

Corporate Data (As of March 31, 2003)

Company name
ACOM CO., LTD.

Business outline
Loan, credit card,
installment sales finance, and guarantee

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
4,405

Independent Auditors
SHIN NIHON & CO.
(Member firm of ERNST & YOUNG INTERNATIONAL)

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