

# AIFUL CORPORATION

## Non-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 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 (Non-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
Commencement date of the interim dividend payment:	December 10, 2002
Interim dividend:	Yes

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

### (1) Operating Results

	Millions of Yen – Except Per Share Data					
	Interim Period ended September 30				FY-ended March 31,	
	2002		2001		2002	
Operating Revenue	162,460	7.4%	151,230	14.6%	307,272	13.5%
Operating Income	58,918	5.8%	55,680	4.9%	110,442	6.9%
Ordinary Income	58,465	13.4%	51,542	(1.2)%	107,515	4.0%
Net Income	30,396	11.5%	27,259	8.9%	38,349	(20.9)%
Net Income per Share (yen)	326.30 yen		314.79 yen		426.54 yen	

Note 1: Average number of shares issued and outstanding during 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

Note 2: Changes in accounting policies: None

Note 3: Percentages shown for net sales, operating income, ordinary income and net income show year-on-year change.

### (2) Dividend Information

	Dividends Distributed (in Yen)		
	Interim Period Ended September 30		FY-ended March 31,
	2002	2001	2002
Interim Dividends per Share of Common Stock	30.00	25.00	-
Year-End	-	-	50.00

**(3) Financial Position**

	Millions of Yen – Except Per Share Data		
	Interim Period Ended September 30		FY-ended March 31,
	2002	2001	2002
Total Assets	1,853,841	1,742,525	1,740,868
Shareholders' Equity	448,583	413,833	420,493
Shareholders Equity Ratio (%)	24.2%	23.7%	24.2%
Shareholders' Equity Per Share (yen)	4,815.46	4,431.91	4,513.89

Note 1: 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

Note 2: Number of common stocks at the end of period:

Interim period ended September 30, 2002:	221,078 shares
Interim period ended September 30, 2001:	80 shares
Fiscal year ended March 31, 2002:	220,585 shares

**(4) Forecast for Fiscal Year Ending March 31, 2003**

	Millions of Yen
	Fiscal Years ending March 31, 2003
Operating Revenue .....	327,067
Ordinary Income .....	119,000
Net Income .....	62,479
Annual Dividends per Share of Common Stock .....	60.00
Interim Dividends per Share of Common Stock .....	30.00
Year-End Dividends per Share of Common Stock .....	30.00

Note: Net income per share for the fiscal year ending March 31, 2003 is expected to amount to 670.69 yen.

# 1. Non-Consolidated Financial Statements

## (1) Non-Consolidated Balance Sheet

(Millions of Yen)

	End of Current Non-Consolidated Interim Period		End of Previous Non-Consolidated Interim Period		End of Previous Non-Consolidated Accounting Period	
	(As of September 30,2002)		(As of September 30,2001)		(As of March 31,2002)	
	Amount	%	Amount	%	Amount	%
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	114,429		89,353		93,392	
Loans	1,372,928		1,245,308		1,313,690	
Marketable securities	2,599		-		-	
Property for sale	354		624		668	
Inventories	8		10		11	
Deferred tax assets	10,722		5,651		7,589	
Short-term loans	187		241		7,183	
Short-term loans to affiliated companies	-		200		-	
Other	38,064		20,375		28,170	
Allowance for bad debts	(65,197)		(48,941)		(58,689)	
<b>Total Current Assets</b>	<b>1,474,097</b>	<b>79.5</b>	<b>1,312,824</b>	<b>75.3</b>	<b>1,392,017</b>	<b>80.0</b>
<b>Fixed Assets:</b>						
<b>Tangible Fixed Assets:</b>						
Land	5,283		41,212		5,283	
Other	18,311		25,593		18,023	
<b>Total Tangible Fixed Assets</b>	<b>23,594</b>	<b>1.3</b>	<b>66,805</b>	<b>3.8</b>	<b>23,306</b>	<b>1.3</b>
<b>Total Intangible fixed assets:</b>	<b>3,187</b>	<b>0.2</b>	<b>3,928</b>	<b>0.2</b>	<b>2,952</b>	<b>0.2</b>
<b>Other investment assets:</b>						
Stock held in affiliated companies	113,107		109,845		105,724	
Long-term loans to affiliated companies	175,248		194,651		160,543	
Claims in bankruptcy	16,674		14,808		14,267	
Deferred tax assets	4,259		4,218		4,347	
Loss on deferred hedges	27,804		21,052		22,930	
Other	33,156		29,651		31,206	
Allowance for bad debts	(17,964)		(16,486)		(17,220)	
<b>Other investment assets</b>	<b>352,288</b>	<b>19.0</b>	<b>357,740</b>	<b>20.6</b>	<b>321,800</b>	<b>18.5</b>
<b>Deferred assets:</b>						
Bond issuing expenses	672		1,225	0.1	790	0.0
<b>Total Fixed Assets</b>	<b>379,070</b>	<b>20.5</b>	<b>428,475</b>	<b>24.6</b>	<b>348,059</b>	<b>20.0</b>
<b>Total Assets</b>	<b>1,853,841</b>	<b>100.0</b>	<b>1,742,525</b>	<b>100.0</b>	<b>1,740,868</b>	<b>100.0</b>

(Millions of Yen)						
<b>Liabilities and Shareholders' Equity</b>	End of Current Non-Consolidated Interim Period (As of September 30,2002)		End of Previous Non-Consolidated Interim Period (As of September 30,2001)		End of Previous Non-Consolidated Accounting Period (As of March 31,2002)	
	Amount	%	Amount	%	Amount	%
	<b>Liabilities</b>					
<b>Current Liabilities:</b>						
Notes payable - trade	5,974		4,298		3,572	
Accounts payable - trade	19		26		26	
Short-term debt	15,200		14,500		14,000	
Current portion of bonds	80,500		40,000		71,000	
Current portion of long-term debt	370,929		347,483		359,785	
Commercial paper	15,000		15,000		15,000	
Income taxes payable	31,222		22,754		15,911	
Reserve for accrued bonuses	2,343		2,483		2,452	
Other	10,718		9,207		10,621	
<b>Total Current Liabilities</b>	<b>531,908</b>	<b>28.7</b>	455,752	26.2	492,369	28.3
<b>Long-Term Liabilities:</b>						
Bonds	375,000		401,500		351,500	
Long-term debt	468,796		447,849		451,693	
Allowance for retirement benefits for employees	1,142		1,966		1,338	
Allowance for retirement benefits for directors	1,071		1,000		1,056	
Interest swaps	27,226		20,303		22,304	
Other	111		319		111	
<b>Total Long-Term Liabilities</b>	<b>873,349</b>	<b>47.1</b>	872,939	50.1	828,005	47.5
<b>Total Liabilities</b>	<b>1,405,257</b>	<b>75.8</b>	1,328,692	76.3	1,320,374	75.8
<b>Shareholders' Equity:</b>						
Common stock	-	-	83,317	4.8	83,317	4.8
Additional paid-in capital	-	-	89,830	5.1	89,830	5.2
Legal reserve	-	-	1,566	0.1	1,566	0.1
Other retained earnings	-	-	239,329	13.7	248,085	14.2
Voluntary reserve	-	-	207,422		207,422	
Unappropriated retained earnings	-	-	31,907		40,663	
Differences in evaluation of other marketable securities	-	-	(209)	(0.0)	(260)	(0.0)
Treasury stock	-	-	(0)	(0.0)	(2,045)	(0.1)
Common stock	83,317	4.5	-	-	-	-
Capital surplus	89,830	4.8	-	-	-	-
Additional paid-in capital	89,830		-	-	-	-
Earned surplus	277,616	15.0	-	-	-	-
Legal reserve	1,566		-	-	-	-
Voluntary reserve	240,922		-	-	-	-
Unappropriated retained earnings	35,127		-	-	-	-
Differences in evaluation of other marketable securities	(129)	(0.0)	-	-	-	-
Treasury stock	(2,049)	(0.1)	-	-	-	-
<b>Total Shareholders' Equity</b>	<b>448,583</b>	<b>24.2</b>	413,833	23.7	420,493	24.2
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,853,841</b>	<b>100.0</b>	1,742,525	100.0	1,740,868	100.0

**(2) Non-Consolidated Statements of Income**

(Millions of Yen)

	End of Current Non-Consolidated Interim Period		End of Previous Non-Consolidated Interim Period		End of Previous Non-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	%
<b>Operating Revenue:</b>						
Interest on loans to customers	157,870	97.2	144,565	95.6	269,034	96.3
Other financial revenue	119	0.1	119	0.1	230	0.1
Interest on deposits	8		17		30	
Interest on marketable securities	0		-		0	
Interest on loans	110		101		199	
Other	0		0		0	
Other operating revenue	4,470	2.7	6,545	4.3	11,007	3.6
Sales of property	306		2,509		2,823	
Restaurant business sales	527		648		1,246	
Bad debts write-off recovery	2,083		1,840		3,779	
Other	1,552		1,547		3,157	
<b>Total Operating Revenue</b>	<b>162,460</b>	<b>100.0</b>	<b>151,230</b>	<b>100.0</b>	<b>307,272</b>	<b>100.0</b>
<b>Operating Expenses:</b>						
Financial expenses	17,388	10.7	16,684	11.0	33,377	10.9
Interest expense	11,394		10,632		21,124	
Interest on bond	4,866		4,866		9,704	
Other	1,127		1,184		2,549	
Cost of sales	444	0.3	2,511	1.7	3,025	1.0
Cost of sales of property	296		2,330		2,677	
Cost of sales of restaurant business	148		180		348	
<b>Other Operating Expenses:</b>	<b>85,709</b>	<b>52.7</b>	<b>76,355</b>	<b>50.5</b>	<b>160,426</b>	<b>52.2</b>
Advertising expenses	8,294		10,233		19,274	
Commissions	4,641		5,298		9,769	
Loan losses	-		-		6,611	
Transfers to allowance for bad debts	38,123		27,556		58,689	
Directors' bonuses	210		201		415	
Salaries	9,691		8,939		17,877	
Employee bonuses	-		11		2,333	
Transfers to accrued bonuses	2,112		2,483		2,542	
Transfers to directors' retirement bonus allowance	37		55		111	
Welfare provision expenses	1,703		1,486		2,942	
Retirement benefit expenses	421		443		368	
Letting expenses	3,826		3,871		7,901	
Rent fees	4,000		3,517		7,100	
Consumable expenses	487		739		1,294	
Repair expenses	1,621		1,465		2,888	
Communications expenses	2,156		1,771		3,921	
Insurance premiums	1,771		1,662		3,431	
Depreciation expense	1,845		2,128		4,465	
Consumption taxes	1,461		1,670		3,120	
Other	3,302		2,818		5,456	
<b>Total Operating Expenses</b>	<b>103,541</b>	<b>63.7</b>	<b>95,550</b>	<b>63.2</b>	<b>196,830</b>	<b>64.1</b>
<b>Total Operating Income</b>	<b>58,918</b>	<b>36.3</b>	<b>55,680</b>	<b>36.8</b>	<b>110,442</b>	<b>35.9</b>

	(Millions of Yen)					
	End of Current Non-Consolidated Interim Period		End of Previous Non-Consolidated Interim Period		End of Previous Non-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	%
<b>Non-Operating Revenue:</b>						
Interest on loans	2,208		1,799		3,651	
Miscellaneous revenue	388		314		918	
<b>Total non-operating revenue:</b>	<b>2,597</b>	<b>1.6</b>	2,114	1.4	4,570	1.5
<b>Non-operating expenses:</b>						
Transfers to allowance for bad debts	2,428		1,332		2,371	
New stock issuing expenses	-		4,234		4,234	
Miscellaneous expenses	620		684		891	
<b>Total non-operating expenses:</b>	<b>3,049</b>	<b>1.9</b>	6,251	4.1	7,496	2.4
<b>Ordinary Income:</b>	<b>58,465</b>	<b>36.0</b>	51,542	34.1	107,515	35.0
<b>Extraordinary Income:</b>						
Sale of fixed assets	-		-		72	
Sale of marketable securities	192		-		84	
Recovery of bad debts written off in previous year	68		230		210	
<b>Total extraordinary income:</b>	<b>261</b>	<b>0.2</b>	230	0.2	367	0.1
<b>Extraordinary Losses:</b>						
Loss on sale of fixed assets	-		-		31,257	
Loss on disposal of fixed assets	111		266		711	
Loss on valuation of property for sale in previous year	-		-		2,147	
Loss on lease contracts	-		-		30	
Transfers to allowance for bad debts	23		47		351	
Loan losses	-		99		118	
Loss on valuation of investment securities	-		0		549	
Loss on sale of subsidiaries' stocks	-		-		41	
Loss on valuation of golf club memberships	5		8		21	
<b>Total extraordinary losses:</b>	<b>140</b>	<b>0.1</b>	421	0.3	35,229	11.5
<b>Net income before taxes</b>	<b>58,586</b>	<b>36.1</b>	51,352	34.0	72,653	23.6
Corporate, local and enterprise taxes	31,330	19.3	22,759	15.1	35,001	11.4
Adjustment on corporate tax, etc.	(3,139)	(1.9)	1,333	0.9	(696)	(0.2)
<b>Net Income:</b>	<b>30,396</b>	<b>18.7</b>	27,259	18.0	38,349	12.4
Income carried over from previous year	4,731		4,648		4,648	
Interim dividend payments	-		-		2,334	
Unappropriated retained earnings	35,127		31,907		40,663	

**Accounting principles used for standard accounting treatment**

1. Appraisal standards and methods for principal assets
  - (1) Marketable securities
 

Subsidiaries and affiliated companies' stock	Cost method, cost being determined by the moving average method
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) Inventories
 

Real estate for sale	Lower-of-cost-or-market method, cost being determined by the specific cost method
Warehouse goods	Property currently being leased out is depreciated as a tangible fixed asset. 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	7 – 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) Long-term prepaid expenses
 

Fixed amount depreciation method	
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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.
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  - (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.
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  - (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.
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  - (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.
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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.
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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.
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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 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.
  - (3) 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.
  
  - (4) 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.

**(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:**

Non-Consolidated Interim Balance Sheets

(In millions of yen)

	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
1. Total accumulated depreciation for tangible fixed assets:	16,041	20,993	15,068
2. 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
Loans	607,658	501,868	559,239
Property for sale	148	-	153
Tangible fixed assets(Land)	-	7,472	-
Tangible fixed assets(Other)	-	2,241	-
Investment in other assets(other)	144	146	153
Total	607,951	511,728	559,546
(2) Corresponding liabilities:			
	As of September 30, 2002	As of September 30, 2001	As of March 31, 2002
Short-term debt	-	500	-
Current portion of long-term debt	208,147	181,876	190,665
Long-term debt	289,532	255,401	277,100
Total	497,679	437,777	467,765

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 2,000 million yen for short-term debt, 69,410 million yen for current portion of long-term debt, 72,915 million yen for long-term debt, 144,326 million yen in total. The Company has also offered 11,249 million yen for cash and cash equivalents as collateral for swap transactions.

4. Guarantee payables

(Millions of Yen)

	End of Current Non-Consolidated Interim Period	End of Previous Non-Consolidated Interim Period	End of Previous Non-Consolidated Accounting Period
(1) Customers with consumer loans provided by allied financial institutions	5,694	858	2,746
(2) Customers with business loans provided by allied financial institutions	4,212	-	-
(3) Outstanding guarantees for debts of affiliate, Marutoh K.K.	9,500	-	9,500

## 5 . Bad debt situation

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

	End of Current Non-Consolidated Interim Period			End of Previous Non-Consolidated Interim Period			End of Previous Non-Consolidated Accounting Period		
	Unsecured loans	Other loans	Total	Unsecured loans	Other loans	Total	Unsecured loans	Other loans	Total
Claims in bankruptcy	2,150	16,699	18,849	391	15,207	15,598	1,410	15,046	16,456
Loans in arrears	12,407	14,535	26,942	8,849	12,984	21,834	10,240	13,093	23,333
Loans in arrears longer than 3 months	7,811	3,047	10,858	6,636	1,963	8,600	6,561	2,369	8,931
Loans with adjusted terms	32,524	14	32,538	25,846	23	25,870	29,287	18	29,305
Total	54,893	34,296	89,190	41,723	30,180	71,904	47,499	30,527	78,027

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.

## Notes to Lease Transactions

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

	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
Vehicles	244	152	92	238	113	125	261	154	106
Equipment and fittings	20,914	14,967	5,946	23,261	15,898	7,362	26,309	18,431	7,877
<b>Total</b>	<b>21,158</b>	<b>15,120</b>	<b>6,038</b>	<b>23,499</b>	<b>16,011</b>	<b>7,487</b>	<b>26,570</b>	<b>18,586</b>	<b>7,983</b>

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

(Millions of yen)

Within one year	4,330	4,530	4,810
Over one year	4,299	5,657	5,792
<b>Total</b>	<b>8,629</b>	<b>10,187</b>	<b>10,602</b>

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

(Millions of yen)

Lease fee payments	2,712	2,770	5,738
Depreciation expenses	2,553	2,545	5,474
Interest expenses	130	169	339

- (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.



## Subsequent Events

<b>Current Interim Period</b>	
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.	
<b>1) Outline of City Green</b>	
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
<b>2) Outline of City's</b>	
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%
<b>3) Contract Details</b>	
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)

<b>Previous Interim Period</b>	
AIFUL and Aozora Bank, Ltd. established AsTrv Loan Services Corporation a joint venture company to	
<b>Outline of the New Company</b>	
Company Name:	AsTrv 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	

<b>Previous fiscal year</b>	
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**2. Operating Results**

(1) Operating Revenue

(Millions of Yen)

		Current Non-Consolidated Interim Period		Previous Non-Consolidated Interim Period		End of Previous Non- 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	%
Interest on loans to customers	Unsecured loans	130,999	80.6	122,530	81.0	249,088	81.1
	Secured loans	24,571	15.1	20,256	13.4	43,054	14.0
	Small business loans	2,298	1.4	1,779	1.2	3,891	1.2
	Sub-total	157,870	97.2	144,565	95.6	296,034	96.3
Other financial revenue	Interest on deposits	8	0.0	17	0.0	30	0.0
	Interest on marketable securities	0	0.0	-	-	0	0.0
	Interest on loans	110	0.1	101	0.1	199	0.1
	Other	0	0.0	0	0.0	0	0.0
	Sub-total	119	0.1	119	0.1	230	0.1
Other operating revenue	Sales of property	306	0.2	2,509	1.7	2,823	0.9
	Cost of sales of restaurant business	527	0.3	648	0.4	1,246	0.4
	Bad debt write-off recovery	2,083	1.3	1,840	1.2	3,779	1.3
	Other	1,552	0.9	1,547	1.0	3,157	1.0
	Sub-total	4,470	2.7	6,545	4.3	11,007	3.6
<b>Total</b>		162,460	100.0	151,230	100.0	307,272	100.0

Note: "Other" included in "Other operating revenue" consists of clerical fees and guarantees.

## (2) Other operating indicators

	(Millions of yen)		
	End of Current Non- Consolidated Interim Period  (As of September 30, 2002)	End of Previous Non- Consolidated Interim Period  (As of September 30, 2001)	End of Previous Non- Consolidated Accounting Period  (As of March 31, 2002)
Balance of loans to customers	1,372,928	1,245,308	1,313,690
Unsecured loans	1,055,712	976,839	1,019,292
Secured loans	298,153	253,587	277,671
Small business loans	19,062	14,882	16,726
Number of accounts	2,271,326	2,206,509	2,244,283
Unsecured loans	2,175,347	2,125,824	2,155,235
Secured loans	80,359	68,354	75,057
Small business loans	15,620	12,331	13,991
Number of branches	1,599	1,593	1,603
Staffed branches	542	541	538
Unstaffed branches	1,042	1,036	1,050
Branches for secured loans	4	4	4
Restaurants	9	9	9
Karaoke parlors	2	3	2
Number of "Ojidosan" loan-contracting machines	1,581	1,574	1,585
Number of ATMs	32,882	26,565	28,170
Company-owned	1,684	1,680	1,688
Partner-owned	31,198	24,885	26,482
Number of employees	3,731	3,666	3,576
Bad debt write-off	31,615	23,730	51,726
Allowance for bad debts	83,161	65,428	75,909
Net income per share (yen)	326.30	314.79	426.54
Net assets per share (yen)	4,815.46	4,431.91	4,513.89

Notes: Total amount of loans outstanding and the number of customer accounts do not include loans and customer accounts related to claims in bankruptcy.

Bad debt write-off does not include claims in bankruptcy, which came to 1,089 million yen in the current non-consolidated interim period, 360 million in the previous non-consolidated interim period, and 1,422 million in the previous non-consolidated accounting period.