

Brief Statement of Financial Results for the Fiscal Year Ended March 2007

May 10, 2007

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ended March 2007 (the "Brief Statement") with respect to ACOM's plans and strategies and other statements that are not historical facts but are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a results of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest-Rate Restriction Law, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.

Name of the company:	ACOM CO., LTD. ("ACOM" or the "Company")
Stock market:	Tokyo Stock Exchange
Code Number:	8572
Location of the head office:	Tokyo
URL:	http://www.acom.co.jp/ir/englsih/
Position of the representative:	President & Chief Executive Officer
Name:	Shigeyoshi Kinoshita
Position of the person in charge:	Chief General Manager of Public Relations Department
Name:	Takashi Kiribuchi
Telephone Number:	(03) 5533-0631
Date of the shareholders' meeting:	June 27, 2007
Payable date of dividend:	June 28, 2007
Registration date of financial statement report:	June 28, 2007

Note: All amounts under minimum units appearing in each of the tables have been disregarded, except for per share amounts throughout this Brief Statement.

1. Consolidated Business Results for the Fiscal Year Ended March 2007 (from April 1, 2006 to March 31, 2007)

(1) Consolidated Operating Results

(Millions of yen)

	Operating Income		Operating Profit (loss)		Income (loss) Before Extraordinary Items		Net Income (loss)	
3/2007	423,652	(4.9%)	(85,102)	—	(81,944)	—	(437,972)	—
3/2006	445,431	2.6%	110,392	(23.5%)	113,011	(21.2%)	65,595	(19.5%)

	Net Income (loss) per Share (Yen)	Net Income per Share Diluted (Yen)	Net Income (loss) to Owner's Equity	Income (loss) Before Extraordinary Items to Total Assets	Operating Margin
3/2007	(2,786.19)	—	(63.3%)	(4.0%)	(20.1%)
3/2006	416.69	416.50	7.3%	5.4%	24.8%

<Reference> Loss on investment in equity-method: 821 million yen (3/2007) 734 million yen (3/2006)

(2) Consolidated Financial Status

(Millions of yen)

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets per Share (Yen)
3/2007	2,031,829	457,165	22.2%	2,863.16
3/2006	2,106,681	927,722	44.0%	5,901.70

<Reference> Owners' Equity: 450,073 million yen (3/2007) — million yen (3/2006)

(3) Consolidated Cash Flow Status

(Millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the End of Year
3/2007	99,944	308	(53,464)	146,383
3/2006	100,226	(44,973)	(104,389)	97,399

2. Dividend Status

	Dividend per Share			Total Amount of Dividend (Year) (Millions of Yen)	Payout Ratio (Consolidated)	Ratio of Payout to Net Assets (Consolidated)
	Interim (Yen)	End of FY (Yen)	Year (Yen)			
3/2006	70.00	70.00	140.00	22,003	33.6%	2.5%
3/2007	70.00	30.00	100.00	15,719	—	2.3%
3/2008 (Forecast)	50.00	50.00	100.00		33.4%	

3. Forecasts for the Fiscal Year Ending March 31, 2008 (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Operating Income		Operating Profit		Income before Extraordinary Items		Net Income		Net Income per Share (Yen)
Interim	191,700	—	30,300	—	31,400	—	29,500	—	187.67
Annual	368,300	—	49,400	—	51,600	—	47,000	—	298.99

4. Others

- (1) Change in important subsidiaries during the fiscal year ended March 31, 2007 (Change in scope of consolidation): Applicable
 Addition: Five companies (MTBC First Investment Partnership, MTBC Second Investment Partnership, MTBC Third Investment Partnership, Yugensekinin-Chukanhojin Mirai Capital, Power Investment LLC)
 Exclusion: Two companies (ACOM PACIFIC, INC., AJAST Ltd.)
 [Note] Please refer to "State of Business Group" at page 13 for details.

(2) Changes on the basis of consolidated financial statements preparation

- A) Related to accounting standard revisions etc.: Applicable
 B) Other changes: Not applicable

[Note] Please refer to "Changes on the Basis of Consolidated Financial Statements Preparation" at page 27 for details.

(3) Outstanding shares (common shares)

- A) Number of Shares outstanding (including treasury stock)
 FY March 31, 2007: 159,628,280 shares FY March 31, 2006: 159,628,280 shares

- B) Number of treasury stock:
 FY March 31, 2007: 2,433,969 shares FY of March 31, 2006: 2,438,225 shares

[Note] Please refer to "Footnotes to Statistics per Share" at page 46 for the number of shares which is basis for calculation of net income per share (consolidated).

(Reference)

1. Non-Consolidated Business Results for the Fiscal Year Ended March 2007 (from April 1, 2006 to March 31, 2007)

(1) Non-Consolidated Operating Results

(Millions of yen)

	Operating Income		Operating Profit (loss)		Income Before Extraordinary Items (loss)		Net Income (loss)	
3/2007	370,769	(6.5%)	(88,992)	—	(86,183)	—	(439,463)	—
3/2006	396,637	(1.5%)	106,124	(24.3%)	108,174	(23.7%)	64,152	(22.7%)

	Net Income (loss) per Share (Yen)	Net Income per Share Diluted (Yen)
3/2007	(2,795.68)	—
3/2006	407.52	407.34

(2) Non-consolidated Financial Status

(Millions of yen)

	Total Assets	Net Assets	Ratio of Shareholders' Equity	Net Assets per Share (Yen)
3/2007	1,861,285	443,797	23.8%	2,823.24
3/2006	1,961,462	923,408	47.1%	5,874.26

<Reference> Owners' Equity: 443,797 million yen (3/2007) — million yen (3/2006)

2. Forecasts for the Fiscal Year Ending March 31, 2008 (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	Operating Income		Operating Profit		Income before Extraordinary Items		Net Income		Net Income per Share (Yen)	
Interim	160,900	—	29,100	—	30,600	—	29,200	—	185.76	—
Annual	303,200	—	45,000	—	48,000	—	45,600	—	290.09	—

1. Business Results

(1) Analysis of business results

(A) Business results for this fiscal year

Thanks to continuing active capital investment due to the high level of corporate earnings and the steady recovery of consumer expenditure reflecting the improved employment situation, Japan's economy as a whole has continued to show a gradual upturn. However, the business environment surrounding the ACOM Group (hereinafter "the Group") was severe, as competition in the loan business intensified and media reports on matters such as new legal caps on interest rates and problems concerning the handling of life insurance by consumer credit providers fostered a negative image of the entire consumer-finance industry.

In this environment, the Group put together a plan for reforming its operations (group management reformation). The plan calls for higher levels of compliance and aims at improving business efficiency through bold reform of the Group's cost structure, and enhancing its marketing and service. This also involves the construction of a new loan business model that can respond nimbly to revisions in the law governing the money-lending sector, and a business foundation capable of delivering steady profits over the long term period and growth in this new era. In order to achieve more open and transparent management as well as strengthen business compliance, following measures were taken in this consolidated fiscal year. Business Ethics Committee was reorganized into Compliance Committee with over half of its members, including the chairperson, appointed from outside the company. Committee's independence from business execution department is assured by replacing it under the board of directors. At the same time, Legal Department and Business Ethics Office were combined into Compliance department. As of improving operational efficiency by cost restructuring, the Group reorganized installment sales finance, prepared for integration of 3 subsidiaries which provides real-estate management services, etc. of the Group, recruit applicants for voluntary retirement, reorganized our loan business outlets, combined contact centers, and commenced to work on developing new key IT systems. We were also active overseas, especially in Asia. For example, we worked on developing our existing operations in countries such as Kingdom of Thailand, set up representative offices staffed by people dispatched from Japan in Beijing, People's Republic of China, and Ho Chi Minh City, the Socialist Republic of Vietnam, and started laying the groundwork for the acquisition of stock in Indonesian bank PT. BANK NUSANTARA PARAHYANGAN Tbk.

The results for this consolidated fiscal year recorded operating income of 423,652

million yen (down 4.9% year-on-year), operating expenses of 508,755 million yen (up 51.8% year-on-year), a loss before extraordinary items of 81,944 million yen, and a net loss of 437,972 million yen. The factors behind these results include (1) a decline in interest on loans receivable resulting from a drop in the balance of loans receivable, (2) as 490 billion yen was transferred to the allowance for loss on interest repayments due to following the announcement “Audit procedures of consumer financing companies concerning the allowance for losses caused by interest repayments claims,” issued by the Japanese Institute of Certified Public Accountants on October 13, 2006, operating expenses increased by 200,147 million yen and (3) extraordinary losses increased by 317,061 million yen which is the difference between the amount of the allowance at the beginning of the year and the actual amount. In addition, extraordinary losses also include (4) expenses of 17,982 million yen associated with the group management reformation (including additional retirement benefits for employees taking voluntary retirement and expenses associated with the reorganization of loan business outlets), and (5) the recording of 14,794 million yen in loss on revaluation of investments in securities. Conditions in each of our major businesses were as follows:

(Loan business)

In the field of the loan business which constitutes the Group’s core financial business, ACOM has promoted operations by 2 brand names, ACOM and its consolidated subsidiary DC Cash One Ltd. (hereinafter “DC Cash One”), with emphasis on policies such as “improving asset quality,” “enhancing our ability to attract new customers,” and “improving efficiency by streamlining operations.” In addition, while balancing the need to maintain service quality with the need to enhance efficiency, the Group has reorganized our loan business outlets by converting staffed branches to unstaffed ones, closing unstaffed branches, and so on. We have also boosted efficiency and productivity by combining the 4 contact centers and 12 service centers into 2 centers, respectively.

However, due to a year-on-year dip in new customers, and the increase in interest repayment claims, loans receivable decreased during the fiscal year by 70,862 million yen to 1,632,310 million yen, while interest on loans receivable was 367,923 million yen (down 5.5% year-on-year).

(Credit card and installment sales finance business)

In the credit card business, the Group has put an emphasis on sales promotion of the ACOM MasterCard®, as well as improving the productivity and efficiency of other

tie-up cards, focusing on restructuring targeted promotion and marketing systems. The number of cardholders at the end of this fiscal year was down to 1,175 thousand, while the total transaction volume was down by 7.5 billion yen on a year-on-year basis. These declines were largely the result of a drop in the number of ACOM loan customers also holding credit cards.

In the installment sales finance business, the Group has focused on enhancing sales promotion for existing stores and cultivating new membership since the prior fiscal year. However, the total domestic transaction volume declined by 1,982 million yen year-on-year.

In addition, as part of efforts to Group Management Reformation, we have been preparing for the combination of our installment sales finance business and wholly-owned subsidiary JCK CREDIT CO., LTD., a move which is aimed at enhancing the efficiency and strengthening the marketing clout of our installment sales finance operations.

This combination was achieved on April 1 2007, with JCK CREDIT CO., LTD. the surviving company. Nevertheless, because this event marked “a fresh” start for our installment sales finance operations, we changed the name of JCK CREDIT CO., LTD. to AFRESH CREDIT CO., LTD.

The balance of installment accounts receivable fell by 29,627 million yen during this consolidated fiscal year to stand at 101,829 million yen, while the fees from the credit card business totaled 5,845 million yen (5.9% down year-on-year), and the fees from installment sales finance business totaled 8,515 million yen (down 38.0% year-on-year).

(Guarantee business)

In the guarantee business, with the focused objectives of “enhancing systems for business promotion” and “achieving low-cost operations,” ACOM has worked on expanding their scale of operations by providing operational support to existing guarantee business partners, and cultivating new business partners, under close cooperation with wholly-owned subsidiary, RELATES CO., LTD. We also worked on expanding the guarantee business of DC Cash One, which guarantees the Super IC Card “Tokyo-Mitsubishi UFJ-VISA” issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd. In August 2006 it began guaranteeing the same bank’s IC Credit Card, and then in February 2007 it started guaranteeing an affiliated card issued by East Japan Railway Company.

As a result, the consolidated balance of guaranteed receivables at the end of the consolidated fiscal year was 105,977 million yen, while fees from credit guarantees for

the same period amounted to 6,028 million yen (up 15.9% year-on-year), and the operating income of the guarantee business, which includes commissions for credit guarantees, amounted to 9,244 million yen (up 39.0 year-on-year).

(Loan servicing business)

The operating environment for the loan servicing business is getting tougher and tougher. Competition is intensifying, and as the disposal of bad loans by financial institutions enters its final stages, there are concerns that recovery periods could become longer as factoring prices soar and more debts become secured. Although we spent this consolidated fiscal year focusing on expanding the business by strengthening our marketing and recovery capabilities, collection of purchased receivables was about the same as it was for the prior fiscal year.

Collection of purchased receivables was 13,328 million yen while the operating income of the loan servicing business, which includes commissions, was 13,827 million yen (down 2.1% year-on-year).

(B) Forecast for the next full fiscal year

The business environment surrounding us is expected to continue to be tough for the coming future. Despite the foregoing expectation, we continuously exert our corporate-wide best efforts to realize "The Best Life Partner," a corporate image capable of acquiring great customer confidence and satisfaction through continuous expansion of our business fields and group-wide management reformation.

With respect to the forecast for the next full fiscal year, it is estimated that our consolidated operating income will amount to 368.3 billion yen (down 13.1% year-on-year), income before extraordinary items will stand at 51.6 billion yen, and net income expected to be 47 billion yen.

(2) Analysis of financial position

(A) Assets, liabilities, and net assets

At the end of this consolidated fiscal year, our total assets and owners' equity (which is net assets excluding minority interests) had decreased by 74,851 million yen and 477,648 million yen respectively compared with the end of the previous consolidated fiscal year. The ratio of shareholder's equity decreased by 21.8 percentage points to 22.2%. Details of the increases/decreases in assets, liabilities, and net assets are as follows:

(Assets)

In the assets section, current assets decreased by 24,960 million yen, and fixed assets dropped by 49,890 million yen. With regard to the major changes in current assets, loan receivables (down 70,862 million yen year-on-year) and installment accounts receivable (down 29,627 million yen year-on-year) both decreased, while short-term loans (up 25,967 million yen year-on-year), cash and time deposits (up 23,016 million yen year-on-year), and deferred tax assets (up 18,005 million yen year-on-year) all increased. As for fixed assets, investments in securities decreased (down 45,856 million yen year-on-year).

(Liabilities)

Total liabilities increased by 400,578 million yen, with current liabilities decreasing (down 93,632 million yen year-on-year) and fixed liabilities increasing (up 494,211 million yen year-on-year). Primary factors were a decrease in interest-bearing liabilities (down 33,190 million yen year-on-year), which include loans and straight bonds, a decline in accrued income taxes (down 25,873 million yen year-on-year), and an increase in the allowance for loss on interest repayments (up 466,300 million yen year-on-year).

(Net assets)

In the net assets account, the earned surplus amount decreased by 460,013 million yen due to the net loss, which led to a decline of 459,992 million yen in shareholders' equity. In addition, net unrealized gains on other securities decreased by 18,547 million yen. As a result, net assets decreased by 475,430 million yen.

(B) Status of cash flows during this fiscal year

Cash and cash equivalents (hereinafter "funds") showed an increase of 48,984 million yen during the fiscal year to stand at 146,383 million yen at the end of the same period. The changes in the respective cash flows are as follows:

(Cash flow from operating activities)

The cash flow from operating activities showed an increase of 99,944 million yen at the end of the fiscal year, primarily due to a 432,563 million yen net loss before tax, an increase in funds of 466,300 million yen due to an increase in the allowance for loss on interest repayments, and increase in funds of 76,428 million yen due to a decrease in loan receivables, an increase in funds of 33,433 million yen due to decreased

installment accounts receivable, an increase of funds of 14,794 million yen due to an increase in loss on revaluation of investments in securities, and income taxes paid totaling 48,864 million yen.

(Cash flow from investing activities)

Funds from investing activities recorded an increase of 308 million yen. This was primarily because the amount paid for the purchase of fixed assets exceeded the amount of sales of fixed assets, causing a decrease of 2,045 million yen, and the proceeds from sales of investments in securities exceeded the original cost of investments in securities, causing an increase of 1,557 million yen.

(Cash flow from financing activities)

Funds from financing activities showed a 53,464 million yen decline, primarily due to the fact that the total payment amount for loan repayments and redemption of bonds exceeded the total amount of revenues resulting from proceeds from loans and the issue of bonds by 41,144 million yen, as well as due to dividend payments of 22,012 million yen.

(Cash flow forecast for the next fiscal year)

With respect to the cash flow forecast for the next fiscal year, the cash flow from our operating activities is estimated to show an increase of 86.8 billion yen, due to business strategies centering on loan business, while the cash flow from investing activities is estimated to show a decline of 6.6 billion yen due to the purchase of tangible fixed assets. The cash flow from our financial activities is estimated to show a decline of 97.4 billion yen as a result of decreased interest-bearing liabilities. In total, the estimated cash and cash equivalents at the end of the fiscal year will show a decrease of 16.6 billion yen when compared to the end of the previous fiscal year.

(3) Basic policy on profit distribution and dividend for this and next fiscal year

With regard to profit distribution to shareholders, it is our basic policy to attempt aggressive and continuous profit distribution with enhanced dividends, taking into consideration the economic and financial situation and our own performance.

Also as a goal for returns to shareholders, the Group advocates “a medium-term plan which, based on the targeted ratio of shareholders’ equity, aims at keeping the value of treasury stock purchases and dividends paid at no less than 30% of net income every fiscal year.”

Based on the above policy, and taking into account the fact that our loss this fiscal year was due to temporary factors, we intend to pay a year-end dividend of 30 yen per share, which, when added to the interim dividend already paid, makes for an annual dividend of 100 yen. And next fiscal year we plan to pay an interim dividend of 50 yen and a year-end dividend of 50 yen, to give an annual dividend of 100 yen, per share respectively. Retained earnings will be allocated to strategic investments to enhance our business base, including the optimal relocation of business outlets, improvements to the business structure to achieve a low-cost operation system, and further development of new businesses.

(4) Risks relating to business

The following statement describes, based on our assumptions and views given the information available to us on the date this financial report was filed, potential risks to the Group's operations that we have become aware of since the filing of our interim financial report.

(Amendment to the Regulations Governing Money Lending Business Law)

The Money-lending business restriction law (hereinafter "MBRL") was promulgated on December 20 2006, and came into force on January 20 2007, along with more strict penalties for certain practices. In addition, by December this year, the name of the law will be changed from the MBRL to the Money-lending Business Law, and amendment will take effect that will require a new Money-lending business association to be established, introduce more strict rules on money-lending practices, and enable regulators to issue business improvement orders. Within a year of these amendments taking effect, certification examinations for persons engaged in money-lending and a system of designated credit-information institutions will be introduced, and within two years, quantitative lending restrictions will come into effect and the Investment Law will be revised to lower the cap on interest rates.

The reduction in the interest-rate cap is likely to reduce earnings from our loan business, while the new quantitative lending restrictions may impact upon our balance of loans receivable.

3. Management Policy

(1) Basic management policy

We, ACOM Group, were founded under the motto “Extending the feeling of confidence from person to person,” in which we place our corporate philosophy of “Serving humanity,” “Putting the customer first,” and “Creative and innovative management,” to deepen mutual trust between all stakeholders and achieve growth in concert with society in accordance with the following basic policy:

- (A) Provide services that customers really want, and establish a corporate brand image that inspires confidence and trust, through a society-oriented approach to business characterized by rigorous compliance.
- (B) Comply faithfully with the new Money-lending Business Law, and rebuild the foundations of our business to ensure stable, long-term growth under the new legal framework.
- (C) Transform our business model into one that facilitates sweeping cost reductions, and enhance our price competitiveness.

Management Policy for the fiscal year March 2008 (for reference purposes)

- Ensure compliance
- Put the customer first and establish a society-oriented corporate brand
- Transform our business model to enhance our cost competitiveness
- Improve service by strengthening our marketing systems
- Strengthen our ability to attract new customers and enhance our asset quality
- Nurture professionals

(2) Target indicators

ACOM Group has adopted a series of target indicators intended to guide it toward the achievement of higher shareholder value and the continuation of stable business management. In this context, special emphasis is placed on return on equity (ROE), return on assets (ROA) and shareholders' equity ratio. Similarly, the Group is also intent on improving other indicators such as the ratio of income before extraordinary items to total assets, the ratio of income before extraordinary items to operating income, and net income per share.

(3) Medium-to-long-term corporate management strategies

The business environment surrounding the Group is expected to continue to be

harsh due to structural changes in our society as represented by the declining birthrate and the aging population, intensifying competition, amendment to applicable laws and regulations, etc. Under these circumstances, the Group has set up its corporate image for the medium term as the “Best Life Partner,” and will be aiming to develop its operations across the entire retail finance market, and establish itself as a corporate group that gains the highest satisfaction and confidence from its customers through advanced comprehensive financial services.

The Group also intends to broaden and develop its diversified financial business lines, such as new financial business generated from business alliances with MUFG Group, business expansion toward other Asian countries, and call center operation business. Its accumulated technologies and expertise concerning consumer finance, IT technologies for channel development and cost saving methods through centralization of businesses will work as effective weapons for the accomplishment of the aforementioned objectives and will serve for the development of the Group’s medium-term growth potential.

(4) Problems to be tackled

Although consumers’ propensity to spend can be expected to rise on the back of the economic recovery, income disparities are widening and competition in the consumer credit market is intensifying as barriers to entry come down. Amid this environment, a revised MBRL was promulgated on December 20 2006.

To respond properly to the changes in the law and our operating environment, the Group aims to step up compliance, enhance efficiency through the radical reform of its cost structure, and strengthen its marketing and service. To achieve these goals, we will reform our operations to build a new loan business model that reflects conditions after the revisions to the law relating to money-lending, work to secure stable profits over the long term, and build a foundation for growth in this new era.

2. State of Business Group

The ACOM Group consists of ACOM CO., LTD., 20 subsidiaries (including investing business association), and 1 affiliate as well as 2 other related companies and 3 subsidiaries of other related company. The Group's main line of business is financial services such as loan business, credit card business, installment sales finance business, guarantee business, and loan servicing business. Other business lines include rental business, advertising agency, real estate-related business, and insurance agency business. The following table explains the positioning of each group company.

Segment	Company Name	Business Outline	Classification		
Financial Service Businesses	Loan Business	ACOM CO., LTD.	Loan business including unsecured loan and secured loan	—	
		DC Cash One Ltd.	Unsecured loan business	Consolidated subsidiary	
		DC Card Co., Ltd.		Equity-method affiliate	
		EASY BUY Public Company Limited	Unsecured loan business in Thailand	Consolidated subsidiary	
	Credit Card Business	ACOM CO., LTD.	Credit card business of which the principal commodity is ACOM MasterCard®	—	
		DC Card Co., Ltd.	Credit card business of which the principal commodity is DC CARD	Equity-method affiliate	
	Installment Sales Finance Business	ACOM CO., LTD.	Installment sales finance business	—	
		JCK CREDIT CO., LTD.		Consolidated subsidiary	
		EASY BUY Public Company Limited	Hire purchase business in Thailand		
	Guarantee Business	ACOM CO., LTD.	Guarantee business for personal loan of banks, etc.	—	
		DC Cash One Ltd.		Consolidated subsidiary	
		DC Card Co., Ltd.	Loan guarantee business for banks, etc.	Equity-method affiliate	
	Loan Servicing Business	IR Loan Servicing, Inc.	Loan recovery (servicing) business	Consolidated subsidiary	
		Yugensekinin-Chukanhojin Mirai Capital	Loan recovery (servicing) business (Special Purpose Company)		
		Power Investments LLC			
	Others	RELATES CO., LTD.	Entrusted with call center functions of banks, etc.		
		AC Ventures Co., Ltd.	Development, investment, promotion and support of venture companies		
		ACOM FUNDING CO., LTD.	Financial services for ACOM (Special Purpose Company)		
	Other Businesses	Rental business	ACOM RENTAL CO., LTD.	Comprehensive rental business	Consolidated subsidiary
		Others	JLA INCORPORATED	Advertising agency, interior design and construction of service outlets	
ACOM ESTATE CO., LTD.			Real estate management		
ABS CO., LTD.			Maintenance of buildings and other properties		
AB PARTNER CO., LTD.			Back-office services and insurance agency services		
ACOM (U.S.A.) INC.			—		
Other Related Company	Mitsubishi UFJ Financial Group, Inc.	Bank holding company	Other related company		
	Mitsubishi UFJ Trust and Banking Corporation	Trust bank business	Subsidiary of other related company		
	Mitsubishi UFJ Securities Co., Ltd.	Securities business			
	Maruito Shokusan Co., Ltd.	Real estate leasing	Other related company		
	Maruito Shoten Co., Ltd.		Subsidiary of other related company		

Notes: 1. ACOM (U.S.A.) INC. suspended its operation; therefore, outline of its business is omitted above.

2. IR Loan Servicing, Inc. established 2 Special Purpose Companies, (1) Power Investments LLC on August 24, 2006 and (2) Yugensekinin-Chukanhojin Mirai Capital on August 28, 2006, for businesses such as purchase, management, and disposal of monetary claims.

3. Following the announcement "PITF No. 20 Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" (Accounting Standards Board of Japan, September 8, 2006), three new Investment Partnerships (MTBC First, Second, and Third Investment Partnerships) are included as consolidated subsidiary companies from this consolidated fiscal year.

4. AJAST Ltd. abolished its insurance agency business including clerical services on October 2, 2006.
5. AB PRTNER CO., LTD. started insurance agency business including clerical services on October 2, 2006.
6. JCK CREDIT CO., LTD. abolished its unsecured loan business on January 17, 2007 and merged AJAST Ltd. on February 1, 2007.
7. ACOM FUNDING CO., LTD. was liquidized on March 20, 2007.
8. ACOM CO., LTD. has split up its installment sales finance business, and JCK CREDIT CO., LTD. succeeded to the business as well as changed the name to AFRESH CREDIT CO., LTD. on April 1, 2007.
9. JLA INCORPORATED abolished its advertising agency business on March 31, 2007.
10. ACOM ESTATE CO., LTD. merged with JLA INCORPORATED as well as ABS CO., LTD. and changed its corporate name into JLA INCORPORATED on April 1, 2007.
11. Due to the merger with UFJ NICOS Co., Ltd. as of April 1, 2007, DC Card Co., Ltd. is no longer equity-method affiliate of ACOM CO., LTD.

3. Management Policy

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- (A) Provide services that customers really want, and establish a corporate brand image that inspires confidence and trust, through a society-oriented approach to business characterized by rigorous compliance.
- (B) Comply faithfully with the new Money-lending Business Law, and rebuild the foundations of our business to ensure stable, long-term growth under the new legal framework.
- (C) Transform our business model into one that facilitates sweeping cost reductions, and enhance our price competitiveness.

Management Policy for the fiscal year March 2008 (for reference purposes)

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- Transform our business model to enhance our cost competitiveness
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- Strengthen our ability to attract new customers and enhance our asset quality
- Nurture professionals

(2) Target indicators

ACOM Group has adopted a series of target indicators intended to guide it toward the achievement of higher shareholder value and the continuation of stable business management. In this context, special emphasis is placed on return on equity (ROE), return on assets (ROA) and shareholders' equity ratio. Similarly, the Group is also intent on improving other indicators such as the ratio of income before extraordinary items to total assets, the ratio of income before extraordinary items to operating income, and net income per share.

(3) Medium-to-long-term corporate management strategies

The business environment surrounding the Group is expected to continue to be

harsh due to structural changes in our society as represented by the declining birthrate and the aging population, intensifying competition, amendment to applicable laws and regulations, etc. Under these circumstances, the Group has set up its corporate image for the medium term as the “Best Life Partner,” and will be aiming to develop its operations across the entire retail finance market, and establish itself as a corporate group that gains the highest satisfaction and confidence from its customers through advanced comprehensive financial services.

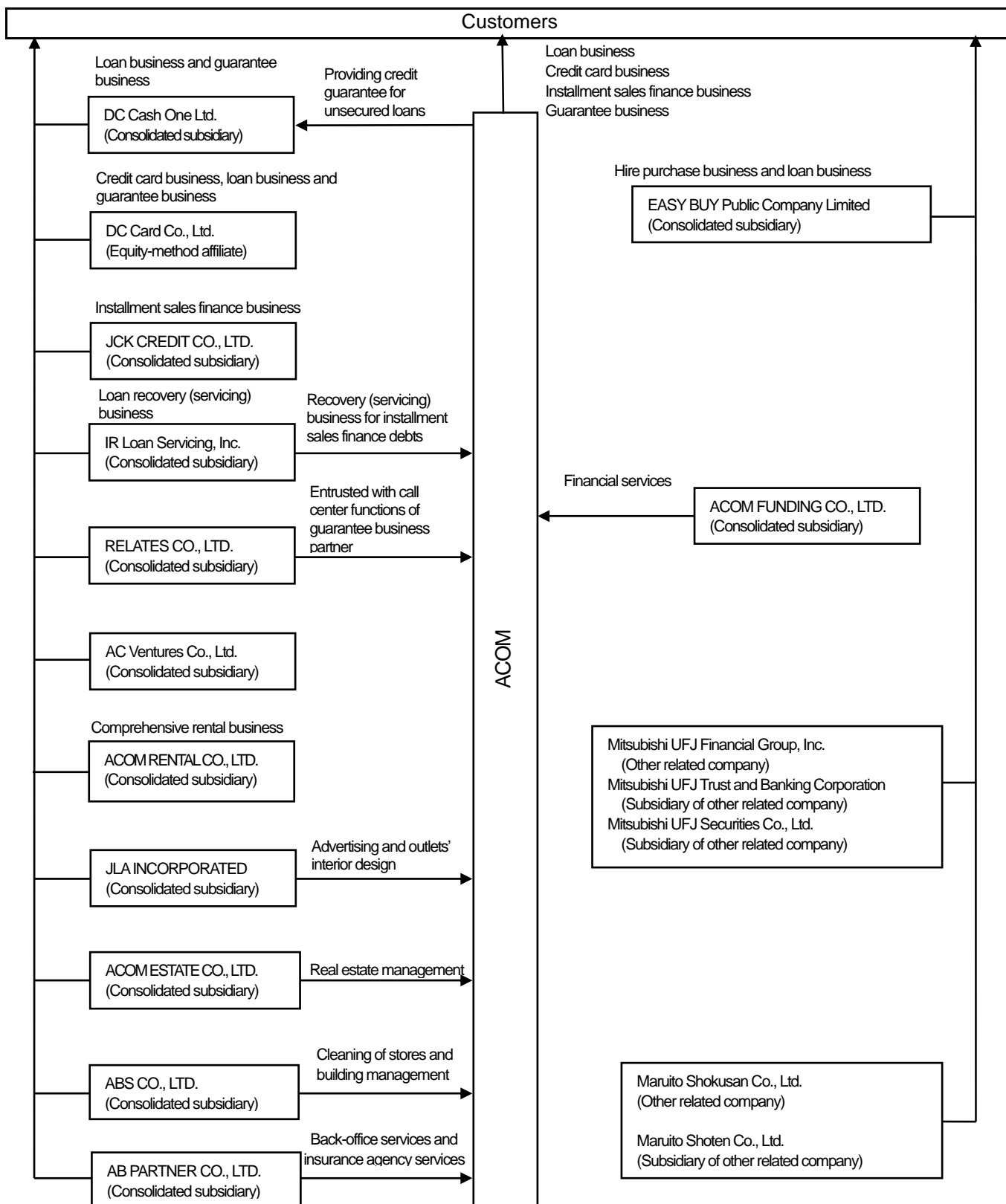
The Group also intends to broaden and develop its diversified financial business lines, such as new financial business generated from business alliances with MUFG Group, business expansion toward other Asian countries, and call center operation business. Its accumulated technologies and expertise concerning consumer finance, IT technologies for channel development and cost saving methods through centralization of businesses will work as effective weapons for the accomplishment of the aforementioned objectives and will serve for the development of the Group’s medium-term growth potential.

(4) Problems to be tackled

Although consumers’ propensity to spend can be expected to rise on the back of the economic recovery, income disparities are widening and competition in the consumer credit market is intensifying as barriers to entry come down. Amid this environment, a revised MBRL was promulgated on December 20 2006.

To respond properly to the changes in the law and our operating environment, the Group aims to step up compliance, enhance efficiency through the radical reform of its cost structure, and strengthen its marketing and service. To achieve these goals, we will reform our operations to build a new loan business model that reflects conditions after the revisions to the law relating to money-lending, work to secure stable profits over the long term, and build a foundation for growth in this new era.

Diagram of Business of ACOM Group



- Note: 1. ACOM (USA) INC. suspended its operation, therefore, it is eliminated from the diagram.
 2. Investing business association is omitted as it operates funds.
 3. This diagram doesn't include 2 Special Purpose Companies, Power Investments LLC and Yugensekinin-Chukanhojin Mirai Capital, established by IR Loan Servicing, Inc. on August 24, 2006 and August 28, 2006, respectively, for businesses such as purchase, management, and disposal of monetary claims.

4.Consolidated Financial Statements

(1)Consolidated Balance Sheets

(Millions of yen)

Term Subject	Prior consolidated fiscal year (As of March 31, 2006)		This consolidated fiscal year (As of March 31, 2007)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
(Assets)		%		%		%
I. Current Assets	1,903,724	90.4	1,878,763	92.5	(24,960)	(1.3)
Cash and time deposits	70,402		93,418		23,016	32.7
Trade notes and accounts receivable	432		398		(34)	(7.9)
Loans receivable	1,703,172		1,632,310		(70,862)	(4.2)
Installment accounts receivable	131,456		101,829		(29,627)	(22.5)
Marketable securities	721		35		(686)	(95.2)
Operational investment securities	1,294		3,641		2,347	181.4
Inventories	21,507		2,330		(19,176)	(89.2)
Purchased receivables	—		25,788		25,788	—
Deferred tax assets	42,591		60,597		18,005	42.3
Short-term loans	26,997		52,965		25,967	96.2
Other current assets	34,233		32,120		(2,112)	(6.2)
Allowance for bad debts	(129,084)		(126,671)		2,413	(1.9)
II. Fixed Assets	202,956	9.6	153,065	7.5	(49,890)	(24.6)
Tangible fixed assets	52,002	2.5	49,208	2.4	(2,794)	(5.4)
Buildings and structures	19,204		17,079		(2,124)	(11.1)
Vehicles and delivery equipment	11		7		(3)	(33.0)
Equipment and furniture	15,787		15,230		(556)	(3.5)
Land	16,999		16,890		(108)	(0.6)
Intangible fixed assets	1,268	0.0	1,204	0.1	(63)	(5.0)
Leasehold	216		216		—	—
Telephone rights	1,051		983		(67)	(6.5)
Other intangible fixed assets	0		5		4	549.8
Investments and other assets	149,686	7.1	102,653	5.0	(47,033)	(31.4)
Investments in securities	127,787		81,930		(45,856)	(35.9)
Long-term loans	1,000		1,000		—	—
Deferred tax assets	1,127		1,147		20	1.8
Guaranty money deposited	10,503		9,847		(629)	(6.0)
Prepaid pension expenses	1,667		2,310		643	38.6
Other investments	10,135		8,517		(1,618)	(16.0)
Allowance for bad debts	(2,535)		(2,126)		408	(16.1)
Total Assets	2,106,681	100.0	2,031,829	100.0	(74,851)	(3.6)

(Millions of yen)

Term Subject	Prior consolidated fiscal year (As of March 31, 2006)		This consolidated fiscal year (As of March 31, 2007)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
		%		%		%
(Liabilities)						
I. Current liabilities	468,670	22.3	375,037	18.5	(93,632)	(20.0)
Notes and accounts payable	4,777		4,003		(774)	(16.2)
Short-term loans	51,729		73,717		21,987	42.5
Current portion of long-term loans	229,633		197,410		(32,222)	(14.0)
Commercial paper	50,000		40,000		(10,000)	(20.0)
Current portion of bonds and notes	55,000		30,000		(25,000)	(45.5)
Accrued income taxes	26,375		502		(25,873)	(98.1)
Deferred tax liabilities	7		—		(7)	—
Allowance for loss on debt guarantees	1,647		1,961		314	19.1
Allowance for loss on interest repayments	23,700		—		(23,700)	—
Deferred income on installment sales	11,485		7,519		(3,966)	(34.5)
Other current liabilities	14,313		19,924		5,610	39.2
II. Fixed liabilities	705,415	33.5	1,199,626	59.0	494,211	70.1
Straight bonds	210,000		240,230		30,230	14.4
Long-term loans	468,222		450,037		(18,185)	(3.9)
Deferred tax liabilities	22,062		14,730		(7,331)	(33.2)
Allowance for employees' retirement benefits	318		116		(202)	(63.5)
Allowance for directors' and corporate auditors' retirement benefits	851		831		(20)	(2.4)
Allowance for loss on interest repayments	—		490,000		490,000	—
Other fixed liabilities	3,961		3,681		(279)	(7.1)
Total liabilities	1,174,085	55.8	1,574,664	77.5	400,578	34.1
(Minority interests in consolidated subsidiaries)						
Minority interests in consolidated subsidiaries	4,873	0.2	—	—		
(Shareholders' Equity)						
I. Common stock	63,832	3.0	—	—		
II. Capital surplus	76,020	3.6	—	—		
III. Earned surplus	776,021	36.9	—	—		
IV. Securities valuation adjustment	31,886	1.5	—	—		
V. Foreign currency translation adjustments	(1,498)	(0.1)	—	—		
VI. Treasury stock	(18,538)	(0.9)	—	—		
Total shareholders' equity	927,722	44.0	—	—		
Total liabilities, minority interests, and shareholders' equity	2,106,681	100.0	—	—		
(Net assets)						
I. Shareholders' equity			437,342	21.5		
Common stock			63,832	3.1		
Capital surplus			76,010	3.7		
Earned surplus			316,007	15.6		
Treasury stock			(18,508)	(0.9)		
II. Valuation and translation adjustments			12,730	0.7		
Securities valuation adjustment			13,338	0.7		
Deferred gains (losses) on hedges			(0)	(0.0)		
Foreign currency translation adjustments			(607)	(0.0)		
III. Minority interests			7,091	0.3		
Total net assets			457,165	22.5		
Total liabilities and net assets			2,031,829	100.0		

(2) Consolidated Income Statements

(Millions of yen)

Term Subject	Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)		This consolidated fiscal year (From April 1, 2006 to March 31, 2007)		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
I. Operating income	445,431	100.0	423,652	100.0	(21,779)	(4.9)
Interest on loans receivable	389,387		367,923		(21,464)	(5.5)
Fees from credit card business	6,211		5,845		(366)	(5.9)
Fees from installment sales finance	13,733		8,515		(5,217)	(38.0)
Fees on guaranteed loans receivable	5,203		6,028		824	15.9
Collection of purchased loans receivable	13,322		13,328		6	0.0
Other financial income	49		174		125	253.1
Sales	7,681		10,513		2,831	36.9
Other operating income	9,841		11,322		1,481	15.0
II. Operating expenses	335,039	75.2	508,755	120.1	173,715	51.8
Financial expenses	20,711	4.6	20,705	4.9	(6)	(0.0)
Cost of purchased loans receivable	8,064	1.8	8,114	1.9	49	0.6
Cost of sales	5,126	1.2	7,497	1.8	2,370	46.2
Other operating expenses	301,136	67.6	472,438	111.5	171,301	56.9
Operating profit	110,392	24.8	(85,102)	(20.1)	(195,495)	—
III. Non-operating income	2,759	0.6	3,346	0.8	586	21.3
Interest income	329		342		12	3.9
Dividends received	484		965		481	99.4
Gains on sale of securities	0		—		(0)	—
Amortization of consolidation adjustment account	35		—		(35)	—
Net gain in affiliates by the equity method	734		821		86	11.8
Rent from Company's residence	493		508		15	3.1
Other non-operating income	681		708		26	3.9
IV. Non-operating expenses	140	0.0	187	0.0	47	33.5
Interest expenses	5		0		(4)	(96.8)
Stock issue expenses	0		—		(0)	—
Loss on investments in investing business association	71		49		(22)	(31.2)
Foreign currency loss	—		48		48	—
Other non-operating expenses	64		90		26	40.9
Income before extraordinary items	113,011	25.4	(81,944)	(19.3)	(194,955)	—
V. Extraordinary income	411	0.1	252	0.0	(159)	(38.7)
Gains on sale of fixed assets	224		5		(219)	(97.5)
Gains on sales of investment in marketable securities	177		210		32	18.5
Other extraordinary income	9		36		27	298.0
VI. Extraordinary losses	1,363	0.3	350,871	82.8	349,508	—
Loss on sale of fixed assets	468		78		(389)	(83.1)
Loss on disposal of fixed assets	802		364		(437)	(54.6)
Impairment loss	4		8		4	102.0
Loss on sale on investments in securities	—		18		18	—
Loss on revaluation of investments in marketable securities	—		14,794		14,794	—
Special provision for loss on interest repayments	—		317,061		317,061	—
Group management restructuring expense	—		17,982		17,982	—
Other extraordinary losses	88		562		473	532.5
Income before income taxes	112,059	25.2	(432,563)	(102.1)	(544,622)	—
Income taxes(corporation tax, inhabitants' tax and enterprise tax)	47,389	10.5	17,388	1.1	(30,001)	(89.8)
Deferred income taxes	(968)		(12,635)		(11,666)	—
Gain on minority interests in consolidated subsidiaries	43	0.0	655	0.2	612	—
Net income	65,595	14.7	(437,972)	(103.4)	(503,567)	—

(3) Consolidated Statements of Retained Earnings

(Millions of yen)

Term Subject	Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	
	Amount	
Capital surplus		
I. Capital surplus at the beginning of the fiscal year		76,458
II. Increase in capital surplus		—
III. Decrease in capital surplus		
Net loss on disposal of treasury stock	438	438
IV. Capital surplus at the end of the fiscal year		76,020
Earned surplus		
I. Earned surplus at the beginning of the fiscal year		730,168
II. Increase in earned surplus		
Net income	65,595	65,595
III. Decrease in earned surplus		
Dividends	19,706	
Directors' bonus	36	19,742
IV. Earned surplus at the end of the fiscal year		776,021

(4) Summarized Consolidated Statement of Changes in Net Assets

This Accounting Period (From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	63,832	76,020	776,021	(18,538)	897,334
Changes during this accounting period					
Dividends from surplus (note)			(11,003)		(11,003)
Dividends from surplus			(11,003)		(11,003)
Bonuses to directors (note)			(34)		(34)
Net income (loss) for this accounting period			(437,972)		(437,972)
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(9)		30	21
Total changes during this accounting period		(9)	(460,013)	30	(459,992)
Balance as of March 31, 2007	63,832	76,010	316,007	(18,508)	437,342

	Valuation and translation adjustments				Minority interest	Total net assets
	Securities valuation adjustment	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	31,886	—	(1,498)	30,387	4,873	932,595
Changes during this accounting period						
Dividends from surplus (note)						(11,003)
Dividends from surplus						(11,003)
Bonuses to directors (note)						(34)
Net income (loss) for the this accounting period						(437,972)
Acquisition of treasury stock						(0)
Disposal of treasury stock						21
Net changes of items other than shareholders' equity during this accounting period	(18,547)	(0)	891	(17,656)	2,218	(15,437)
Total changes during this accounting period	(18,547)	(0)	891	(17,656)	2,218	(475,430)
Balance as of March 31, 2007	13,338	(0)	(607)	12,730	7,091	457,165

Note: Items represent disposal of retained earnings at the Annual Shareholders' Meeting in June 2006.

(5) Consolidated statements of cash flows

(Millions of yen)

Term Subject	Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)	Change
	Amount	Amount	Amount
I. Operating activities:			
Income before income taxes	112,059	(432,563)	(544,622)
Depreciation and amortization	4,805	4,085	(719)
Impairment loss	4	8	4
Amortization of consolidation adjustment account	(35)	—	35
(Decrease) increase in allowance for bad debts	1,084	(3,802)	(4,887)
(Decrease) increase in allowance for loss on guaranteed receivables	89	314	224
Increase in allowance for loss on interest repayments	23,700	466,300	442,600
(Decrease) increase in allowance for employees' retirement benefits	51	(234)	(286)
(Decrease) increase in allowance for directors' and statutory auditors' retirement benefits	3	(20)	(24)
Non-operating interest and dividends income	(814)	(1,308)	(494)
Gain on sales of marketable securities	(0)	—	0
Non-operating interest expense	5	0	(4)
Amortization of bond issue expenses	383	331	(52)
Amortization of stock issue expenses	0	—	(0)
(Gain) loss on foreign currency exchanges	(36)	(17)	18
(Gain) loss on investments in equity-method	(734)	(821)	(86)
Loss on sales of tangible fixed assets	144	11	(132)
Loss on disposal of tangible fixed assets	802	364	(437)
(Gain) loss on sales of investments in securities	(177)	(191)	(13)
Loss on revaluation of investments in marketable securities	—	14,794	14,794
Decrease (Increase) in notes and accounts receivable	129	34	(95)
Decrease (increase) in loans outstanding	(21,697)	76,428	98,126
Decrease in installment sales receivables	47,101	33,433	(13,667)
Increase in operational investment securities	(1,294)	(708)	585
Increase in inventories	(4,803)	1,779	6,582
Decrease (Increase) in purchased receivables	—	(8,364)	(8,364)
Decrease in other current assets	1,025	(1,050)	(2,076)
Decrease (increase) in prepaid pension expenses	(89)	(643)	(554)
(Decrease) increase in notes and accounts payable	(1,343)	(807)	536
Decrease in deferred income on installment sales	(6,741)	(4,810)	1,930
(Decrease) increase in other current liabilities	(3,724)	5,105	8,829
Bonus paid to directors	(36)	(34)	2
Decrease in other operating activities	(786)	(195)	590
Subtotal	149,074	147,416	(1,658)
Non-operating interest and dividends received	852	1,393	540
Non-operating interest paid	(5)	(0)	5
Income taxes paid	(49,695)	(48,864)	830
Cash used in operating activities	100,226	99,944	(282)

(Millions of yen)

Term Subject	Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)	Change
	Amount	Amount	Amount
II. Investing activities:			
Additions to time deposit	(10)	—	10
Maturity of time deposit	112	—	(112)
Proceeds from sale of marketable securities	590	595	5
Purchase of tangible fixed assets	(4,227)	(2,211)	2,015
Proceeds from sale of tangible fixed assets	798	166	(632)
Purchase of investment securities	(46,078)	(257)	45,821
Proceeds from sale of investment securities	1,796	1,218	(578)
Net proceeds (payments) for acquisition of consolidated subsidiaries	13	—	(13)
Proceeds from collection of loans	34	—	(34)
Increase in other investments	(1,214)	(659)	554
Decrease in other investments	3,200	1,454	(1,745)
Increase in other investment activities	11	1	(9)
Net cash provided by (used in) investing activities	(44,973)	308	45,282
III. Financing activities:			
Proceeds from short-term loans	262,945	343,712	80,767
Repayments of short-term loans	(248,009)	(324,177)	(76,167)
Proceeds from issue of commercial paper	160,000	210,000	50,000
Payments for redemption of commercial paper	(130,000)	(220,000)	(90,000)
Proceeds from issue of straight bonds	59,615	59,898	283
Payments for redemption of straight bonds	(71,040)	(55,000)	16,040
Payments for deposit on redemption of straight bonds	(10,000)	—	10,000
Proceeds from deposit on redemption of straight bonds	—	10,000	10,000
Proceeds from long-term debt	171,962	174,732	2,769
Repayments of long-term debt	(271,851)	(230,310)	41,540
Gains on disposal of treasury stock	1,020	21	(999)
Payments for purchase of treasury stock	(9,207)	(0)	9,207
Cash dividends paid by the Company	(19,694)	(22,012)	(2,317)
Decrease in other financing activities	(130)	(328)	(198)
Net cash provided by (used in) financing activities	(104,389)	(53,464)	50,925
IV. Effect of exchange rate change on cash and cash equivalents	616	744	128
V. Decrease in cash and cash equivalents	(48,520)	47,533	96,054
VI. Cash and cash equivalents at the beginning of the year	145,920	97,399	(48,520)
VII. Increase in cash and cash equivalents due to inclusion of new consolidated subsidiaries	—	1,450	1,450
VIII. Cash and cash equivalents at the end of the year	97,399	146,383	48,984

(6) Significant Items Relating to the Preparation of Consolidated Financial Statements

(A) Extent of consolidation

Number of consolidated subsidiaries: 20

For the names of consolidated subsidiaries, please refer to the section entitled "1. State of Business Group."

From this consolidated accounting period, pursuant to "PITF No. 20 Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations (issued by the Accounting Standards Board of Japan on September 8, 2006)," MTBC First Investment Partnership, MTBC Second Investment Partnership and MTBC Third Investment Partnership became consolidated subsidiaries.

Yugensekinin-Chukanhojin Mirai Capital and Power Investments LLC were newly established and became consolidated subsidiaries in this consolidated fiscal year.

AJAST Ltd, which was a consolidated subsidiary until the prior consolidated fiscal year, was merged into JCK CREDIT CO., LTD. February 1, 2007.

ACOM PACIFIC INC., which was a consolidated subsidiary until the prior consolidated fiscal year, is excluded from consolidated subsidiaries as it was dissolved during the prior consolidated fiscal year.

(B) Application of the equity-method

Number of equity-method affiliates: 1

For the names of equity-method affiliates, please refer to the section entitled "1. State of Business Group."

(C) Matters relating to fiscal year, etc. of consolidated subsidiaries

Settlement date of the following consolidated subsidiaries ends on December 31:

ACOM (U.S.A.) INC.

EASY BUY Public Company Limited

ACOM FUNDING CO.,LTD.

Yugensekinin-Chukanhojin Mirai Capital

Power Investments LLC

MTBC First Investment Partnership

MTBC Second Investment Partnership

MTBC Third Investment Partnership

AC Ventures Fourth Investment Partnership

Settlement date of the following consolidated subsidiaries ends on February 28:

AC Ventures Fifth Investment Partnership

Consolidated financial statements hereof are prepared by using financial statements as of the above mentioned settlement date and important matters that occurred between the settlement date and the consolidated settlement date are subject to the adjustment necessary for consolidation.

(D) Significant accounting policies

(a) Valuation and computation of significant assets

(1) Marketable securities

Securities held to maturity ... Amortized cost method (straight-line method)

Other securities

Where there is a market price

Market value as determined by the quoted price at the end of the fiscal year

(The difference between the carrying value and the market value is included in equity)

(Cost of securities sold is computed using the moving average method)

Where there is no market price

Cost determined by the moving average method

The equity in limited investment partnership and other similar partnership (deemed as securities by the Article 2, Section 2 of the Securities and Exchange Law) is accounted for by the equity method, based on its latest financial statements available considering the closing dates stipulated by the respective partnership contracts.

(2) Derivative transactions

Option transaction ... Market value

Swap transaction ... Market value

(3) Inventories

Purchased receivables ... Cost on an individual specified cost basis

Merchandise

Paintings ... Cost on an individual specified cost basis

Others merchandise ... Mainly cost based on the last purchase price method

Miscellaneous items ... Mainly cost based on the first-in first-out method

(b) Depreciation of significant property, plant and equipment

(1) Tangible fixed assets

At the Company and its domestic consolidated subsidiaries ... Mainly declining balance method

At overseas consolidated subsidiaries ... Straight-line method

(Depreciable life)

Buildings and structures ... 2 to 49 years

Vehicles and delivery equipment ... 6 years

Equipment and furniture ... 2 to 20 years

(2) Intangible fixed assets ... Straight-line method

(3) Long-term prepaid expenses ... Amortized in equal installments

(4) Deferred assets

Stock issue expenses ... Entire amount expensed as incurred

Bond issue expenses ... Amortized over the redemption period

(c) Basis for calculating allowances

(1) Allowance for bad debts

In providing for bad debts, the Company and its domestic consolidated subsidiaries make an allowance for ordinary bad debts based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis, making an allowance for the amount regarded as irrecoverable.

(2) Allowance for loss on guaranteed receivables

In providing allowance for loss on guaranteed receivables, the Company and its domestic consolidated subsidiaries make an allowance as necessary having considered the likelihood of losses at the end of this consolidated fiscal year.

(3) Allowance for loss on interest repayments

In order to prepare for potential loss on interest repayments in the future, ACOM estimates and provides a reasonable amount of allowance for loss on interest repayments in consideration of the past actual results and the latest conditions of such interest repayments.

(Additional information)

In response to "Audit procedures of consumer financing companies concerning the allowance for loss caused by interest repayments claims (Technical topic report No. 37)," which was issued by the Japanese Institute of Certified Public Accountants on October 13, 2006 to clarify the policy concerning methods for calculating the allowance for loss on interest repayments and the reasonable period of estimation, the method used to compute amounts of the said allowance was changed in this consolidated accounting period.

The balance of 317,061 million yen between the allowance amount at the beginning of period computed based on the aforementioned procedures and the allowance amount computed based on the estimation method of the previous consolidated fiscal year (including 33,238 million yen, the amount transferred from the initial balance of the allowance) was included in the extraordinary loss.

As a result, compared to the method utilized in the previous consolidated fiscal year, operating profit and income before extraordinary items decreased by 50,425 million yen, and loss before income taxes increased by 367,486 million yen.

(4) Allowance for retirement benefits

The Company and its domestic consolidated subsidiaries make provisions for retirement benefits based on projected retirement obligations and pension fund asset at the balance sheet date. Adjustments are made to determine the amounts applicable to the end of this consolidated fiscal year.

Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.

Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.

An overseas consolidated subsidiary makes provisions for retirement benefits based on projected retirement obligations at the end of the fiscal year. Adjustments are made to determine the amounts applicable to the end of this fiscal year.

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

The Company and its domestic consolidated subsidiaries make provisions for directors' and corporate auditors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules.

(d) Currency translation standards for significant foreign-currency-denominated assets or liabilities used in preparing financial statements of consolidated companies on which consolidated financial statements are based

Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the consolidated accounting date, and differences in currency translation are added up as profit or loss.

The assets and liabilities, and profit and expenses of overseas subsidiaries and others are converted into yen using the spot market rate for the consolidated accounting date, and differences in currency translation are added up as minority shareholders' interest and as currency translation adjustment accounts under shareholders' equity.

(e) Accounting for significant lease transactions

The Company and its domestic consolidated subsidiaries account for finance leases where ownership of the leased asset is not transferred to the lessee as operating leases.

(f) Accounting for significant hedging activities

(1) Accounting for hedging activities

Deferred hedge accounting has been adopted.

Interest-rate swaps and currency swaps when meet certain conditions are accounted for according to exceptional treatments.

(2) Hedging instruments and items hedged

Interest related derivatives

Hedging instruments ... Interest-rate swaps agreements and interest-rate caps

Items hedged ... Loans with variable interest rates and straight bonds

Currency related derivatives

Hedging instruments ... Currency swaps agreements

Items hedged ... Loans denominated in foreign currency

(3) Hedging policy

The Company and its consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans and straight bonds. The Company and consolidated subsidiaries enter into derivative contracts such as currency swap agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its foreign currency loans. Derivative transactions are entered into in compliance with the Companies' internal rules.

(4) Evaluating the efficacy of hedging activities

The performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and foreign currency exchange rates are fully offset by changes in cash flows from hedging instruments, further evaluation is not required.

(g) Other significant accounting policies for the preparation of consolidated financial statements

(1) Basis of recognition of income and expenses

Interest on loans receivable

Interest on loans receivable is recognized on an accrual basis.

Accrued interest on loans receivable is recognized at the lower of the interest rate stipulated in the Interest Restriction Law of Japan or the contracted interest rate of the Company.

Income from credit card business

Fees from customers ... Recognized mainly by credit-balance method

Fees from member outlets ... Recognized as fees when treated

Income from installment sales finance business

Fees from customers and member outlets ... Recognized by sum-of-the months' digits method on a due date basis

Fees on guaranteed receivables ... Recognized by credit-balance method

(2) Treatment of consumption tax, etc

Consumption tax is treated outside of the financial statements.

However, non-deductible consumption tax and others relating to assets is recognized as an expense during the year in which it is incurred.

(E) Matters relating to evaluation of consolidated subsidiaries' assets and liabilities

The market value method applies to the evaluation of consolidated subsidiaries' assets and liabilities, over-all.

(F) (Amortization of goodwill and negative goodwill)

Because goodwill and negative goodwill are fairly immaterial, they are written off in full in the consolidated fiscal year in which they arise.

(G) Matters relating to treatment of profit appropriation, etc.

Cash and cash equivalents include cash at hand, highly liquid deposits at banks and short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

(6) Changes in Significant Items Relating to the Preparation of Consolidated Financial Statements

<Change in accounting policies>

(Accounting standards for presentation of net assets in the balance sheet)

“ASBJ Statement No. 5, Accounting Standards for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance (issued by the Accounting Standards Board of Japan on December 9, 2005)” and “ASBJ Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (issued by the Guidance No. 8, Accounting Standards Board of Japan on December 9, 2005)” have been applied from the current consolidated accounting period.

The amount corresponding to the conventional shareholders' equity is 450,073 million yen.

Additionally, the statement of net assets in the current consolidated accounting period was prepared in accordance with the revised rules for this consolidated financial statements in response to the amendment of the regulations concerning such statements.

(Accounting standards for presentation of directors' bonus)

The Accounting Standard for Directors' Bonus (ASBJ Statement No. 4, November 29, 2005) has been applied from this consolidated fiscal year.

This has resulted in the amount of operating expenses, operating loss, loss before extraordinary items, and loss before income taxes being 22 million yen higher than they would have been had the old method been used.

(Practical application of control criteria and influence criteria to investment associations)

“PITF No. 20 Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations (issued by the Accounting Standards Board of Japan on September 8, 2006)” has been adopted from the current consolidated accounting period.

Comparison of the results based on the above method to those based on the conventional standard is discussed below.

<Consolidated balance sheet>

Current assets increased by 1,888 million yen, fixed assets decreased by 192 million yen, current liabilities decreased by 28 million yen, and minority interests in consolidated subsidiaries increased by 1,724 million yen.

<Consolidated income statements>

Operating income increased by 1,014 million yen, operating expenses increased by 408 million yen, operating profit, income before extraordinary items, and income before income taxes decreased by 605 million yen, and minority interests in consolidated subsidiaries increased by 605 million yen.

<Consolidated statements of cash flows>

The cash flow from operating activities decreased by 930 million yen, and cash and cash equivalents increased by 1,450 million yen due to additional consolidation of subsidiaries, thus the balance of cash and cash equivalents at the end of this accounting period increased by 519 million yen.

<Changes in disclosure methods>

(Consolidated balance sheet)

“Purchased receivables” which was included and presented in the “Inventories” account of current assets up to the prior consolidated accounting period, are now separately presented, as the amount of purchased receivables has exceeded one per cent of the total assets.

The “Purchased receivables” figure of the previous consolidated accounting period was 17,423 million yen.

(Consolidated income statements)

Foreign currency loss, which were included in “other non-operating expenses” under non-operating expenses up to the prior consolidated fiscal year, are now presented separately, as they have exceeded 10 per cent of non-operating expenses. Incidentally, foreign currency loss for the prior consolidated fiscal year were 11 million yen.

(Consolidated statements of cash flows)

“Decrease (increase) in purchased receivables,” which was included in the “Decrease (increase) in inventories” under cash flow for the operating activities up to the prior consolidated accounting period, is separately presented in the consolidated statements of cash flows as well in accordance with a separate statement of “Purchased receivables.”

The “Decrease (increase) in purchased receivables” of the previous consolidated accounting period was a decrease of 4,700 million yen.

(7) Notes to Consolidated Financial Statements
Notes to Consolidated Balance Sheets

Prior consolidated fiscal year (As of March 31, 2006)	This consolidated fiscal year (As of March 31, 2007)
1. Cumulative depreciation of tangible fixed assets (Millions of yen) 46,018	1. Cumulative depreciation of tangible fixed assets (Millions of yen) 46,508
2. Value of affiliated company stock in investment securities (Millions of yen) 10,035	2. Value of affiliated company stock in investment securities (Millions of yen) 10,340
3. Assets pledged as security (Millions of yen)	3. Assets pledged as security (Millions of yen)
(1) Pledged assets	(1) Pledged assets
Loan receivable	Loan receivable
340,716	211,371
<46,582>	<21,257>
[27,623]	[21,934]
(2) Secured liabilities	(2) Secured liabilities
Short-term loans	Current portion of long-
1,000	term loans
<1,000>	105,432
Current portion of long-	<14,597>
term loans	[7,960]
130,508	Long-term loans
<24,217>	91,951
[7,960]	<6,657>
Long-term loans	[—]
197,383	Total
<21,254>	197,383
[7,960]	<21,254>
Total	[7,960]
328,891	
<46,471>	
[15,920]	
Figures in brackets represent amounts engaged in transferring assignment of claims and figures in the brackets “[]” represent amounts relating to securitization.	Figures in brackets represent amounts engaged in transferring assignment of claims and figures in the brackets “[]” represent amounts relating to securitization.
4. ---	4. Bills matured on the last day of the consolidated accounting period As to accounting procedures for bills matured on the last day of the consolidated accounting period, they were settled on the date of clearance. However, the last day of the current consolidated accounting period fell on a banking holiday, therefore, 4 million yen of trade note receivables that matured on the last day of the consolidated accounting period are included in the balance at the end of the consolidated accounting period.
5. Contingent liabilities Amount of guaranteed receivables of guarantee business (Millions of yen)	5. Contingent liabilities Amount of guaranteed receivables of guarantee business (Millions of yen)
Guaranteed receivables	Guaranteed receivables
89,894	105,977
Allowance for loss on guaranteed receivables	Allowance for loss on guaranteed receivables
1,647	1,961
Net	Net
88,246	104,015
6. Shares Issued The number of common stocks issued at the end of this fiscal year is 159,628 thousands.	6. ---
7. Treasury Stock The number of common stocks for treasury is 2,438,225.	7. ---

Prior consolidated fiscal year (As of March 31, 2006)	This consolidated fiscal year (As of March 31, 2007)
<p>7. Commitment line contracts for loans receivables Loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 880,903 million yen at the end of the accounting period. This included a total of 611,480 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and consolidated subsidiaries.</p> <p>Contracts contain provisions allowing the Company and consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>	<p>7. Commitment line contracts for loans receivables Loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 905,420 million yen at the end of the accounting period. This included a total of 653,978 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and consolidated subsidiaries.</p> <p>Contracts contain provisions allowing the Company and consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>
<p>8. Status of bad debts of loans receivable Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 3,852 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 37,382 million yen. Under the policies stipulated in Japan's tax laws, 12,635 million yen of this amount would be classified as loans overdue by three months or more, 7,205 million yen as restructured loans and 17,541 million yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law. That of overseas consolidated subsidiaries is added up according to the policies stipulated in accounting standards applicable in countries where they operate.</p>	<p>8. Status of bad debts of loans receivable Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 3,246 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 65,333 million yen. Under the policies stipulated in Japan's tax laws, 20,705 million yen of this amount would be classified as loans overdue by three months or more, 9,571 million yen as restructured loans and 35,057 million yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law. That of overseas consolidated subsidiaries is added up according to the policies stipulated in accounting standards applicable in countries where they operate.</p>

Prior consolidated fiscal year (As of March 31, 2006)			This consolidated fiscal year (As of March 31, 2007)		
(Millions of yen)			(Millions of yen)		
Category	Amount	Classification criteria	Category	Amount	Classification criteria
Loans to bankrupt parties	(7,707) 7,707	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.	Loans to bankrupt parties	(7,050) 7,050	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.
Loans in arrears	(12,521) 49,904	Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.	Loans in arrears	(21,034) 86,368	Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.
Loans overdue by three months or more	(14,631) 1,995	Loans other than the above that are overdue by three months or more.	Loans overdue by three months or more	(22,351) 1,645	Loans other than the above that are overdue by three months or more.
Restructured loans	(61,969) 54,764	Loans other than above on which favorable terms have been granted, such as the waiving of interest.	Restructured loans	(63,959) 54,388	Loans other than above on which favorable terms have been granted, such as the waiving of interest.
Total	(96,829) 114,371		Total	(114,396) 149,453	

Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.

Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.

10. Financial assets received as freely disposable securities
The Company and some of its consolidated subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.
Amount of marketable securities purchased
(Stated as short-term loans)
26,997 million yen
Market value of marketable securities purchased at the end of the consolidated accounting period
26,972 million yen

10. Financial assets received as freely disposable securities
The Company and some of its consolidated subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.
Amount of marketable securities purchased
(Stated as short-term loans)
52,965 million yen
Market value of marketable securities purchased at the end of the consolidated accounting period
52,930 million yen

11. Agreements for overdraft and commitment facilities
For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts with 6 financial institutions and designated commitment line contracts with 22 financial institutions. As of the end of this consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.
(Millions of yen)
Agreed amount of agreement for overdraft and commitment line 331,853
Amount of borrowing 99,004
Unused amount 232,849

11. Agreements for overdraft and commitment facilities
For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts with 6 financial institutions and designated commitment line contracts with 18 financial institutions. As of the end of this consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.
(Millions of yen)
Agreed amount of agreement for overdraft and commitment line 332,087
Amount of borrowing 107,888
Unused amount 224,199

Notes to Consolidated Financial Statements of Income

Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>1. Principal items of other financial income (Millions of yen)</p> <p>Interest on deposits 4 Interest on loans 8 Effect of currency exchange 36</p>	<p>1. Principal items of other financial income (Millions of yen)</p> <p>Interest on deposits 75 Interest on loans 79 Effect of currency exchange 17</p>
<p>2. Principal financial expenses (Millions of yen)</p> <p>Interest paid 13,404 Interest on straight bonds 5,066 Bond issue expenses 383</p>	<p>2. Principal financial expenses (Millions of yen)</p> <p>Interest paid 14,047 Interest on straight bonds 4,889 Bond issue expenses 331</p>
<p>3. Principal items of operational expenses (Millions of yen)</p> <p>Advertising expenses 19,014 Provision for bad debts 115,477 Provision for loss on guaranteed receivables 1,647 Provision for loss on interest repayments 23,700 Salaries 33,640 Retirement benefit expenses 3,223 Provision for directors' and corporate auditors' retirement benefits 98 Welfare expenses 4,223 Leases 13,747 Depreciation expenses 4,446 Fees 32,125</p>	<p>3. Principal items of operational expenses (Millions of yen)</p> <p>Advertising expenses 13,491 Provision for bad debts 130,596 Provision for loss on guaranteed receivables 1,960 Bad debt write-offs 5,039 Provision for loss on interest repayments 200,147 Salaries 31,892 Retirement benefit expenses 1,269 Provision for directors' and corporate auditors' retirement benefits 93 Welfare expenses 4,113 Leases 13,341 Depreciation expenses 3,772 Fees 36,111</p>
<p>4. Breakdown of gains on sales of fixed assets (Millions of yen)</p> <p>Buildings and structures 0 Equipment and furniture 10 Land 213 <hr/>Total 224</p>	<p>4. Breakdown of gains on sales of fixed assets (Millions of yen)</p> <p>Buildings and structures 2 Vehicles and delivery equipment 0 Equipment and furniture 0 Land 2 <hr/>Total 5</p>
<p>5. Breakdown of other extraordinary income (Millions of yen)</p> <p>Gains on sales of golf club memberships 1 Gains on settlement of affiliated companies 7 <hr/>Total 9</p> <p>Gains on settlement of affiliated companies results from gains on liquidation of shares of an affiliated company due to the dissolution of ACOM PACIFIC, INC.</p>	<p>5. Breakdown of other extraordinary income (Millions of yen)</p> <p>Gains on maturity of investment trusts 35 Gains on sales of golf club membership 0 <hr/>Total 36</p>
<p>6. Loss on sales of fixed assets (Millions of yen)</p> <p>Buildings and structures 283 Equipment and furniture 11 Land 74 Leasehold 4 Telephone rights 60 Other intangible asset 34 <hr/>Total 468</p>	<p>6. Loss on sales of fixed assets (Millions of yen)</p> <p>Buildings and structures 0 Equipment and furniture 4 Land 12 Telephone rights 61 <hr/>Total 78</p>
<p>7. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below: (Millions of yen)</p> <p>Buildings and structures 621 Equipment and furniture 180 <hr/>Total 802</p>	<p>7. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below: (Millions of yen)</p> <p>Buildings and structures 324 Vehicles and delivery equipment 0 Equipment and furniture 40 <hr/>Total 364</p>

Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)																																														
<p>8. Impairment loss Our Group has reported impairment loss for this accounting period as below:</p> <p>(1) Assets recognized as having suffered impairment</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Mie Toba City</td> <td>Welfare/Leisure Facility</td> <td>Land and Buildings etc.</td> </tr> </tbody> </table> <p>(2) Method of grouping assets The smallest units our Group has adopted for the grouping of fixed assets are as below:</p> <p>(a) For the loan business (part of our financial services business): regional business departments</p> <p>(b) For the installment sales finance business (part of our financial services business): business offices</p> <p>(c) For other financial or non-financial businesses: departments etc. For leasehold estate and property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.</p> <p>(3) Process through which impairment loss was recognized We recognized impairment loss on property to be sold because the sale prices were significantly lower than the assets' carrying values. No indications of impairment were observed in units comprising groups of assets, such as business departments and business offices.</p> <p>(4) Amounts of impairment loss</p> <table style="width: 100%;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Buildings and structures</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">0</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>4</u></td> </tr> </table> <p>(5) Calculation of recovery price The recovery price is measured by either the higher of the sum of the expected future net cash flows or net realizable value. The sum of the expected future net cash flows is calculated by discounting at a rate of 7% the cash flows that the asset will generate in the future, while net realizable value is assessed by, for example, a real estate appraiser.</p> <p>9. ---</p>	Location	Usage	Type	Mie Toba City	Welfare/Leisure Facility	Land and Buildings etc.		(Millions of yen)	Buildings and structures	3	Land	0	<u>Total</u>	<u>4</u>	<p>8. 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Management restructuring expenses were expenses incurred in the reform of our cost structure, which was conducted in order to enhance business efficiency. A description of them is as follows:</p> <table style="width: 100%;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Special retirement benefit expenses</td> <td style="text-align: right;">14,312</td> </tr> <tr> <td>Outplacement expenses</td> <td style="text-align: right;">818</td> </tr> <tr> <td>Business promotion restructuring expenses</td> <td style="text-align: right;">2,851</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>17,982</u></td> </tr> </table>	Location	Usage	Type	Iwate Hachimantai City	Welfare/Leisure Facility	Land and Buildings etc.	Shizuoka Hamamatsu City	Welfare/Leisure Facility	Land and Buildings etc.	Mie Toba City	Welfare/Leisure Facility	Land and Buildings etc.		(Millions of yen)	Buildings and structures	6	Equipment and furniture	0	Land	1	<u>Total</u>	<u>8</u>		(Millions of yen)	Special retirement benefit expenses	14,312	Outplacement expenses	818	Business promotion restructuring expenses	2,851	<u>Total</u>	<u>17,982</u>
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Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)
10. Breakdown of other extraordinary losses <div style="text-align: right;">(Millions of yen)</div> Valuation loss of golf club memberships 15 Provision for default of golf club memberships 30 Loss on maturity of golf club memberships 15 Temporary amortization of long-term prepaid expenses 27 <hr/> Total 88	10. Breakdown of other extraordinary losses <div style="text-align: right;">(Millions of yen)</div> Loss on revaluation of inventories 535 Valuation loss of golf club memberships 2 Provision for default of golf club memberships 3 Loss on maturity of golf club memberships 1 Temporary amortization of long-term prepaid expenses 20 <hr/> Total 562
11. Basis for classification of financial income and expenditure on the statements of income (1) Financial income stated as operating income Include all financial income other than dividends and interest on investments in securities made by the Company and subsidiaries engaged in the financial service business. (2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company and subsidiaries engaged in financial services, other than interest payable which has no relationship to operating income.	11. Basis for classification of financial income and expenditure on the statements of income (1) Financial income stated as operating income Include all financial income other than dividends and interest on investments in securities made by the Company and subsidiaries engaged in the financial service business. (2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company and subsidiaries engaged in financial services, other than interest payable which has no relationship to operating income.

(11) Notes to Consolidated Statement of Changes in Net Assets
This Accounting Period (From April 1, 2006 to March 31, 2007)

(A) Matters related to issued shares

Type of shares	Prior consolidated fiscal year (As of March 31, 2006)	Increase	Decrease	This consolidated accounting period (As of March 31, 2007)
Common shares	159,628,280	—	—	159,628,280

(B) Matters related to treasury shares

Type of shares	Prior consolidated fiscal year (As of March 31, 2006)	Increase	Decrease	This consolidated accounting period (As of March 31, 2007)
Common shares	2,438,225	44	4,300	2,433,969

(Outline for the change)

44 shares of increase is owing to purchase of shares in units of less than 10.

4,300 shares of decrease is owing to exercising rights of stock options.

(C) Matters related to stock acquisition rights, etc
None

(D) Matters related to dividends

(a) Dividends paid

Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividends per share (yen)	Basic date	Effective date
Annual shareholders' meeting as of June 22, 2006	Common shares	11,003	70.00	March 31, 2006	June 23, 2006
Board of Directors' as of November 8, 2006	Common shares	11,003	70.00	September 30, 2006	December 8, 2006

(b) Dividends after the end of this consolidated accounting period of which basic date belongs to this consolidated accounting period

Resolution	Type of shares	Source of dividends	Total amount of dividends (million of yen)	Dividends per share (yen)	Basic date	Effective date
Annual shareholders meeting as of June 27, 2007	Common shares	Earned surplus	4,715	30.00	March 31, 2007	June 28, 2007

Notes to Consolidated Statements of Cash Flows

Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)																				
<p>1. Relationship between cash and cash equivalents at the end of the year and consolidated balance sheet items as of March 31, 2006.</p> <p style="text-align: right;">(Millions of yen)</p> <table> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">70,402</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">721</td> </tr> <tr> <td>Short-term loans</td> <td style="text-align: right;">26,997</td> </tr> <tr> <td>Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase</td> <td style="text-align: right;">(721)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">97,399</td> </tr> </table>	Cash and time deposits	70,402	Marketable securities	721	Short-term loans	26,997	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(721)	Cash and cash equivalents	97,399	<p>1. Relationship between cash and cash equivalents at the end of the year and consolidated balance sheet items as of March 31, 2006.</p> <p style="text-align: right;">(Millions of yen)</p> <table> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">93,418</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">35</td> </tr> <tr> <td>Short-term loans</td> <td style="text-align: right;">52,965</td> </tr> <tr> <td>Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase</td> <td style="text-align: right;">(35)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">146,383</td> </tr> </table>	Cash and time deposits	93,418	Marketable securities	35	Short-term loans	52,965	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(35)	Cash and cash equivalents	146,383
Cash and time deposits	70,402																				
Marketable securities	721																				
Short-term loans	26,997																				
Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(721)																				
Cash and cash equivalents	97,399																				
Cash and time deposits	93,418																				
Marketable securities	35																				
Short-term loans	52,965																				
Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(35)																				
Cash and cash equivalents	146,383																				
<p>2. Breakdown of assets and liabilities of new consolidated subsidiaries by acquisition of stocks DC Servicer company, Ltd.</p> <p style="text-align: right;">(Millions of yen)</p> <p style="text-align: center;">(As of September 30, 2006)</p> <table> <tr> <td>Current assets</td> <td style="text-align: right;">112</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Consolidation adjustment account</td> <td style="text-align: right;">(35)</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(36)</td> </tr> <tr> <td>Minority interests in consolidated subsidiaries</td> <td style="text-align: right;">(18)</td> </tr> <tr> <td>Acquisition price of stocks</td> <td style="text-align: right;">37</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">(51)</td> </tr> <tr> <td>Balance: Net payments for acquisition</td> <td style="text-align: right;">(13)</td> </tr> </table>	Current assets	112	Fixed assets	15	Consolidation adjustment account	(35)	Current liabilities	(36)	Minority interests in consolidated subsidiaries	(18)	Acquisition price of stocks	37	Cash and cash equivalents	(51)	Balance: Net payments for acquisition	(13)	<p>2. ---</p>				
Current assets	112																				
Fixed assets	15																				
Consolidation adjustment account	(35)																				
Current liabilities	(36)																				
Minority interests in consolidated subsidiaries	(18)																				
Acquisition price of stocks	37																				
Cash and cash equivalents	(51)																				
Balance: Net payments for acquisition	(13)																				

(13) Segment Information

(A) Business segment information

Prior consolidated fiscal year (from April 1, 2005 to March 31, 2006) and this consolidated fiscal year (from April 1, 2006 to March 31, 2007)

Detailed business segment information is omitted as operating income, operating profit and assets in financial service business account for more than 90% of total consolidated operating income, consolidated operating profit and total assets across all segments.

(B) Geographical segment information

Prior consolidated fiscal year (from April 1, 2005 to March 31, 2006) and this consolidated fiscal year (from April 1, 2006 to March 31, 2007)

Geographical segment information is omitted as sales and assets in Japan account for more than 90% of total consolidated sales and total consolidated assets across all segments.

(C) Overseas sales

Prior consolidated fiscal year (from April 1, 2005 to March 31, 2006) and this consolidated fiscal year (from April 1, 2006 to March 31, 2007)

Overseas sales information is omitted as overseas sales account for less than 10% of total consolidated sales.

Lease Transactions

Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)				This consolidated fiscal year (From April 1, 2006 to March 31, 2007)			
1. Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee				1. Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee			
(1) Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets				(1) Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets			
(Millions of yen)				(Millions of yen)			
	Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value
Vehicles and delivery equipment	177	88	89	Vehicles and delivery equipment	124	81	42
Equipment and furniture	3,941	2,793	1,148	Equipment and furniture	2,049	1,394	655
Total	4,119	2,881	1,237	Total	2,173	1,476	697
(2) Equivalent balance of the unaccrued lease fees				(2) Equivalent balance of the unaccrued lease fees			
	Within a year		731		Within a year		409
	More than one year		532		More than one year		302
	Total		1,264		Total		711
(3) Lease fee payable, equivalent of depreciation and equivalent of interest payable				(3) Lease fee payable, equivalent of depreciation and equivalent of interest payable			
	Lease fees payable		1,272		Lease fees payable		794
	Equivalent of depreciation		1,211		Equivalent of depreciation		758
	Equivalent of interest payable		40		Equivalent of interest payable		22
(4) Method of calculation of equivalent of depreciation				(4) Method of calculation of equivalent of depreciation			
Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.				Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.			
(5) Method of calculation of equivalent of interest				(5) Method of calculation of equivalent of interest			
The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.				The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.			

Transactions between related parties

This consolidated fiscal year (from April 1, 2006 to March 31, 2007)

(A) Directors and primary individual shareholders, etc.

(Millions of yen)

Attribute	Name	Address	Paid-in Capital	Business outline/Occupation	Ratio of voting rights holding (held)	Relationship		Summary of transactions	Amount transacted	Subject	Outstanding amount at the end of the fiscal year
						Directors involved in other business	Business				
Director	Kyosuke Kinoshita	—	—	Chairman of the Company and also chief director of The Institute for Research on Household Economics	—	—	—	Donation	200	—	—
Company owned by the directors and their close relatives holding the majority of ratio of voting rights	Itoko Co., Ltd.	Osaka City, Kita-ku	400	Rental of real estates	Direct (1.21%)	—	Rental of real estates	Guaranty money deposited for premises	—	Guaranty money deposited	6
								Rent Payment	6	—	—
	HOTEL MONTEREY CO., LTD.	Osaka City, Kita-ku	1,000	Hotel Business	—	—	Use of facilities (corporate members)	Initial membership fees	2	Other investments	2
								Guaranty money	—	—	—
Annual membership fees etc.	17	Other current liabilities	0								

Notes: 1. Amount transacted above does not include consumption tax, etc.

2. Terms and conditions of the transaction and its policies

The Institute for Research on Household Economics conducts research on household economy. We determine the terms and conditions of transactions by taking its business plans and business performance into consideration.

Terms and conditions of property lease contracts by Itoko Co., Ltd. are determined as being in common practice.

With regard to the lease fee for the property lease of Itoko Co., Ltd. is determined by the negotiations once in two years based on market situation of neighborhoods.

Transactions with HOTEL MONTEREY CO., LTD. are the same as transactions with ordinary parties with which we have dealings.

(B) Subsidiaries of parent and other related companies

(Millions of yen)

Attribute	Name	Address	Paid-in Capital	Business outline	Ratio of voting rights holding (held)	Relationship		Summary of transactions	Amount transacted	Subject	Outstanding amount at the end of the fiscal year
						Directors involved in other business	Business				
Subsidiary of other related company	Mitsubishi UFJ Trust and Banking Corporation	Chiyoda-ku, Tokyo	324,279	Trust bank business	Direct (2.01%)	—	Borrowing	Borrowing of the capital	Borrowing : 78,000	Short-term loans	20,000
									Repayment : 51,659	Current portion of long-term loans	61,068
										Long-term loans	128,574
								Payment of interest	4,503	Other current assets	339
										Other current liabilities	251
	Mitsubishi UFJ Securities Co., Ltd.	Chiyoda-ku, Tokyo	65,518	Securities business	Direct (0.00%)	—	Gensaki transaction	Gensaki transaction	Purchase: 59,975 Sale: 49,978	Short-term loans	9,997
Interest received								7	Other current assets	0	

Note: Terms and conditions of the transaction and its policies

Interest rates of the borrowing by Mitsubishi UFJ Trust and Banking Corporation are the money market rates.

Interest rates of Gensaki transaction by Mitsubishi UFJ Securities Co., Ltd. are the money market rates.

Notes to the Method of Tax Effect Accounting

Prior consolidated fiscal year (As of March 31, 2006)	This consolidated fiscal year (As of March 31, 2007)
<p>1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities</p> <p>Deferred tax assets:</p> <p style="text-align: right;">(Millions of yen)</p> <p>Nondeductible write-offs of bad debts 11,800</p> <p>Amount exceeding the tax limit for the provision for bad debt allowance 13,113</p> <p>Allowance for loss on guaranteed receivables 1,356</p> <p>Allowance for loss on interest repayments 9,643</p> <p>Amount exceeding the tax limit for the provision for accrued bonuses 1,549</p> <p>Provision for directors' and corporate auditors' retirement benefits 346</p> <p>Unrecognized accrued interest income 571</p> <p>Accrued enterprise tax 1,995</p> <p>Non-deductible depreciation exceeding the tax limit for depreciation of small capital 148</p> <p>Amount exceeding the tax limit for the amortization of software application 6,281</p> <p>Amount exceeding the tax limit for the amortization of deferred consumption tax and other 314</p> <p>Non-deductible devaluation of marketable securities 232</p> <p>Unrecognized valuation loss on golf club memberships 155</p> <p>Amount exceeding the tax limit for depreciation 137</p> <p>Elimination of unrealized inter-company profit 1,272</p> <p>Tax loss carry forwards of subsidiaries 10,719</p> <p>Others 1,389</p> <p style="text-align: right;">Sub total deferred tax assets 61,028</p> <p style="text-align: right;">Valuation allowance (11,718)</p> <p style="text-align: right;">Total deferred tax assets 49,310</p> <p>Deferred tax liabilities:</p> <p>Retained earnings of subsidiaries 5,354</p> <p>Charge for prepaid pension expenses 678</p> <p>Change in valuation of other marketable securities 21,453</p> <p>Others 173</p> <p style="text-align: right;">Total deferred tax liabilities 27,660</p> <p style="text-align: right;">Balance of deferred tax assets 21,650</p>	<p>1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities</p> <p>Deferred tax assets:</p> <p style="text-align: right;">(Millions of yen)</p> <p>Bad debt write-offs 15,183</p> <p>Allowance for bad debts 8,664</p> <p>Allowance for loss on guaranteed receivables 1,610</p> <p>Allowance for loss on interest repayments 199,381</p> <p>Accrued bonuses 1,177</p> <p>Allowance for directors' and corporate auditors' retirement benefits 338</p> <p>Unrecognized accrued interest income 1,869</p> <p>Small capital expenditures 118</p> <p>Software application 6,382</p> <p>Deferred consumption tax and other 309</p> <p>Loss on revaluation of investments in marketable securities 6,247</p> <p>Valuation loss of golf club memberships 141</p> <p>Loss on revaluation of inventories 349</p> <p>Depreciation and amortization 160</p> <p>Elimination of unrealized inter-company profit 1,160</p> <p>Tax loss carry forwards of subsidiaries 11,201</p> <p>Others 1,546</p> <p style="text-align: right;">Sub total deferred tax assets 255,843</p> <p style="text-align: right;">Valuation allowance (192,175)</p> <p style="text-align: right;">Total deferred tax assets 63,668</p> <p>Deferred tax liabilities:</p> <p>Retained earnings of subsidiaries 6,110</p> <p>Charge for prepaid pension expenses 940</p> <p>Change in valuation of other marketable securities 9,018</p> <p>Others 585</p> <p style="text-align: right;">Total deferred tax liabilities 16,653</p> <p style="text-align: right;">Balance of deferred tax assets 47,014</p>
<p>2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes</p> <p>Omitted as difference between the statutory tax rate and the effective tax rate was less than 5% of the statutory tax rate.</p>	<p>2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes (%)</p> <p>The statutory tax rate 40.7</p> <p>(Adjustment)</p> <p>Net gain in affiliates by the equity method 0.1</p> <p>Retained earnings of subsidiaries (0.2)</p> <p>Expenses not deductible for income tax purposes (0.0)</p> <p>Inhabitants' per capita taxes (0.0)</p> <p>Valuation allowance (41.7)</p> <p>Others 0.0</p> <p style="text-align: right;">The effective tax rate (1.1)</p>

(17) Marketable Securities

(A) Bonds held to maturity with market quotations

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2006)			This consolidated fiscal year (As of March 31, 2007)		
	Book Value	Market Price	Unrealized gain (loss)	Book Value	Market Price	Unrealized gain (loss)
Market price greater than book value						
(a) Government/municipal	—	—	—	—	—	—
(b) Corporate	—	—	—	—	—	—
(c) Miscellaneous	4,000	4,071	71	4,000	4,022	22
Subtotal	4,000	4,071	71	4,000	4,022	22
Book value greater than market price						
(a) Government/municipal	—	—	—	—	—	—
(b) Corporate	—	—	—	—	—	—
(c) Miscellaneous	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	4,000	4,071	71	4,000	4,022	22

(B) Other marketable securities with market quotation

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2006)			This consolidated fiscal year (As of March 31, 2007)		
	Book Value	Market Price	Unrealized gain (loss)	Book Value	Market Price	Unrealized gain (loss)
Market price greater than book value						
(a) Stocks	56,895	109,369	52,473	41,949	63,919	21,969
(b) Bonds						
Government/municipal	82	84	2	83	84	1
Corporate	590	591	1	—	—	—
Miscellaneous	—	—	—	—	—	—
(c) Other	967	1,339	372	905	1,229	323
Subtotal	58,535	111,385	52,849	42,938	65,233	22,494
Book value greater than market price						
(a) Stocks	762	654	(108)	889	772	(117)
(b) Bonds						
Government/municipal	—	—	—	—	—	—
Corporate	—	—	—	—	—	—
Miscellaneous	—	—	—	—	—	—
(c) Other	670	644	(26)	673	641	(31)
Subtotal	1,433	1,299	(134)	1,563	1,414	(148)
Total	59,968	112,684	52,715	44,501	66,647	22,146

Note: In the prior consolidated accounting period, there was no record of impairment loss with respect to other securities with market prices.

In this consolidated accounting period, among other securities, those with market prices were treated with an impairment loss of 14,773 millions of yen.

Impairment losses on stocks are written off when the market price of a given stock fell more than 50% of original cost and the market price is deemed unlikely to recover the level of the original cost. Impairment losses on stocks are also written off when the market price did not recover the fall out ratio of 30% for one year after the market price of a given stock fell more than 30% to below 50% of original cost and the market price is deemed unlikely to recover the level of the original cost.

(C) Other marketable securities sold during the consolidated fiscal year

(Millions of yen)

Type	Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)
Amount of sales	592	1,055
Total gains on sales	0	210
Total losses on sales	—	13

(D) Principal marketable securities where there is no market quotation

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2006)	This consolidated fiscal year (As of March 31, 2007)
	Amount recorded on consolidated balance sheet	Amount recorded on consolidated balance sheet
Other marketable securities		
Unlisted securities (excluding OTC securities)	456	686
Investments in investing business association	666	255
Anonymous association agreement	631	—

(E) Redemption schedule for other marketable securities with maturities and bonds held to maturity

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2006)				This consolidated fiscal year (As of March 31, 2007)			
	Up to 1 year	More than 1 year and up to 5 years	More than 5 year and up to 10 years	More than 10 years	Up to 1 year	More than 1 year and up to 5 years	More than 5 year and up to 10 years	More than 10 years
(a) Bonds								
Government/municipal, etc.	—	84	—	—	—	84	—	—
Corporate	591	35	—	—	35	—	—	—
Miscellaneous	—	—	4,000	—	—	—	4,000	—
(b) Other	129	509	9	—	—	510	9	—
Total	721	629	4,009	—	35	595	4,009	—

Derivative Transaction

(A) Transaction information

Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>1. Derivative transactions The Company and its consolidated subsidiaries enter into derivative transactions for interest-rate swap, interest-rate caps, and currency swaps.</p> <p>2. Derivative transaction principles The Company and its consolidated subsidiaries are not intended to use derivative transactions for investment or trading purposes.</p> <p>3. Purpose for using derivative transactions The Company and its consolidated subsidiaries enter into contracts such as interest-rate swap agreements in order to hedge derivative against the risk of fluctuations in interest-rates relating to fixed interest payments and floating interest receivables, and currency swaps agreements in order to hedge against the risk of fluctuation in currencies relating to payments made in Japanese Yen and receivables in foreign currency. The Companies hold only long positions in interest rate caps in order to hedge against the risk of fluctuation in market interest rates. The Companies' derivative transactions are accounted for as hedging transactions.</p> <p>(1) Hedging instruments and items hedged Interest related derivatives Hedging instruments Derivative transaction (Interest-rate swaps agreements and interest-rate caps) Items hedged Loans with variable interest rates Currency related derivatives Hedging instruments Currency swaps agreements Items hedged Loans denominated in foreign currency</p> <p>(2) Hedging policy The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements, etc. in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans, and currency swaps agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its loans denominated in foreign currency. Derivative transactions are entered into in compliance with the Companies' internal rules.</p> <p>(3) Evaluating the efficacy of hedging activities In regard to interest related derivatives, the performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and cash flows are fully offset by hedging instruments, further evaluation is not required.</p>	<p>1. Derivative transactions The Company and its consolidated subsidiaries enter into derivative transactions for interest-rate swap, interest-rate caps, and currency swaps.</p> <p>2. Derivative transaction principles The Company and its consolidated subsidiaries are not intended to use derivative transactions for investment or trading purposes.</p> <p>3. Purpose for using derivative transactions The Company and its consolidated subsidiaries enter into contracts such as interest-rate swap agreements in order to hedge derivative against the risk of fluctuations in interest-rates relating to fixed interest payments and floating interest receivables, and currency swaps agreements in order to hedge against the risk of fluctuation in currencies relating to payments made in Japanese Yen and receivables in foreign currency. The Companies hold only long positions in interest rate caps in order to hedge against the risk of fluctuation in market interest rates. The Companies' derivative transactions are accounted for as hedging transactions.</p> <p>(1) Hedging instruments and items hedged Interest related derivatives Hedging instruments Derivative transaction (Interest-rate swaps agreements and interest-rate caps) Items hedged Loans with variable interest rates and straight bonds Currency related derivatives Hedging instruments Currency swaps agreements Items hedged Loans denominated in foreign currency</p> <p>(2) Hedging policy The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements, etc. in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans and straight bonds, and currency swaps agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its loans denominated in foreign currency. Derivative transactions are entered into in compliance with the Companies' internal rules.</p> <p>(3) Evaluating the efficacy of hedging activities In regard to interest related derivatives, the performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and cash flows are fully offset by hedging instruments, further evaluation is not required.</p>

Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>4. Risk relating to transactions</p> <p>(1) Market risk</p> <p>Although the Company and its consolidated subsidiaries are engaged in interest rate swap and currency swap agreements, no market risk is anticipated as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate swap and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates. In addition, the Companies are not exposed to risk on interest rate caps, as the maximum interest rate is capped at the cap rates.</p> <p>(2) Credit risk</p> <p>The Company and its consolidated subsidiaries do not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.</p> <p>5. Management of risk relating to transactions</p> <p>The Company and its consolidated subsidiaries have established rules for the authorization of derivative transactions and related risk management rules which stipulate the limits on derivative transactions. All derivative transactions have been entered into in compliance with these rules.</p> <p>Risk management for derivative transactions has been under the control of the Treasury Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive managing directors' meeting when the Company's annual business plan is established. In addition, same criteria are used to monitor consolidated subsidiaries, and important transactions have been under the control of the Treasury Department of the Company.</p>	<p>4. Risk relating to transactions</p> <p>(1) Market risk</p> <p>Although the Company and its consolidated subsidiaries are engaged in interest rate swap and currency swap agreements, no market risk is anticipated as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate swap and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates. In addition, the Companies are not exposed to risk on interest rate caps, as the maximum interest rate is capped at the cap rates.</p> <p>(2) Credit risk</p> <p>The Company and its consolidated subsidiaries do not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.</p> <p>5. Management of risk relating to transactions</p> <p>The Company and its consolidated subsidiaries have established rules for the authorization of derivative transactions and related risk management rules which stipulate the limits on derivative transactions. All derivative transactions have been entered into in compliance with these rules.</p> <p>Risk management for derivative transactions has been under the control of the Treasury Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive managing directors' meeting when the Company's annual business plan is established. In addition, same criteria are used to monitor consolidated subsidiaries, and important transactions have been under the control of the Treasury Department of the Company.</p>

(B) Matter related to market value, etc. of the derivative transaction

Prior consolidated fiscal year (from April 1, 2005 to March 31, 2006) and this consolidated fiscal year (from April 1, 2006 to March 31, 2007)

Market value information is not required as all of the Company and its consolidated subsidiaries' derivative transactions are accounted for as hedging transactions.

Retirement Benefits Accounting

Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)																																
<p>1. Overview of retirement benefit plans</p> <p>The Company and domestic consolidated subsidiaries have three types of defined-benefits retirement plans: prepaid retirement pension plan, tax-qualified retirement annuity plan, and lump-sum severance payment plan. There are also cases when an employee is given a severance pay premium on leaving the company.</p> <p>5 companies within the consolidated ACOM Group have lump-sum severance payment plans. As to the employees' pension fund, the Group also has a jointly established fund and a multi-employer fund. In addition, as to the tax-qualified retirement annuity plan, the Group has a jointly managed annuity plan and 1 consolidated subsidiary has a separately managed plan.</p>	<p>1. Overview of retirement benefit plans</p> <p>The Company and domestic consolidated subsidiaries have three types of defined-benefits retirement plans: prepaid retirement pension plan, tax-qualified retirement annuity plan, and lump-sum severance payment plan. There are also cases when an employee is given a severance pay premium on leaving the company.</p> <p>5 companies within the consolidated ACOM Group have lump-sum severance payment plans. As to the employees' pension fund, the Group also has a jointly established fund and a multi-employer fund. In addition, as to the tax-qualified retirement annuity plan, the Group has a jointly managed annuity plan and 1 consolidated subsidiary has a separately managed plan.</p>																																
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Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)	This consolidated fiscal year (From April 1, 2006 to March 31, 2007)
<p>4. Assumptions in calculating retirement benefit liabilities</p> <p>(1) Discount rate 2.0%</p> <p>(2) Expected rate of return on investments 3.0%</p> <p>(3) Allocation of projected benefit liabilities Straight-line method</p> <p>(4) Years for amortizing past service liabilities 5 years</p> <p>Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.</p> <p>(5) Years for amortizing actuarial losses 5 years</p> <p>Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.</p>	<p>4. Assumptions in calculating retirement benefit liabilities</p> <p>(1) Discount rate 2.0%</p> <p>(2) Expected rate of return on investments 3.0%</p> <p>(3) Allocation of projected benefit liabilities Straight-line method</p> <p>(4) Years for amortizing past service liabilities 5 years</p> <p>Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.</p> <p>(5) Years for amortizing actuarial losses 5 years</p> <p>Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.</p>

Stock options etc.

This consolidated fiscal year (from April 1, 2006 to March 31, 2007)

(A) Details of stock options

Company Name	Filing company	Filing company	(Consolidated subsidiary) IR Loan Servicing, Inc.
Date of resolution	June 28, 2001	June 27, 2003	August 6, 2004
Type and number of persons awarded options	19 director(s) of this company 1,740 employee(s) of this company	10 director(s) of this company 1,739 employee(s) of this company	5 director(s) of the company concerned 30 employee(s) of the company concerned
Type of stock and number of options awarded	Common shares 351,800 shares	Common shares 349,800 shares	Common shares 133 shares
Award date	August 1, 2001	August 1, 2003	October 1, 2004
Conditions for rights determination	Continuously employed from the award date (August 1, 2001) to the rights-determination date (June 30, 2003)	Continuously employed from the award date (August 1, 2003) to the rights-determination date (June 30, 2005)	An employee on the rights-determination date (August 31, 2007) and the company has listed
Period of employment covered	From August 1, 2001 to June 30, 2003	From August 1, 2003 to June 30, 2005	From October 1, 2004 to August 31, 2007
Period of handling exercise of options	From July 1, 2003 to June 30, 2008	From July 1, 2005 to June 30, 2010	From September 1, 2007 to August 31, 2010

(B) Amount of stock options and changes in this amount

(a) Number of stock options

Company Name	Filing company	Filing company	(Consolidate subsidiary) IR Loan Servicing, Inc.
Date of resolution	June 28, 2001	June 27, 2003	August 6, 2004
Before rights determination			
At end of the prior consolidated fiscal year	—	—	101
Award	—	—	—
Expiry	—	—	36
Rights determination	—	—	—
Undetermined balance	—	—	65
After rights determination			
At end of the prior consolidated fiscal year	308,400	13,010	—
Rights determination	—	—	—
Undetermined balance	—	4,300	—
Expiry	4,600	1,600	—
Unexercised balance	303,800	124,110	—

(b) Price information

Exercise price (yen)	10,682	4,931	67,900
Average stock price at exercise (yen)	—	6,286	—
Fair appraised price on award date (yen)	—	—	—

Footnotes to statistics per Share

Prior consolidated accounting period (From April 1, 2005 to March 31, 2006)		This consolidated accounting period (From April 1, 2006 to March 31, 2007)	
	(Yen)		(Yen)
Net assets per share	5,901.70	Net assets per share	2,863.16
Net income per share	416.69	Net income per share	2,786.19
Net income per share diluted	416.50	Net income per share diluted is not presented since net loss is recorded.	
		(Additional information)	
		“ASBJ Statement No. 2 (revised on January 31, 2006) Accounting Standard for Earnings per Share”, and its “Implementation Guidance - ASBJ Guidance No. 4 (revised on January 31, 2006), Guidance on Accounting Standard for Earnings per Share” have been applied from the current consolidated accounting period.	
		Net asset value per share of the current consolidated accounting period computed in accordance with the traditional method is 2,863.16 yen.	

(Note)

1. Net assets per share is calculated based on the following data.

	Prior consolidated accounting period (As of March 31, 2006)	This consolidated accounting period (As of March 31, 2007)
Total net assets (millions of yen)	-	457,165
The amounts deducted from total net assets (millions of yen) [Minority interests included in the above] (millions of yen)	- [-]	7,091 [7,091]
Amounts of net assets related to common shares at the end of accounting period (millions of yen)	-	450,073
Number of shares issued within common shares	-	159,628,280 shares
Number of treasury shares within common shares	-	2,433,969 shares
Number of common shares to calculate net assets per share at the end of accounting period	-	157,194,311 shares

2. Net income (loss) per share and net income (loss) per share diluted are calculated based on the following data.

	Prior consolidated accounting period From April 1, 2005 to March 31, 2006	This consolidated accounting period From April 1, 2006 to March 31, 2007
Net income (loss) per share		
Net income (loss) (millions of yen)	65,595	(437,972)
Net income not available to common shareholders [Bonuses to directors included in the above] (millions of yen)	34 [34]	— [—]
Net income (loss) related to common shares (millions of yen)	65,561	(437,972)
Weighted average number of common shares during accounting period	157,337,635 shares	157,193,966 shares
Net income (loss) per share diluted		
Net income effect of dilutive securities	—	—
Number of increase of common shares [Stock options (stock acquisition rights) included in the above]	70,501 shares [70,501 shares]	— [—]
Residual securities which do not dilute net income per share	Stock options (treasury stock method) 308,400 shares	—

Important subsequent events

ACOM CO., LTD. (hereinafter: "Company") announced that the meeting of the Board of Directors held on May 10, 2007, approved the decision to provide new applicants of unsecured loans for consumers with lower maximum lending interest rate. Details are as follows.

(A) Background

ACOM has been striving on group-wide management reformation in order to establish a company group which takes serious view of sociality as well as consumer protection and provide financial services of relief and confidence with low-price. With a recognition that applying credit screening based on environmental changes as a fundamental issue, ACOM decided to lower its maximum lending interest rate for new applicants.

(B) Summary

(a) Interest loan rate

Current interest rate (effective annual interest rate): 13.140% ~ 27.375%

New interest rate (effective annual interest rate): 12.000% ~ 18.000%

(b) Customers Applicable

Those who make new contract from Monday, June 18, 2007

Current customers with accounts who meet new credit screening standard

5. Actual Results

(1) Operating income by segment

(Millions of yen)

Term Item	Prior consolidated fiscal year (From April 1, 2005 to March 31, 2006)		This consolidated fiscal year (From April 1, 2006 to March 31, 2007)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
Financial business	438,886	98.5	416,479	98.3	(22,407)	(5.1)
Loan business	396,485	89.0	374,590	88.4	(21,894)	(5.5)
Credit card business	6,462	1.4	6,128	1.4	(333)	(5.2)
Installment sales finance business	14,839	3.3	10,106	2.4	(4,733)	(31.9)
Guarantee business	6,651	1.5	9,244	2.2	2,593	39.0
Loan servicing business	14,117	3.2	13,827	3.3	(289)	(2.1)
Others	331	0.1	2,581	0.6	2,250	679.8
Other business	6,544	1.5	7,173	1.7	628	9.6
Rental business	4,318	1.0	4,489	1.1	170	4.0
Others	2,226	0.5	2,684	0.6	457	20.6
Total	445,431	100.0	423,652	100.0	(21,779)	(4.9)

(2) Other statistics

(A) Receivables outstanding

(Millions of yen)

Term Item	Prior consolidated fiscal year (As of March 31, 2006)	This consolidated fiscal year (As of March 31, 2007)	Amount of change	
			Amount of change	Percentage
Loan business	1,703,172	1,632,310	(70,862)	(4.2)
Credit card business	48,120	44,842	(3,278)	(6.8)
Credit card	47,537	44,268	(3,268)	(6.9)
Others	583	574	(9)	(1.6)
Installment sales finance business	83,335	56,986	(26,348)	(31.6)
Loan servicing business	17,423	25,788	8,364	48.0
Total	1,852,053	1,759,927	(92,125)	(5.0)

(B) Number of customer accounts

Term Item	Prior consolidated fiscal year (As of March 31, 2006)	This consolidated fiscal year (As of March 31, 2007)	Amount of change	
			Amount of change	Percentage
Loan business	3,450,636	3,435,586	(15,050)	(0.4)
Credit card business	1,259,509	1,181,806	(77,703)	(6.2)
Credit card	1,253,603	1,175,910	(77,693)	(6.2)
Others	5,906	5,896	(10)	(0.2)
Installment sales finance business	671,742	421,554	(250,188)	(37.2)
Loan servicing business	200,662	226,271	25,609	12.8
Rental Business	9,268	7,629	(1,639)	(17.7)

Notes: The definition of number of customer accounts is as follows,

- (1) Loan business: The number of loan accounts with loan balance outstanding
- (2) Credit card business: Cardholder of ACOM MasterCard®
- (3) Installment sales finance business: Number of contracts with receivables outstanding
- (4) Servicing business: Number of accounts for purchased loans
- (5) Rental business: Number of users during the fiscal year

(C)Others

Item	Term	Prior consolidated fiscal year (As of March 31, 2006)	This consolidated fiscal year (As of March 31, 2007)	Amount of change	
				Amount of change	Percentage %
Number of outlets		2,102	1,915	(187)	(8.9)
Number of employees		6,796	5,907	(889)	(13.1)
Allowance for bad debts (Millions of yen)		131,620	128,798	(2,821)	(2.1)
Allowance for loss on guaranteed receivables (Millions of yen)		1,647	1,961	314	19.1
Allowance for loss on interest repayments (Millions of yen)		23,700	490,000	466,300	—
Bad debt write-offs (Million of yen)		115,981	107,765	(8,215)	(7.1)
Interest repayments (Millions of yen)		13,528	84,147	70,619	522.0

6. Non-consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

Term Subject	Prior fiscal year (As of March 31, 2006)		This fiscal year (As of March 31, 2007)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
(Assets)		%		%		%
I. Current Assets	1,725,542	88.0	1,676,443	90.1	(49,098)	(2.8)
Cash and time deposits	53,981		78,836		24,855	46.0
Loans receivable	1,596,276		1,494,399		(101,877)	(6.4)
Installment accounts receivable	93,321		76,423		(16,898)	(18.1)
Marketable securities	129		35		(94)	(73.1)
Merchandise	3,721		1,963		(1,758)	(47.3)
Prepaid expenses	2,588		1,868		(720)	(27.8)
Deferred tax assets	40,244		58,198		17,953	44.6
Accrued income	11,892		11,379		(512)	(4.3)
Short-term loans	24,997		52,965		27,967	111.9
Short-term loans to affiliates	—		100		100	—
Other current assets	18,556		19,153		597	3.2
Allowances for bad debts	(120,170)		(118,880)		1,290	(1.1)
II. Fixed Assets	235,920	12.0	184,841	9.9	(51,078)	(21.7)
Tangible fixed assets	38,488	2.0	34,964	1.9	(3,524)	(9.2)
Buildings	13,301		11,667		(1,633)	(12.3)
Structures	3,775		3,222		(553)	(14.6)
Vehicles and delivery equipment	11		7		(3)	(32.6)
Equipment and furniture	14,849		13,624		(1,224)	(8.2)
Land	6,550		6,441		(108)	(1.7)
Intangible fixed assets	1,019	0.0	965	0.0	(53)	(5.3)
Leasehold	4		4		—	—
Telephone rights	1,014		960		(53)	(5.3)
Other intangible fixed assets	0		0		(0)	(17.8)
Investments and other assets	196,412	10.0	148,911	8.0	(47,500)	(24.2)
Investments in securities	110,815		67,126		(43,689)	(39.4)
Investments in shares of affiliates	38,580		36,998		(1,581)	(4.1)
Other investments in affiliates	2,197		3,791		1,594	72.5
Investments in equity other than capital stock	104		75		(29)	(27.7)
Investments in affiliates' equity other than capital stock	1		—		(1)	—
Long-term loans	1,000		1,000		—	—
Long-term loans to affiliates	24,660		22,260		(2,400)	(9.7)
Claims on bankruptcy and reorganization, etc.	3,489		3,206		(283)	(8.1)
Long-term prepaid expenses	876		817		(59)	(6.8)
Guaranty money deposited	10,587		9,780		(806)	(7.6)
Prepaid pension expenses	1,627		2,259		631	38.8
Other investments	5,002		3,716		(1,286)	(25.7)
Allowance for bad debts	(2,530)		(2,120)		410	(16.2)
Total Assets	1,961,462	100.0	1,861,285	100.0	(100,177)	(5.1)

(Millions of yen)

Term Subject	Prior fiscal year (As of March 31, 2006)		This fiscal year (As of March 31, 2007)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
		%		%		%
(Liabilities)						
I. Current liabilities	385,572	19.6	281,426	15.1	(104,145)	(27.0)
Notes and accounts payable	1,187		1,131		(55)	(4.7)
Short-term loans	1,000		20,000		19,000	—
Current portion of long-term loans	207,221		164,382		(42,839)	(20.7)
Commercial paper	50,000		40,000		(10,000)	(20.0)
Current portion of bonds and notes	55,000		30,000		(25,000)	(45.5)
Amount payable	1,406		4,869		3,462	246.2
Accrued expenses	11,594		11,110		(484)	(4.2)
Deferred tax liabilities	24,937		72		(24,864)	(99.7)
Deposit received	433		2,021		1,588	366.4
Unearned income	84		68		(15)	(18.9)
Allowance for loss on debt guarantees	3,330		3,670		340	10.2
Allowance for loss on interest repayments	23,700		—		(23,700)	—
Deferred income on installment sales	5,515		3,893		(1,622)	(29.4)
Other current liabilities	161		206		45	28.3
II. Fixed liabilities	652,481	33.3	1,136,060	61.1	483,579	74.1
Straight bonds	210,000		230,000		20,000	9.5
Long-term loans	421,987		404,205		(17,782)	(4.2)
Deferred tax liabilities	17,130		9,008		(8,121)	(47.4)
Allowance for directors' and corporate auditors' retirement benefits	736		764		27	3.8
Special provision for loss on interest repayments	—		490,000		490,000	—
Other fixed liabilities	2,627		2,082		(544)	(20.7)
Total liabilities	1,038,053	52.9	1,417,487	76.2	379,433	36.6
(Shareholders' Equity)						
I. Common stock	63,832	3.3	—	—		
II. Capital surplus	76,020	3.9	—	—		
Additional paid-in capital	72,322		—			
Other capital surplus	3,697		—			
Net gain on disposal of treasury stock	3,697		—			
III. Earned surplus	770,836	39.3	—	—		
Legal reserve	4,320		—			
Reserve fund	690,000		—			
General reserve	690,000		—			
Unappropriated retained earnings	76,515		—			
IV. Securities valuation adjustment	31,258	1.6	—	—		
V. Treasury stock	(18,538)	(1.0)	—	—		
Total shareholders' equity	923,408	47.1	—	—		
Total liabilities, minority interests, and shareholders' equity	1,961,462	100.0	—	—		

(Millions of yen)

Term Subject	Prior fiscal year (As of March 31, 2006)		This fiscal year (As of March 31, 2007)		Change	
	Amount	Composition Ratio	Amount	Composition Ratio	Amount	Composition Ratio
(Net assets)						
I. Shareholders' equity			430,666	23.1		
Common stock			63,832	3.4		
Capital surplus			76,010	4.1		
Additional paid-in capital			72,322			
Other capital surplus			3,688			
Earned surplus			309,331	16.6		
Legal reserve			4,320			
Other earned surplus			305,010			
Reserve fund			720,000			
Earned surplus brought forward			(414,989)			
Treasury stock			(18,508)	(1.0)		
II. Valuation and translation adjustments			13,131	0.7		
Securities valuation adjustment			13,131	0.7		
Total net assets			443,797	23.8		
Total liabilities and net assets			1,861,285	100.0		

(2) Non-Consolidated Income Statements

(Millions of yen)

Term Subject	Prior fiscal year From April 1, 2005 to March 31, 2006		This fiscal year From April 1, 2006 to March 31, 2007		Change	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
I. Operating income	396,637	100.0	370,769	100.0	(25,867)	(6.5)
Interest on loans receivable	367,619		342,908		(24,710)	(6.7)
Fees from credit card business	6,139		5,770		(368)	(6.0)
Fees from installment sales finance business	5,550		3,492		(2,058)	(37.1)
Fees on guaranteed loans receivable	8,549		9,746		1,197	14.0
Other financial income	46		166		119	259.2
Sales	—		722		722	—
Other operating income	8,732		7,962		(769)	(8.8)
II. Operating expenses	290,512	73.2	459,762	124.0	169,249	58.3
Financial expenses	18,186	4.6	16,928	4.6	(1,258)	(6.9)
Cost of sales	—	—	1,223	0.3	1,223	—
Other operating expenses	272,325	68.6	441,610	119.1	169,285	62.2
Operating profit	106,124	26.8	(88,992)	(24.0)	(195,117)	—
III. Non-operating income	2,215	0.6	3,046	0.8	830	37.5
Interest income	572		510		(61)	(10.8)
Interest on securities	97		106		9	9.8
Dividends received	544		1,089		544	100.0
Gains on sale of securities	0		—		(0)	—
Insurance payment received	50		66		16	32.0
Rent from Company's residence	492		506		14	3.0
Other non-operating income	458		765		307	67.1
IV. Non-operating expenses	165	0.1	236	0.0	70	42.8
Loss on investments in investing business association	124		163		39	31.4
Other non-operating expenses	41		73		31	76.6
Income before extraordinary items	108,174	27.3	(86,183)	(23.2)	(194,357)	—
V. Extraordinary income	489	0.1	269	0.0	(219)	(44.9)
Gains on sale of fixed assets	201		5		(196)	(97.4)
Gains on sales of investment in marketable securities	—		206		206	—
Gains on sales of investments in affiliates	286		21		(264)	(92.3)
Other extraordinary income	1		36		35	—
VI. Extraordinary Losses	1,424	0.4	350,835	94.6	349,411	—
Loss on sale of fixed assets	436		63		(373)	(85.5)
Loss on disposal of fixed assets	871		358		(513)	(58.9)
Impairment loss	4		8		4	102.0
Loss on revaluation of investments in marketable securities	—		14,784		14,784	—
Loss on settlement of affiliated companies	22		—		(22)	—
Special Provision for loss on interest repayments	—		317,061		317,061	—
Management restructuring expense	—		17,997		17,997	—
Other extraordinary losses	88		562		473	534.7
Income before income taxes	107,239	27.0	(436,749)	(117.8)	(543,988)	—
Income taxes (corporation tax, inhabitants' tax and enterprise tax)	44,770	10.8	16,353	0.7	(28,418)	(93.7)
Deferred income taxes	(1,682)		(13,638)		(11,956)	—
Net income	64,152	16.2	(439,463)	(118.5)	(503,616)	—
Retained earnings carried forward from the previous period	23,363					
Interim dividends	10,999					
Unappropriated retained earnings	76,515					

(3) Appropriation of Retained Earnings

(Millions of yen)

Term Subject		Prior fiscal year (As of June 22, 2006)
		Amount
I.	Unappropriated retained earnings	76,515
II.	The above shall be appropriated as follows:	
	Dividends	11,003
	per share	¥70.00
		(Regular dividends: ¥70.00)
	Bonus to directors	34
	Voluntary reserve	30,000
III.	Unappropriated retained earnings carried forward	35,478

Notes: 1. As of December 5, 2005, the Company paid interim dividends of ¥70.00 per share (regular dividends) amounted to ¥10,999,942,730 in total.

2. The dividends for this fiscal year as shown above will not be paid to 2,438,225 shares of treasury stock.

(4) Summarized Non-Consolidated Statement of Changes in Net Assets
This Accounting Period (From April 1, 2006 to March 31, 2007)

	Shareholders' Equity			
	Common Stock	Capital Surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance as of March 31, 2006	63,832	72,322	3,697	76,020
Changes during this accounting period				
Dividends from surplus (Note)				
Dividends from surplus				
Bonuses to directors (Note)				
Additions to voluntary reserve (Note)				
Net income (loss) for this accounting period				
Acquisition of treasury stock				
Disposal of treasury stock			(9)	(9)
Total changes during this accounting period			(9)	(9)
Balance as of March 31, 2007	63,832	72,322	3,688	76,010

	Shareholders' Equity					
	Retained earnings				Treasury stock	Total shareholders' equity
	Legal reserve	General reserve	Retained earnings brought forward	Total retained earnings		
Balance as of March 31, 2006	4,320	690,000	76,515	770,836	(18,538)	892,150
Changes during this accounting period						
Dividends from surplus (Note)			(11,003)	(11,003)		(11,003)
Dividends from surplus			(11,003)	(11,003)		(11,003)
Bonuses to directors (Note)			(34)	(34)		(34)
Additions to voluntary reserve (Note)		30,000	(30,000)			
Net income (loss) for this accounting period			(439,463)	(439,463)		(439,463)
Acquisition of treasury stock					(0)	(0)
Disposal of treasury stock					30	21
Total changes during this accounting period		30,000	(491,504)	(461,504)	30	(461,483)
Balance as of March 31, 2007	4,320	720,000	(414,989)	309,331	(18,508)	430,666

	Valuation and translation adjustments		Total net assets
	Securities valuation adjustment	Total valuation and translation adjustments	
Balance as of March 31, 2006	31,258	31,258	923,408
Changes during this accounting period			
Dividends from surplus (Note)			(11,003)
Dividends from surplus			(11,003)
Bonuses to directors (Note)			(34)
Additions to voluntary reserve (Note)			
Net income (loss) for the this accounting period			(439,463)
Acquisition of treasury stock			(0)
Disposal of treasury stock			21
Net changes of items other than shareholders' equity during this accounting period	(18,127)	(18,127)	(18,127)
Total changes during this accounting period	(18,127)	(18,127)	(479,611)
Balance as of March 31, 2007	13,131	13,131	443,797

Note: Items represent disposal of retained earnings at the Annual Shareholders Meeting in June 2006.

- (5) Significant Items Relating to the Preparation of Non-Consolidated Financial Statements
- (A) Valuation and computation of marketable securities
- (a) Securities of subsidiaries and affiliates ... Cost as determined by the moving average method
- (b) Securities held to maturity...Amortized cost method (straight-line method)
- (c) Other marketable securities
- Where there is a market price
- Market value as determined by the quoted price at the end of the fiscal year
(The difference between the carrying value and the market value is included in equity.)
(Cost of securities sold is computed using the moving average method.)
- Where there is no market price
- Cost determined by the moving average method
- The equity in limited investment partnership and other similar partnership (deemed as securities by the Article 2, Section 2 of the Securities and Exchange Law) is accounted for by the equity method, based on its latest financial statements available considering the closing dates stipulated by the respective partnership contracts.
- (B) Valuation and computation of derivative transactions
- Option transaction ... Market value
- Swap transaction ... Market value
- (C) Valuation and computation of the inventories
- Merchandise ... Cost on an individual specified cost basis
- (D) Depreciation of the fixed assets
- (a) Tangible fixed assets and building and structures in trust ... Declining balance method
(Depreciable life)
- Buildings ... 3 to 47 years
- Structure ... 3 to 45 years
- Vehicles and delivery equipment ... 4 to 6 years
- Equipment and furniture ... 2 to 20 years
- (b) Intangible fixed assets ... Straight-line method
- (c) Long-term prepaid expenses ... Amortized in equal installments
- (E) Method of treatment of deferred assets
- Bond issue expenses ... Entire amount expensed as incurred
- (F) Currency translation standards for foreign-currency-denominated assets or liabilities into yen
- Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the accounting date, and differences in currency translation are added up as profit or loss.
- (G) Basis for calculating allowances
- (a) Allowance for bad debts
- In providing for bad debts, the Company makes an allowance for ordinary bad debts based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis, making an allowance for the amount regarded as irrecoverable.
- (b) Allowance for loss on guaranteed receivables
- In providing allowance for loss on guaranteed receivables, the Company makes an allowance as necessary having considered the likelihood of losses at the end of the this fiscal year.
- (c) Allowance for loss on interest repayments
- In order to prepare for potential loss on interest repayments in the future, ACOM Group estimates and provides a reasonable amount of allowance for loss on interest repayments in consideration of the past actual results and the latest conditions of such interest repayments.
- (Additional information)
- In response to "Audit procedures of consumer financing companies concerning the allowance for loss caused by interest repayments claims (Technical topic report No. 37)," which was issued by the Japanese Institute of Certified Public Accountants on October 13, 2006 to clarify the policy concerning methods for calculating the allowance for loss on interest repayments and the reasonable period of estimation, the method used to compute amounts of the said allowance was changed in this accounting period.
- The balance of 317,061 million yen between the allowance amount at the beginning of period computed based on the aforementioned procedures and the allowance amount computed based on the estimation method of the previous fiscal year (including 33,238 million yen, the amount transferred from the initial balance of the allowance) was included in the extraordinary loss.
- As a result, compared to the method utilized in the previous fiscal year, operating profit and income before extraordinary items increased by 50,425 million yen, and loss before income taxes increased by 367,486 million yen.

- (d) Allowance for retirement benefits
 - The Company makes provisions for retirement benefits based on projected retirement obligations and pension fund asset at the balance sheet date. Adjustments are made to determine the amounts applicable to the end of this fiscal year.
 - As projected pension fund asset exceeds the adjusted amounts of projected benefit obligation by unrecognized projected past service liabilities and unrecognized actuarial gains or losses, the surplus is included in the balance of prepaid pension expenses.
- (e) Allowance for directors' and statutory auditors' retirement benefits
 - The Company makes provisions for directors' and statutory auditors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules.
 - Interest Restriction Law of Japan or the contracted interest rate of the Company.
- (H) Basis of recognition of income and expenses
 - (a) Interest on loans receivable
 - Interest on loans receivable is recognized on an accrual basis.
 - Accrued interest on loans receivable is recognized at the lower of the interest rate stipulated in the Interest Restriction Law of Japan or the contracted interest rate of the Company.
 - (b) Income from credit card business
 - Customer fees ... Recognized mainly by credit balance method.
 - Merchant fees ... Recognized as fees when treated.
 - (c) Income from installment sales finance business
 - Fees from customers and member outlets ... Recognized by sum-of-the months' digits method on a due date basis
 - (d) Fees on guaranteed receivables ... Recognized by credit-balance method
- (I) Accounting for lease transactions
 - The Company accounts for finance leases where ownership of the leased asset is not transferred to the lessee as operating leases.
- (J) Accounting for hedging activities
 - (a) Accounting for hedging activities
 - Deferred hedge accounting has been adopted.
 - Interest-rate swaps when meet certain conditions are accounted for according to exceptional treatments.
 - (b) Hedging instruments and items hedged
 - Hedging instruments ... Interest-rate swaps agreements and interest-rate caps
 - Items hedged ... Loans with variable interest rates
 - (c) Hedging policy
 - The Company enters into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans.
 - (d) Evaluating the efficacy of hedging activities
 - The performance of the hedging instruments and the items hedged is monitored primarily using the same criteria.
 - As it can be assumed that changes in interest rates are fully offset by changes in cash flows from hedging instruments, further evaluation is not required.
- (K) Other significant accounting policies for the preparation of non-consolidated financial statements
 - (a) Treatment of consumption tax
 - Consumption tax is treated outside of the financial statements
 - However, non-deductible consumption tax and others relating to assets are recognized as an expense during the year in which it is incurred.

(6) Change in Accounting Policies

(Accounting standards for presentation of net assets in the balance sheet)

“ASBJ Statement No. 5, Accounting Standards for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance (issued by the Accounting Standards Board of Japan on December 9, 2005)” and “ASBJ Guidance No. 8, Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (issued by the Accounting Standards Board of Japan on December 9, 2005)” have been applied from the current accounting period.

The amount corresponding to the conventional shareholders' equity is 443,797 million yen.

Additionally, the statement of net assets in the current accounting period was prepared in accordance with the revised rules for consolidated financial statements in response to the amendment of the regulations concerning such statements.

(Accounting standards for presentation of directors' bonus)

The Accounting Standard for Directors' Bonus (ASBJ Statement No. 4, November 29, 2005) has been applied from this consolidated fiscal year.

This has resulted in the amount of operating expenses, operating loss, loss before extraordinary items, and loss before income taxes being 22 million yen higher than they would have been had the old method been used.

(7) Notes to Non-consolidated Financial Statements

Notes to Non-Consolidated Balance Sheets

Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)
<p>1. Cumulative depreciation of tangible fixed assets (Millions of yen) 44,719</p>	<p>1. Cumulative depreciation of tangible fixed assets (Millions of yen) 44,063</p>
<p>2. Assets pledged as security</p> <p>(1) Pledged assets</p> <p style="padding-left: 40px;">Loan receivable</p> <p style="padding-left: 80px;">340,716 (46,582) [27,623]</p> <p>(2) Secured liabilities</p> <p style="padding-left: 40px;">Short-term loans</p> <p style="padding-left: 80px;">1,000 < 1,000></p> <p style="padding-left: 40px;">Current portion of Long-term loans</p> <p style="padding-left: 80px;">130,508 <24,217> [7,960]</p> <p style="padding-left: 40px;">Long-term loans</p> <p style="padding-left: 80px;">197,383 <21,254> [7,960]</p> <hr style="width: 20%; margin-left: 0;"/> <p style="padding-left: 40px;">Total</p> <p style="padding-left: 80px;">328,891 <46,471> [15,920]</p> <p>Figures in the brackets "< >" represent amounts engaged in transferring of assignment of claims and figures in the brackets "[]" represent amounts relating to securitization.</p>	<p>2. Assets pledged as security</p> <p>(1) Pledged assets</p> <p style="padding-left: 40px;">Loan receivable</p> <p style="padding-left: 80px;">211,371 (21,257) [21,934]</p> <p>(2) Secured liabilities</p> <p style="padding-left: 40px;">Current portion of Long-term loans</p> <p style="padding-left: 80px;">105,432 <14,597> [7,960]</p> <p style="padding-left: 40px;">Long-term loans</p> <p style="padding-left: 80px;">91,951 <6,657> [-]</p> <hr style="width: 20%; margin-left: 0;"/> <p style="padding-left: 40px;">Total</p> <p style="padding-left: 80px;">197,383 <21,254> [7,960]</p> <p>Figures in the brackets "< >" represent amounts engaged in transferring of assignment of claims and figures in the brackets "[]" represent amounts relating to securitization.</p>
<p>3. Authorized shares and issued shares Company's authorized common share capital is 532,197 thousand shares. Our articles of incorporation authorize us to reduce same number of shares when cancellation of shares occurs. Company's issued common share capital is 159,628 thousand shares.</p>	<p>3. ---</p>
<p>4. Treasury stock Company holds 2,438,225 shares of common stock.</p>	<p>4. ---</p>
<p>5. Contingent liabilities</p> <p>(1) Amount of guaranteed receivables of guarantee business</p> <p style="padding-left: 40px;">Guaranteed receivables</p> <p style="padding-left: 80px;">163,782</p> <p style="padding-left: 40px;">Allowance for loss on guaranteed receivables</p> <p style="padding-left: 80px;">3,330</p> <hr style="width: 20%; margin-left: 0;"/> <p style="padding-left: 40px;">Net</p> <p style="padding-left: 80px;">160,452</p> <p>(2) Amount of guaranteed liabilities of affiliated companies</p> <p style="padding-left: 40px;">JLA INCORPORATED</p> <p style="padding-left: 80px;">1,108</p> <p style="padding-left: 40px;">ACOM ESTATE CO., LTD.</p> <p style="padding-left: 80px;">50</p> <p style="padding-left: 40px;">JCK CREDIT CO., LTD.</p> <p style="padding-left: 80px;">1,099</p> <p style="padding-left: 40px;">IR Loan Servicing, Inc.</p> <p style="padding-left: 80px;">1,200</p> <p style="padding-left: 40px;">DC Cash One Ltd.</p> <p style="padding-left: 80px;">72,733</p> <p style="padding-left: 40px;">EASY BUY Public Company Limited</p> <p style="padding-left: 80px;">38,855</p>	<p>5. Contingent liabilities</p> <p>(1) Amount of guaranteed receivables of guarantee business</p> <p style="padding-left: 40px;">Guaranteed receivables</p> <p style="padding-left: 80px;">179,549</p> <p style="padding-left: 40px;">Allowance for loss on guaranteed receivables</p> <p style="padding-left: 80px;">3,670</p> <hr style="width: 20%; margin-left: 0;"/> <p style="padding-left: 40px;">Net</p> <p style="padding-left: 80px;">175,879</p> <p>(2) Amount of guaranteed liabilities of affiliated companies</p> <p style="padding-left: 40px;">JLA INCORPORATED</p> <p style="padding-left: 80px;">675</p> <p style="padding-left: 40px;">IR Loan Servicing, Inc.</p> <p style="padding-left: 80px;">7,108</p> <p style="padding-left: 40px;">DC Cash One Ltd.</p> <p style="padding-left: 80px;">80,473</p> <p style="padding-left: 40px;">EASY BUY Public Company Limited</p> <p style="padding-left: 80px;">57,732</p>

Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)
<p>6. Commitment line contracts for loans receivables Loans extended by the Company primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 834,762 million yen at the end of the accounting period. This included a total of 587,092 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period.</p> <p>A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.</p> <p>Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>	<p>6. Commitment line contracts for loans receivables Loans extended by the Company primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 845,045 million yen at the end of the accounting period. This included a total of 619,603 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period.</p> <p>A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.</p> <p>Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>
<p>7. Status of bad debts included in loans receivable Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 3,852 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 35,090 millions of yen. Under the policies stipulated in Japan's tax laws, 11,969 millions of yen of this amount would be classified as loans overdue by three months or more, 6,559 million yen as restructured loans and 16,560 million yen as loans no longer in arrears.</p>	<p>7. Status of bad debts included in loans receivable Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 3,244 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 61,373 millions of yen. Under the policies stipulated in Japan's tax laws, 19,452 millions of yen of this amount would be classified as loans overdue by three months or more, 8,466 million yen as restructured loans and 33,453 million yen as loans no longer in arrears.</p>

Prior fiscal year (As of March 31, 2006)			This fiscal year (As of March 31, 2007)		
(Millions of yen)			(Millions of yen)		
Category	Amount	Classification criteria	Category	Amount	Classification criteria
Loans to bankrupt parties	(7,000) 7,000	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.	Loans to bankrupt parties	(6,120) 6,120	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.
Loans in arrears	(11,619) 46,709	Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.	Loans in arrears	(19,603) 80,976	Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.
Loans overdue by three months or more	(13,080) 1,110	Loans other than the above that are overdue by three months or more.	Loans overdue by three months or more	(19,952) 499	Loans other than the above that are overdue by three months or more.
Restructured loans	(61,312) 54,752	Loans other than above on which favorable terms have been granted, such as the waiving of interest.	Restructured loans	(62,177) 53,711	Loans other than above on which favorable terms have been granted, such as the waiving of interest.
Total	(93,012) 109,573		Total	(107,853) 141,307	

Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.

Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.

8. Financial assets received as freely disposable securities

The Company and some of its subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.

Amount of marketable securities purchased
(Stated as short-term loans) 24,997 million yen

Market value of marketable securities purchased at the end of the fiscal year. 24,972 million yen

9. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company maintains overdraft contract with one financial institution and designated commitment line contracts with three financial institutions. As of the end of the current non-consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.

	(Millions of yen)		(Millions of yen)
Agreed amount of agreement for overdraft and commitment line	236,462	Agreed amount of agreement for overdraft and commitment line	228,140
Amount of borrowing	30,920	Amount of borrowing	22,960
Unused amount	205,542	Unused amount	205,180

10. Limitation on dividend

The amount of net asset is increased by 31,258 million yen due to revaluation of asset into market value which regulated by commercial rule code No. 124-3

10. ---

Notes to Non-Consolidated Statements of Income

Prior fiscal year (From April 1, 2005 to March 31, 2006)	This fiscal year (From April 1, 2006 to March 31, 2007)
<p>1. Other principal financial income</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest on deposits 1</p> <p>Interest on loans 8</p> <p>Effect of currency exchange 36</p>	<p>1. Other principal financial income</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest on deposits 70</p> <p>Interest on loans 79</p> <p>Effect of currency exchange 17</p>
<p>2. Principal financial expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest paid 11,142</p> <p>Interest on straight bonds 4,892</p> <p>Bond issue expenses 383</p>	<p>2. Principal financial expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest paid 10,905</p> <p>Interest on straight bonds 4,367</p> <p>Bond issue expenses 282</p>
<p>3. Principal items of operating expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Advertising expenses 16,087</p> <p>Provision for bad debts 104,853</p> <p>Provision for loss on guaranteed receivables 3,330</p> <p>Provision for loss on interest repayments 23,700</p> <p>Salaries 27,258</p> <p>Retirement benefit expenses 3,031</p> <p>Provision for directors' and corporate auditors' retirement benefits 63</p> <p>Welfare expenses 3,604</p> <p>Leases 12,581</p> <p>Depreciation expenses 4,100</p> <p>Fees 28,951</p>	<p>3. Principal items of operating expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Advertising expenses 10,875</p> <p>Provision for bad debts 120,352</p> <p>Provision for loss on guaranteed receivables 3,670</p> <p>Bad debt write-offs 5,033</p> <p>Provision for loss on interest repayments 200,147</p> <p>Salaries 24,787</p> <p>Retirement benefit expenses 1,294</p> <p>Provision for directors' and corporate auditors' retirement benefits 60</p> <p>Welfare expenses 3,412</p> <p>Leases 12,045</p> <p>Depreciation expenses 3,493</p> <p>Fees 31,398</p>
<p>4. The business operation results with subsidiaries and affiliates are included into non-operating income as follows;</p> <p style="text-align: right;">(Milliond of yen)</p> <p>Interest income 531</p> <p>Dividends received 88</p> <p>Other non-operating expenses 209</p> <hr/> <p>Total 829</p>	<p>4. The business operation results with subsidiaries and affiliates are included into non-operating income as follows;</p> <p style="text-align: right;">(Milliond of yen)</p> <p>Interest income 459</p> <p>Dividends received 155</p> <p>Other non-operating expenses 326</p> <hr/> <p>Total 941</p>
<p>5. The business operation results with subsidiaries and affiliates are included into non-operating expenses as follows;</p> <p style="text-align: right;">(Millions of yen)</p> <p>Loss on investments in investing business association 52</p> <p>Other non-operating expenses 4</p> <hr/> <p>Total 57</p>	<p>5. The business operation results with subsidiaries and affiliates are included into non-operating expenses as follows;</p> <p style="text-align: right;">(Millions of yen)</p> <p>Loss on investments in investing business association 114</p> <p>Other non-operating expenses 5</p> <hr/> <p>Total 119</p>
<p>6. Breakdown of gains on sales of fixed assets</p> <p style="text-align: right;">(Millions of yen)</p> <p>Buildings 0</p> <p>Equipment and furniture 0</p> <p>Lands 201</p> <hr/> <p>Total 201</p>	<p>6. Breakdown of gains on sales of fixed assets</p> <p style="text-align: right;">(Millions of yen)</p> <p>Buildings 2</p> <p>Structures 0</p> <p>Vehicles and delivery equipment 0</p> <p>Equipment and furniture 0</p> <p>Lands 2</p> <hr/> <p>Total 5</p>

Prior fiscal year (From April 1, 2005 to March 31, 2006)	This fiscal year (From April 1, 2006 to March 31, 2007)																		
7. Gains on sales of investments in shares in affiliates results from sales of shares of CHAILEASE ACOM FINANCE CO., LTD.	7. Gains on sales of investments in shares in affiliates results from sales of shares of AB PARTNER CO., LTD.																		
8. Other extraordinary income results from sales of golf club memberships.	8. Breakdown of other extraordinary income (Millions of yen)																		
	Gains on maturity of investment trusts 35																		
	Gains on sales of golf club membership 0																		
	Total 36																		
9. Breakdown of loss on sales of fixed assets (Millions of yen)	9. Breakdown of loss on sales of fixed assets (Millions of yen)																		
Buildings 270	Buildings 1																		
Structures 5	Structures 0																		
Equipment and fixture 7	Equipment and fixture 0																		
Land 54	Land 13																		
Leasehold 4	Telephone rights 48																		
Telephone rights 60	Total 63																		
Other intangible assets 34																			
Total 436																			
10. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below. (Millions of yen)	10. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below. (Millions of yen)																		
Buildings 420	Buildings 265																		
Structures 267	Structures 62																		
Equipment and fixture 184	Equipment and fixture 31																		
Total 871	Total 358																		
11. The Company has reported impairment loss for this accounting period as below: (1) Assets recognized as having suffered impairment	11. The Company has reported impairment loss for this accounting period as below: (1) Assets recognized as having suffered impairment																		
<table border="1"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Mie Toba City</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> </tbody> </table>	Location	Usage	Type	Mie Toba City	Welfare/ Leisure Facilities	Land and Buildings etc.	<table border="1"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Iwate Hachimantai City</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> <tr> <td style="text-align: center;">Shizuoka Hamamatsu City</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> <tr> <td style="text-align: center;">Mie Toba City</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> </tbody> </table>	Location	Usage	Type	Iwate Hachimantai City	Welfare/ Leisure Facilities	Land and Buildings etc.	Shizuoka Hamamatsu City	Welfare/ Leisure Facilities	Land and Buildings etc.	Mie Toba City	Welfare/ Leisure Facilities	Land and Buildings etc.
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(2) Method of grouping assets The smallest units the Company has adopted for the grouping of fixed assets are as below: (a) For the loan business (part of our financial services business): regional business departments (b) For the installment sales finance business (part of our financial services business): business offices (c) For other financial businesses: department etc. For property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.	(2) Method of grouping assets The smallest units the Company has adopted for the grouping of fixed assets are as below: (a) For the loan business (part of our financial services business): regional business departments (b) For the installment sales finance business (part of our financial services business): business offices (c) For other financial businesses: department etc. For property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.																		

Prior fiscal year (From April 1, 2005 to March 31, 2006)	This fiscal year (From April 1, 2006 to March 31, 2007)																										
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Total	8																										
12. Loss on settlement of affiliated companies results from loss on liquidation of shares of an affiliated company due to the dissolution of ACOM PACIFIC, INC.	12. ---																										
13. ---	<p>13. Management restructuring expenses were expenses incurred in the reform of our cost structure, which was conducted in order to enhance business efficiency. A description of them is as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Special retirement benefit expenses</td> <td style="text-align: right;">14,098</td> </tr> <tr> <td>Outplacement expenses</td> <td style="text-align: right;">806</td> </tr> <tr> <td>Business promotion restructuring expenses</td> <td style="text-align: right;">3,092</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">17,997</td> </tr> </table>		(Millions of yen)	Special retirement benefit expenses	14,098	Outplacement expenses	806	Business promotion restructuring expenses	3,092	Total	17,997																
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	(Millions of yen)																										
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<p>14. Basis for classification of financial income and expenditure on the statements of income</p> <p>(1) Financial income stated as operating income Include all financial income excluding dividends and interest related to affiliated companies and excluding dividends and interest, etc., received on investment securities.</p> <p>(2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company engaged in financial services, other than interest payable which has no relationship to operating income.</p>	<p>14. Basis for classification of financial income and expenditure on the statements of income</p> <p>(1) Financial income stated as operating income Include all financial income excluding dividends and interest related to affiliated companies and excluding dividends and interest, etc., received on investment securities.</p> <p>(2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company engaged in financial services, other than interest payable which has no relationship to operating income.</p>																										

Notes to Non-Consolidated Statement of Changes in Net Assets

This Accounting Period (From April, 2006 to March 31, 2007)

(A) Matters for treasury shares

Type of shares	Prior fiscal year (As of March 31, 2006)	Increase	Decrease	This fiscal year (As of March 31, 2007)
Common shares	2,438,225	44	4,300	2,433,969

(Outline for the change)

44 shares of increase is owing to purchase of shares in units of less than 10.

4,300 shares of decrease is owing to exercising rights of stock options.

Notes to Lease Transactions

Prior fiscal year (From April 1, 2005 to March 31, 2006)				This fiscal year (From April 1, 2006 to March 31, 2007)			
Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee				Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee			
1. Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets				1. Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets			
(Millions of yen)				(Millions of yen)			
	Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value
Vehicles and delivery equipment	151	79	71	Vehicles and delivery equipment	103	73	30
Equipment and furniture	3,181	2,237	943	Equipment and furniture	1,692	1,219	472
Total	3,333	2,317	1,015	Total	1,795	1,292	502
2. Equivalent of balance of the unaccrued lease fee				2. Equivalent of balance of the unaccrued lease fee			
Within 1 year				Within 1 year			
More than 1 year				More than 1 year			
Total				Total			
3. Lease fee payable, equivalent of depreciation and equivalent of interest payable				3. Lease fee payable, equivalent of depreciation and equivalent of interest payable			
Lease fee payable				Lease fee payable			
Equivalent of depreciation				Equivalent of depreciation			
Equivalent of interest payable				Equivalent of interest payable			
4. Method of calculation of equivalent of depreciation				4. Method of calculation of equivalent of depreciation			
Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.				Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.			
5. Method of calculation of equivalent of interest				5. Method of calculation of equivalent of interest			
The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.				The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.			

Marketable Securities (Subsidiary and affiliate stock)

Prior non-consolidated fiscal year (from April 1, 2005 to March 31, 2006)

There is no subsidiary and affiliate stock for which market prices are available.

This non-consolidated fiscal year (from April 1, 2006 to March 31, 2007)

There is no subsidiary and affiliate stock for which market prices are available.

Notes to the Method of Tax Effect Accounting

Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)
<p>1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities</p> <p style="text-align: right;">(Millions of yen)</p> <p>Deferred tax assets</p> <p>Nondeductible write-offs of bad debts 11,800</p> <p>Amount exceeding the tax limit for the provision for bad debt allowance 11,047</p> <p>Allowance for loss on guaranteed receivables 1,354</p> <p>Allowance for loss on interest repayments 9,643</p> <p>Amount exceeding the tax limit for the provision for accrued bonuses 1,346</p> <p>Provision for directors' and corporate auditors' retirement benefits 299</p> <p>Unrecognized accrued interest income 571</p> <p>Accrued enterprise tax 1,898</p> <p>Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures 120</p> <p>Amount exceeding the tax limit for the amortization of software application 6,147</p> <p>Amount exceeding the tax limit for the amortization of deferred consumption tax and other 280</p> <p>Nondeductible devaluation of marketable securities 232</p> <p>Unrecognized valuation loss on golf club memberships 150</p> <p>Others 721</p> <p style="padding-left: 20px;">Total deferred tax assets <u>45,614</u></p> <p style="padding-left: 20px;">Valuation allowance <u>(392)</u></p> <p style="padding-left: 20px;">Total deferred tax assets <u>45,221</u></p> <p>Deferred tax liabilities</p> <p>Change in valuation of other marketable securities 21,444</p> <p>Charge for prepaid pension expenses 662</p> <p style="padding-left: 20px;">Total deferred tax liabilities <u>22,107</u></p> <p style="padding-left: 20px;">Balance of deferred tax assets <u>23,114</u></p>	<p>1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities</p> <p style="text-align: right;">(Millions of yen)</p> <p>Deferred tax assets</p> <p>Bad debt write-offs 15,180</p> <p>Allowance for bad debts 6,965</p> <p>Allowance for loss on guaranteed receivables 1,493</p> <p>Allowance for loss on interest repayments 199,381</p> <p>Accrued bonuses 980</p> <p>Allowance for directors' and corporate auditors' retirement benefits 310</p> <p>Unrecognized accrued interest income 1,869</p> <p>Small capital expenditures 91</p> <p>Software application 6,246</p> <p>Deferred consumption tax and other 280</p> <p>Loss on revaluation of investments in marketable securities 6,247</p> <p>Valuation loss of golf club memberships 141</p> <p>Loss on revaluation of merchandise 218</p> <p>Others 855</p> <p style="padding-left: 20px;">Total deferred tax assets <u>240,263</u></p> <p style="padding-left: 20px;">Valuation allowance <u>(180,797)</u></p> <p style="padding-left: 20px;">Total deferred tax assets <u>59,466</u></p> <p>Deferred tax liabilities</p> <p>Change in valuation of other marketable securities 9,008</p> <p>Charge for prepaid pension expenses 918</p> <p>Tax return receivable 348</p> <p style="padding-left: 20px;">Total deferred tax liabilities <u>10,276</u></p> <p style="padding-left: 20px;">Balance of deferred tax assets <u>49,189</u></p>
<p>2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes</p> <p>Omitted as difference between the statutory tax rate and the effective tax rate was less than 5% of the statutory tax rate.</p>	<p>2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes</p> <p style="text-align: right;">(%)</p> <p>Statutory income tax rate 40.7</p> <p>(Adjustment)</p> <p>Expenses not deductible for income tax purposes (0.0)</p> <p>Inhabitants' per capita taxes (0.0)</p> <p>Valuation allowance (41.3)</p> <p>Others 0.0</p> <p style="padding-left: 20px;">The effective tax rate <u>(0.6)</u></p>

Footnotes to statistics per Share

Prior fiscal year (From April 1, 2005 to March 31, 2006)		This fiscal year (From April 1, 2006 to March 31, 2007)	
	(Yen)		(Yen)
Net assets per share	5,874.26	Net assets per share	2,823.24
Net income per share	407.52	Net income per share	2,795.68
Net income per share diluted	407.34	Net income per share diluted is not presented since net loss is recorded.	

(Note) 1. Net assets per share is calculated based on the following data.

	Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)
Total net assets (millions of yen)	-	443,797
The amounts deducted from total net assets (millions of yen)	-	-
Amounts of net assets related to common shares at the end of accounting period (millions of yen)	-	443,797
Number of shares issued within common shares	-	159,628,280 shares
Number of treasury shares within common shares	-	2,433,969 shares
Number of common shares to calculate net assets per share at the end of accounting period	-	157,194,311 shares

2. Net income (loss) per share and net income (loss) per share diluted are calculated based on the following data.

	Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)
Net income (loss) per share		
Net income (loss) (millions of yen)	64,152	(439,463)
Net income not available to common shareholders [Bonuses to directors included in the above] (millions of yen)	34 [34]	- [-]
Net income (loss) related to common shares (millions of yen)	64,118	(439,463)
Weighted average number of common shares during accounting period	157,337,635 shares	157,193,966 shares
Net income (loss) per share diluted		
Net income effect of dilutive securities	-	-
Number of increase of common shares [Stock options (stock acquisition rights) included in the above]	70,501 shares [70,501 shares]	- [-]
Residual securities which do not dilute net income per share	Stock options (treasury stock method) 308,400 shares	-

Important subsequent events

On December 15, 2006, the Board of Directors of ACOM resolved the split-up of Installment Sales Finance Business of ACOM to JCK CREDIT CO., LTD. (hereinafter "JCK"), ACOM's wholly owned subsidiary, and succession of business.

(A) Background of Corporate Split-up

JCK, ACOM's wholly owned subsidiary, acquired Installment Sales Finance Business of ACOM and JCK changed its name to "AFRESH CREDIT CO., LTD." on April 1, 2007.

(B) Details of Split-up Business

Installment Sales Finance Business of ACOM

(C) Purpose of Corporate Split-up

ACOM consolidates Installment Sales Finance Business and JCK, specialty in Installment Sales Finance Business, to lower the business operation cost and strengthening sales promotion activities for reorganization of its group businesses.

(D) Schedule of Consolidation

Conclusion of contract for consolidation: February 15, 2007

Date of the Merger (Effective date): April 1, 2007

(E) Method of the Merger

ACOM will be a split-up company and JCK will become as a succession company by a method of absorption split-up.

None of new shares will be issued due to this merger because both amalgamated and predecessor companies are ACOM's wholly owned subsidiaries.

(F) Outline of the accounting treatment adopted

Assets and liabilities of split-up company will be booked as appropriate book value at both the succession company and split-up company due to the relationship of ACOM and succession company which is ACOM's wholly owned subsidiary.

(G) Operating Income of Split-up Business Division written in income statements of Fiscal Year ended March 31, 2007

Fees from installment sales finance business: 3,492 million yen

ACOM CO., LTD. (hereinafter: "Company") announced that the meeting of the Board of Directors held on May 10, 2007, approved the decision to provide new applicants of unsecured loans for consumers with lower maximum lending interest rate. Details are as follows.

(A) Background

ACOM has been striving on group-wide management reformation in order to establish a company group which takes serious view of sociality as well as consumer protection and provide financial services of relief and confidence with low-price. With a recognition that applying credit screening based on environmental changes as a fundamental issue, ACOM decided to lower its maximum lending interest rate for new applicants.

(B) Summary

(a) Interest loan rate

Current interest rate (effective annual interest rate): 13.140% ~ 27.375%

New interest rate (effective annual interest rate): 12.000% ~ 18.000%

(b) Customers Applicable

Those who make new contract from Monday, June 18, 2007

Current customers with accounts who meet new credit screening standard

7. Actual Results

(1) Operating income by segments

(Millions of yen)

Division	Segment	Prior fiscal year From April 1, 2005 to March 31, 2006		This fiscal year From April 1, 2006 to March 31, 2007		Change	
		Amount	Composition Ratio	Amount	Composition Ratio	Amount	Percentage
Financial business	Interest on loans receivable	367,619	92.7	342,908	92.5	(24,710)	(6.7)
	Unsecured loans	360,812	91.0	336,615	90.8	(24,197)	(6.7)
	Consumers	360,784	91.0	336,597	90.8	(24,187)	(6.7)
	Commercials	27	0.0	18	0.0	(9)	(35.1)
	Secured loans	6,806	1.7	6,292	1.7	(513)	(7.5)
	Fees from Installments	11,690	2.9	9,263	2.5	(2,426)	(20.8)
	Credit card	6,139	1.5	5,770	1.6	(368)	(6.0)
	Installment sales finance	5,550	1.4	3,492	0.9	(2,058)	(37.1)
	Fees from guarantee business	8,549	2.2	9,746	2.6	1,197	14.0
Other business	Sales	—	—	722	0.2	722	—
Other segments	Other financial income	46	0.0	166	0.0	119	259.2
	Other operating income	8,732	2.2	7,962	2.2	(769)	(8.8)
	Collection of bad debts deducted	6,922	1.7	5,908	1.6	(1,013)	(14.6)
	Others	1,809	0.5	2,053	0.5	244	13.5
Total		396,637	100.0	370,769	100.0	(25,867)	(6.5)

Note: Sales amount of "ACOM MasterCard®" is included in the "credit card."

(2) Other statistics

(A) Receivables outstanding at year-end

(Millions of yen)

Item	Term	Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)	Amount of Change	
				Amount	Percentage
Loan business		1,596,276	1,494,399	(101,877)	(6.4)
Unsecured loans		1,542,256	1,446,209	(96,047)	(6.2)
Consumers		1,542,121	1,446,117	(96,003)	(6.2)
Commercials		134	91	(43)	(32.3)
Secured loans		54,020	48,190	(5,829)	(10.8)
Installment receivable outstanding		47,551	44,276	(3,275)	(6.9)
Credit Card		47,537	44,268	(3,268)	(6.9)
Other		14	7	(6)	(47.1)
Installment sales finance business		45,769	32,147	(13,622)	(29.8)

(B) Number of customer accounts

Item	Term	Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)	Amount of Change	
				Amount of Change	Percentage
					%
Loan business		2,859,176	2,682,160	(177,016)	(6.2)
Unsecured loans		2,846,796	2,670,707	(176,089)	(6.2)
Consumers		2,846,643	2,670,606	(176,037)	(6.2)
Commercials		153	101	(52)	(34.0)
Commercials		12,380	11,453	(927)	(7.5)
Commercials		1,253,800	1,176,105	(77,695)	(6.2)
Credit card		1,253,603	1,175,910	(77,693)	(6.2)
Other		197	195	(2)	(1.0)
Installment sales finance business		205,783	147,433	(58,350)	(28.4)

- Note: 1. Loan business: The number of loan accounts with loan balance outstanding
2. Credit card business: Cardholder of ACOM MasterCard®
3. Installment sales finance business: Number of contracts with receivables outstanding

(C) Number of outlets, MUJINKUN, and CD/ATM

Item	Term	Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)	Amount of Change	
				Amount of Change	Percentage
					%
Number of outlets		2,012	1,817	(195)	(9.7)
Loan business outlets		2,003	1,812	(191)	(9.5)
Staffed		277	142	(135)	(48.7)
Unstaffed		1,726	1,670	(56)	(3.2)
QUICK MUJIN Machines		194	119	(75)	(38.7)
Installment sales finance business		9	5	(4)	(44.4)
Number of MUJINKUN outlets <machines>		<2,008> 2,007	<1,820> 1,820	(187)	(9.3)
QUICK MUJIN Machines		<201> 201	<128> 128	(73)	(36.3)
Number of CD/ATM		83,868	87,773	3,905	4.7
Proprietary		1,952	1,841	(111)	(5.7)
Open 365 days / year		1,951	1,841	(110)	(5.6)
Open 24 hours / day		1,727	1,632	(95)	(5.5)
Tie-up		81,916	85,932	4,016	4.9
Others		8,903	8,464	(439)	(4.9)

Note: "QUICK MUJIN" is a simple-type automatic loan application machine which enables customers spend less time at MUJINKUN outlets. It is possible to set up QUICK MUJIN by lower cost and more space-saving.

(D) Others**(Millions of yen)**

Item	Term	Prior fiscal year (As of March 31, 2006)	This fiscal year (As of March 31, 2007)	Amount of Change	
				Amount of Change	Percentage
					%
Number of employees		3,911	2,956	(955)	(24.4)
Allowance for bad debts		122,700	121,000	(1,700)	(1.4)
Allowance for loss on guaranteed receivables		3,330	3,670	340	10.2
Allowance for loss on interest repayments		23,700	490,000	466,300	—
Bad debt write-off		107,239	97,097	(10,142)	(9.5)
Interest repayments		13,527	84,147	70,619	522.0

8. Change in Officers

(1) Change in representative directors

None

(2) Changes in other officers (as of June 27, 2007)

(A) Candidates for Directors

Director Shozo Tanaka

(Former Position: Executive Officer, Chief General Officer of Credit Credit Superdivision Dept. I)

(B) Candidates for Statutory Auditors

Corporate Auditor Minoru Ikeda

(Former Position: Executive Managing Director at Juridical Foundation. The Institute for Research on Household Economic

(C) Directors scheduled for retirement

Senior Managing Director Masayoshi Tatsuta

(D) Statutory Auditors scheduled for retirement

Statutory Auditor Koichi Shimizu