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(Appendix)

Business Report

(April 1, 2009 - March 31, 2010)

1. Overview of Consolidated Business Activities

(1) Developments and Results of Business Activities

Although the Japanese economy during the fiscal year ended March 31, 2010 has recovered as evidenced by improvement in corporate earnings and production levels thanks to export growth and government initiatives, recovery is not being fully felt as unemployment rate remains high and wages continued to fall.

In the environment surrounding the consumer finance industry, the situation remains severe due to factors such as shrinking consumer finance market and reduced profitability caused by incremental enforcement of the Money Lending Business Act, in addition to the requests for interest repayment remaining at a high level which are directly impacting on the earnings.

In such business environment, the Group has been focusing on the key issues of “Securing customers of loan business and our earnings base,” “Taking precise measures in response to the revised Money Lending Business Act,” “Reforming our cost structure,” and “Promoting our alliance with the MUFG Group” to improve the internal organizations and strengthen the business foundation to be well-positioned for the next growth.

In the fiscal year under review, the Group worked on management reform to promote further efficiencies in group management and establish robust profitability through implementing the “Strengthening Business Management Policy” announced on November 5, 2009, including consolidation of offices and encouragement of voluntary retirement.

Regarding the business alliance with MUFG group, the guarantee business of DC Cash One Ltd. (“Cash One”) was transferred to Mitsubishi UFJ NICOS Co., Ltd. (“MUN”) on April 1, 2009, and then the Company made Cash One a wholly owned subsidiary. Cash One was merged into the Company on May 1, 2009. Also on April 1, 2009, RELATES CO., LTD., a wholly owned subsidiary of the Company, was merged into MU Communications Co., Ltd. (“MUCC”) and thus MUCC became an equity-method affiliate of the Company. Further, the Company succeeded the unsecured card loan guarantee business of The Mitsubishi UFJ Home Loan Credit Co., Ltd. (“MULC”) on September 1, 2009.

The Company will continue to promote its business alliance with the MUFG Group focusing on restructuring of credit guarantee business within the MUFG Group.

Consolidated operating revenue for this fiscal year declined by 45,600 million yen, compared to the prior fiscal year, to 278,795 million yen (down 14.1% year-on-year), primarily due to a decrease in interest on consumer loans. Meanwhile, operating expenses decreased by 20,934 million yen to 272,732 million yen (down 7.1% year-on-year) mainly due to a decrease in general administrative expenses by 22,580 million yen, which was partly offset by increase in provision for loss on interest repayment by 6,204 million yen and increase in provision of allowance for doubtful accounts by 1,755 million yen. As a result, operating income declined by 24,666 million yen to 6,063 million yen (down 80.3% year-on-year), and ordinary income declined by 24,731 million yen to 7,917 million yen (down 75.7% year-on-year). With respect to extraordinary income, gain on sales of subsidiaries and affiliates’ stocks declined by 1,714 million yen and gain on transfer from business divestitures increased by 1,323 million yen. With respect to extraordinary loss, the Company posted 10,167 million yen as business structure improvement expenses, while loss on sales of subsidiaries and affiliates’ stocks decreased by 5,799 million yen. With all the above and a decrease of 4,714 million yen in income taxes-deferred, the Company recorded a net loss of 7,239 million yen for the fiscal year under review, down by 20,901 million yen year-on-year.

Details of main financial service businesses are as follows:

1) Loan business

In the loan business, in order to readily respond to the full enforcement of revised Money Lending

Business Act, the Group has taken necessary measures to be well prepared for the revision. At the same time, the Group has focused on innovation of our sales business model as its key objective and concentrated its efforts to reinforce sales and service capabilities, promote new customer acquisition, and maintain and improve the soundness of its loan portfolio. In addition, as a part of Strengthening Business Management Policy, the Group established an efficient network of outlets and made a substantial improvement in productivity through consolidating four concentrated operating centers into two and reorganizing staffed and unstaffed outlets.

EASY BUY Public Company Limited, a subsidiary operating loan business in the Kingdom of Thailand, pursued a proactive sales approach including installation of numerous dedicated loan application booths to attract more loan applications, and the loans receivable of consumer loans increased 7.4% on a local-currency (Thai baht) basis.

As a result, during the fiscal year under review, loans receivable of consumer loans declined by 142,621 million yen to 1,173,545 million yen (down 10.8% year-on-year), while interest on consumer loans was 231,839 million yen (down 14.0% year-on-year). These declines resulted from a drop in loans receivable mainly due to a persistently high number of requests for interest repayments, reduced interest income due to lowered lending interest rates, and the impact of exchange rate fluctuations.

2) Guarantee business

In its guarantee business, the Group sought to provide sales support to existing alliance partners while cultivating new alliance partners, with a focus on expanding its business scale and operating revenue as well as improving its earnings structure. In July 2009, the Group also reorganized its business promotion system, aiming at improving administrative and human resources efficiency and reinforcing capabilities in collecting its guaranteed loans. During the fiscal year under review, the Group succeeded the unsecured card loan guarantee business of MULC in September 2009, and commenced guarantee business for the “Loan Service,” personal card loan service with credit line provided by Seven Bank, Ltd. as from January 2010. The Group has also provided sales promotion support for loan products to existing alliance partners with main focus on BANQUIC of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”). With all these efforts, it has been striving to increase the balance of loan guarantee.

As a result, during the fiscal year under review, the number of alliance partners stood at 17 banks, and the outstanding guarantee obligation increased by 172,888 million yen to 317,240 million yen (up 119.8% year-on-year). Revenue from credit guarantee was 12,419 million yen (up 62.6% year-on-year), and operating revenue in the guarantee business segment (including commissions from guarantee services) was 14,295 million yen (up 22.9% year-on-year).

3) Loan servicing business

IR Loan Servicing, Inc, under its policies of “enhancement of profitability” and “enhancement of collection capability,” sought to share the know-how and skills related to collecting small claims with the Company while upgrading its system for the collection of such claims. It also worked to reduce its holdings of purchased receivables secured by real estate and improve the quality of its operating asset portfolio.

For the fiscal year under review, the collection from purchased receivables amounted to 12,273 million yen (down 22.1% year-on-year), and revenue from this segment including consignment fee was 12,844 million yen (down 21.9% year-on-year).

4) Credit card business and installment sales finance business

In the credit card business centering on the credit cards issued by the Company, the Group adopted more stringent controls on the issue of credit cards to loan customers of the Company, in order to maintain and improve the soundness of our credit portfolio. Further, in terms of the credit cards of alliance partners, the Company has been encouraging alliance cardholders to switch to its credit cards upon their expiration. As a result, the number of the Group’s card holders declined by 208 thousands during the fiscal year under review to 374 thousands while transaction volume during the fiscal year under review was 11,972 million yen (down 28.9% year-on-year).

In the installment sales finance business of AFRESH CREDIT CO., LTD, it focused on accurate response to the revision of the Installment Sales Act, maintaining the scope and enhancing the profitability of the business, and strengthening its administration of existing member stores as its key objectives. Its transaction volume accrued during the period was 23,321 million yen (down 7.9% year-on-year), and the accounts receivable-installment was 30,219 million yen (down 7.5% year-on-year).

As a result of the above, the total accounts receivable-installment for credit card business and installment sales finance business decreased 9,622 million yen during the fiscal year under review to 58,404 million yen (down 14.1% year-on-year). Credit card revenue was 3,547 million yen (down 17.7% year-on-year), and per-item revenue was 3,485 million yen (down 13.3% year-on-year).

5) Banking business

The Group, in cooperation with BTMU, promotes operation of PT. Bank Nusantara Parahyangan, Tbk., a bank based in The Republic of Indonesia. Besides improving and expanding its risk management and compliance systems, the bank engaged in sales activities focusing on active promotion of loans to small and medium-sized enterprises, which is its core business, and sales enforcement of unsecured loan products, with a medium-term vision of becoming a nationwide bank that focuses on the retail segment of the market.

During the fiscal year under review, loans receivable of banking business increased 7,250 million yen to 25,331 million yen (up 40.1% year-on-year), and interest on loans of banking business was 2,649 million yen.

(2) Absorption-type Demerger (kyushu-bunkatsu)

As of April 1, 2009, Cash One, then a consolidated subsidiary of the Company, transferred its rights and obligations relating to guarantee business and entrusted clerical work services business to MUN by absorption-type demerger.

(3) Transfer of Rights and Obligations of Other Companies by Absorption-type Merger (kyushu-gappei) or Absorption-type Demerger

- 1) As of May 1, 2009, Cash One, then a consolidated subsidiary of the Company, was merged into the Company.
- 2) As of September 1, 2009, the Company succeeded the unsecured card loan guarantee business of MULC through absorption-type demerger.
- 3) The Company is planning to succeed the guarantee business for unsecured card loans sold by BTMU from MUN by absorption-type demerger, by October 1, 2010.

(4) Capital Investment, etc.

The total amount spent on capital expenditure for the fiscal year under review was 600 million yen. The expenditure was primarily for replacement of automatic contract machines at loan business outlets for loans and expansion of service center functions to improve operational efficiency.

The expenses for restructuring of business outlets as a part of Strengthening Business Management Policy were 2,205 million yen.

(5) Financing

The Company has issued the Domestic Unsecured Straight Bonds to raise capital for providing consumer loans and for redemption of bonds as follows:

January 2010	53rd Straight Bond	10 billion yen
January 2010	54th Straight Bond	15 billion yen
March 2010	55th Straight Bond	10 billion yen

(6) Issues to be Addressed

To accurately respond to changes in business environments including revision in relevant laws, the Group, based on further commitment to compliance, aims to improve management efficiency through the radical reform of its cost structure and strengthen its sales and service capabilities. To this end, the Group will continue its group-wide management reform to establish a new loan business model that reflects conditions after full enforcement of the revised Money Lending Business Act, secure stable profits over the long term, and build a foundation for the next growth.

(7) Changes in Assets and Income of the Company

(Millions of yen, except otherwise stated)

Item	30th fiscal year ended March 31, 2007	31st fiscal year ended March 31, 2008	32nd fiscal year ended March 31, 2009	33rd fiscal year ended March 31, 2010
Operating revenue	423,652	379,706	324,396	278,795
Ordinary income	(81,944)	83,120	32,648	7,917
Net income	(437,972)	35,406	13,662	(7,239)
Net income per share (yen)	(2,786.19)	225.24	86.91	(46.18)
Total assets	2,031,829	1,861,505	1,605,567	1,482,520
Net assets	457,165	472,144	452,406	439,269
Net assets per share (yen)	2,863.16	2,950.01	2,831.36	2,773.59
Loans receivable of consumer loans at fiscal year-end	1,632,310	1,480,917	1,316,166	1,173,545
Accounts receivable-installment at fiscal year-end	101,829	80,922	68,027	58,404
Capital adequacy ratio (%)	22.15	24.91	27.72	29.31

(Note) Net income per share is calculated based on the average number of shares issued during each fiscal year.
Net assets per share are calculated based on the total number of shares issued as of the end of each fiscal year.

(8) Principal Parent Company and Subsidiaries

1) Relationship with the parent company

Name	Number of shares (Thousand)	Parent company's percentage of voting rights (%)	Remarks
Mitsubishi UFJ Financial Group, Inc.	62,931 (4,059)	40.17 (2.59)	Conclusion of business management agreement Conclusion of business and capital alliance agreement

(Note) The numbers in parentheses in the "Number of shares" and "Parent company's percentage of voting rights" represent the included number of shares indirectly held and the percentage of voting rights indirectly held, respectively.

2) Principal subsidiaries

Subsidiaries with capital exceeding 100 million yen are as follows:

Company name	Capital (Millions of yen)	The Company's percentage of voting rights (%)	Main business
AFRESH CREDIT CO., LTD	500	100	Installment sales finance business
IR Loan Servicing, Inc.	520	100	Loan servicing business
A B PARTNER CO., LTD.	300	100	Entrusted back-office (clerical work) services
EASY BUY Public Company Limited	200,000 (Thousands of Thai baht)	49	Hire purchase business (installment sales finance business) and unsecured loan business
PT. Bank Nusantara Parahyangan, Tbk.	1,582 (100 millions of rupiah)	55.68	Banking business
ACOM (U.S.A.) INC.	34,000 (Thousands of US dollars)	100	-

- (Notes)
1. The Company acquired all shares of DC Cash One Ltd., then a consolidated subsidiary of the Company, and DC Cash One Ltd. became a wholly owned subsidiary of the Company as of April 1, 2009. Subsequently, DC Cash One Ltd. was merged into the Company as of May 1, 2009.
 2. RELATES CO., LTD. was merged into MU Communications Co., Ltd. as of April 1, 2009, and MU Communications Co., Ltd. became an equity-method affiliate of the Company on the same day.
 3. The Company acquired all shares of A B PARTNER CO., LTD., then a consolidated subsidiary of the Company, and made the company a wholly owned subsidiary of the Company as of March 29, 2010. At the Board of Directors meeting held on March 18, 2010, the Company resolved to merge IR Loan Servicing, Inc. and A B PARTNER CO., LTD. by absorption-type merger as of August 1, 2010, with IR Loan Servicing, Inc. as the surviving company, subject to the approval of the relevant authorities.
 4. ACOM (U.S.A.) INC. is currently suspending its operation.

(9) Principal Businesses (as of March 31, 2010)

Principal businesses of the Group are loan business, guarantee business, loan servicing business, credit card business, installment sales finance business, and banking business.

(10) Principal Offices (as of March 31, 2010)

1) Head office: 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo

2) Business outlets

	Loan business outlets	1,353
	Staffed outlets	45
	Unstaffed outlets	1,308
	MUJINKUN corners	1,353 locations (1,359)

(Notes) 1. "Unstaffed outlets" of the loan business outlets represent outlets with automatic contract machines (MUJINKUN corners).

2. In addition to the above staffed and unstaffed outlets, 9 cash dispensers/automated teller machines and 1 local service center are registered as outlets, pursuant to the Money Lending Business Act.

3. Decrease in the number of business outlets (staffed outlets decreased by 73 outlets and unstaffed outlets decreased by 181 outlets compared to the end of the prior fiscal year) is due to implementation of cost structure reform as a part of Strengthening Business Management Policy resolved at the Board of Directors meeting held on November 5, 2009 and other factors.

4. The following are the numbers of cash dispensers/automated teller machines:

	ATMs and CDs	95,674
	Proprietary	1,417
	Tie-up	94,257
	Machines used for settlement under agency agreements	8,804

3) Principal offices of the subsidiaries

Name	Location	Name	Location
AFRESH CREDIT CO., LTD	Chiyoda-ku, Tokyo	EASY BUY Public Company Limited	Bangkok, Kingdom of Thailand
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	PT.Bank Nusantara Parahyangan, Tbk.	Bandung, Republic of Indonesia
AC Ventures Co., Ltd.	Chiyoda-ku, Tokyo	ACOM (U.S.A.) INC.	Delaware, the United States
A B PARTNER CO., LTD.	Chiyoda-ku, Tokyo	—	—

(Note) Investment partnerships and special purpose companies have been omitted.

(11) Employees (as of March 31, 2010)

1) Number of employees of the consolidated group

Category	Number of employees
Financial service businesses	5,941 (453)
Other businesses	22 (0)
Company-wide (common)	182 (0)
Total	6,145 (453)

(Notes) 1. The number of employees represents the number of employees at work, including 917 temporary workers.

2. The figure in parentheses in the "Number of employees" is the annual average number of temporary employees. (In case of calculation based on working hours being eight hours a day, the annual average number of temporary employees is 410.)

2) Employees of the Company

Category	Number of employees	Year-on-year increase (decrease)	Average age	Average length of service
Male	1,802	66	40 years and 9 months	16 years and 2 months
Female	808	(92)	34 years and 4 months	9 years and 9 months
Total	2,610	(26)	38 years and 9 months	14 years and 2 months

(Note) The above number of employees does not include the number of employees transferred to subsidiaries (259) and the number of temporary employees (average number of temporary employees during the fiscal year under review is 399, but 371 in calculation based on working hours being eight hours a day).

(12) Major Creditors (as of March 31, 2010)

Creditor	Amount borrowed (Millions of yen)
Mitsubishi UFJ Trust and Banking Corporation	157,028
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	62,900
Meiji Yasuda Life Insurance Company	41,974
Aozora Bank, Ltd.	32,037
The Dai-ichi Mutual Life Insurance Company	11,677
Shinsei Bank, Limited	11,056

(Note) The Dai-ichi Mutual Life Insurance Company reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010.

2. Matters concerning Shares of the Company (as of March 31, 2010)

(1) Shares

Total number of shares authorized to be issued	Total number of shares issued	Number of shareholders
532,197,400	159,628,280	13,874

(2) Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousand)	Percentage of ownership (%)
Mitsubishi UFJ Financial Group, Inc.	58,872	37.5
Maruito Shokusan Co., Ltd.	27,346	17.4
Maruito Co., Ltd.	12,553	8.0
Kinoshita Memorial Foundation	9,219	5.8
Maruito Shoten Co., Ltd.	3,873	2.4
Kyosuke Kinoshita	3,240	2.0
Shigeyoshi Kinoshita	3,220	2.0
Mitsubishi UFJ Trust and Banking Corporation	3,157	2.0
NOBUKA Co., Ltd.	3,000	1.9
Japan Trustee Service Bank, Ltd. (Trust account 4)	2,608	1.6

- (Notes)
1. For the number of shares held, the amount is rounded down to the nearest thousand.
 2. The Company holds 2,966,676 shares of treasury stock but is excluded from the list of major shareholders above.
 3. The percentage of ownership is calculated excluding treasury stock.

3. Matters concerning the Stock Acquisition Rights, etc.

(1) Stock acquisition rights as of the end of this fiscal year

Stock acquisition rights in accordance with Articles 280-20 and 280-21 of the former Commercial Code

Resolution at the 26th Ordinary General Meeting of Shareholders held on June 27, 2003 (special resolution)

Number of stock acquisition rights	11,911
Class and number of shares to be issued upon the exercise of the stock acquisition rights	Common stock 119,110 shares (10 shares per one subscription right to shares)
Amount to be subscribed upon the exercise of the stock acquisition rights	Gratuitous
Value of assets to be contributed upon the exercise of the stock acquisition rights	4,931 yen per share
Exercise period of the stock acquisition rights	from July 1, 2005 to June 30, 2010
Condition for the exercise of the stock acquisition rights	Partial exercise of the stock acquisition rights is not allowed.

Stock acquisition rights held by the Directors and Company Auditors of the Company

Category	Number of stock acquisition rights	Number of shares to be issued upon exercise of the stock acquisition rights	Number of holders
Directors	100	1,000	5
Company Auditors	—	—	—

(2) Stock acquisition rights issued to employees, etc. in consideration of their execution of duties during this fiscal year

None applicable.

4. Matters concerning Directors and Company Auditors of the Company

(1) Directors and Company Auditors (as of March 31, 2010)

Position	Name	Responsibility within the Company and significant concurrent positions
Chairman	Kyosuke Kinoshita	President of The Institute for Research on Household Economics President of Kinoshita Memorial Foundation
Deputy Chairman	Yuji Ohashi	In charge of Internal Audit Department
President & CEO	Shigeyoshi Kinoshita	Chief Executive Officer Chairman of Japan Consumer Finance Association
Senior Managing Director	Shigeru Akaki	Senior Executive Managing Officer (In charge of System Development & Administration Department and General Affairs Department)
Managing Director	Osamu Moriya	Executive Managing Officer (In charge of Customer Relations Department and Compliance Department)
Managing Director	Satoru Tomimatsu	Executive Managing Officer Head of Credit Business Promotion Division (In charge of Credit Marketing Department, East Japan Division, West Japan Division, Credit Business Management Department and Compliance for Credit Business Promotion Office)
Managing Director	Kiyoshi Tachiki	Executive Managing Officer (In charge of Corporate Planning Department, Public Relations Department and Credit Planning Department)
Managing Director	Shozo Tanaka	Executive Managing Officer Head of Credit Supervision Division (In charge of Credit Supervision Department. I, Credit Supervision Department. II and Compliance for Credit Supervision Office) Director of IR Loan Servicing, Inc.
Managing Director	Shigeru Sato	Executive Managing Officer (In charge of Treasury Department and Human Resources Department) President, ACOM Health Insurance Society
Managing Director	Masahiko Shinshita	Executive Managing Officer (In charge of Overseas Business Development Department and Guarantee Business Department) Chief General Manager of Overseas Business Development Department Director and Chairman of EASY BUY Public Company Limited
Managing Director	Tatsuo Taki	Executive Managing Officer (In charge of Business Process Planning Department and Corporate Management Department)
Director	Kyota Omori	Deputy President, Mitsubishi UFJ Financial Group, Inc.
Full-time Company Auditor	Tatsuaki Murata	

Position	Name	Responsibility within the Company and significant concurrent positions
Full-time Company Auditor	Satoshi Ito	Outside Corporate Auditor of IR Loan Servicing, Inc.
Full-time Company Auditor	Minoru Ikeda	
Company Auditor	Norikatsu Takahashi	Attorney at law (Representative of Hokusei Law Firm)

- (Notes)
- Executive officers who do not hold concurrent positions as Directors are as follows:

Executive Officer	Tsukasa Ashizuka	Executive Officer	Akihiko Hyodo
Executive Officer	Etsuro Tabuchi	Executive Officer	Teruyuki Sagehashi
Executive Officer	Kazuo Fukumoto		
 - Company Auditor Satoshi Ito, Minoru Ikeda and Norikatsu Takahashi are Outside Company Auditors.
 - Company Auditor Tatsuaki Murata has held the positions of Chief General Manager of Accounting Dept. and Director and Chief General Manager of Accounting Dept. of the Company, possessing sufficient knowledge regarding finance and accounting.
 - The Company designated Company Auditor Norikatsu Takahashi as an independent director/auditor as required by the rules of the Tokyo Stock Exchange, and reported it to the Exchange.
 - Changes in Executive Officers after the accounting period under review

Name	Position before transfer	Position after transfer	Date of transfer
Tsukasa Ashizuka	Executive Officer	—	April 1, 2010

(2) Compensation to Directors and Company Auditors

1) Total amount of compensation for the fiscal year under review

Category	Number of recipients	Amount paid (Thousands of yen)
Directors	12	320,602
Company Auditors	4	69,672
Total	16	390,274

- (Notes)
- At the 29th Ordinary General Meeting of Shareholders held on June 22, 2006, it was resolved that compensation paid to Directors per year shall be no more than 420 million yen.
 - At the 26th Ordinary General Meeting of Shareholders held on June 27, 2003, it was resolved that compensation paid to Company Auditors per month shall be no more than 8 million yen.
 - There is no employee-director.
 - Total amount of compensation paid to Outside Directors and Outside Company Auditors was 48,728 thousand yen (four persons).

2) Total amount of compensation paid to Outside Directors and Outside Company Auditors by the parent company

For the fiscal year under review, total amount of compensation paid to Director who served as Outside Director of the Company by the parent company at which the said Director concurrently serves as an officer was 18 million yen.

(3) Matters concerning Outside Directors and Outside Company Auditors

1) Concurrent positions held by Outside Company Auditors (In case of being in the position to perform business or outside director/company auditor of other companies)

Name	Concurrent position at another company
Satoshi Ito	Outside Company Auditor of IR Loan Servicing, Inc.
Norikatsu Takahashi	Representative of Hokusei Law Firm

- (Notes)
- IR Loan Servicing, Inc. is a wholly-owned subsidiary of the Company.
 - No conflict of interest exists between the Company and Hokusei Law Firm.

2) Major activities of Outside Company Auditor during this fiscal year

Name	Position	Major activities
Satoshi Ito	Outside Company Auditor	He attended all 23 Board of Directors meetings held during the fiscal year under review and made proposals from a fair standpoint. He also attended all 16 the Board of Company Auditors meetings held during the fiscal year under review and actively made proposals to ensure the validity and fairness of matters resolved by the Board of Company Auditors. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc.
Minoru Ikeda	Outside Company Auditor	He attended all 23 Board of Directors meetings held during the fiscal year under review and made proposals on the basis of his broad knowledge and insight cultivated mainly through research studies on consumer lifestyles. He also attended all 16 Board of Company Auditors meetings held during the fiscal year under review and actively made proposals to ensure the validity and fairness of matters resolved by the Board of Company Auditors. In addition, he maintained active cooperation with accounting auditor and the internal audit department, etc.
Norikatsu Takahashi	Outside Company Auditor	He attended 22 out of 23 Board of Directors meetings held during the fiscal year under review, and made proposals from a fair and technical standpoint as an attorney at law. He also attended all 16 Board of Company Auditors meetings held during the fiscal year under review and actively made proposals to ensure the validity and fairness of matters resolved by the Board of Company Auditors. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc.

3) Summary of limited liability agreement

The Company has concluded a limited liability agreement with each Outside Company Auditor, which limits the liability under Article 423, Paragraph 1 of the Companies Act to the extent of the amount stipulated in the law.

5. Accounting Auditor

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(Note) As of July 1, 2009, Deloitte Touche Tohmatsu was transformed into a Limited Liability Company and changed its corporate name to Deloitte Touche Tohmatsu LLC.

(2) Amount of Compensation to Accounting Auditor for the Fiscal Year under Review

- | | |
|---|----------------------|
| 1) Compensation to the accounting auditor for the fiscal year under review | 98,000 thousand yen |
| 2) Total amount of monetary and other financial benefits payable to the accounting auditor by the Company and its consolidated subsidiaries | 123,300 thousand yen |

- (Notes)
1. The audit agreement entered into by the Company and the accounting auditor does not clearly distinguish the amount of compensation for audits prescribed in the Companies Act and those prescribed in the Financial Instruments and Exchange Act, and practically it cannot be distinguished. Therefore, 1) above shows the total amount of such compensation.
 2. Among the Company's principle subsidiaries, EASY BUY Public Company limited and PT. Bank Nusantara Parahyangan Tbk. have been subject to statutory audit by accounting auditors other than the Company's accounting auditor.

(3) Policy on Determination of Dismissal or Non-Reappointment of the Accounting Auditor

In case the accounting auditor is deemed to apply to any condition prescribed in each Item of Article 340, Paragraph 1 of the Companies Act, the Board of Company Auditors will consider dismissal of the accounting auditor. In addition, in case the Board of Directors determines that the accounting auditor has difficulty in appropriate execution of duties, or dismissal or non-reappointment of the accounting auditor is appropriate, the Board of Directors will, subject to approval of, or by request of the Board of Company Auditors, submit a proposal to dismiss or not to reappoint the accounting auditor to the Ordinary General Meeting of Shareholders.

6. The Company's System and Policy

(1) System to ensure that execution of duties by the Directors complies with the laws, regulations and the Articles of Incorporation of the Company and any other systems to ensure proper execution of business

- 1) System to ensure that execution of duties by the Directors and employees complies with laws, regulations and the Articles of Incorporation of the Company
 - (a) The Company regards compliance as the highest priority in the corporate management, and establishes the ACOM Group Code of Ethics and Code of Conduct, while developing the rules for compliance and various internal rules and making employees fully aware of them.
 - (b) The President & CEO of the Company is committed to taking leadership in acting in accordance with the ACOM Group Code of Ethics and the Code of Conduct in order to create a corporate culture that emphasizes compliance.
 - (c) The Company establishes a committee on compliance, personnel and departments with across-the-board responsibilities for compliance, and a department which exclusively conducts verifications and assistance for compliance in major departments. In addition, personnel responsible for promoting compliance and personnel in charge of compliance are placed in each department.
 - (d) The Company formulates and promotes compliance initiatives based on company-wide and division/department-specific compliance plans, while managing its progress.
 - (e) The Company establishes contact points for reporting and inquiry by employees concerning the act of violations or possible violations of compliance in order to prevent, detect early and correct misconduct. Based on the rules for protecting whistleblowers, the Company will make efforts to protect employees who made such report or advice.
 - (f) In accordance with the basic policy and related rules with respect to antisocial forces, the Company develops a system to prevent relations with antisocial forces and ensure appropriate business operations.
 - (g) In accordance with the Group's basic policy and related rules for the internal control over financial reporting, the Company develops a system to ensure the accuracy and reliability of financial reporting. The Company also establishes a system to disclose financial information by setting up a committee on disclosure of financial information.
 - (h) The Company establishes an internal audit department and ensures its independence and specialties. It also develops an internal audit system in accordance with the rules on internal audit. The internal audit department verifies and evaluates the appropriateness and effectiveness of internal controls, reports the results to the Board of Directors and Company Auditors, and provides information, advice and recommendations to related departments.
- 2) System concerning storage and management of information on the execution of duties by Directors
 - (a) In accordance with the rules for confidential information management and related rules, the Company establishes procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), stores and manages such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
 - (b) In order to maintain the appropriateness of information storage and management, the Company appoints personnel responsible for information security management, determines the roles of respective organizations, officers and employees, and stores and manages information in a systematic manner. The Company regularly verifies the status of information storage and management.
- 3) Rules concerning loss risk management and other systems
 - (a) The Company establishes a system for proper and efficient risk management in accordance with the rules for risk management.
 - (b) In order to manage risks in an integrated manner, the Company establishes a committee on risk management, and personnel and departments with across-the-board responsibilities for risk management. It also establishes departments for risk management by risk category, develops systems for managing each risk, and implements management and operations based on the risk management plans.
 - (c) The internal audit department audits the status of risk management in each department and reports

- the results to the Board of Directors and Company Auditors.
- (d) The Company establishes a system to minimize economic losses and loss of credibility and to continue or swiftly resume business operations in cases where risks that may have significant internal or external impacts arise.
- 4) System to ensure efficient execution of duties by the Directors
- (a) The Company formulates management policies and management plans and carries out business management based on appropriate methods.
- (b) The Company establishes the Executive Officer's Meeting and various committees so as to conduct decision making concerning the execution of duties delegated from the Board of Directors and prior deliberations on matters to be discussed in the meetings of the Board of the Directors.
- (c) The Company introduces an executive officer system and, based on internal rules, determines the division of duties by each organization and the criteria of decision making for each position so as to make decisions more quickly and execute duties more efficiently.
- 5) System to ensure the propriety of business carried out by the group consisting of the Company, parent company and subsidiaries
- (a) While maintaining independence as a publicly-traded company, the Company coordinates with the parent company through reporting or consultation on the Group's business management in accordance with the rules for consultation and reporting with the parent company. The Company also establishes the Group's business management systems in accordance with the parent company's policy for its group management so as to contribute to the appropriate business operations of both of the groups.
- (b) The Company makes the ACOM Group Code of Ethics the entire Group's basic compliance policy. In accordance with the rules for compliance and related rules, the Company provides assistance for the promotion of compliance to subsidiaries, etc. within the Group (hereinafter referred to as "Affiliated Companies").
- (c) The Company holds regular meetings with Affiliated Companies, establishes departments for managing Affiliated Companies, and manages and supports Affiliated Companies in accordance with the rules for management of Affiliated Companies, while respecting the independence of each company.
- (d) The internal audit department implements audits of Affiliated Companies or supports their audits and contributes to development of the internal control systems of Affiliated Companies.
- 6) Matters concerning employees to assist company auditors' duties and matters concerning their independence from Directors, in the case where Company Auditors request appointment of such employees
- (a) The Company Auditor' Office will be established to assist in the company auditors' duties, and assistants for auditors will be appointed.
- (b) The number of employees to assist Company Auditors and their requirements will be decided after discussion with the Board of Company Auditors.
- (c) Employees to assist Company Auditors will be exclusively in charge of work that assists Company Auditors, and will not be subject to instructions and orders from the Directors and other operational organizations.
- (d) Assignment, transfer, evaluation and disciplinary action of employees who assist Company Auditors will be decided after discussion with the Board of Company Auditors.
- 7) System for reporting to Company Auditors by the Directors and employees, and other systems for reporting to Company Auditors
- (a) In compliance with laws and regulations and the rules regarding reporting to Company Auditors, the Directors and Chief General managers of each department will promptly report to Company Auditors such matters as facts which may significantly damage the Company and Affiliated Companies. In addition, they will report matters concerning the execution of duties periodically and when necessary.
- (b) Documents used in the decision making provided for in internal rules will be made available for inspection by Company Auditors promptly after making the decision.
- (c) Company Auditors may ask Directors and employees to report matters other than the above-mentioned ones if needed.

- 8) Other systems to ensure that audits are effectively implemented by Company Auditors
- (a) Directors will ensure a system that allows Company Auditors to: attend the Board of Directors meetings, the Executive Officers' meetings, and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
 - (b) Directors will have regular meetings with the Board of Company Auditors to exchange opinions on issues with which the company should deal, issues concerning the execution of duties, and primary issues on audits. They will also take actions regarding the matters that the Board of Company Auditors deems necessary to be addressed.
 - (c) Directors and employees will follow the rules of the Board of Company Auditors and other rules, including audit policies, and cooperate with Company Auditors for inspection and consultation requests.
 - (d) The internal audit department will establish a cooperation system for exchanging information with Company Auditors as needed in order to contribute to ensuring the effectiveness of audits.

(2) Basic policy concerning control of the Company

Although the Company has not specifically defined a basic policy concerning the persons who take control of decisions on financial and business policies, under the present legal system, it has conducted research and surveys on possible countermeasures against mergers and acquisitions that could lower corporate assets and shareholder value.