AIFUL CORPORATION

Consolidated Earnings Report

All financial information has been prepared in accordance with generally accepted accounting principles in Japan. Amounts shown in this accounting report and in the attached material have been rounded down (not rounded off) to the nearest unit. This document is an English translation of the Japanese-language original.

Interim FY 2003

(Ended September 30)

－Note：Forward Looking Statements－

The figures contained in this EARNINGS REPORT with respect to AIFUL's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of AIFUL which are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. Potential risks and uncertainties include, without limitation, general economic conditions in AIFUL's market, changes in the size of the overall market for consumer loans, the rate of default by customers, the level of interest rates paid on AIFUL's debt, and legal limits on interest rates charged by AIFUL. This EARNINGS REPORT does not constitute any offer of any securities for sale.

AIFUL Corporation (8515)

November 7, 2002

Financial Statements (Consolidated)

For the interim period ended September 30, 2002

AIFUL Corporation (8515)

Head office:	Kyoto City
Company representative:	Yoshitaka Fukuda President
Inquiries:	Kenichi Kayama, General Manager Public Relations Department TEL (03)3274-3560
Listing exchanges:	Tokyo, Osaka
Date of the Board of Directors' meeting to approve financial statements:	November 7, 2002
Interim dividend:	Yes

1. Consolidated Business Results for the Interim Period Ended September 30, 2002

Note: All figures in these financial statements are rounded down to the nearest unit.

(1) Operating Results

	Millions of Yen – Except Per Share Data					
	Interim Period Ended September 30				FY-ended March 31,	
	2002		2001		2002	
Operating Revenue	220,224	14.9%	191,584	40.9%	397,162	41.5%
Operating Income	62,082	9.5%	56,709	6.9%	111,329	6.7%
Ordinary Income	59,322	16.8%	50,788	(2.1) %	105,067	1.5%
Net Income	30,880	23.6%	24,987	1.0%	35,063	(27.3) %
Net Income per Share (yen)		331.49 yen		288.56 yen		390.00 yen
Diluted Net Income per Share (yen)		-		-		-

Notes:

1. Losses/gains on investments accounted for with the equity method:
   - Interim period ended September 30, 2002: -
   - Fiscal year ended March 31, 2001: -
   - Interim period ended September 30, 2001: -
2. Average number of shares issued and outstanding throughout the period:
   - Interim period ended September 30, 2002: 93,155,174 shares
   - Interim period ended September 30, 2001: 86,594,530 shares
   - Fiscal year ended March 31, 2002: 89,908,062 shares
3. Changes in accounting policies: Percentages shown for net sales, operating income, ordinary income and net income represent year-on-year change.

(2) Financial Position

	Millions of Yen – Except Per Share Data		
	Interim Period Ended September 30		FY-ended March 31,
	2002	2001	2002
Total Assets	2,175,807	2,010,566	2,029,633
Shareholders' Equity	449,765	415,571	421,343
Shareholders Equity Ratio (%)	20.7%	20.7%	20.7%
Shareholders' Equity per Share (yen)	4,828.15 yen	4,450.53 yen	4,523.01 yen

Notes:

Number of shares issued and outstanding at end of period:
- Interim period ended September 30, 2002: 93,154,922 shares
- Interim period ended September 30, 2001: 93,375,920 shares
- Fiscal year ended March 31, 2002: 93,155,415 shares

(3) Cash Flow Situation

	Millions of Yen		
	Interim Period Ended September 30		FY-ended March 31,
	2002	2001	2002
Cash Used in Operating Activities	(81,563)	(172,725)	(183,755)
Cash Used in Investing Activities	(5,801)	(9,365)	(11,205)
Cash Used in Financing Activities	107,719	153,788	180,511
End-of-Period Balance of Cash and Cash Equivalents	159,439	125,126	139,126

(4) Matters Pertaining to Scope of Consolidation and Equity Method Accounting

Number of consolidated subsidiaries: 7
Non-consolidated subsidiaries accounted for with the equity method: 0
Affiliated companies accounted for with the equity method: 1

(5) Matters Pertaining to Changes in Scope of Consolidation and Equity Method Accounting

Number of companies entering scope of consolidation: 0
Number of companies leaving scope of consolidation: 0
Number of companies entering scope of equity method accounting: 1
Number of companies leaving scope of equity method accounting: 0

2. Consolidated Forecast for Fiscal Year Ending March 31, 2003

	Millions of Yen
	FY-ended March 31, 2003
Operating Revenue	451,603
Ordinary Income	125,255
Net Income	66,801

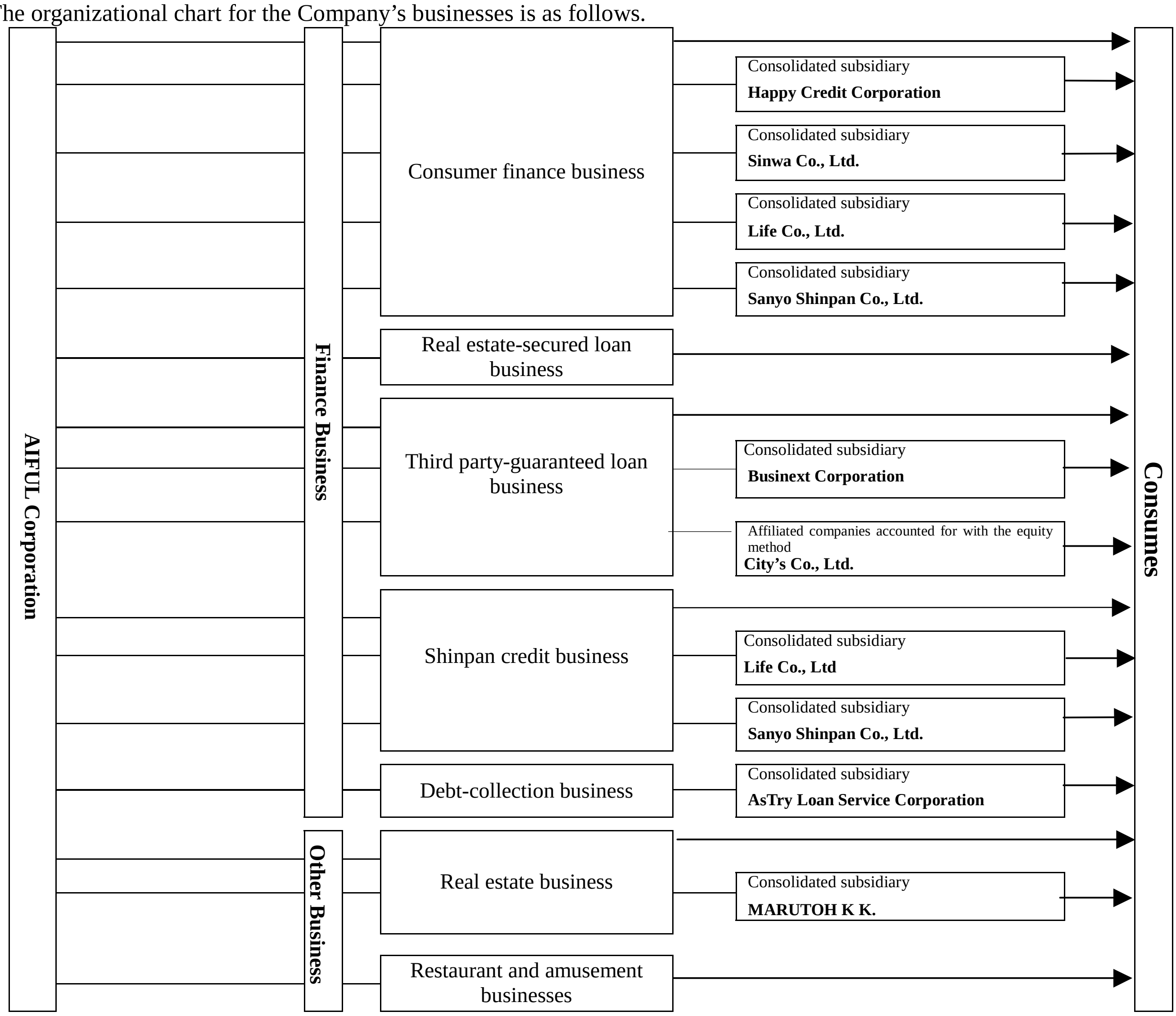
Note: Net income per share for the fiscal year ending March 31, 2003 is expected to amount to 712.09 yen.

State of the Group

The AIFUL Group is composed of AIFUL Corporation and seven related companies, four non-consolidated subsidiaries and one affiliated company. The principal business of the Company is providing consumer finance services. The Company is also developing its secured loan business as well as conducting activities in businesses such as real estate-related financing.

Business Classification		AIFUL & subsidiaries	Business Descriptions
Finance Business	Consumer finance business	Aiful Corporation Happy Credit Corporation Sinwa Co., Ltd. Life Co., Ltd Sanyo Shinpan Co., Ltd.	The Company, its subsidiary Happy Credit Corporation and Sinwa Co., Ltd. provide small-unsecured loans for consumers.
	Real estate-secured loan business	Aiful Corporation	The Company provides real estate-secured loans.
	Third party-guaranteed loan business	Aiful Corporation Businext Corporation City's Co., Ltd.	The Company lends to small businesses.
	Shinpan credit business	Aiful Corporation Life Co., Ltd Sanyo Shinpan Co., Ltd.	The Company offers card shopping, per-item shopping, loans an guarantees for consumers.
	Debt-collection business	AsTry Loan Service Corporation	The Company manages and collects a full range of receivables and loans.
Other	Real estate business	Aiful Corporation MARUTOH K.K.	The Company buys, sells, leases, brokers and mediates real estate. The business has not been performed since March 31, 2001.
	Restaurant and amusement businesses	Aiful Corporation	The Company manages a chain of Taiwanese family-style restaurants and operates karaoke parlors.

The organizational chart for the Company's businesses is as follows.



2. Management Policies

(1) Basic Management Policies

AIFUL's primary mission is to earn the support of the general public. The Company's efforts to prioritize customer convenience and become a reliable and creative general financial Group are a reflection of this basic stance. This basic policy motivates the Company's endeavors to expand business and become a source of profit for customers, stakeholders and employees into the future

(2) Basic Policies on Profit Distribution

AIFUL's basic dividend policy is to consistently distribute profits to shareholders on the basis of a comprehensive assessment of the economic and financial situation, industry trends, and the Company's own business performance. On the basis provided by this policy , AIFUL works to distribute profits to shareholders and maximize shareholder value via a medium to long-term perspective.

AIFUL utilizes its retained earnings as a strategic resource for new business growth through a variety of alternatives, such as reinvesting funds in loans and financing mergers and acquisitions. Creating resources for future growth in this way is central to AIFUL's efforts to meet investors' expectations.

(3) Management Indicator Objectives

AIFUL believes that its position in the financial industry makes it essential for management to raise efficiency in the use of assets and the returns gained on those assets. Consequently, AIFUL's chief management goal is to maximize ROA, with a medium-term goal of consolidated ROA of 3% having been set in this respect.

(4) Medium and Long-Term Business Strategies

Japan's consumer credit market is currently worth approximately 65 trillion yen, a total that includes of 16 trillion yen in retail credit and 35.7 trillion yen in consumer loans (excluding deposit and savings-secured loans). Consumer finance companies in particular have continued to see high growth in the consumer loan market, expanding from a 3% share in 1990 to a 24.8% share, worth some 8.8 trillion yen, in 2000. AIFUL has continued to grow faster than the market for consumer finance companies has expanded, but AIFUL's medium to long-term market predictions suggest that the market is likely to mature in the near future. Consequently, the Company has established the goal of becoming a general retail-sector financial company as its key management strategy. Branching out from the conventional consumer financing market in this way will allow the Company to target the 51.6 trillion yen retail consumer loan market, which includes 35.7 billion yen in consumer loans and 16 trillion yen in retail credit.

In order to realize this goal, AIFUL is promoting management strategies geared towards diversifying product lineups and sales channels. The Company will also secure the brand value of each group company whilst also producing synergistic effects through affiliations and efficient market development. With its three existing product categories of unsecured loans, small real estate-secured loans and small business loans retaining their central role, AIFUL will introduce cash flow credit as part of its product diversification strategy, thus developing and marketing new products designed to satisfy customer needs.

With regards to product diversification, we are currently working to expand our product and service lineups to cater to the ever-widening needs of our customers. At present, we offer consumer-finance products such as unsecured loans, real-estate secured loans, and business loans. At a groupwide level, we also offer such services as credit cards, other credit services, and guarantees. Fundamentally, AIFUL is aiming to put in place a structure which eliminates overlap losses between group companies, and provides customers with a full selection of products and services. In so doing, the company will cater to each and every need consumers bring to the retail industry.

Moving onto strategies to diversify channels to new customers, AIFUL will form affiliations with companies active in other industries. Establishing new companies, purchasing companies through M&A, and utilizing new infrastructure such as the Internet: all these initiatives and more will tie into offering customers new levels of convenience.

During the interim period under review, AIFUL purchased a portion (42.2%) of the stock of City's Co., Ltd. in a bid to strengthen the AIFUL Group's position in the corporate loan business. In a subsequent development on October 1, the Group made a wholly owned subsidiary of City Green, City's' holding company, through a standard exchange of stock. As such, both companies have been conducting their respective operations as consolidated subsidiaries of the AIFUL Group since October of this year.

(5) Challenges

AIFUL has expanded and grown steadily since its establishment as a consumer finance company. As outlined above, however, the consumer credit market is expected to move into a period of stable growth, and consequently competition will become even fiercer, extending beyond the retail credit and consumer finance market segments. To prevail in this competition, AIFUL has added subsidiaries such as Life Co., Ltd., to the Group and prepared the groundwork to becoming a general retail finance company with products and marketing channels that can adapt to any situation. Pursuing synergistic effects derived from the combination of each group company's management assets—reflecting the brand concept of reliability and creativity—and endeavoring to ensure stable revenues, AIFUL will continue to build on this foundation.

(6) Branding Strategies

AIFUL has always taken its responsibilities as a corporate citizen extremely seriously. In this vein, the company has sponsored a city marathons and other events, taken part in volunteer work, and conducted the 'National Park Eco-Tissue Distribution' and other campaigns to make a contribution to environmental protection and awareness. During the interim period under review, AIFUL continued to work for heightened brand awareness through commencing the selection process for the second 'Volunteer Heartful Prize' and a broad spectrum of related activities.

In addition to the above, the company established a new loan advisor system as part of its efforts to promote its consulting services. These services cater intimately to customers' needs, and are yet one more example of the way in which AIFUL insists on basing its business activities on careful considerations of consumers' perspectives.

In group branding strategies, the concept of a 'Company of Quality and Creativity' has been selected on as an integrated groupwide branding idea. On the basis of this motto, AIFUL will go on boosting awareness of its position as a comprehensive finance company.

(7) Business Issues

The Japanese economy is currently suffering from stagnation in the stock market and a slump in consumer spending brought on by doubts relating to employment and income. As such, the interim period under review saw no end to the many uncertainties which shroud future prospects.

Against this operating backdrop, the finance industry has been forced to deal with significant bankruptcy expenses accompanying a stubbornly high unemployment rate and a rise in the number of personal bankruptcies. Intensification of competition across the board in the consumer credit market is also predicted to add to these troubles.

AIFUL has moved to deal with these introducing new group members such as Life Co., Ltd., a major credit card company, and Businext Corporation in recent years. In so doing, the AIFUL has carved out a position as a total financial services company in the retail finance segment, one possessed of a full range of products and business channels to fully cater to customer needs. Building on these successes, the AIFUL Group will organically derive new synergies between individual group members. At the same time, the group brand motto of a 'Company of Quality and Creativity' will provide the basis for allowing both new levels of efficiency in management and the maintenance of a stable profit foundation.

3. Results of Operations

(1) Summary of Operations

Business Environment

During the interim period under review, the Japanese economy continued to weaken as a result of adverse effects brought on by the economic difficulties of the U.S. Doubts about the trustworthiness of Japan's finance system refused to abate, and stock prices failed to stage any significant recovery. Exacerbating these problems was an unprecedented absolute unemployment rate of 5.5%, which combined with the abovementioned factors to make for an exceedingly difficult operating environment.

Against this operating backdrop, major players in the consumer finance industry embarked upon new, aggressive marketing campaigns in which innovative television commercials played key roles. However, the high unemployment rate served to prolong consumers' reluctance to take out loans. The number of new unsecured loans extended was disappointing for AIFUL, and a climb in the number of personal bankruptcies added to the generally gloomy picture.

The interim period under review also saw large finance companies make new headway in the credit card business. Simultaneously, industry-straddling guarantee alliances accelerated, as did entrances to the consumer loan business on the part of regional banks and shinkin. These changes were all representative of the unprecedented levels of competition now developing in the finance industry, competition which is radically restructuring the relationship between consumer finance, credit, credit cards, and banks.

Operations

(1. AIFUL Corporation)

During the interim period under review, AIFUL's loan business witnessed the company pursuing product diversification strategies in unsecured loans, real-estate secured loans, and business loans to more comprehensively cater to customer needs. These efforts tied into solid progress in loan balances at end of period.

In attempts to boost sales efficiency, AIFUL also brought renewed focus to the 'scrap and build' policy it adopts with regards to its branches. This shift took the numbers of staffed and automated locations at the end of the period to 542 and 1,042 respectively, for a total of 1,588 branches dedicated solely to providing customers with secured loans.

CD-ATM networks benefited from the forging of alliances with eight new banks, which took the number of CD-ATMs AIFUL customers have access to 32,882, including AIFUL's own ATMs. Furthermore, October of this year saw the creation of an ATM alliance with IT Bank Co., Ltd., as a result of which AIFUL customers will be able to make use of cash withdrawal and paying-in services at the Seven-Eleven convenience store chain. These developments represent major network expansion achievements.

In June 2002, Life was registered as a principal member of the MasterCard network. On the basis of this, Life's systems and infrastructure allowed AIFUL to start issuing MasterCard. This change represented a big step forward for AIFUL with regards to customer service.

Credit investigation is another area which saw new developments during the interim period under review. In April 2002, AIFUL introduced its seventh scoring system as a response to climbing personal bankruptcy and unemployment rates. The new system has made possible new levels of accuracy in credit investigation.

As a result of the foregoing factors, AIFUL's total loan balance at the end of the interim period under review rose 10.2% over the same time the previous year to come to 1,372,928 million yen.

AIFUL has now finished the planning and preparatory stages relating to the establishment of new contact centers. These centers are due to introduce new efficiency to operations and capital use, and will play host to the creation of a sophisticated computer system which will make possible the delivery of high-quality, high-efficiency, low-cost services.

In the guarantee business, AIFUL took steps to further enhance its position in financial services. Specifically, the company reinforced its guarantee-related operations with regards to consumer and business loans offered by financial institutions. At the end of the interim period under review, the number of guarantee partners came to 15 banks and two companies, with the guarantee balance reaching 9,907 million yen. These figures make clear the way in which this business area is turning into a stable contributor to earnings.

(2. Life Co., Ltd.)

During the interim period under review, Life continued to dedicate its energies to changing its loan portfolio from a low-profit structure to a high-profit structure. This bid to put in place a more stable profit foundation is resulting in steady progress, as Life withdraws from low-profit areas such as auto loans, and commits its management resources to potentially high-profit areas such as credit card shopping and cashing loans, and other consumer finance areas.

In the credit card business, Life made concerted efforts to boost the number of cardholders, the single most important factor in profits for this area. The company recorded a key success here in forging an alliance with major home center chain Komeri Co., Ltd. Life had been issuing cards accepted at major electrical appliance retail chain DeODEO since November 2001, and the Komeri alliance represented continued progress in issuing alliance-based credit cards. Additionally, Life MasterCard compatible with Eddy, the world's first electronic money system, became available in September 2002, and an ATM paying-in service accessible to all Life cardholders also came online during the interim period under review. In these ways and others, Life is attracting new customers and bolstering its services.

As a result of these endeavors, the number of Life cardholders rose some 1.93 million from 7.48 million at the beginning of the interim period under review, to 9.41 million at the end of the period.

In the per-item credit business, Life withdrew from the low-profit auto-loan business. At the same time, the company aggressively expanded the number of Life-affiliated stores, taking the total number of such stores up 6.2% over the same time the previous year to 79,000.

In the consumer finance business, proactive branch network developments and relocations to more favorable locations provided a focus. A total of 28 new branches were added to the Life network, bringing the number of 'Life Cashing Plazas' at the end of the interim period under review to 155.

In the guarantees business, Life withdrew from offering guarantees for auto and housing-related loans. However, the company reinforced its position in other respects by revising its bank loan guarantee rates and cultivating a new stratum of collaborators in this important business area.

These factors took Life's total balance of loans to customers and credit guarantee installment receivables at the end of the interim period under review up 11.6% over the same time the previous year to 660,753 million yen, a figure which includes 247,317 million yen of off-balance sheet receivables resulting from the liquidization of certain other receivables. The breakdown of this figure was as follows: credit cards down 0.3% to 65,225 million yen, per-item credit up 26.8% to 168,505 million yen, credit card cashing loans up 32.7% to 288,185 million yen, credit guarantee installment receivables down 21.3% to 124,742 million yen, and other businesses down 22.6% to 14,904 million yen.

Volume of business for the period was as follows. The credit card business rose 21.7% to 134,852 million yen, the per-item business climbed 62.4% to 80,740 million yen, and the credit card cashing and Play Card businesses increased 2.7% to 114,447 million yen.

Synergies Resulting From the Acquisition of Life

Since its purchase by AIFUL, Life has significantly improved its profit base, and is now making valuable contributions to the income of the AIFUL Group. However, the synergies made possible by the acquisition of this company do not stop there.

Life has benefited thanks to access to AIFUL's scoring and credit investigation expertise and its debt collection know-how. These additions are making major contributions to the rapid growth of Life's cashing loan business, and the company's newfound management efficiency.

For its part, Life has provided AIFUL with an enhanced understanding of the credit card business and means of introducing related systems in an affordable manner. Furthermore, Life and AIFUL are also jointly developing IT systems and integrating their back office staff divisions in an attempt to introduce still higher efficiency in the use of capital.

The addition of Life to the AIFUL Group represents the acquisition of a major credit card brand, an invaluable asset not possessed by any of AIFUL's main competitors. Not only does this asset bring a new strength to brand strategies, it also makes it possible to introduce higher levels of flexibility and expandability to alliances and joint ventures than would be otherwise are possible.

(3. Other Group Companies)

Businext, a joint venture set up in conjunction with the Sumitomo Trust and Banking Co., Ltd., has been focusing its attention on Direct Mail-related operating activities and building up a base of high-quality loan clients. These efforts took the company's total loan balance at the end of the interim period under review up 374.6% to 11,657 million yen.

Happy Credit Corporation, Sinwa Corporation, and Sanyo Shinpan Co., Ltd. have all adopted AIFUL's scoring systems in order to derive new synergies. As a result, loans to customers rose 12.7% to 33,555 million yen and 21.8% to 23,210 million yen at Happy Credit and Sinwa respectively, and loans to customers and installment receivables climbed 3.7% to 11,806 million yen at Sanyo Shinpan. Further growth is expected to result from these synergies in the future.
(Note: The figure for loans to customers and installment receivables at Sanyo Shinpan includes installment receivables.)

These three companies have also relocated their head offices to the same building as AIFUL head office. This move represented the companies' desires to produce further groupwide synergies through introducing new speed to decision-making. Lastly, the companies have succeeded in integrating their ATMs into the larger AIFUL network, significantly boosting customer convenience thereby.

As a consequence of the foregoing factors, total loans to customers at AIFUL and its five consolidated subsidiaries at the end of the interim period under review rose 14.3% over the same time the previous year to 1,740,076 million yen, and installment receivables climbed 16.6% to 235,155 million yen. However, credit guarantee installment receivables fell 18.1% to 130,503 million yen, and others fell 22.3% to 14,143 million yen.

(Note: The above figures include 247,317 million yen of off-balance sheet receivables resulting from the liquidization of certain other receivables. This figure itself consists of 153,622 million yen of loans (up 32.9% over the same time the previous year) and 93,695 million yen of installment receivables (up 57.7% over the same time the previous year).)

Capital Procurement

AIFUL Corporation’s capital procurement efforts continued to gain ground during the year under review. Diversification in financing methods was achieved with the procurement of 43 billion yen through the issue of standard domestic bonds.

AIFUL will continue to cut costs and secure stable financing by diversifying capital procurement methods.

Operating Results

As a result of the above activities, operating revenue for the year jumped 14.9%, to 220,224 million yen for the consolidated interim period.

AIFUL's operating revenue climbed 7.4% to 162,460 million yen, comprising 73.8% of the Group's revenues. Life recorded operating revenue of 48,363 million yen, accounting for 41.9% comprising 22.0% of the Group's revenues. Of the total, 199,615 million yen, or 90.6%, was accounted for by operating interest on loans, 10,746 million yen, or 4.9%, by revenue from installment receivables, 1,935 million yen, or 0.9%, by guarantee revenue, and 7,926 million yen, or 3.6%, by other revenue.

Operating interest on loans accounts for 79.1% of AIFUL's revenues. This figure can be broken down into 83.0% in unsecured loans, 15.6% in real estate-secured loans and 1.4% in business loans.

Operating expenses for the AIFUL Group totaled 158,141 million yen. AIFUL's operating expenses accounted for 65.5%, or 103,541 million yen, of this total, while Life's operating expenses accounted for 28.8%, or 45,559 million yen. Of total group operating expenses 59,313 million yen, or 37.5%, consisted of expenses for doubtful receivables, 18,777 million yen, or 11.9%, of financing expenses, 11,962 million yen or 7.6%, of advertising expenses, 22,968 million yen, or 14.5%, of personnel expenses, and 9,500 million yen, or 6.0%, of commissions paid.

The 1,293 million yen in write-down of consolidation adjustment account accrued with the purchases of Life Co., Ltd. and Shinwa Co., Ltd. was recorded as an operating expense.

As a result, consolidated operating income for the interim period rose 9.5% to 62,082 million yen, and AIFUL's operating income increased 16.8% to 59,322 million yen. Consolidated ordinary income for the interim period rose 23.6% to 30,880 million yen, while AIFUL's ordinary income rose 13.4% to 58,465 million yen and net income this period rose13.4% to 30,396 million yen.

Outlook for the Current Consolidated Accounting Period (Ending March 31, 2003)

As the slowdown of the global economy comes to be seen as increasingly certain, the Japanese economy too continues to suffer from stagnation in corporate profits, employment-related uncertainties, and other factors. Accordingly, predictions about how economic environments will develop in the near future are rendered extremely difficult.

The finance industry is not removed from these problems, struggling as it is with high levels of unemployment. Bankruptcy rates look set to keep rising, forcing management to conclude that improvements in the AIFUL Group's business conditions cannot be hoped for yet.

In response to these challenges, AIFUL will continue to set itself unambiguous goals as it commits the energies of the entire group to pushing up its balances for high-quality loans. Working for maximal cost reductions and all-round improvements in management performance, the company will maintain steady flows of income.

After consideration of the issues described above, we predict a 13.7% increase to 451,603 million yen on the part of the AIFUL Group's consolidated operating revenue, and a 19.2% increase to 125,255 million yen in AIFUL's operating revenue.

Consolidated ordinary income is expected to jump 90.5% to 66,801 million yen, with a 6.4% rise to 327,067 million yen in AIFUL's non-consolidated ordinary income. Consolidated net income is expected to climb 90.5% to 66,682 million yen, while AIFUL's net income is expected to jump 62.9% to 62,479 million yen.

(2) Financial Situation

Assets

Loans totaled 1,586,454 million yen, an increase of 12.8% over the previous year. This was primarily due to steady increases in group loans. AIFUL's loans rose 10.2% to 1,372,928 million yen, Life's loans rose 32.5% to 134,563 million yen; Happy Credit's loans increased 12.7% to 33,355 million yen, and Shinwa's loans rose 21.8% to 23,210 million yen.

Credit guarantee receivables fell 18.1% to 130,503 million yen, as Life ended its involvement in the low-revenue guarantee business. Allowance for bad debt was increased 19.9% to 119,899 million yen, in consideration of economic conditions in fiscal 2002. (Consolidated loans and installment receivables do not include 153,622 million yen in Life's liquidation of certain other receivables and loans and 93,695 million yen in installment receivables.)

Adjustment for consolidated accounts fell 38.4%, to 21,549 million yen.

Liabilities

Total capital procured, including debt, commercial paper and bonds, rose 10.8% to 1,454,568 million yen. This was due to an increase in financing to correspond with the steady increase in AIFUL, Life, Happy Credit and Shinwa's operating receivables.

Shareholders' Equity

Consolidated shareholders' equity at the end of interim period rose 8.2% over the previous year to 449,765 million yen, and the equity ratio stood at 20.7%. AIFUL's non-consolidated shareholders' equity rose 8.4%, to 448,583 million yen, and non-consolidated equity ratio was 8.4%. AIFUL's shareholders' equity ratio is 24.2%.

Cash Flows

Despite procuring considerable amounts of capital through the issuance of new stock and bonds, consolidated cash and cash equivalents stood at 159,439 million yen at the end of interim period, a 34,312 million yen gain over the previous year. This was primarily due to an increase in outstanding loans through operating activities. Net cash used in operating activities was 81,563 million yen, compared to 172,725 million yen in the same period of the previous year, due to an increase in loans. Net cash used in investing activities totaled 5,801 million yen, compared to 9,365 million yen in the same period of the previous year, due to the acquisition of fixed assets. Net cash provided by financing activities came to 107,719 million yen due to the liquidation of certain other receivables and the issuance of new stock along with the expansion of operating activities and investment activities. The figure for the previous year was 153,788 million yen.

4. Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheets

(Millions of Yen)

	End of Current Consolidated Interim Period (As of September 30, 2002)		End of Previous Consolidated Interim Period (As of September 30, 2001)		End of Previous Consolidated Accounting Period (As of March 31, 2002)	
	Amount	**%**	Amount	%	Amount	%
Assets						
Current Assets:						
Cash and cash equivalents	**159,551**		130,431		140,757	
Loans	**1,586,454**		1,406,482		1,482,796	
Installment receivables	**141,459**		142,360		120,756	
Credit guarantee receivables	**130,503**		159,308		140,142	
Other operating receivables	**14,143**		18,195		16,113	
Marketable securities	**2,608**		-		268	
Inventories	**901**		1,164		1,214	
Deferred tax assets:	**17,244**		7,652		9,970	
Other	**56,454**		35,855		51,496	
Allowance for bad debts:	**(101,934)**		(83,472)		(92,117)	
Total current assets	**2,007,386**	**92.3**	1,817,978	90.4	1,871,399	92.2
Fixed Assets:						
Tangible fixed assets:						
Land	**14,592**		45,948		15,162	
Other	**25,782**		29,653		25,945	
Total tangible fixed assets	**40,375**	**1.8**	75,601	3.7	41,108	2.0
Intangible fixed assets:						
Consolidation adjustment account	**21,549**		34,971		23,239	
Other	**10,375**		8,793		9,020	
Total intangible fixed assets:	**31,925**	**1.5**	43,764	2.2	32,259	1.6
Other investment assets:						
Claims in bankruptcy	**16,674**		14,808		14,267	
Deferred tax assets	**17,813**		11,547		21,264	
Other	**78,924**		62,126		65,764	
Allowance for bad debts	**(17,964)**		(16,487)		(17,220)	
Total other investment assets:	**95,447**	**4.4**	71,995	3.6	84,075	4.1
Deferred Assets:						
Bond issuing expenses	**672**	**0.0**	1,225	0.1	790	0.1
Total fixed assets	**167,748**	**7.7**	191,361	9.5	157,443	7.7
Total Assets	**2,175,807**	**100.0**	2,010,566	100.0	2,029,633	100.0

(Millions of Yen)

	End of Current Consolidated Interim Period (As of September 30, 2002)		End of Previous Consolidated Interim Period (As of September 30, 2001)		End of Previous Consolidated Accounting Period (As of March 31, 2002)	
	Amount	**%**	Amount	%	Amount	%
Liabilities						
Current Liabilities:						
Notes and accounts payable - trade	**23,446**		24,621		24,056	
Credit guarantees payable	**130,503**		159,308		140,142	
Short-term debt	**64,712**		26,354		37,491	
Current portion of bonds	**80,500**		40,000		71,000	
Current portion of long-term debt	**395,998**		357,499		375,271	
Commercial paper	**15,000**		15,000		15,000	
Income taxes payable	**31,584**		23,347		16,891	
Accrued bonuses	**3,870**		4,105		3,990	
Gains on deferred installments	**8,727**		5,656		8,878	
Other	**34,685**		36,007		36,390	
Total current liabilities:	**789,028**	**36.3**	691,900	34.4	729,114	35.9
Long-Term Liabilities:						
Bonds	**375,000**		401,500		351,500	
Long-term debt	**523,357**		472,823		494,009	
Allowance for retirement benefits for employees	**6,022**		6,257		5,958	
Allowance for retirement benefits for directors	**1,085**		1,009		1,067	
Other	**28,035**		20,899		23,129	
Total long-term liabilities:	**933,500**	**42.9**	902,489	44.9	875,665	43.2
Total Liabilities	**1,722,528**	**79.2**	1,594,390	79.3	1,604,779	79.1
Minority Interests:						
Minority interests	**3,513**	**0.1**	604	0.0	3,510	0.2
Shareholders' Equity:						
Common stock	-	-	83,317	4.1	83,317	4.1
Additional paid-in capital	-	-	94,047	4.7	94,047	4.6
Consolidated retained earnings	-	-	238,332	11.9	246,239	12.1
Differences in evaluation of other marketable securities	-	-	(124)	(0.0)	(215)	(0.0)
Treasury stock	-	-	(0)	(0.0)	(2,045)	(0.1)
Common stock	**83,317**	**3.9**	-	-	-	-
Capital surplus	**94,047**	**4.3**	-	-	-	-
Earned surplus	**274,688**	**12.6**	-	-	-	-
Differences in evaluation of other marketable securities	**(237)**	**(0.0)**	-	-	-	-
Treasury stock	**(2,049)**	**(0.1)**	-	-	-	-
Total Shareholders' Equity	**449,765**	**20.7**	415,571	20.7	421,343	20.7
Total Liabilities, Minority Interests and Shareholders' Equity	**2,175,807**	**100.0**	2,010,566	100.0	2,029,633	100.0

(2) Consolidated Statements of Income

(Millions of Yen)

	Current Consolidated Interim Period From April 1, 2002 to September 30, 2002		Previous Consolidated Interim Period From April 1, 2001 to September 30, 2001		Previous Consolidated Accounting Period From April 1, 2001 to March 31, 2002	
	Amount	**%**	Amount	%	Amount	%
Operating Revenue:						
Interest on loans to customers	**199,615**	**90.7**	172,906	90.3	359,318	90.5
Credit card revenue	**3,828**	**1.7**	3,146	1.6	6,742	1.7
Per-item credit revenue	**6,917**	**3.1**	4,005	2.1	10,353	2.6
Credit guarantee revenue	**1,935**	**0.9**	2,160	1.1	4,076	1.0
Other financial revenue	**142**	**0.1**	302	0.2	525	0.1
Other operating revenue	**7,784**	**3.5**	9,062	4.7	16,146	4.1
Sales of property	**306**		2,509		2,823	
Revenue from service business	**527**		648		1,246	
Bad debts write-off recovery	**3,326**		2,733		5,715	
Other	**3,623**		3,171		6,360	
Total operating revenue	**220,224**	**100.0**	191,584	100.0	397,162	100.0
Operating expenses:						
Financial expenses	**18,777**	**8.5**	16,985	8.9	34,615	8.7
Interest expense	**12,404**		10,930		21,987	
Interest on bond	**4,866**		4,866		9,704	
Other	**1,507**		1,187		2,923	
Cost of sales	**444**	**0.2**	2,511	1.3	3,025	0.8
Cost of sales of property	**296**		2,330		2,677	
Cost of service business	**148**		180		348	
Other	**138,919**	**63.1**	115,378	60.2	248,191	62.5
Advertising expenses	**11,962**		13,975		26,845	
Commissions	**9,500**		10,352		19,667	
Loan losses	**-**		-		7,925	
Transfers to allowance for bad debts	**59,313**		36,174		82,020	
Employee salaries and bonuses	**15,669**		14,630		33,166	
Transfers to accrued bonuses	**3,622**		4,080		3,990	
Retirement benefit expenses	**889**		674		1,353	
Transfers allowance to directors' retirement bonuses	**39**		55		114	
Rent Fees	**12,017**		11,056		11,844	
Depreciation expense	**3,359**		3,250		6,929	
Consolidation adjustment account write-off	**1,293**		1,863		3,178	
Other	**21,253**		19,264		51,115	
Total operating expenses	**158,141**	**71.8**	134,875	70.4	285,832	72.0
Total operating income	**62,082**	**28.2**	56,709	29.6	111,329	28.0

(Millions of Yen)

	Current Consolidated Interim Period From April 1, 2002 to September 30, 2002		Previous Consolidated Interim Period From April 1, 2001 to September 30, 2001		Previous Consolidated Accounting Period From April 1, 2001 to March 31, 2002	
	Amount	**%**	Amount	%	Amount	%
Non-Operating Revenue:	**544**	**0.2**	428	0.2	1,333	0.3
Interest on loans	**27**		25		24	
Dividends received	**75**		29		31	
Insurance dividends received	**63**		144		530	
Other	**378**		229		746	
Non-operating expenses:	**3,304**	**1.5**	6,349	3.3	7,595	1.9
Transfers to allowance for bad debts in previous year	**2,428**		1,332		2,371	
New stock issuing expenses	**-**		4,234		4,234	
Other	**876**		781		989	
Ordinary Income	**59,322**	**26.9**	50,788	26.5	105,067	26.5
Extraordinary Income:	**407**	**0.2**	619	0.3	1,729	0.4
Recovery of debts written off in previous year	**68**		230		210	
Profit on sale of investment securities	**193**		54		140	
Refund from liquidation of security deposits and guarantees	**117**		-		1,057	
Other	**27**		334		320	
Extraordinary losses:	**955**	**0.4**	551	0.3	44,948	11.3
Loss on valuation of fixed assets	**-**		-		31,240	
Loss on sale of fixed assets	**374**		-		121	
Loss on retirement of fixed assets	**141**		313		900	
Loss on valuation of property for sale in previous year	**-**		-		2,147	
Loss on valuation of investment securities	**-**		81		706	
Transfers to allowance for bad debts	**23**		47		351	
Loan losses	**-**		99		118	
Amortization of consolidated account adjustment	**396**		-		9,130	
Other	**18**		9		230	
Income before income taxes	**58,774**	**26.7**	50,855	26.5	61,848	15.6
Corporate, local and enterprise taxes	**31,687**	**14.4**	23,353	12.2	36,292	9.1
Adjustment on corporate tax, etc.	**(3,802)**	**(1.7)**	3,059	1.6	(8,907)	(2.2)
Minority interests	**8**	**0.0**	(545)	(0.3)	(601)	(0.1)
Net income	**30,880**	**14.0**	24,987	13.0	35,063	8.8

(3) Consolidated Interim Statements of Retained Earnings

(Millions of Yen)

	Current Consolidated Interim Period From April 1, 2002 to September 30, 2002		Previous Consolidated Interim Period From April 1, 2001 to September 30, 2001		Previous Consolidated Accounting Period From April 1, 2001 to March 31, 2002	
	Amount		Amount		Amount	
Consolidated retained earnings at beginning of period		-		215,978		215,978
Increase in consolidated retained earnings						
Increase with newly consolidated company	-	-	-	-	165	165
Cash dividends	-		2,546		4,880	
Directors' and auditors' bonuses	-		87		87	
Decrease in consolidated retained earnings		-		2,633		4,967
Net income		-		24,987		35,063
Consolidated retained earnings at end of period		-		238,332		246,239
Capital Surplus:						
Capital surplus at beginning of period		**94,047**		-		-
Capital surplus at end of period		**94,047**		-		-
Earnings Surplus:						
Earned surplus at beginning of the period		**246,239**		-		-
Increase in earned surplus:						
Net income	**30,880**	**30,880**	-		-	
Decrease in earned surplus:						
Cash dividends	**2,328**		-		-	
Directors' and auditors' bonuses	**103**		-		-	
Decrease in earned surplus		**2,431**		-		-
Retained earnings at end of period		**274,688**		-		-

(4) Consolidated Statement of Cash Flows

	Millions of Yen - Rounded Down, Except Where Noted		
	Current Consolidated Interim Period	Previous Consolidated Interim Period	Previous Consolidated Accounting Period
	From April 1, 2002 to September 30, 2002	From April 1, 2001 to September 30, 2001	From April 1, 2001 to March 31, 2002
	Amount	**Amount**	**Amount**
I. Cash flow from operating activities:			
Net income before taxes	58,774	50,855	61,848
Depreciation and amortization	3,361	3,264	6,958
Write-down of consolidation adjustment account	1,690	1,863	12,309
Loss on valuation of investment securities	-	81	706
Loss on valuation of inventories	-	-	2,195
Increase in allowance for bad debts	10,561	1,698	10,639
Increase in accrued bonues	(119)	366	251
Increase in allowance for retirement benefits for employees	63	67	(231)
Increase in allowance for retirement benefits for directors	17	54	113
Non-operating interest on loans and cash dividends	(102)	(54)	(56)
New shares issuing expense	-	4,234	4,234
Amortization of bond issuing expenses	359	477	975
Loss on sale of tangible fixed assets	374	-	121
Loss on disposal of tangible fixed assets	141	313	900
Loss on valuation of fixed assets	-	-	31,240
Increase on liquidation of lease deposits and guarantees	(117)	-	(1,057)
Bonuses paid to directors	(103)	(87)	(87)
Increase in loans to customers	(103,657)	(145,440)	(221,754)
Installment receivables	(20,704)	(55,718)	(34,113)
Other gain (loss) on trade receivables	1,969	4,941	7,024
Decrease in claims in bankruptcy	(2,407)	(2,949)	(2,408)
Increase in stored goods	313	1,871	2,155
Decrease in prepaid expenses	(59)	820	528
Decrease in long-term prepaid expenses	(464)	(210)	(1,614)
Increase in other current assets	(12,171)	(4,159)	(12,828)
Increase in other current liabilities	(3,241)	(9,612)	(7,022)
Other	850	406	427
Subtotal	**(64,671)**	**(146,913)**	**(138,542)**
Non-operating interest on loans and cash dividends	102	54	56
Payments for corporate and other taxes	(16,995)	(25,866)	(45,268)
Cash flow from operating activities	**(81,563)**	**(172,725)**	**(183,755)**

	Current Consolidated Interim Period	Previous Consolidated Interim Period	Previous Consolidated Accounting Period
	Millions of Yen - Rounded Down, Except Where Noted		
	From April 1, 2002 to September 30, 2002	From April 1, 2001 to September 30, 2001	From April 1, 2001 to March 31, 2002
	Amount	Amount	Amount
II. Cash flow from investing activities:			
Disbursements for investments in term deposits	(126)	(5,267)	(5,484)
Revenue from payments of term deposits	1,569	1,974	6,010
Increase in beneficial interest in trusts	255	(0)	(0)
Funds used for purchase of tangible fixed assets	(1,009)	(2,167)	(3,516)
Gain on sale of tangible fixed assets	527	19	199
Funds used for purchase of intangible fixed assets	(3,226)	(2,405)	(4,757)
Funds used for purchase of intangible fixed assets	(2,599)	-	-
Gain on sale of intangible fixed assets	260	-	-
Funds used for purchase of investment securities	(8,973)	(1,502)	(3,665)
Funds provided by sales of investment securities	1,126	155	1,526
Funds provided by sales of subsidiaries' stock	-	-	4,199
Funds used for acquisition of paid-in capital	-	-	(250)
Funds provided by sale of paid-in capital	183	36	68
Funds used in collections of long-term loans receivables	(1,181)	(338)	(7,293)
Gain on collection of long-term loans receivable	7,174	60	265
Funds used for purchases of investments and other assets	(65)	(129)	(256)
Funds provided from sales of investments and other assets	116	392	638
Others	167	(191)	1,113
Cash flow from investing activities	**(5,801)**	**(9,365)**	**(11,205)**
III. Cash flow from financing activities:			
Increase in short-term debts	216,142	90,686	196,725
Payments for repayment of short-term debt	(188,922)	(96,655)	(191,557)
Increase in long-term debt	267,946	258,794	444,945
Repayments of long-term debt	(217,871)	(242,912)	(390,105)
Cash from issue of corporate bonds	42,757	69,608	80,546
Loss on redemption of bonds	(10,000)	(6,000)	(36,000)
Cash on issue of stock	-	82,813	82,813
Increase in treasury stock	(4)	(0)	(2,045)
Gain on payments from minor shareholders for establishment of subsidiaries/affiliates	-	-	70
Cash dividends paid	(2,328)	(2,546)	(4,880)
Cash flow from financing activities	**107,719**	**153,788**	**180,511**
IV. Effect of exchange rate changes on cash and cash equivalents	**(41)**	**(6)**	**15**
V. Increase (Decrease) in cash and cash equivalents	**20,312**	**(28,308)**	**(14,433)**
VI. Balance of cash and cash equivalents at the beginning of period	**139,126**	**153,435**	**153,435**
VII. Increase in cash and cash equivalents from new consolidations	**-**	**-**	**124**
VIII. Balance of cash and cash equivalents at the end of period	**159,439**	**125,126**	**139,126**

5. Significant Accounting Policies Relating to the Financial Statements

1.	Matters pertaining to consolidation	
(1)	No. of consolidated subsidiaries	7
	Names of consolidated subsidiaries	Happy Credit Corporation, Sinwa Co., Ltd., Life Co., Ltd., Sanyo Shinpan Co., Ltd., Businext Corporation, MARUTOH K.K., AsTry Loan Service Corporation
(2)	No. of non-consolidated subsidiaries	4

Reasons the companies are excluded from consolidation:
The Company's four non-consolidated subsidiaries and one affiliated company have not been included in the scope of consolidation. This is due to the fact that they are small in size and the total assets, operating income, net profit/loss and retained earnings represented in the Company's share of their equity has a small effect on the consolidated financial statements.

2. Matters concerning the application of equity method accounting
Non-consolidated subsidiaries (Life Stock Center Co., Ltd. and three others) and one affiliated company have not adopted the equity method. This is due to the fact that they are small in size, and the sums of AIFUL's share of their consolidated interim net profit or loss and retained earnings would have a negligible effect on the consolidated financial statements.

3. Matters pertaining to the settlement dates of consolidated subsidiaries
The fiscal year-end of consolidated subsidiary, MARUTOH K.K., is February 28. Financial statements as of this date are used in the preparation of the consolidated financial statements, with significant events taking place between balance sheet dates adjusted for as necessary.

4.	Accounting principles used for standard accounting treatment		
(1)	Appraisal standards and methods for principal assets		
①	Marketable securities		
	Other marketable securities		
	Securities valued at market	Market value method based on the market prices on the settlement date. All valuation differences are reflected directly in shareholders' equity, the sale price being computed using the moving average method.)	
	Securities not valued at market	Cost method, cost being determined by the moving average method	
②	Derivatives:	Market value method	
③	Inventories		
	Purchased receivables:	Lower-of-cost-or-market method, cost being determined by the lowest cost accounting method	
	Real estate for sale	Lower-of-cost-or-market method, cost being determined by the specific cost method Property currently being leased out is depreciated as a tangible fixed asset.	
	Currently leased real estate	Lower-of-cost-or-market method, cost being determined by the cost method	
	Warehouse goods	Latest purchase cost method	
(2)	Depreciation methods for depreciable assets		
①	Tangible fixed assets:	Decline balance depreciation method	
		Major useful lives are as follows:	
		Buildings and structures	3 – 50 years
		Machinery and vehicles	2 – 15 years
		Equipment and fittings	2 – 20 years
②	Intangible fixed assets		
	Software	Straight-line method based on the assumed useful life for internal use (5 years)	
	Other	Straight-line method	

(3) Accounting standards for allowances and reserves

①	Allowance for bad debts	Provision for losses on bad debts is made up to the maximum allowable based on individual assessments and the actual percentage of bad loan write-offs, as prescribed in the Corporate Income Tax Law. If that amount is deemed to be insufficient, additional provision is made.
②	Reserve for accrued bonuses	Provision for accrued bonuses to employees is made by appropriating an amount based on the estimated total bonuses that will be paid during the interim period.
③	Allowance for retirement benefits for employees	In order to provide for retirement allowances the company accrues an amount equivalent to the amount that would be paid if the payment occurred at the end of the current consolidated interim period, based on the projected amount of retirement allowance liabilities and pension assets at the end of the consolidated fiscal year.
④	Allowance for retirement benefits for directors	The Company provides for retirement benefits for directors by determining the estimated amount that would be paid if all directors retired on the balance sheet date, based upon the pertinent rules of the Commercial Code.

(4) Significant Accounting Policies for Translation of Assets and Liabilities into Japanese Currency:

Receivables and payables denominated in foreign currencies are translated at spot exchange rates prevailing at interim period end, and resulting gains or losses are included in income. Assets and liabilities of foreign subsidiaries are translated at spot exchange rates prevailing at interim period end while revenues and expenses of the same are translated at the average rates for the periods. The differences resulting from such translation are reported in “Minority Interests” and Foreign Currency Translation Adjustment," a separate component in Total shareholders' equity.

(5) Accounting treatment for lease transactions

In finance lease transactions, other than those in which the title of the leased asset is deemed to be transferred to the lessee, finance leases are treated according to the method used for ordinary loan transactions, mutatis mutandis.

(6) Hedge accounting methods

①	Hedge accounting methods	The Company uses deferred hedge accounting. However, the Company uses special accounting rules for interest swaps where appropriate.
②	Hedging methods and hedged transactions	
	Hedging methods	Interest caps and interest swaps
	Hedged transactions	Borrowing that will change the Company’s cash flow depending upon changes in market interest rates (floating rate bank borrowing and corporate bonds).
③	Hedging policy	The Company uses hedge transactions to keep the percentage of fixed interest rate capital below a specified percentage of total capital funds procured.
④	Evaluation of hedge effectiveness	The Company determines the effectiveness of its hedging transactions based on a method of ratio analysis covering cumulative changes over the past ten-year period.

(7) Other Significant Accounting Policies Relating to the Financial Statements

①	Interest on loans to customers	Interest on loans to customers is recorded in accordance with accrual standards. Uncollected interest is recorded at the lower of the maximum legal interest rate and the pertinent Company interest rate.
②	Accounting standards for credit revenue	Commission charges from customers and franchised stores based upon add-on systems are treated as deferred credit profits in a lump sum at the time the credit contract is concluded, and transferred to revenues at the time the bill is made. However, customer commission charges based upon the reserve-on-balance or revolving styles are treated as revenues at the time the bill is made. The segment revenue distribution method, based on the add-on system, is the 7:8 method.
③	Loan guarantee revenues	Loan guarantee revenues are accounted for with the declining-balance method.
④	Accounting treatment of interest on debt	Interest on debt used to provide consumer loans is accounted for as financial expenses and included in operating expenses. All other interest expenses are accounted for as interest payments in non-operating expenses.

⑤	Deferred assets and bond issuing expense	Depreciated evenly over the period until maturity or over the longest period allowed by the Commercial Code (3 years), whichever is shorter.
⑥	Accounting treatment of consumption taxes	Consumption taxes are taken out of all Statement of Income items and Balance Sheet items. Consumption taxes for fixed assets that are not subject to the exclusion, however, are included in "Other" under Investment and Other Assets and are written off using the straight-line method over a five-year period.

5. Matters pertaining to the valuation of consolidated subsidiaries' assets and liabilities
   Assets and liabilities of consolidated subsidiaries are all evaluated using the market value method.
6. Write-off of the consolidation adjustment account
   The Company writes off the consolidation adjustment account using the straight-line method over a ten-year period. Items that do not have a significant effect on the consolidated financial statements, however, are written off completely in the year in which the adjustment is made.
7. Matters pertaining to appropriation of profit-related items
   Consolidated statements of retained earnings are based upon appropriated profit settled during the consolidated fiscal year.
   (Supplementary Information)
8. Accounting Methods for Elimination of Treasury Stock and Legal Reserve
   During the interim period under review, AIFUL adopted 'Accounting Standards Relating to Elimination of Treasury Stock and Legal Reserves' (No. 1, Corporate Accounting Standards). This change had no effect on profits and losses recorded for the period.

Notes

Notes to the Consolidated Balance Sheets

1. Additional paid-in capital includes an increase of 8,614 million yen in a simple equity swap with Shinwa Co., Ltd.. This includes a difference of 4,217 million yen recorded in the valuation of subsidiary's stock incurred in capital consolidation methods.

(In millions of yen)

	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
2. Total accumulated depreciation for tangible fixed assets:	27,663	32,695	27,248

3. Assets pledged as collateral and corresponding liabilities:

(1) Assets pledged as collateral:

	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
Deposits	350	350	350
Loans	660,462	520,753	559,827
Installment receivables	43,800	18,118	50,918
Inventory	148	-	153
Tangible fixed assets(Land)	1,618	8,204	1,619
Tangible fixed assets(Other)	1,086	2,241	1,124
Investment in other assets(other)	265	407	414
Total	707,731	550,076	614,408

(2) Corresponding liabilities:

	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
Short-term debt	42,290	12,280	20,210
Current portion of long-term debt	229,297	190,513	201,752
Long-term debt	319,186	270,991	295,330
Other	257	189	273
Total	591,030	473,974	517,566

Above amounts include items related to the liquidization of loans receivables, 135,315 million yen for loans, 23,760 million yen for the current portion of long-term debt, 74,488 million yen for the long-term debt.
In addition to the above, the Company has contracted to offer loans as collateral in response to borrowers' requests to the sum of 6,211 million yen for short-term debt, 71,654 million yen for current portion of long-term debt, 86,971 million yen for long-term debt, and 164,837 million yen in total. The Company has also offered 11,249 million yen for cash and cash equivalents as collateral for swap transactions.

4. Installment receivables:

	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
Card shopping	53,925	65,793	50,365
Per item shopping	87,530	76,538	70,362
Leases	1	21	24
Other	2	7	2
Total	141,459	142,360	120,756

5. Gains on deferred installments: (Millions of Yen)

	End of Current Consolidated Interim Period				End of Previous Consolidated Interim Period				End of Previous Consolidated Accounting Period			
	Balance at end of prior period	Gains during period	Amount enacted during period	Balance at end of period	Balance at end of prior period	Gains during period	Amount enacted during period	Balance at end of period	Balance at end of prior period	Gains during period	Amount enacted during period	Balance at end of period
Credit card shopping	1,043	3,827	3,771	1,099 (240)	163	4,690	4,243	610 (158)	163	7,392	6,512	1,043 (256)
Per item shopping	6,283	6,942	6,780	6,445 (662)	1,967	5,043	4,175	2,835 (747)	1,967	14,329	10,013	6,283 (633)
Guarantees	1,293	1,384	1,771	906 (0)	2,949	1,146	2,139	1,956 (0)	2,949	2,334	3,990	1,293 (0)
Loans	258	32,423	32,405	275 (-)	200	21,115	21,061	254 (—)	200	47,761	47,703	258 (-)
Total	8,878	44,577	44,728	8,727 (902)	5,281	31,995	31,620	5,656 (906)	5,281	71,817	68,220	8,878 (890)

6. Liquidization of receivables

Loans and installment receivables include an off-balance amount by the liquidation of the claim contents shown below:

(Millions of yen)

	End of Current Consolidated Interim Period	End of Previous Consolidated Interim Period	End of Previous Consolidated Accounting Period
Loans	153,622	115,584	153,158
Installment receivables	93,695	59,399	89,550
Total	247,317	174,984	242,708

7. Bad Debts

The bad debts included in Loans and Claims in Bankruptcy are shown below: (Millions of yen)

	End of Current Consolidated Interim Period			End of Previous Consolidated Interim Period			End of Previous Consolidated Accounting Period		
	Unsecured loans	Other loans	Total	Unsecured loans	Other loans	Total	Unsecured loans	Other loans	Total
Claims in bankruptcy	2,150	16,712	18,862	397	15,217	15,615	1,410	15,046	16,457
Loans in arrears	18,414	15,216	33,630	15,893	13,613	29,506	14,922	13,800	28,722
Loans in arrears longer than 3 months	11,216	3,266	14,482	7,294	1,965	9,260	9,418	2,526	11,945
Loans with adjusted terms	40,771	33	40,805	34,896	46	34,942	37,706	22	37,729
Total	72,553	35,228	107,781	58,481	30,842	89,324	63,458	31,395	94,854

Explanations each of the above items follow.

Claims in bankruptcy

"Claims in bankruptcy" refers to loans that are included in loans on which principal or interest payments have been continuously late for a considerable period of time for the reasons cited in Article 96 Paragraph 1 Number 3 Items B through E of the Corporate Income Tax Law Execution Ordinance (1965, Ordinance No. 97) or for the reasons set forth in Number 4 of the same paragraph. The Company sets aside a reserve for bad debts that is equivalent to the amount the Company believes it will be unable to recover based on an evaluation of each loan.

Loans in arrears

"Loans in arrears" refers to loans other than claims in bankruptcy for which unpaid interest is not accrued. This excludes loans, however, that are included in loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower such as reduction or exemption of interest or extension of the repayment period, on which the Company is periodically receiving payments.

Loans in arrears longer than 3 months

"Loans in arrears longer than 3 months" refers to loans for which the principal or interest payment is three or months overdue from the day following the scheduled payment date and that are not regarded as claims in bankruptcy or loans in arrears.

Loans with adjusted terms

"Loans with adjusted terms" refers to loans for which the Company has made arrangements convenient to the borrower for the purpose of reorganization or support of the borrower such as reduction or exemption of interest or extension of the repayment period, on which the Company is periodically receiving payments and that are not regarded as claims in bankruptcy, loans in arrears or loans in arrears longer than 3 months.

Note to the Consolidated Statement of Cash Flows

1. Relationship between the balance of cash and cash equivalents at the end of the period and the amounts recorded in the categories shown on the consolidated interim balance sheets:

(In millions of yen)

	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
Cash and cash equivalents account	159,551	130,431	140,757
Term deposits with maturity greater than 3 months	(112)	(5,304)	(1,631)
Cash and cash equivalents	159,439	125,126	139,126

Segment Information

(1) Segment information by type of business

For the current consolidated interim accounting period (From April 1, 2002 to September 30, 2002) and the previous consolidated interim accounting year (From April 1, 2001 to September 30, 2001)

The Company has omitted segment information by type of business, as the consumer loan business accounts for more than 90% of total operating revenues and operating expenses in all of the Company's business segments.

(2) Segment information by region

For the current consolidated interim accounting period (From April 1, 2002 to September 30, 2002) and the previous consolidated interim accounting year (From April 1, 2001 to September 30, 2001)

The Company does not report segment information by location, as the Company does not have any consolidated subsidiaries or important offices located in countries or regions outside of Japan.

(3) Foreign sales

For the current consolidated interim accounting period (From April 1, 2002 to September 30, 2002), the previous consolidated interim accounting year (From April 1, 2001 to September 30, 2001) and the previous consolidated accounting year (From April 1, 2001 to March 31, 2002), the Company did not have any foreign sales.

6.Notes to Lease Transactions

1. Finance lease transactions except leases under which the title of the leased asset is deemed to be transferred to the lessee

(1) Acquisition cost, accumulated depreciation and period ending balance of lease assets

(Millions of Yen)

	Current interim period			Previous interim period			Previous fiscal year		
	Acquisition cost	Accumulated depreciation	Period ending balance	Acquisition cost	Accumulated depreciation	Period ending balance	Acquisition cost	Accumulated depreciation	Period ending balance
Equipment attached to buildings	0	0	0	20	3	17	9	2	6
Vehicles	346	193	152	260	123	137	282	169	113
Equipment and fittings	30,141	18,709	11,432	28,206	18,967	9,239	32,854	21,749	11,105
Total	30,488	18,902	11,585	28,487	19,094	9,393	33,146	21,921	11,224

(2) Outstanding balance of future lease payments at the end of the period: (Millions of yen)

Within one year	6,256	5,513	6,085
Over one year	8,480	7,297	8,181
Total	14,737	12,810	14,267

(3) Amount of lease fee payments, depreciation expense and interest expense: (Millions of yen)

Lease fee payments	3,715	3,313	7,014
Depreciation expenses	3,570	3,025	6,704
Interest expenses	199	221	488

(4) Accounting method for the amount equivalent to depreciation expenses

Calculated by assuming the lease term is the depreciable life and depreciating the remaining amount to zero using the sum-of-the-years-digits method.

(5) Accounting method for the amount equivalent to interest expenses

Interest expense for lease assets is calculated as the difference between the total lease payments and the acquisition price of the leased assets, with the amount allocated to each accounting period using the interest method.

2. Operating lease transactions

(1) Leases in progress: (Millions of yen)

Within one year	115	12	15
Over one year	376	9	16
Total	492	21	31

Marketable securities:

(1). Other marketable securities with market value:

(Millions of Yen)

	At the end of current consolidated interim period As of September 30, 2002			At the end of previous consolidated interim period As of September 30, 2001		
	Acquisition	Value state on consolidated balance sheet on consolidated settlement date	Difference	Acquisition	Value state on consolidated balance sheet on consolidated settlement date	Difference
①Stocks	7,077	6,453	(623)	5,661	5,162	(498)
②Bonds	120	120	0	269	270	1
③Corporate bonds	10	10	0	10	10	0
Sub total	7,207	6,584	(623)	5,941	5,443	(497)

	At the end of previous consolidated accounting period As of March 31, 2002		
	Acquisition	Value state on consolidated balance sheet on consolidated settlement date	Difference
①Stocks	6,679	6,103	(575)
②Bonds	260	260	0
③Corporate bonds	10	10	0
Sub total	6,949	6,374	(575)

(2) Marketable securities without market price and value stated on consolidated balance sheet:

(Millions of Yen)

	End of current Interim period	End of previous Interim period	End of previous fiscal year
	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
	Value stated on consolidated balance sheet	Value stated on consolidated balance sheet	Value stated on consolidated balance sheet
Other marketable securities			
① Non-listed stocks (excluding OTC stocks)	2,547	3,861	2,413
② National bonds not publicly traded	8	-	8
③ Preferred stocks	500	-	500
④ Other	2,599	-	-
Total	5,655	3,861	2,921

10. Derivative transactions

Matters pertaining to transaction market values

Contract amounts, market values and gains/losses on evaluations of derivative transactions

	Type	End of current interim period (As of September 30, 2002)				End of previous fiscal year (As of September 30, 2001)			
		Contract value	Over one year	Market value	Evaluation gain/loss	Contract value	Over one year	Market value	Evaluation gain/loss
Non-market transactions	Purchase of interest caps Long	-	-	-	-	1,500	1,000	0	(1)
Total		-	-	-	-	1,500	1,000	0	(1)

	Type	End of previous fiscal year (As of March 31, 2002)			
		Contract value	Over one year	Market value	Evaluation gain/loss
Non-market transactions	Purchase of interest caps Long	-	-	-	-
Total		-	-	-	-

Note 1: Market value calculations are based upon the values indicated by the relevant financial institutions.

2: Interest rate cap transactions to which hedge accounting is applied are not stated.

3: The Company has paid premiums for interest cap transactions. Amounts marked with asterisks are recorded on the consolidated balance sheets.

4: Assumed principals in interest cap transactions are not actually received, but serve as a basis for calculations. Accordingly, they do not act as indicators for market and credit risks of the Aiful group companies.

Per Share Information:		
Current Interim Period	**Previous Interim Period**	**Current Fiscal Year**
Net assets per share 4,828.15 yen Net income per share 331.49 yen Diluted net income per share for the interim period under review has not been included here as there was no dilutary effect on income at the end of the period. • Net income per share as recorded in the Statements of Income: 30,880 million yen • Net income relating to common stock used in the calculation of net income per share: 30,880 million yen • Amount not returned to common stock shareholders: - million yen • Breakdown by type of the average number of shares of common stock used in the calculation of net income per share and equivalent stock outstanding during the period Common stock: 93,155,174 shares • Outline of stock not included in diluted net income per share due to lack of dilutary effect Stock options relating to treasury stock acquisition methods: 223,000 shares	Net assets per share 4,450.53 yen Net income per share 288.56 yen Diluted net income per share for the interim period under review has not been included here as there was no dilutary effect on income at the end of the period.	Net assets per share 4,523.01 yen Net income per share 390.00 yen Diluted net income per share for the fiscal year under review has not been included here as there was no dilutary effect on income at the end of the period.

Subsequent Events

Current Interim Period

On August 27, 2002, AIFUL signed a contract to conduct a standard exchange of stock with City Green Co., Ltd. the holding company of City's Co., Ltd., which itself became an affiliate of AIFUL on August 13, 2002. Enacted in accordance with Article 358 of the Commercial Code, this agreement made City Green a wholly owned subsidiary of AIFUL.

1) Outline of City Green

Company Name:	City Green Co., Ltd.
Head Office:	Kumamoto-shi, Kumamoto Prefecture
CEO and Representative Director:	Shinichi Yazaki
Established:	March 1989 (Note: Incorporated in May 2002)
Major Operating Activities:	Holding company
Total assets(as of March 31, 2002):	581 million yen
Shareholders' Equity:	581 million yen (as of March 31, 2002)
Capital:	100 million yen

2) Outline of City's

Company Name:	City's Co., Ltd.
Head Office:	Kumamoto-shi, Kumamoto Prefecture
CEO and Representative Director:	Shinichi Yazaki
Established:	May 1969
Main Operating Activities:	Corporate loan business
Total assets(as of September 30, 2001):	55,280 million yen
Shareholders' Equity(as of September 30, 2001):	15,122 million yen
Capital:	700 million yen
Stock Ownership:	
City Green:	57.8%
AIFUL:	42.2%

3) Contract Details

Stock Exchange Date:	October 1, 2002
No. of Shares Exchanged:	2,000 (100% of all shares)
No. of AIFUL Shares Issued for Exchange:	1,314,000 shares
	(1 City Green share equivalent to 657 AIFUL shares)

Previous Interim Period

AIFUL and Aozora Bank, Ltd. established AsTry Loan Services Corporation a joint venture company to specialize in the management and collection of a full range of specified monetarv receivables.

Outline of the New Company

Company Name:	AsTry Loan Services Corporation
Head Office:	Chuo-ku, Tokyo
Capital:	500 million yen
Established:	November 19, 2001
Commencement of Operations:	Spring 2002 (planned)
Shareholding Ratios:	
AIFUL:	86%
Aozora Bank:	14%
No. of Directors/Auditors:	Directors: 5, Auditors: 3
No. of Employees:	

12 at commencement of operations (To be dispatched from AIFUL and Aozora Bank. This figure includes part-time workers.)

Previous fiscal year

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12. Results of Operations

(1) Operating Revenue

(Millions of Yen)

		Current Consolidated Interim Period (From April 1,2002 to September 30,2002)		Previous Consolidated Interim Period (From April 1,2001 to September 30,2001)		Previous Consolidated Accounting Period (From April 1,2001 to March 31,2002)	
		Amount	%	Amount	%	Amount	%
Interest on loans to customers	Unsecured loans	171,974	78.1	150,706	78.7	311,910	78.5
	Secured loans	24,598	11.2	20,271	10.6	43,150	10.9
	Small business loans	3,042	1.4	1,928	1.0	4,257	1.1
	Sub-total	199,615	90.7	172,906	90.3	359,318	90.5
Credit card revenue		3,828	1.7	3,146	1.6	6,742	1.7
Per-item credit revenue		6,917	3.1	4,005	2.1	10,353	2.6
Credit guarantee revenue		1,935	0.9	2,160	1.1	4,076	1.0
Other financial revenue	Interest on deposits	14	0.0	46	0.0	86	0.0
	Interest on marketable securities	0	0.0	0	0.0	1	0.0
	Interest on loans	110	0.1	101	0.1	199	0.0
	Other	16	0.0	152	0.1	237	0.1
	Sub-total	142	0.1	302	0.2	525	0.1
Other operating revenue	Sales of property	306	0.1	2,509	1.3	2,823	0.7
	Cost of sales of service business	527	0.2	648	0.3	1,246	0.3
	Bad debt write-off recovery	3,326	1.5	2,733	1.4	5,715	1.5
	Other	3,623	1.7	3,171	1.7	6,360	1.6
	Sub-total	7,784	3.5	9,062	4.7	16,146	4.1
Total		220,224	100.0	191,584	100.0	397,162	100.0

Note: “Other” included in “Other operating revenue” consists of guarantee revenues from guarantee contracts and card membership fees.

(2) Other Operating Indicators

(Millions of Yen)

	End of Current Consolidated Interim Period (As of September 30, 2002)	End of Previous Consolidated Interim Period (As of September 30, 2001)	End of Previous Consolidated Accounting Period (As of March 31, 2002)
Total amount of loans outstanding	1,740,076	1,522,067	1,635,954
Unsecured loans	1,410,164	1,250,074	1,332,218
Secured loans	299,192	254,654	278,893
Small business loans	30,719	17,338	24,843
Number of customer accounts	3,453,797	3,222,108	3,336,340
Unsecured loans	3,348,272	3,139,083	3,241,575
Secured loans	80,468	68,411	75,175
Small business loans	25,057	14,614	19,590
Number of branches	1,935	1,859	1,914
Staffed branches	759	721	752
Unstaffed branches	1,161	1,122	1,147
Branches for secured loans	4	4	4
Restaurants	9	9	9
Karaoke parlors	2	3	2
Number of “Ojidosan” loan-contracting machines	1,836	1,744	1,808
Number of ATMs	111,285	86,081	93,306
Company-owned	2,051	2,066	2,076
Partner-owned	109,234	84,015	91,230
Number of employees	5,923	5,955	5,810
Bad debt write-off	49,496	35,264	80,707
Allowance for bad debts	119,899	99,959	109,338
Net income per share (yen)	331.49	288.56	390.00
Net assets per share (yen)	4,828.15	4,450.53	4,523.01

Notes: Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy. Furthermore, off-balance sheet operating loans (to the sum of 153,622 million yen for the current consolidated interim period, 115,584 million yen for the previous consolidated interim period and 153,158 million yen for the previous consolidated accounting period) have been included as a result of liquidation of claims.
Bad debt write-off does not include claims in bankruptcy, which came to 1,089 million yen in the current consolidated interim period, 360 million in the previous consolidated interim period, and 1,422 million in the previous consolidated accounting period.