(Translation)

Condensed Financial Report for the Year Ended March 31, 1999

May 10, 1999

Listed Company Name: Aiful Corporation

Code Number: 8515

Head Office: 31, Higashikaigawa-cho, Saiin, Ukyo-ku, Kyoto-city, Kyoto Prefecture

Contact: Kenichi Kayama

General Manager of Public Relations Dept.

Telephone Number: (03)-3274-3560

Listings: The Tokyo Stock Exchange (Second Section)

The Osaka Stock Exchange (Second Section)

The Kyoto Stock Exchange

Date of Board of Directors' meeting to approve the financial statements: May 10, 1999

Date of annual general meeting of shareholders: June 29, 1999

Consolidated Accounting: Not adopted

Interim Dividend System: Adopted

1. Financial Results for the Year Ended March 31, 1999

(1) Operating results (Fractions under ¥1 million are omitted)

(Millions of yen)

	Operating Revenue	(A) %	Operating Income	(A) %	Ordinary Income	(A) %
Current Year	204,957	(14.2)	71,897	(24.1)	68,843	(23.2)
Prior Year	179,394	(20.1)	57,936	(14.4)	55,894	(12.6)

(A): Increase or decrease compared to the Prior Year

	Net income	(A) %	Net income per share (in ¥)	Net income per share assuming full dilution (in ¥)	Net income to shareholders' equity(%)	Ordinary income to total assets(%)	Ordinary income to net sales(%)
Current Year	28,448	(13.8)	610.63	-	16.3	7.4	33.6
Prior Year	25,003	(9.6)	601.98	-	20.9	7.0	31.2

(A): Increase or decrease compared to the Prior Year

Note: 1. Average number of shares issued and outstanding during the period

Current Year:	46,588,116 shares
Prior Year:	41,536,061 shares

2. Changes in accounting policies None

3. Net income per share is calculated using the average of the total number of shares issued and outstanding during the applicable year.

(2) Dividends

	Dividends per share for the year (in ¥)			Total amount of annual dividends (in ¥ millions)	Dividend pay-out ratio (%)	Dividends to shareholders' equity (%)
		Interim dividends	Year-end Dividends			
Current Year	60.00	30.00	30.00	2,805	9.9	1.4
Prior Year	60.00	-	60.00	2,565	10.3	1.8

(3) Financial position

	Total assets (in ¥ million)	Shareholders' equity (in ¥ million)	Shareholders' equity to total assets (%)	Shareholders' equity per share (in ¥)
Current Year	996,523	203,748	20.4	4,358.03
Prior Year	876,726	146,255	16.7	3,420.97

Note: 1. Number of shares issued and outstanding shares at year-end
(Units of par value shares: 100 shares)

Current Year: 46,752,500 shares
Prior Year: 42,752,500 shares

On April 16, 1998, 4,000,000 shares were issued in connection with an overseas offering primarily in the European market.

2. Gain (loss) on valuation of marketable securities: ¥555 million
3. Write-down on devaluation of derivatives: (¥1,932 million)

2. Projected Financial Results for the Year Ending March 31, 2000

	Operating Revenue (in ¥millions)	Ordinary income (in ¥ millions)	Net income (in ¥ millions)	(a) (In ¥)		
				(b)	(c)	
Semi-annual Period Ending September 30, 1999	115,502	38,354	19,735	30.00	-	-
Year Ending March 31, 2000	237,104	80,000	41,600	-	30.00	60.00

Projected annual net income per share ¥741.49 (calculated based on 56,103,000 shares after the share split.)

(a) Annual dividends per share
(b) Interim dividends per share
(c) Year-end dividends per share

I. BUSINESS RESULTS FOR CURRENT YEAR AND FUTURE OUTLOOK

(1) Company Performance and Results of Operations for the Year

This year, the Japanese economy simultaneously experienced recession and falling prices resulting in the "deflationary spiral" phenomenon. Business bankruptcies increased, the unemployment rate marked 4.6% and the Nikkei 225 Index temporarily sank as low as ¥12,787 during the year. The Japanese economy continued to be in a chaotic and confused state. To put an end to this agonizing economic situation, the Japanese government placed a couple of banks facing financial deterioration under government control, injected public funds into other financially strapped banks and adopted additional economic stimulus measures. As a result, serious uncertainties in the financial system were mitigated, and we are now feeling that the lingering economic recession has finally bottomed out. On the other hand, lending curbs, one factor for the stagnant economy, continue to exist, and consumer spending which plays a significant role in picking up the economy showed no signs of recovery because of the increase in the unemployment rate and future uncertainties. These unfavorable factors hamper the revitalization of the Japanese economy.

Under these circumstances, large Japanese consumer finance companies accelerated the consolidation of the consumer finance industry, and foreign capital consumer finance corporations acquired some large and small-medium sized Japanese companies. Accordingly, these movements further activated the restructuring of the consumer finance market. On the other hand, some major consumer finance companies including AIFUL pushed forward with the diversification of products by selling home equity loans and small business loans in addition to unsecured loans, their core product. Other major consumer finance companies specialized in only marketing unsecured loans. As previously described, unique characteristics or differences were seen in the corporate business strategy of each consumer finance company, and also, business competition is becoming fiercer day by day. Within this severe business environment, as was the case last year, we did our best to strengthen the Company's management in accordance with our managerial and operational theme, "Expansion and Restructuring".

With respect to our core business of loan activities, with respect to "Expansion", we established 36 staffed and 166 unmanned branches, and installed 202 loan-contracting machines to expand and enhance our operating network and business opportunities. As a result of our efforts, the number of the branches throughout Japan totaled 1,009 as of March 31, 1999, which consisted of 540 staffed offices, 465 unmanned offices and 4 offices specializing in the sales of secured loans. The total number of AIFUL-owned ATMs was 14,118 as of March 31, 1999, which included new tie-ups with twelve banks and two other non-banks as well as the new installation in our branches.

In terms of “Restructuring”, we opened the “Kyoto Processing Center” and “Tokyo Processing Center” to process loan applications centrally as a beginning for our national expansion. This project was intended to improve cost efficiency. In the past, loan applications filed through unmanned loan-contracting machines were processed at nearby staffed branches. Such loan application are now forwarded directly to the newly constructed Centers and processed there.

With respect to company performance by product, AIFUL continues to pay close and careful attention to sales of unsecured loans and focuses on sales to highly rated customers, taking into consideration the current severe economy. With respect to home equity loans, AIFUL has defined these loans as a core product because these loans are deemed to be the most safe and profitable products for the Company. The loan amounts are relatively small and AIFUL has accumulated useful know-how related to customer credit analysis.

With respect to small business loans, first marketed in October 1997, we consider that we are marketing the loans to accumulate know-how related to customer credit analysis due to the relative newness of this product. Small businesses are very vulnerable to downturns in the economy, so we paid careful attention to the credit analysis of such small business owners. Also, given the increase in personal bankruptcies and the unemployment rate, AIFUL introduced the “Sixth Scoring System” in December 1998 to perform credit analysis as precisely and perfectly as possible and prevent uncollectable and bad loans.

As a result of these various countermeasures, the balance of loans outstanding at year-end was ¥837,981 million, a 19.3% increase from the prior year. This consists of total unsecured loans of ¥690,704 million, a 14.4% increase from the prior year, secured loans of ¥137,755 million, a 44.8% increase from the prior year, and small business loans of ¥9,522 million, a 160.5% increase over the prior year. With respect to other divisions, the Service Division recorded sales of ¥1,749 million, a 0.2% decrease from the prior year, including principal sales at “Arinshan”, a restaurant chain offering popular Taiwanese dishes. The Real Estate Division recorded sales of ¥1,030 million, a 34.5% decrease from the prior year.

With respect to financing activities, two particular situations were observed related to the lingering credit crunch situation in Japan. Some major consumer finance companies took to securing funds directly from markets to supplement other shrinking fund sources due to the credit crunch. In the other situation, small and medium-sized consumer finance companies, badly affected by the credit crunch, experienced increased difficulties in collecting funds through alternative ways. AIFUL, with a Financing Division which replaced the Financing Department during the year to expand its financial activities, issued Euro-Yen straight bonds of ¥9.5 billion in July 1998, domestic straight bonds of ¥60 billion for individual customers in December 1998 and January 1999, and straight bonds of ¥11 billion for corporate customers in the fiscal year. As such, AIFUL tried to obtain funds directly from the markets in addition to finances obtained from financial institutions to promote aggressively the diversification of funding in the year. Moreover, under the law enacted during the year related to the issue of bonds by non-bank institutions, proceeds from the issue of bonds and commercial paper are now allowed to be used in connection with the loan business. Consequently, consumer finance companies have extensive opportunities to raise funds.

Operating revenue was ¥204,957 million, a 14.2% increase from the prior year, ordinary income before taxes was ¥68,843 million, a 23.2% increase from the prior year, and net income was ¥28,448 million, a 13.8% increase from the prior year. Taking into consideration the amendments to the Regulations Concerning the Terminology Forms and Preparation Method of Financial Statement, enterprise taxes of ¥7,061 million are included in income taxes for the current year, though these taxes were included in other operating expenses in the past.

(2) Outlook for Next Year's Business Performance

It is still difficult to expect the Japan economy to achieve a full-fledged recovery next year. In the consumer finance industry, which must experience deepening uncertainties attributable to the changing business environment, oligopoly will be accelerated to a greater extent and competition will be exacerbated. Within the dull environment, we will take more effective measures to make our credit analysis even more precise and perfect, enhance product development technologies and abilities, and expand our service networks so as to offer high quality services to our customers. In addition, we will continue to put emphasis on the implementation of cost-cuts and the efficient use of human resources to streamline operations to a greater extent. We will manage the Company, focusing on more safety in extending loans and aim to achieve long-term development and boost sales. In our projections for the following year, operating revenue will be ¥237,104 million, a 15.7% increase, ordinary income before taxes ¥80,000 million, a 16.2% increase, and net income will increase by 46.2% to ¥41,600 million.

2. DIVIDEND POLICY

AIFUL management's policy is to distribute the Company's profits to shareholders consistently and positively, taking into consideration the economic and financial situation, changes in the industry and company performance. Based on such distribution policy, we paid ¥60 per share as total dividends for the year ended March 31, 1999, consisting of interim dividends and year-end dividends of equal amount of the commemorative dividends paid in the prior year.

Accordingly, the dividend pay-out ratio for the year was 9.9%, return on equity ratio 16.3% and dividends to equity ratio 1.4%. The Company has decided to distribute a 1.2 for 1 stock split without consideration on May 20, 1999, to shareholders of record on March 31, 1999. We are willing to use accumulated retained earnings at year-end to reinforce the Company's financial position, cover additional working funds and expand our sales network in the future.

3. COUNTERMEASURES FOR THE YEAR 2000 ISSUE

(1) Plan for 2000 compliance

The Company recognized years ago that the approach of the year 2000 would cause significant issues in various areas, and has been applying the Fourth On-Line System as a countermeasure since August 1997. Approaching to the year 2000 day by day, we have taken this issue very seriously, and have launched "2000 Compliance Project", headed by a managing director in charge of our Systems'. The objective of this project is to identify and settle possible incidents in any and all areas other than computer systems. Furthermore, the aim of the project is to check each division's duties in complying with the year 2000 and to supervise their efforts and progress. Under this project, such efforts and progress are to be reported to the Board of Directors on a monthly basis. Management has expressed their view to all employees that the year 2000 compliance is so critical that it should be tackled seriously on corporate basis.

(2) Actual Countermeasure for 2000 Compliance

1) Computer System

We have already completed testing how our host computer systems would be affected by the arrival of the year 2000, have adjusted installed programs and have tried to operate our computer fixing the date of computer to the date in question. With respect to connections with outside parties, we are scheduled to complete the test by the end of June 1999. Testing for current network system with affiliates will be over by the end of September 1999.

2) Equipment

Various equipment including elevators, telephone switchboards and security systems installed in all offices and branches are now undergoing inspection. Measuring the impact on such equipment caused by the year 2000 arrival, we are fixing the equipment as necessary.

3) Countermeasure addressed to customers

Our customers' level of compliance to the 2000 issue is very critical to AIFUL, and may cast adverse effects upon us, directly or indirectly. We are therefore inquiring regarding the progress of our customers in their own 2000 compliance activities.

(3) Expenditure for 2000 compliance

With respect to the host computer software, most of the required costs were expensed when the Company adopted the Fourth On-Line System which is well prepared to cope with the arrival of the year 2000. As additional costs, the Company estimates approximately ¥60 million to carry out tests for computer machines and approximately ¥70 million to adjust the Company’s network system.

(4) Risk management (Contingency Plan)

AIFUL has a manual to cope with the occurrence of large-scale disasters. In view of the special characteristic of the 2000 issue, AIFUL is now working on the preparation of a risk management manual to deal with troubles which might occur in micro chip-installed equipment such as elevators, air conditioners, and security systems as well as computer systems. Such a risk management manual will be completed by the end of September 1999.

4. FINANCIAL STATEMENTS

(1) Comparable Balance Sheets

(Millions of yen)

	As of 3/31/99		As of 3/31/98		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	Amount
ASSETS		%		%	
Current Assets:					
Cash and cash equivalents	72,218		80,115		(7,897)
Loans	837,981		702,445		135,536
Securities	500		-		500
Property for sale	2,997		3,544		(547)
Property for sale under construction	132		687		(555)
Stored goods	13		30		(16)
Prepaid expenses	5,567		5,625		(58)
Accrued income	6,728		5,581		1,147
Short-term loans	221		209		12
Investment in trust	1,000		5,000		(4,000)
Treasury stock	0		-		0
Other	500		452		47
Allowance for doubtful loans	(29,061)		(22,115)		(6,945)
Total current assets	898,800	90.2	781,577	89.1	117,222
Fixed Assets:					
Tangible fixed assets:					
Buildings	15,313		15,535		(221)
Structures	2,217		1,586		631
Machinery	110		129		(18)
Equipment and furniture	5,873		5,948		(75)
Land	43,097		42,287		809
Construction in progress	109		90		19
Total tangible fixed assets	66,723	6.7	65,577	7.5	1,145
Intangible Fixed Assets:					
Telephone rights	577		569		8
Other	4		4		(0)
Total intangible fixed assets	581	0.1	573	0.1	7
Investments and Other Fixed Assets:					
Investments in marketable Securities	6,575		3,476		3,098
Investments in and advances to subsidiaries	71		71		-
Investments in equity other than Capital stock	548		3,911		(3,362)
Long-term loans	9,153		6,199		2,954
Claims in bankruptcy	16,611		18,218		(1,607)
Long-term prepaid expenses	5,071		5,830		(759)
Lease deposits	8,038		7,476		561
Other	3,000		3,026		(25)
Allowance for doubtful loans	(18,948)		(19,213)		265
Total investments and other fixed assets	30,121	3.0	28,996	3.3	1,124
Total fixed assets	97,426	9.8	95,148	10.9	2,277
Deferred Assets:					
Bond issue costs	296		-		296
Total deferred assets	296	0.0	-	-	296
Total Assets	996,523	100.0	876,726	100.0	119,796

(Millions of yen)

	As of 3/31/99		As of 3/31/98		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	Amount
		%		%	
LIABILITIES					
Current Liabilities:					
Trade notes payable	2,228		3,493		(1,265)
Short-term debt	28,900		68,000		(39,100)
Current portion of long-term debt	258,663		270,189		(11,526)
Commercial paper	30,000		30,000		-
Trade accounts payable	3,185		2,931		253
Income taxes payable	19,476		17,160		2,315
Accrued enterprise taxes	-		4,001		(4,001)
Accrued expenses	1,121		674		447
Accrued bonuses	1,585		1,757		(172)
Other current liabilities	557		437		119
Total current liabilities	345,716	34.7	398,646	45.5	(52,929)
Long-term Liabilities:					
Bonds	80,500		-		80,500
Long-term debt	365,111		330,314		34,796
Retirement benefit for employees	168		210		(42)
Retirement benefit for officers	891		850		41
Other long-term liabilities	386		449		(63)
Total long-term liabilities	447,057	44.9	331,825	37.8	115,232
Total Liabilities	792,774	79.6	730,471	83.3	62,302
SHAREHOLDERS' EQUITY:					
Common stock	39,752	4.0	23,208	2.7	16,544
Legal reserves:					
Additional paid-in capital	41,912		25,372		16,540
Surplus reserve	635		231		403
Total legal reserve	42,548	4.2	25,604	2.9	16,943
Retained earnings:					
General reserve	91,622		71,622		20,000
Unappropriated retained earnings	29,826		25,820		4,005
[Including net income for the year]	[28,448]	[2.8]	[25,003]	[2.9]	[3,444]
Total retained earnings	121,448	12.2	97,442	11.1	24,005
Total Shareholders' Equity	203,748	20.4	146,255	16.7	57,493
Total Liabilities and Shareholders' Equity	996,523	100.0	876,726	100.0	119,796

(2) **Comparable Income Statements**

(Millions of yen)

	Current Year (ended 3/31/99)		Prior Year (ended 3/31/98)		Increase (Decrease)
	Amount	Ratio	Amount	Ratio	Amount
		%		%	
Operating revenue:					
Interest on loans	196,525	95.9	171,478	95.6	25,047
Financial revenue – other	435	0.2	159	0.1	276
Operating revenue – other	7,995	3.9	7,756	4.3	238
Total operating revenue	204,957	100.0	179,394	100.0	25,562
Operating expenses:					
Financial expenses	20,140	9.8	19,623	10.9	517
Financial expenses – other	2,305	1.1	1,007	0.6	1,297
Operating expenses – other	110,613	54.0	100,828	56.2	9,785
Total operating expenses	133,059	64.9	121,458	67.7	11,600
Operating revenue	71,897	35.1	57,936	32.3	13.961
Non-operating revenue:					
Interest on loans	98		19		78
Cash dividends	35		31		3
Insurance dividends	181		427		(246)
Gain from investments in leveraged lease partnership	84		66		18
Miscellaneous income	179		240		(60)
Total non-operating revenue	579	0.3	786	0.4	(207)
Non-operating expenses:					
Provision for doubtful loans	572		798		(225)
Loss on write-down of investments in marketable securities	334		656		(322)
Loss on write-down of property for sale	561		263		298
Stock issue costs	1,863		993		869
Amortization of bond issue costs	182		-		182
Miscellaneous loss	118		116		2
Total non-operating expenses	3,632	1.8	2,827	1.5	805
Ordinary income	68,843	33.6	55,894	31.2	12,949
Special income:					
Reversal of allowance for doubtful loans	196	0.1	122	0.0	73
Special loss:					
Loss on the disposal of fixed assets	248		123		125
Loss on the sale of marketable securities	1,335		-		1,335
Loss on write-down of investments in securities	80		-		80
Loss on investments in leveraged lease partnership	1,999		-		1,999
Provision for doubtful loans	615		-		615
Prior year's enterprise tax	-		159		(159)
Lease cancellation loss	-		246		(246)
Total special loss	4,280	2.1	529	0.3	3,751
Income before taxes	64,759	31.6	55,488	30.9	9,271
Corporate income, local and enterprise taxes	36,311	17.7	30,484	17.0	5,827
Net income	28,448	13.9	25,003	13.9	3,444

Retained earnings brought forward from the prior year	2,920		816		2,104
Interim dividends	1,402		-		1,402
Reserve for legal reserve due to interim dividends	140		-		140
Unappropriated retained earnings	29,826		25,820		4,005

(3) Appropriations of Retained Earnings (Proposed)

(Millions of yen)

Year / Account	Current Year (22nd Fiscal Year) (June 29, 1999)*	Prior Year (21st Fiscal Year) (June 26, 1998)*
Unappropriated retained earnings	29,826	25,820
Appropriated retained earnings	26,426	22,899
Legal reserve	148	263
Dividends	1,402	2,565
Officers' bonuses	75	70
(including Corporate Auditors' bonuses)	(1)	(1)
General reserve	24,800	20,000
Retained earnings carried forward to the following year	3,399	2,920

* Date when this proposal was approved or will be approved at the general meeting of shareholders

[Dividends Per Share]

	Current Year			Prior Year		
	Dividends for the year	Interim dividends	Year-end Dividends	Dividends for the year	Interim Dividends	Year-end dividends
Ordinary dividends	¥60.00	¥30.00	¥30.00	¥60.00	¥0.00	¥60.00
(Details)						
Dividends for commemorating over-the-counter-offering	¥0.00	¥0.00	¥0.00	¥30.00	¥0.00	¥30.00

Significant Accounting Policies

1. Valuation of marketable securities

(1) Listed marketable securities are stated at the lower of cost or market, cost being determined by the moving-average method.

(Additional information)

Until the prior year, reductions in the carrying values of marketable securities attributable to a decline in market values were not reversed if there was a subsequent rise in market values. However, beginning the current year, the Company has changed its policy to recognize such reversal if there is a subsequent recovery in market values, taking into consideration the amendment to the Japanese corporate income tax law effective in 1998. This change in valuation method does not affect these financial statements for the current year.

(2) Unlisted marketable securities are stated at cost determined by the moving-average method.

2. Valuation of inventories

(1) Property for sale is stated at the lower of cost or market, cost being based on the specific identification method. Property being leased is depreciated in the same way as tangible fixed assets.

(2) Property for sales in process are stated at cost determined by the specific identification method.

(3) Stored goods are stated at the most recent purchase method.

3. Depreciation of fixed assets

(1) Tangible fixed assets are depreciated by the declining balance method based on useful lives set forth in the Japanese Corporate Income Tax Law.

(Additional information)

The Japanese Corporate Income Tax Law was amended in 1998 and statutory useful lives of buildings have been shortened. As a result, the depreciation of the buildings increased by ¥86 million, and operating revenue, ordinary income before taxes and income before taxes decreased by ¥86 million, respectively, compared to the related amounts which would have been calculated using the above prior year accounting policies.

(2) Intangible fixed assets are depreciated by the straight-line method based on useful lives set forth in the Japanese Corporate Income Tax Law.

(3) Long-term prepaid expenses are amortized ratably in accordance with the same standards as those set forth in the Japanese Corporate Income Tax Law.

4. Deferred assets

(1) All stock issue costs have been charged to income when incurred.

(2) Bond issue costs are amortized ratably over the shorter of the period through the redemption

maturity date and the date when the maximum period prescribed in the Japanese Commercial Code (three years) ends.

5. Allowances

(1) Allowance for doubtful loans

The allowance for doubtful loans is provided in accordance with the formula prescribed under the Income Corporate Income Tax Law of Japan and based on the estimate amount of the uncollectible portions of specific loans.

(2) Accrued bonuses

Accrued bonuses are provided based on the estimated amount of future bonus payments to employees earned in the current year.

(Additional information)

Accrued employee bonuses were provided for based on past service periods as allowed by the Japanese Corporate Income Tax Law. As a result of an amendment in the Japanese Corporate Income Tax Law in 1998, the Company changed its policy to account for accrued bonuses by the above method beginning in the current year. The impact of this amendment is insignificant.

(3) Retirement benefits for employees

Effective April 1, 1995, the Company amended previously adopted severance and retirement plans and established the Employees’ Pension Fund Insurance Plan, transferring all prior plans’ obligations for employees’ retirement benefits to the new pension plan. Reversals of the excess portion of employees’ retirement benefits are added to income in accordance with the conditions of the Japanese Corporate Income Tax Act.

(4) Retirement benefit for officers

The Company provides for the liability for officers’ retirement benefits equal to 100% of the amounts which would have been payable to officers at the end of each fiscal year under the Company’s related regulations in accordance with the provisions of the Japanese Commercial Code, Article 287.2,

6. Interest on loans

The Company records interest income on an accrual basis. Accrued interest is recorded at the lower of the interest rate prescribed in the Law Concerning the Regulation of Interest and the contract interest rate provided by the Company.

7. Leases

Except for financing leases for which the title of the leased assets is deemed to be transferred to the lessee, financing leases are accounted for as operating leases.

8. Interest on borrowing

With respect to interest on borrowings, interest related to loans to customers is included under financial expense under operating expenses. Other interest expense is included under non-operating expenses.

9. Employees' Pension Funded Plan

Effective April 1, 1995, the Company established the employees' pension funded plan to replace the previously adopted severance and retirement plans. Reversals of the excess portion of employees' retirement benefits are added to income pursuant to the applicable income tax law and prior service costs are charged to income. The net assets in the fund, including a government pension fund required by Japanese law in the amount of ¥439 million, were ¥1,510 million as of March 31, 1998. The period of amortization of past service costs is ten years.

10. Consumption tax

Consumption tax is excluded from the amounts of all related accounts in this condensed financial report. Accrued consumption tax of ¥45 million is included in trade-accounts payable under current liabilities. Under the consumption tax law, such tax paid on purchases can generally be deducted from the payment of consumption tax withheld, with certain exceptions. Consumption taxes paid on fixed assets, which are not deductible from consumption taxes withheld, are deferred as "other" under investments and other fixed assets and amortized to income over a five-year period on a straight-line basis.

(Additional information)

11. Accounting for enterprise taxes

Taking into consideration the amendments to the Regulations Concerning the Terminology Forms and Preparation Method of Financial Statement, enterprise taxes of ¥7,061 million are included in income taxes for the current year, though these taxes were included in other operating expenses in the past. As a result of this change, operating revenue, ordinary income before taxes, and income before income taxes are higher by ¥7,061 million, compared to the related figures which would be computed using the former policy.

Notes to Comparable Balance Sheets

	Current Year (Millions of ¥ & US$)		Prior Year (Millions of ¥ & US$)	
1. Accumulated depreciation of tangible fixed assets		¥14,587		¥12,026
2. Secured Assets				
Cash equivalents		¥820		¥820
Loans		¥304,572		¥312,297
Property for sale		¥392		¥640
Tangible fixed assets		¥20,050		¥23,749
Investments in marketable securities		¥156		¥480
Investments in equity other than capital stock		-		¥105
3. Treasury Stock and Book Value at Year-End		20 shares		-
		0		-
4. Foreign Currencies Assets				
Investments in a subsidiary	0	0	0	0
Long-term loans	US$28	¥2,971	US$28	¥2,971
Investments and other （Long-term receivables）	US$4	¥432	US$4	¥432

5. Leases

Financing leases except for financing leases under which the title of the leased assets is deemed to be transferred to the lessee are accounted for as operating leases.

(1) Acquisition cost, accumulated depreciation, and year-end balance of leased assets

(Millions of yen)

Current Year

	Vehicles	Appliances and furniture	Total
Costs	141	23,297	23,439
Depreciation	69	15,570	15,640
Balance as of 3/31/1999	71	7,727	7,798

Prior Year

	Vehicles	Appliances and furniture	Total
Costs	39	20,436	20,476
Depreciation	17	11,719	11,737
Balance as of 3/31/1998	22	8,717	8,739

(2) Balances of unexpired lease fees as of March 31, 1999 and 1998

(Millions of yen)

	Current Year	Prior Year
Within a year	5,187	4,629
Over a year	5,809	6,902
Total	10,997	11,531

(3) Lease fee payments, depreciation and interest payments

(Millions of yen)

	Current Year	Prior Year
Lease fee payment	5,820	4,853
Depreciation	5,656	5,328
Interest payment	487	500

(4) Computation of depreciation

Depreciation of leased tangible fixed assets is computed by the declining balance method over the related lease term using a residual value of zero.

(5) Computation of interest

Differences between the total lease fee and acquisition cost of leased assets are deemed to be interest expense, and such interest is allocated to each year under the interest method.

6. Change in representation

Accrued enterprise taxes and accrued business premise taxes were included in accrued enterprise taxes in the past, but since the current year, accrued enterprise taxes of ¥3,531 million and accrued business premise taxes of ¥41 million are included in trade accounts payable.

7. New shares issued during the Current Year

New shares were offered to the public overseas principally in European countries. In the U.S., however, new shares were offered to U.S. qualified institutional investors in accordance with Rule 144(A) of the U.S. Securities Code.

Date of Issuance	Number of shares issued	(Par value)	Issuance price per share	Capital incorporation per share	Total proceeds (Millions of yen)
April 16, 1998	4,000,000	¥50.00	¥8,271	¥4,136	¥33,084

5. BUSINESS RESULTS

(1) Operating Revenue (Millions of yen)

Item		Current Year (Ended March 31, 1999)		Prior Year (Ended March 31, 1998)	
		Net Sales		Net Sales	
		Amount	Ratio (%)	Amount	Ratio (%)
Interest on loans to customers	Unsecured loans	174,846	85.3	157,568	87.8
	Secured loans	19,815	9.7	13,676	7.6
	Small business loans	1,864	0.9	233	0.2
	Subtotal	196,525	95.9	171,478	95.6
Other financial revenue	Interest on deposits	408	0.2	146	0.1
	Interest on marketable securities	4	0.0	2	0.0
	Interest on loans	9	0.0	8	0.0
	Other	13	0.0	2	0.0
	Subtotal	435	0.2	159	0.1
Other operating revenue	Sales of property	1,030	0.5	1,574	0.9
	Revenue from service business	1,749	0.8	1,753	1.0
	Bad debt recovery	2,620	1.3	2,382	1.3
	Other	2,594	1.3	2,046	1.1
	Subtotal	7,995	3.9	7,756	4.3
Total		204,957	100.0	179,394	100.0

Note: “Other” included in “Other operating revenue” consists of clerical fees and property rent.

(2) Other Data (Millions of yen)

Item		Current year (As of March 31, 1999)	Prior year (As of March 31, 1998)
Total Amount of Loans Outstanding		837,981	702,445
	Unsecured loans	690,704	603,662
	Secured loans	137,755	95,128
	Small business loans	9,522	3,654
Number of Customer Accounts		1,822,261	1,706,030
	Unsecured loans	1,776,319	1,674,173
	Secured loans	38,877	29,272
	Small business loans	7,065	2,585
Number of Branches		1,025	822
	Staffed branches	540	451
	Unstaffed branches	465	352
	Branches for secured loans	4	4
	Restaurants	11	10
	Karaoke parlors	5	5
Number of “Ojidosan” loan-contracting machines		1,002	800
Number of AIFUL ATMs and Tie-up CDs		14,118	10,167
	AIFUL ATMs	1,132	904
	Tie-up CDs	12,986	9,263
Number of employees		3,141	2,731
Loss on write-off of loans		26,028	17,411
Allowance for doubtful loans		48,009	41,328
Net income per share		¥610.63	¥601.98
Net assets per share		¥4,358.03	¥3,420.97

Note:

1. "Total Amount of Loans Outstanding" and "Number of Customer Accounts" do not include loans and customer accounts related to claims in bankruptcy.
2. "Loss on write-off of loans" does not include loan losses related to claims in bankruptcy (¥1,257 million for the current year and ¥962 million for the prior year).

6. MARKETABLE SECURITIES AND DERIVATIVES

Fair Value of Marketable Securities (Millions of yen)

	The 22nd Fiscal Year As of 3/31/1999			The 21st Fiscal Year As of 3/31/1998		
	Carrying Value	Fair Value	Unrealized Gain(Loss)	Carrying Value	Fair Value	Unrealized Gain(Loss)
(1) Current Assets						
Stocks	0	0	0	-	-	-
Bonds	-	-	-	-	-	-
Other securities	-	-	-	-	-	-
Sub-total	0	0	0	-	-	-
(2) Fixed Assets						
Stocks	4,742	5,297	554	2,912	2,970	57
Bonds	10	10	0	-	-	-
Other securities	-	-	-	-	-	-
Sub-total	4,752	5,307	554	2,912	2,970	57
Total	4,752	5,307	555	2,912	2,970	57

Note:

1. Fair Values have been determined as follows:
   (1) Listed securities: Tokyo Stock Exchange's closing price
   (2) OTC traded marketable securities: Quoted by Securities Dealers Association of Japan

2. Stocks included in "Current Assets" represent treasury stock.

3. Marketable securities undisclosed, which are included in the comparable balance sheets, are as follows:

(Millions of yen)

	The 22nd Fiscal Year As of 3/31/1999	The 21st Fiscal Year As of 3/31/1998
Current Assets:		
Money Management Fund	500	-
Fixed Assets:		
Unlisted stocks (excluding OTC marketable securities)	893 (including affiliates' stocks of ¥71)	516 (including affiliates' stocks of ¥71)
Non publicly offered domestic bonds	1,000	-
Beneficiary certificates under Investment Trust Funds within the closed terms	-	110
National bonds with a remaining period to maturity date of not longer than a year	-	8

(2) Contract Amount, Fair Value and Unrealized Gain/Loss of Derivative Transactions

Interest (Millions of yen)

Year / Type	The 22nd Fiscal Year As of 3/31/1999 Contract Amount	**	Market Value	Unrealized Gain (Loss)	The 21st Fiscal Year As of 3/31/1998 Contract Amount	**	Market Value	Unrealized Gain (Loss)
Outside Markets:								
Interest Rate Swaps:								
Fixed rate payment, floating rate receipt	109,460	109,240	(607)	(607)	16,148	15,828	28	28
Interest Rate Caps:								
Purchased interest rate caps	260,000	240,000			190,000	190,000		
	(2,174)	(1,584)	849	-1,324	(1,764)	(1,178)	229	-1,534
Total	-	-	-	-1,932	-	-	-	-1,506

** Contracts with a term of over a year

Note:

1. Fair Values are based on prices indicated by the related financial institutions as contract parties.
2. With respect to the Interest Rate Caps, the Company pays the applicable premiums. The figures in parentheses are the amounts presented in the comparable balance sheets.
3. The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit or market risk.

7. Changes in Officers

As a result of a change in the corporate organization on April 1, 1999, the new responsibilities of directors have been decided as follows:

Position	Name	New Responsibilities	Former Responsibilities
Senior Managing Director	Susumu Yano		Inspection Department ("Dept.")
Senior Managing Director	Takashi Noda	General Manager of Finance Division	General Manager of Finance Division Public Relations Dept.
Managing Director	Yuji Kataoka	General Manager of Management Planning Division	General Manager of Loan Business Division
Director	Yoshimasa Nishimura	Inspection Dept.	Administration Dept. and Secured Loan Business Dept. General Manager of Secured Loan Business Dept.
Director	Koji Imada	General Manager of Personnel Division	General Manager of General Affairs Dept.
Director	Shintaro Hashima	General Affairs Dept. Legal Dept.	General Manager of Personnel Dept. Education & Training Dept.
Director	Yoshinori Sogabe	Public Relations Dept.	Credit Risk Management Dept.
Director	Masami Munetake	Administration Dept. Credit Risk Management Dept. Operation Dept.	General Manager of Tokyo/Koshin-etsu Regional Headquarters
Director	Yasuo Yanagibashi	General Manager of Loan Business Division	General Manager of Nishi-Nihon Regional Headquarters

8. Subsequent Events

(1) Effective on December 23, 1998, the Company was authorized to issue domestic straight bonds of ¥100 billion, and issued the fifth unsecured straight bonds (pari passu with all of the Company's domestic senior bonds issues) under the following conditions:

Total amount of issued straight bonds:	¥10 billion
Issue price:	¥100 to par value of ¥100
Issue date:	April 22, 1999
Annual interest:	2.425%
Maturity date:	April 22, 2002 (single repayment of principal on the maturity date)
Application of proceeds:	Payment of expense

(2) Based on the provisions of Commercial Code Article 218, the Company will on May 20, 1999 performed a 1.2 for 1 stock split to shareholders of record on March 31, 1999, by resolution of the Board of Directors' meeting held on January 13, 1999. The number of issued and outstanding common shares will increase by 9,350,500.