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# **Earnings Release Conference**

***Fiscal Year Ended March 2008***

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**ACOM CO., LTD.**

**<http://www.acom.co.jp/ir/english/>**

**May 9, 2008**

# Conference Schedule

May 9, 2008

Title	Presenter	Duration (Approx.)	Page
1. Financial Results Summary	Shigeyoshi Kinoshita President & CEO	20min.	6 -
2. Measures Taken during the FY March 2008			8 -
3. Outlook and Policy for the FY March 2009			17 -
1. Analysis for the FY March 2008	Takashi Kiribuchi Chief General Manager & Chief IR Officer Public Relations Dept.	15min.	21 -
2. Assumptions for the FY March 2009			33 -
Questions & Answer		35min.	

The figures contained in this presentation material with respect to ACOM's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements due to 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.

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# **Financial Results Summary**

*Fiscal Year Ended March 2008*

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**Shigeyoshi Kinoshita**

**President & CEO**

# ***Drastically Changing Environment***

## **◆ Understanding on Current Environment**

### **Macro and Industrial Environment**

- ✓ **The number of requests for interest repayments reaching a plateau**
- ✓ **Enforcement of the Money-lending Business Law (tightening regulations and self-regulatory rules)**
- ✓ **Acceleration of corporate reorganization throughout the non-bank industry**
- ✓ **Intensifying competition exceeding the boundary of industry**



### **Management Policy of the ACOM Group for the FY March 2008**

- ✓ **Establishment of compliance structure**
- ✓ **Actualization of putting customers first and establishment of socially-oriented corporate brand**
- ✓ **Transformation of business model to enhance our cost competitiveness**
- ✓ **Improvement of service by strengthening our marketing systems**
- ✓ **Strengthening our ability to attract new customers and improve the quality of assets**
- ✓ **Nurturance of professionals**

# Revision of Money-lending Business Law

(schedule of enforcement)

## ◆ Proclamation of Revised Money-lending Business Restriction Law on December 20, 2006

**1<sup>st</sup> Enforcement**

**(2007.01.20)**

- ✓ Raise penalties for unregistered business

**2<sup>nd</sup> Enforcement  
(Main Enforcement)**

**(2007.12.19)**

- ✓ Change the name of Law  
>Main enforcement
- ✓ Governmental authorization required to establish money-lending business association
  - >Self-regulatory rules
  - >Rules regarding complaints and counseling
- ✓ Revision of governmental ordinance
  - >Rectification of industry
  - >Inhibit excessive lending

**3<sup>rd</sup> Enforcement**

**(by 2009.6)**

- ✓ Establish examination system for loan office managers
- ✓ Establish system of certified credit information bureau

**4<sup>th</sup> Enforcement  
(Complete Enforcement)**

**(by 2010.6)**

- ✓ Reduction of interest rate (Capital Subscription Law)
- ✓ Regulation on total loan balance
- ✓ Obligation to confirm borrower's ability to make repayments
- ✓ Abolishment of minashi payment
- ✓ Obligate issuance of documents in advance

# Financial Results Summary (1)

FY March 2008	Consolidated			Non-consolidated		
	Result (millions of yen)	yoy (%)	Compared to forecast (millions of yen)	Result (millions of yen)	yoy (%)	Compared to forecast (millions of yen)
Operating income	379,706	-10.4	6,206	317,116	-14.5	8,016
Operating expenses	298,054	-41.4	-8,646	236,956	-48.5	-8,444
Operating profit	81,651	-	14,851	80,159	-	16,459
Income before extraordinary items	83,120	-	14,320	82,319	-	15,619
Net income	35,406	-	-3,694	33,518	-	-6,582

## Primary Factors (year on year)

- ✓ Operating income: decrease in loans receivable and average loan yield
- ✓ Operating expenses: substantial reduction in interest-repayment-related expenses and decrease in bad-debt-related and general administrative expenses
- ✓ Net income: increase in loss on revaluation of investments in marketable securities, decrease in current income taxes, and increase in prior fiscal year corporate taxes, etc. and deferred income tax

# Financial Results Summary (2)

	FY March 2008		FY March 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
<b>Net income</b> (millions of yen)	<b>35,406</b>	<b>33,518</b>	<b>-437,972</b>	<b>-439,463</b>
<b>Shareholders' equity ratio</b>	<b>24.9%</b>	<b>27.9%</b>	<b>22.2%</b>	<b>23.8%</b>
<b>Dividend per share</b>	<b>100 yen</b> (Interim: 50 yen)		<b>100 yen</b> (Interim: 70 yen)	

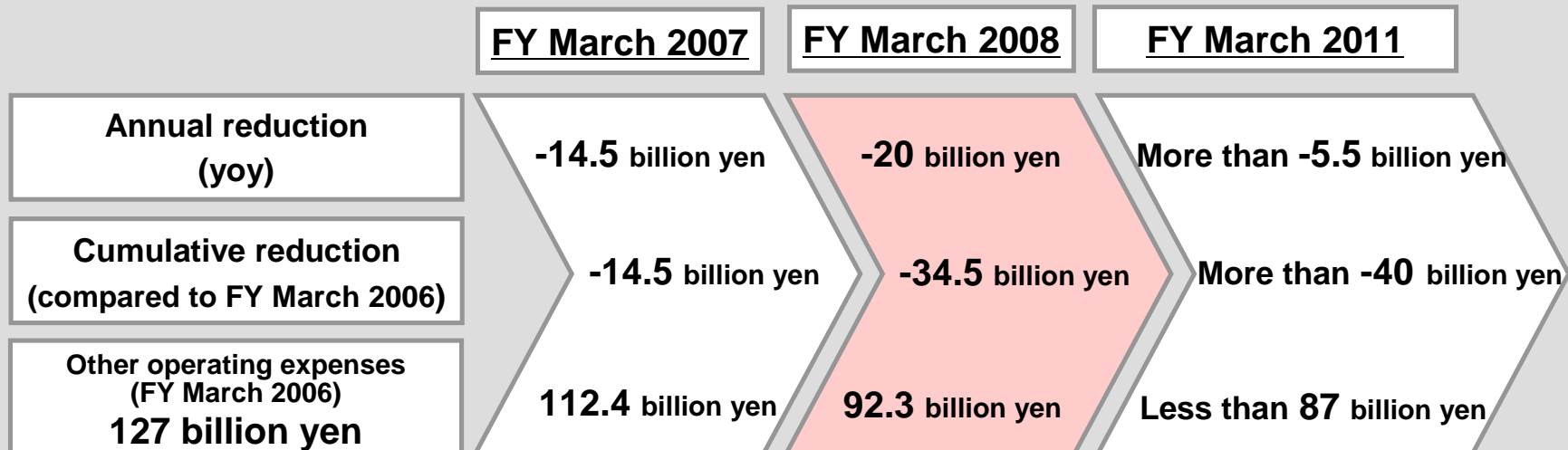
# Group Management Reformation

## ◆ Cost reduction is making a smooth progress

Reduction of “Other Operating Expenses” excluding Financial, Bad-debt-related, and Interest-repayment-related Expenses

✓ Aiming for reduction of 40 billion yen compared to the FY March 2006

✓ Reduction to 87 billion yen at the FY March 2011



# Reduction in Lending Interest Rate

## Purpose

- ✓ Attracting new customers from other segments
- ✓ Expansion of service for existing customers

Untill June 17, 2007

✓ 13.140 ~ 27.375%



From June 18, 2007

✓ 12.00 ~ 18.00%



From March 31, 2008

✓ 7.7 ~ 18.0%

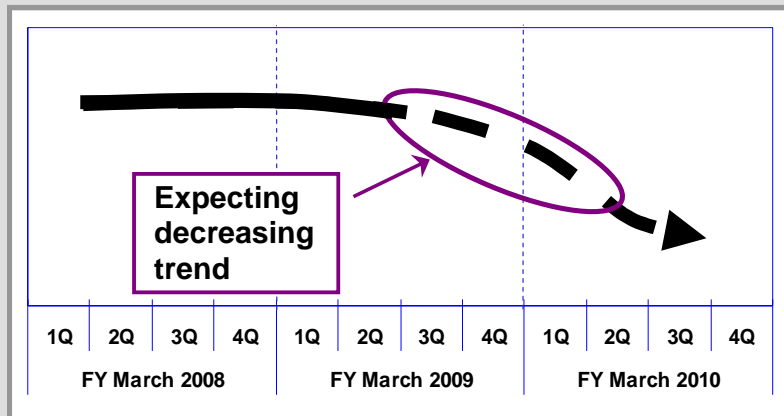
	FY March 2007	FY March 2008	FY March 2009 (Forecast)
<b>Average loan yield</b> (Unsecured loan for consumers)	22.25%	21.05%	<b>19.09%</b>

# Situation of the Allowance for Loss on Interest Repayments

## ◆ Views on Allowance for loss on interest repayments

- ✓ Requests for interest repayments: Estimates the number to remain in plateau in FY March 2009 and may begin decreasing from third quarter of FY March 2009
- ✓ Sum of interest repayments and ACOM's voluntary waiver of repayments in FY March 2008: 134.8 billion yen
- ✓ Allowance for loss on interest repayments at the end of March 2008: 374.8 billion yen including provision of 19.6 billion yen
- ✓ Estimated amount of reversal for FY March 2009: 121.8 billion yen

### Estimate on the No. of requests for interest repayments



### Change of allowance for loss on interest repayments

	2007/3	2008/3	2009/3 (Forecast)
Allowance for loss on interest repayments (billions of yen)	490	374.8	253

# Loan Business (Consolidated)

(Millions of yen)

	2008/3			2009/3 (Forecast)	
		yoy	%		yoy (%)
<b>Receivables outstanding</b>	<b>1,480,917</b>	-151,393	<b>-9.3</b>	1,375,100	-7.1
ACOM	1,318,781	-175,617	-11.8	1,214,200	-7.9
DC Cash One	81,161	-1,536	-1.9	81,600	0.5
EASY BUY*	<b>74,735</b>	24,817	<b>49.7</b> (33.3)	72,300	-3.3 (16.5)
<b>No. of customer accounts</b>	<b>3,208,872</b>	-226,714	-6.6	3,212,000	0.1
ACOM	2,374,759	-307,401	-11.5	2,177,100	-8.3
DC Cash One	180,085	-2,793	-1.5	177,900	-1.2
EASY BUY	638,291	81,947	14.7	839,000	31.4
<b>No. of new loan customers</b>					
ACOM	<b>175,864</b>	-93,021	-34.6	205,000	16.6
DC Cash One	24,394	-14,315	-37.0	27,700	13.6

Note: The amounts in ( ) are ratio of increase or decrease due to baht.

# Credit Card and Installment Sales Finance Businesses (Consolidated)



(Millions of yen)

	2008/3			2009/3 (Forecast)	
		yoy	%		yoy (%)
<b>Credit card business</b>					
Card shopping receivables	38,126	-6,715	-15.0	30,200	-20.8
ACOM	37,682	-6,585	-14.9	30,000	-20.4
AFRESH CREDIT	443	-122	-21.6	200	-54.9
No. of cardholders	871,773	-310,033	-26.2	620,800	-28.8
ACOM	866,958	-308,952	-26.3	616,000	-28.9
AFRESH CREDIT	4,814	-887	-15.6	4,800	-0.3
<b>Installment sales finance business</b>					
Installment receivables	42,795	-14,190	-24.9	41,300	-3.5
AFRESH CREDIT*1	32,656	23,153	243.6	35,400	8.4
EASY BUY*2	10,138	-5,196	-33.9 (-41.1)	5,900	-41.8 (-29.9)
No. of customer accounts	313,664	-107,890	-25.6	288,300	-8.1
AFRESH CREDIT*1	159,260	101,420	175.3	159,300	0.0
EASY BUY	154,404	-61,877	-28.6	129,000	-16.5

\*1 Installment sales finance business of ACOM was succeeded on April 1, 2007.

\*2 The amounts in ( ) are ratio of increase or decrease due to baht.

# Guarantee Business (Consolidated)

(Millions of yen)

	2008/3		2009/3 (Forecast)		
		yoy	%	yoy (%)	
<b>Guaranteed receivables</b>	<b>120,639</b>	14,661	<b>13.8</b>	<b>172,400</b>	<b>42.9</b>
ACOM	100,633	3,783	3.9	135,300	34.4
DC Cash One	<b>20,005</b>	10,878	<b>119.2</b>	37,100	85.5

## Tie-up Partners of ACOM

- ✓ Hokkaido Bank, Hiroshima Bank, Suruga Bank, Juroku Bank, Aomori Bank, Nishi-nippon City Bank, Hachijuni Bank, Bank of Nagasaki, Nanto Bank, Hokuriku Bank, Joyo Bank, Gunma Bank, Bank of Iwate, Bank of Tokyo-Mitsubishi UFJ (14 banks)

## Tie-up Partner of DC Cash One

- ✓ Bank of Tokyo-Mitsubishi UFJ

(As of March 31, 2008)

# Loan Servicing Business

(Millions of yen)

	2008/3		2009/3 (Forecast)		
	yoy	%	yoy (%)		
<b>IR Loan Servicing</b>					
Operating income	17,026	3,198	23.1	17,200	1.0
Collection of purchased receivables	15,568	2,240	16.8	-	-
Receivables outstanding	30,638	4,850	18.8	22,300	-27.2
No. of accounts for purchased loan	227,587	1,316	0.6	-	-

# ***New Overseas Business***

## **◆ Addition to consolidated subsidiaries**

### **PT. BANK NUSANTARA PARAHYANGAN Tbk. (Bank BNP)**

- ✓ Concluded a share purchase transaction on December 17, 2007 with The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) (ACOM: Approximately 55.4%, BTMU: 20%)**
- ✓ A TOB for the remaining shares by ACOM was finished and the investment ratio was changed (ACOM: 55.68%).**
- ✓ Bank BNP will utilize the expertise of ACOM and BTMU.**
- ✓ Expected to be new developmental base in Asian market along with EASY BUY**

# ***Progress in Business Alliance with MUFG***

## **ACOM's standing at the MUFG**

- ✓ **No change as the core of consumer finance business in the MUFG group**

## **Major progress in FY March 2008**

- ✓ **November 5, 2007: started the guarantee business for “BANQUIC”, unsecured consumer loans provided by BTMU**
- ✓ **December 17, 2007: concluded a share purchase transaction of Bank BNP**

# Outlook for the FY March 2009

(Millions of yen, %)

	Consolidated		Non-consolidated	
	Forecast	yoy	Forecast	yoy
Operating Income	325,000	-14.4	258,300	-18.5
Operating Expenses	270,400	-9.3	208,700	-11.9
Financial Expenses	24,800	18.7	17,100	7.3
Bad-debt-related Expenses	104,300	-10.0	89,200	-11.5
Other Operating Expenses	-	-	94,400	2.2
Operating Profit	54,600	-33.1	49,600	-38.1
Income before Extraordinary Items	56,200	-32.4	52,000	-36.8
Net Income	43,300	22.3	41,800	24.7

# Basic Policy on Profit Distribution and Dividend for the FY March 2009

## ◆ Basic policy on profit distribution

### Goal of return to shareholders

- ✓ Based on the targeted shareholders' equity ratio, aims at maintaining no less than 30% net income ratio against the total amount of treasury stock purchased, plus the dividend payments thereon, every fiscal year

## ◆ Financial ratios and past results and forecast dividend (ACOM)

	2005/3	2006/3	2007/3	2008/3	2009/3 (Forecast)
EPS (ACOM) (yen)	525.54	407.52	-2,795.68	213.23	265.91
Dividend (yen)	100.0	140.0	100.0	100.0	100.0
Interim	45.0	70.0	70.0	50.0	50.0
Year-end	55.0	70.0	30.0	50.0	50.0
Shareholders' equity ratio (ACOM) (%)	44.2	47.1	23.8	27.9	32.1

# Acquisition of Trust Beneficiary Rights to Emission Credits

## ◆ April 22, 2008: The Nikkei

### アコムは、CO<sub>2</sub>排出権を 取得しました。

アコムは文化、スポーツ、社会福祉支援などを通じ、社会に調和した企業市民であることをめざしています。そうした社会貢献活動の一環として、地球温暖化防止に向けてもより積極的に取り組もうと、カーボンオフセットという仕組みを導入しました。これは、国連で承認された温室効果ガス(カーボン)の排出権を取得し、それにより私たちの企業活動から排出している温室効果ガスの一部を相殺(オフセット)するというもの。このたび三菱UFJ信託銀行を通じて、二酸化炭素換算で5,000トン相当分を取得しました。当社主催の「アコムみる”コンサート物語”」の公演活動や、本社ビルなどから排出される温室効果ガスをカーボンオフセットの対象といたします。またアコムは京都議定書による日本の温室効果ガス削減の達成をめざす、「チーム・マイナス6%」の一員でもあります。取得した排出権はすべて、日本の目標達成に役立てていただくため、日本政府に無償譲渡します。企業市民としてやるべきこと、できることを、アコムはこれからも考え、行動してまいります。

アコムは、新しいアコムへ。



みんなで止めよう温暖化  
「アコム」チーム・マイナス6%

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# Financial Results for the FY March 2008 & Outlook for the FY March 2009

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**Takashi Kiribuchi**

Chief General Manager & Chief IR Officer  
Public Relations Department

# Financial Results Summary

FY March 2008	Consolidated			Non-consolidated		
	Result (millions of yen)	yoy (%)	Compared to forecast (millions of yen)	Result (millions of yen)	yoy (%)	Compared to forecast (millions of yen)
Operating income	379,706	-10.4	6,206	317,116	-14.5	8,016
Operating expenses	298,054	-41.4	-8,646	236,956	-48.5	-8,444
Operating profit	81,651	-	14,851	80,159	-	16,459
Income before extraordinary items	83,120	-	14,320	82,319	-	15,619
Net income	35,406	-	-3,694	33,518	-	-6,582

## Primary Factors (yoy)

- ✓ Operating income: decrease in loans receivable and average loan yield
- ✓ Operating expenses: substantial reduction in interest-repayment-related expenses and decrease in bad-debt-related and general administrative expenses
- ✓ Net income: increase in loss on revaluation of investments in marketable securities, decrease in income taxes, and increase in prior fiscal year corporate taxes, etc. and deferred income tax

# Analysis for Operating Income Upward (ACOM)

FY March 2008	Non-consolidated		
	Result (Millions of yen)	yoy (%)	Compared to forecast (millions of yen)
Operating income	317,116	-14.5	8,016
Interest on loans receivable	292,860	-14.6	6,960
Average loan yield (Unsecured loan for consumers)	21.05 p.p.	-1.20 p.p.	0.50 p.p.
Loans receivable (Unsecured loan for consumers)	1,277,879	-11.6	0.3 p.p.

## Primary factors

- ✓ Average loan yield over the forecast (+0.5p.p.)
- ✓ Unsecured loan for consumers over the forecast (+0.3p.p.)

# Analysis for Operating Expenses Downward (ACOM)

FY March 2008	Non-consolidated		
	Result (Millions of yen)	yoy (%)	Compared to forecast (millions of yen)
Operating expenses	236,956	-48.5	-8,444
Financial expenses	15,944	-5.8	-1,056
Bad-debt-related expenses	100,760	-21.9	-24,640
Interest-repayment-related expenses	19,620	-90.2	19,620
Other operating expenses	92,369	-17.8	-2,046

## Primary factors

- ✓ Financial expenses: amount of borrowings and average nominal interest rate under the forecast
- ✓ Bad-debt-related expenses: bad debt write-offs and increase or decrease in allowance for bad debts under the forecast
- ✓ Interest-repayments-related expenses: increase or decrease in allowance for loss on interest repayments over the forecast of 19.6 billion yen
- ✓ Other operating expenses: personnel costs, advertising and promotional expenses, expenses for computer operation and development, and Fees under the forecast

# Analysis for Net Income Downward (ACOM)

FY March 2008	Non-consolidated		
	Result (Millions of yen)	yoy (%)	Compared to forecast (millions of yen)
Extraordinary losses	27,690	-92.1	9,790
Income taxes, deferred	15,873	-	12,873
Net income	33,518	-	-6,582

## Primary factors

- ✓ **Extraordinary losses:** occurrence of loss on revaluation of investments in marketable securities and loss on revaluation of investments in a subsidiary
- ✓ **Income taxes, deferred:** decrease in deferred tax assets of ACOM's voluntary waiver of repayments due to the rejection of objection to prior fiscal year corporate taxes, etc.

# Allowance for Loss on Interest Repayments (ACOM)

## ◆ Interest-repayment-related expenses

(Millions of yen)

	2007/3	2008/3		2009/3 (Forecast)
		Result	Forecast	
Interest-repayment-related expenses	200,147	19,620	-	-
Interest repayments	42,266	75,981	-	-
Bad debt write-offs (ACOM's voluntary waiver of repayments)	41,880	58,838	-	-
Increase or decrease in allowance for loss on interest repayments	116,000	-115,200	-137,567	-121,800
Sum of interest repayments and ACOM's voluntary waiver of repayments	84,146	134,819	137,567	121,800
Allowance for loss on interest repayments	490,000	374,800	352,433	253,000

## ◆ Revaluation of suitability of allowance for loss on interest repayments

- ✓ Revaluation of suitability of allowance for each loans: Normal loans, loans in arrears, loans paid in full, and loans written-off
- ✓ Ratio of interest repayments from loans in full over the estimation at the beginning of FY March 2008



- ✓ 19.6 billion yen of provision for loss on interest repayments

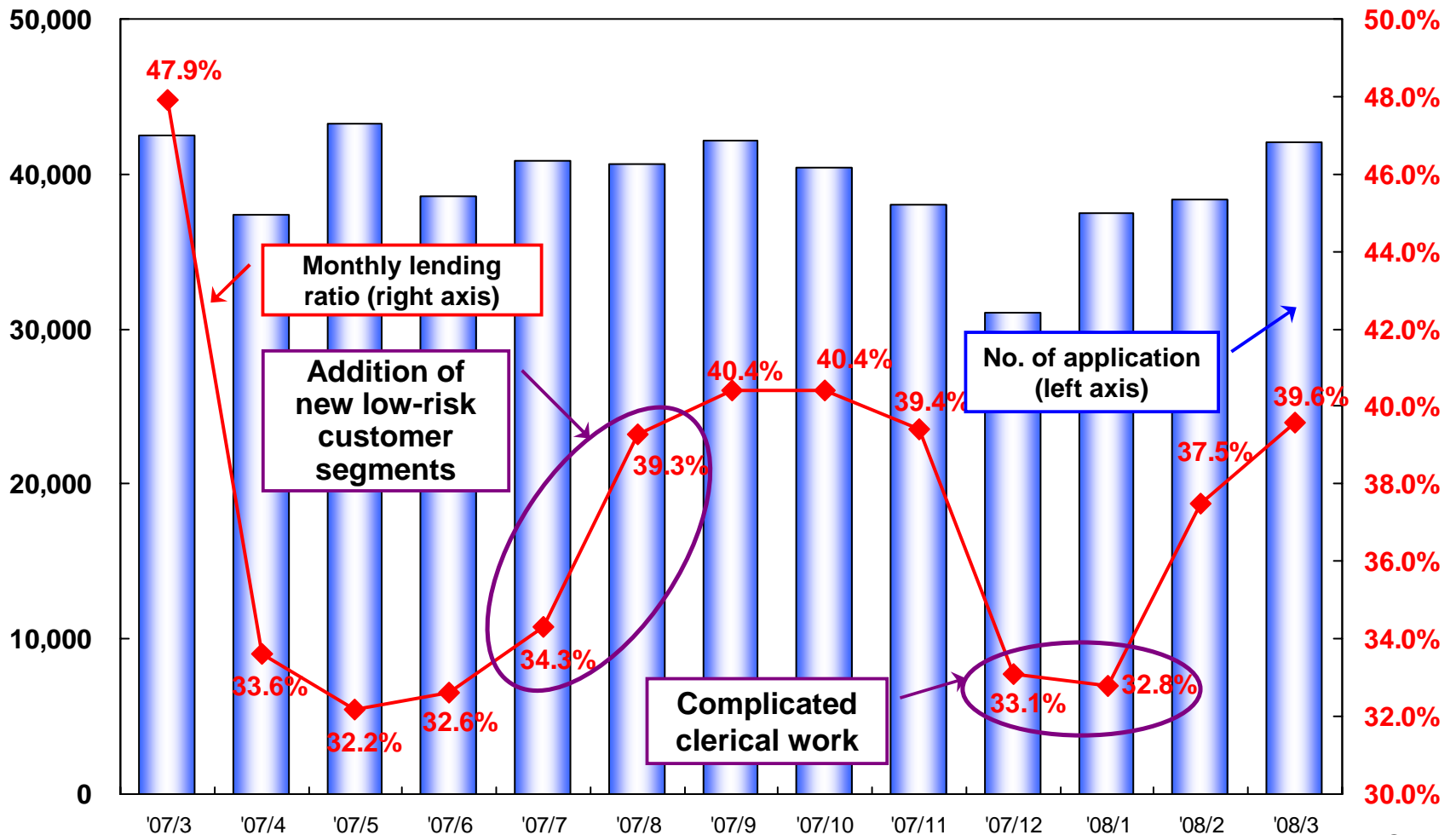
# Loan Business (ACOM)

(Millions of yen)

	2008/3		2009/3 (Forecast)		
		yoy	%	yoy (%)	
<b>Unsecured loan for consumers</b>					
Receivables outstanding	1,277,879	-168,238	-11.6	1,179,700	-7.7
No. of customer accounts	2,364,664	-305,942	-11.5	2,168,300	-8.3
No. of new loan customers	175,859	-92,851	-34.6	205,000	16.6
Lending Ratio	36.4	-18.9 p.p.	-	-	-

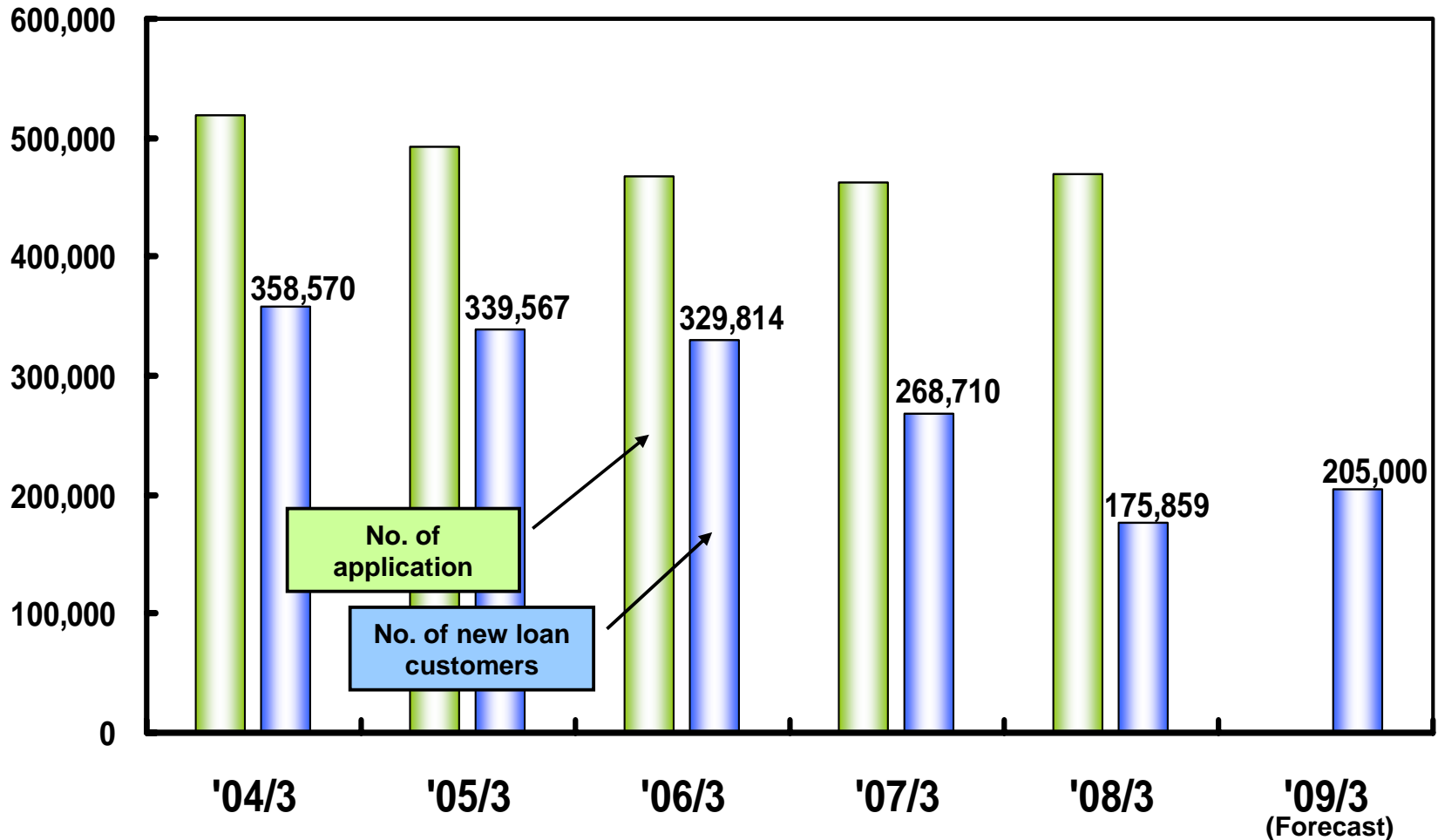
# Transitions of Lending Ratio (ACOM)

## ◆ Unsecured loan for consumers



# Transitions of No. of New Loan Customers (ACOM)

◆ No. of application and new loan customers for unsecured loan for consumers



\* No. of application for tie-up card is excluded from “No. of application” above.

# Unsecured Loans Receivable Outstanding by Interest Rate (ACOM)

## ◆ Unsecured loan for consumers (Based on Receivable outstanding)

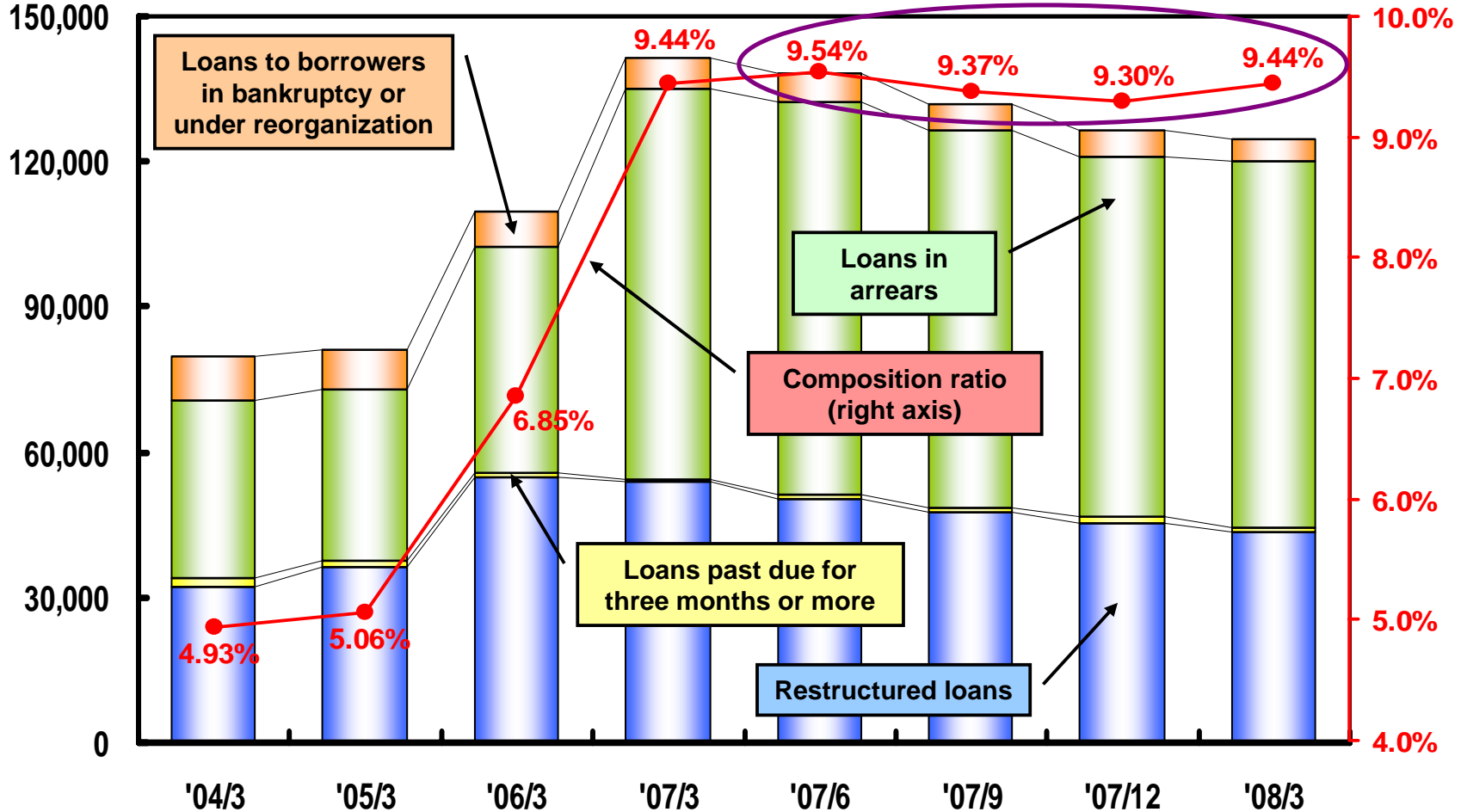
(Millions of yen, %)

	2007/3		2008/3		2009/3 (Forecast)	
		%		%		%
Loans receivable outstanding	1,446,117	100.0	1,277,879	100.0	1,179,700	100.0
Over 18.000%	1,210,241	83.7	786,517	61.6	517,300	43.8
18.000% or less	235,875	16.3	491,361	38.4	662,400	56.2
Over 15.000% to 18.000%	123,087	8.5	208,603	16.3	281,600	23.9
Over 12.000% to 15.000%	46,255	3.2	226,250	17.7	333,800	28.3
12.000% or less	66,533	4.6	56,508	4.4	47,000	4.0
Average loan yield (%)	22.25		21.05		19.09	

# Bad Debts (ACOM)

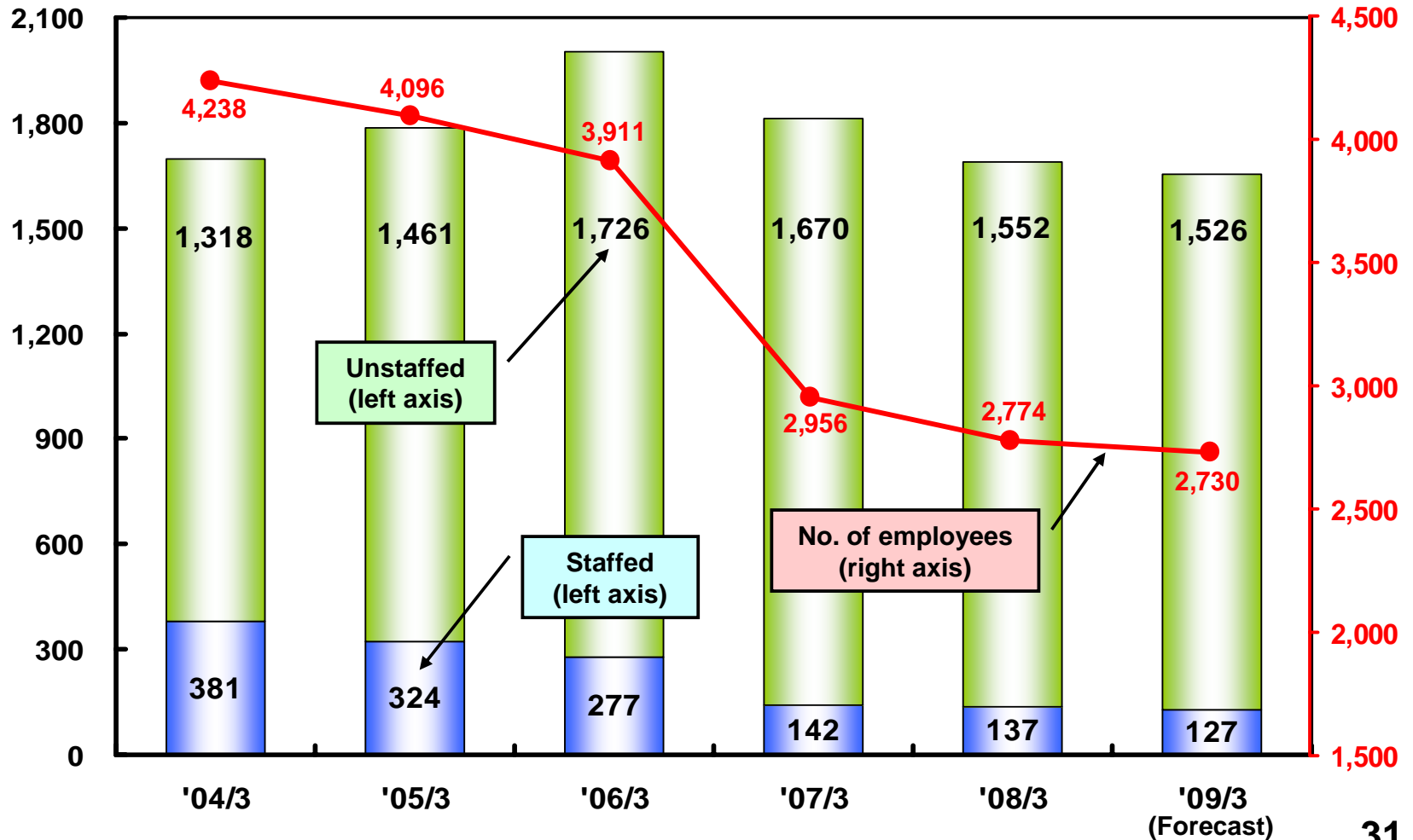
## ◆ Changes in bad debts and composition ratio to loans receivable outstanding

(Millions of yen)



# No. of Loan Business Outlets and Employees (ACOM)

## ◆ Changes in the No. of loan business outlets and employees



# Funds Procurement (ACOM)

(Millions of yen, %)

	2007/3			2008/3			2009/3 (Forecast)		
		C.R.	yoy		C.R.	yoy		C.R.	yoy
<b>Borrowings</b>	888,587	100.0	-56,621	774,407	100.0	-114,180	735,000	100.0	-39,407
Indirect	580,627	65.3	-33,661	514,407	66.4	-66,220	495,000	67.3	-19,407
Direct	307,960	34.7	-22,960	260,000	33.6	-47,960	240,000	32.7	-20,000
Short-term	60,000	6.8	9,000	-	-	-60,000	-	-	-
Long-term	828,587	93.2	-65,621	774,407	100.0	-54,180	735,000	100.0	-39,407
<b>Fixed</b>	762,560	85.8	-42,526	717,872	92.7	-44,688	703,500	95.7	-14,372
<b>Average nominal interest rate on funds procured during the year</b>	1.53			1.64			1.99		
<b>Term average of long-term prime rate</b>	2.39			2.30			-		

“C.R.” indicates composition ratio.

# Assumptions on the Outlook for the FY March 2009 (ACOM)

1. Outlook for the Long-term Prime Rate	2.85%
2. Average Nominal Interest Rate	1.99%
3. Average Loan yield	18.84%
(Unsecured Loan for Consumers	19.09%)
4. Financial Expenses	17,100 million yen
5. Bad debt-related Expenses	89,200 million yen
6. Interest-repayment-related Expenses	-
7. Other Operating Expenses	94,400 million yen

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# Question and Answer

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# **Reference**

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- ◆ **For further information and questions regarding this presentation, please contact:**

**Investor Relations Office**

**Tel: +81-3-5533-0631**

**email: [ir@acom.co.jp](mailto:ir@acom.co.jp)**

- ◆ **For updated company information, please refer to our website:**

**<http://www.acom.co.jp/ir/english/>**