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Management's Discussion and Analysis

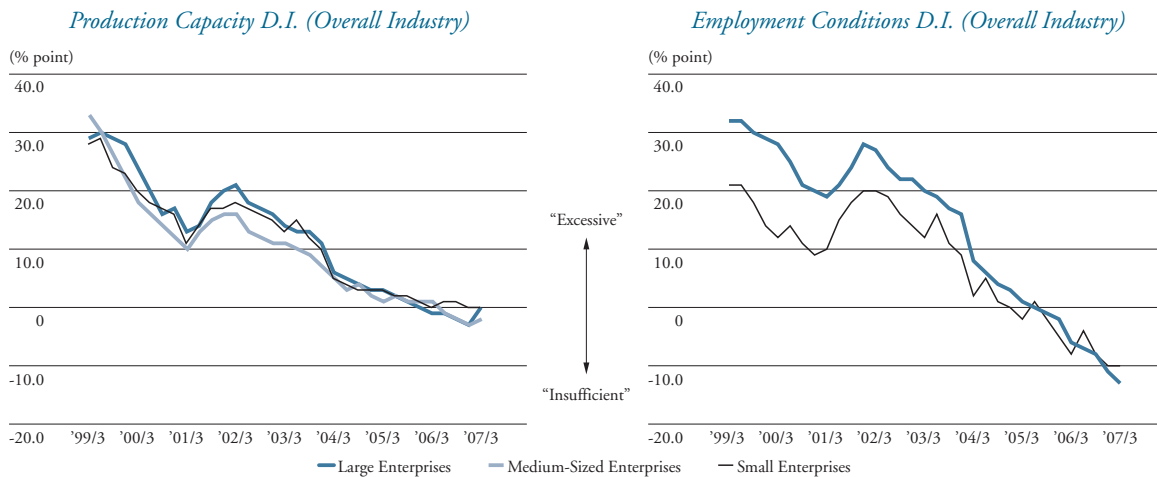
Operating Environment

In fiscal 2006, ended March 31, 2007, the Japanese economy remained on a path of overall moderate recovery, as continued strength in corporate earnings helped boost private sector capital spending. The economy also benefited from recovery in the employment situation, characterized by a growing sense of a labor shortage, as well as a firming of consumer consumption. However, the operating environment surrounding the ACOM Group was affected by a number of factors. In addition to a shrinking overall market—a structural trend caused by Japan's low birth rate and aging population—the consumer finance industry faced a major backlash as press reports about the handling of group life insurance contracts for consumer credit tainted the sector with a negative image. Meanwhile, the Regulations Governing Money Lending Business Law was amended in

December 2006, and will be fully enforced by the end of 2009. The amendments include reducing the maximum interest rate on loans under the Interest Rate Restriction Law (IRRL) and placing restrictions on total lending amounts. This has already sparked new competition among finance companies seeking to advance their operations within the parameters of the IRRL, heightening the battle to attract high-quality customers.

Moreover, the announcement of guidelines by the Japanese Institute of Certified Public Accountants (JICPA) prompted all consumer finance companies to provide massive allowances for losses on interest repayments. Nevertheless, claims for interest repayments exceeded expectations, forcing lenders to make additional provisions at the end of the fiscal year and underscoring a very difficult business environment.

Trends in the TANKAN Survey (Quarterly)



Review and Analysis of Consolidated Results

Overall Performance

In addition to the difficult operating environment, in fiscal 2006 ACOM (the parent company) made a ¥490.0 billion allowance for loss on interest repayments. The number of new contracts fell below the previous year's level and expenses were recorded for emergency management innovation measures. Accordingly, consolidated operating income amounted to ¥423.6 billion, down 4.9% from fiscal 2005. The Group posted an operating loss of ¥85.1 billion and a net loss of ¥437.9 billion.

On a non-consolidated basis, the Company reported operating income of ¥370.7 billion (down 6.5%), an operating loss of ¥88.9 billion, and a net loss of ¥439.4 billion.

Facing these challenges, the Group stepped up compliance-oriented activities and swiftly created a new loan business model in preparation for the amended law to come into force. We also formulated a set of Group Management Reforms aimed at securing long-term profits and building an operating foundation conducive to sustained future growth. At the same time, we undertook drastic reforms to our cost structure to enhance operating efficiency and strove to reinforce our sales capability.

Specific reforms to our cost structure undertaken in fiscal 2006 included reorganizing the Group's installment sales finance business and preparing the groundwork to merge three subsidiaries involved in real estate architectural design, construction, and management. We also promoted a voluntary retirement program, converted our sales outlets to unstaffed outlets, and integrated our call centers, and worked to reconstruct our mainstay computer system.

The Group also worked to tap new growth markets overseas, centering on Asia. In addition to aggressive promotion of existing businesses in Thailand and other areas, we set up representative offices in Beijing (China) and Ho Chi Minh City (Vietnam) and prepared to acquire shares in PT. BANK NUSANTARA PARAHYANGAN Tbk, a bank in Indonesia.

Results by Segment

Operating Income and Outstanding Balance

Loan Business

In fiscal 2006, operating income from our core loan business declined 5.5%, to ¥374.5 billion. Receivables outstanding at fiscal year-end amounted to ¥1,632.3 billion, down 4.2% from a year earlier. On a non-consolidated basis, segment operating income fell 6.9%, to ¥348.5 billion, and receivables outstanding decreased 6.4%, to ¥1,494.3 billion. For the year, the average yield for unsecured consumer loans extended by the parent company was 22.25%, down 107 basis points from the previous period, reflecting our increasing adoption of interest incentives for preferred customers.

DC Cash One Ltd. (hereinafter DC Cash One), which develops its business using the brand of Mitsubishi UFJ Financial Group, Inc., posted a 16.4% jump in operating income in its

loan business, to ¥13.2 billion, and an 11.5% rise in receivables outstanding, to ¥82.6 billion.

Overseas, operating income from the loan business of EASY BUY Public Company Limited (hereinafter EASY BUY), a consolidated subsidiary in Thailand, increased 17.9%, to ¥12.8 billion, and its balance of receivables outstanding surged 68.8%, to ¥49.9 billion. In July 2005, the Bank of Thailand lowered the maximum interest rate on loans, which negatively affected profitability. Although we reassessed our lending criteria and worked to improve the quality of credit, we succeeded in maintaining a high rate of growth.

With respect to the loan business of ACOM (the parent company), we pursued the urgent task of improving our business structure to permit generation of stable earnings assuming an average yield for unsecured consumer loans in the 16% range. While keeping a good balance between maintaining service levels and improving efficiency, we reorganized our loan sales operations—including a shift from staffed to unstaffed outlets and closure of certain unstaffed outlets—and centralized our four contact centers and 12 service centers into two locations each, thus raising efficiency.

Credit Card Business

In the credit card business, operating income declined 5.2% from the previous year, to ¥6.1 billion. The year-end balance of receivables outstanding was down 6.8%, to ¥44.8 billion. In this business, we issue ACOM MasterCard® via immediate card-issuing machines linked to our MUJINKUN network of automatic contract machines, and we also issue cards in alliance with merchants who are strong in their respective fields. Due to a decline in the number of loan customers, however, the number of cardholders fell 6.2%, to 1,181 thousand at fiscal year-end. Due to reductions in maximum interest rates, we have found it difficult to achieve profitability in the alliance credit card business. For this reason, we will lower the number of alliance cards, which incur considerable payment commissions, and focus on ACOM MasterCard® in the future.

Installment Sales Finance Business

Consolidated operating income in this segment declined 31.9%, to ¥10.1 billion, and the year-end balance of installment receivables fell 31.6%, to ¥56.9 billion. EASY BUY, our consolidated subsidiary in Thailand, is also involved in the installment sales finance business. Since the reduction of maximum interest rates in that nation, however, EASY BUY has adopted more stringent lending criteria. Consequently, it posted a 25.0% decline in segment operating income, to ¥5.0 billion. Despite these challenges, we will strive to improve the quality of credit, both in Japan and overseas, and place high priority on reassessing contracts with low-profit affiliated merchants.

Seeking to further enhance efficiency and reinforce our sales capabilities in this business, on April 1, 2007, we merged the installment sales finance business of the parent company with JCK CREDIT CO., LTD, a wholly owned subsidiary, leading to the birth of a new company, called AFRESH CREDIT CO., LTD.

Guarantee Business

In this segment, the year-end balance of guaranteed receivables amounted to ¥105.9 billion, up 17.9% from a year earlier. Fees from credit guarantees rose 15.9%, to ¥6.0 billion, and operating income in this segment (including commissions from guarantee services etc.) climbed 39.0%, to ¥9.2 billion.

Since March 2005, we have been expanding our guarantee business in cooperation with RELATES CO., LTD., a wholly owned subsidiary specializing in call center services for regional banks and other guarantee alliance partners, as well as temporary staffing services and consulting services.

In fiscal 2006, we sought to expand the guarantee business of DC Cash One. During the year, DC Cash One began providing guarantee services for the Super IC Card, "Tokyo-Mitsubishi UFJ-VISA," issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter BTMU). In August 2006, DC Cash One added an IC credit card, issued by former UFJ branches, and in February 2007 we launched similar services for a card jointly issued by BTMU and East Japan Railway Company. Due to negative media coverage about consumer finance industry, however, our alliance partners are temporarily restraining their loan sales business. Accordingly, the balance of guaranteed receivables of ACOM (parent company) rose only 8.0%, to ¥96.8 billion, representing a slowdown in the rate of growth. Nevertheless, the balance of guaranteed receivables of DC Cash One, which entered this business in the previous fiscal year, reached ¥9.1 billion at the end of fiscal 2006.

Loan Servicing Business

In the loan servicing business, operating income slipped 2.1% year-on-year, to ¥13.8 billion, and total collection of purchased receivables remained mostly unchanged, at ¥13.3 billion.

As financial institutions enter the final stages of disposing of their non-performing loans, the earnings environment has become more and more challenging for IR Loan Servicing, Inc. (hereinafter IR Loan Servicing), which spearheads the Group's activities in this business. Therefore, we have begun considering a new business model for the future. Taking into account the future potential of this business, as well as legal and other considerations, the model will incorporate interaction with ACOM's loan, installment sales finance, credit card, and guarantee businesses to ensure efficient division of responsibilities.

Other Businesses

In fiscal 2006, consolidated operating income from the rental business rose 4.0%, to ¥4.4 billion, and operating income from other businesses life and nonlife insurance agency services real estate-related activities, and others posted a two-fold increase to ¥5.2 billion, owing to higher profitability at RELATES CO., LTD. and other financial service business companies.

Operating Income by Segment

	Millions of Yen		Change
	FY2006	FY2005	
Loan Business	374,590	396,485	(5.5%)
Credit Card Business	6,128	6,462	(5.2%)
Installment Sales Finance Business	10,106	14,839	(31.9%)
Guarantee Business	9,244	6,651	39.0%
Loan Servicing Business	13,827	14,117	(2.1%)
Rental Business	4,489	4,318	4.0%
Other Businesses	5,265	2,557	105.9%

Outstanding Balance at Year-End by Segment

	Millions of Yen		Change
	FY2006	FY2005	
Loan Business	1,632,310	1,703,172	(4.2%)
Credit Card Business	44,842	48,120	(6.8%)
Installment Sales Finance Business	56,986	83,335	(31.6%)
Loan Servicing Business	25,788	17,423	48.0%

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Consolidated Operating Expenses

In fiscal 2006, consolidated operating expenses amounted to ¥508.7 billion, up 51.8% from the previous fiscal year. Within this total, financial expenses remained mostly unchanged, at ¥20.7 billion. While interest rates are showing moderate increases in line with economic recovery, the Group has successfully reduced interest-bearing liabilities, centering on long-term liabili-

ties, and reaped the benefits of its financial strategy of increasing the ratio of direct borrowings—a low-cost, stable means of fund procurement. Meanwhile, we reduced advertising and promotional expenses and personnel costs (salaries, retirement benefit expenses, etc.) by ¥5.5 billion and ¥3.7 billion, respectively. However, the provision for loss on interest repayments ballooned to ¥200.1 billion (from ¥23.7 billion in fiscal 2005), while provision for bad debts rose ¥15.1 billion, leading to a substantial increase in consolidated operating expenses.

Breakdown of Consolidated Operating Expenses

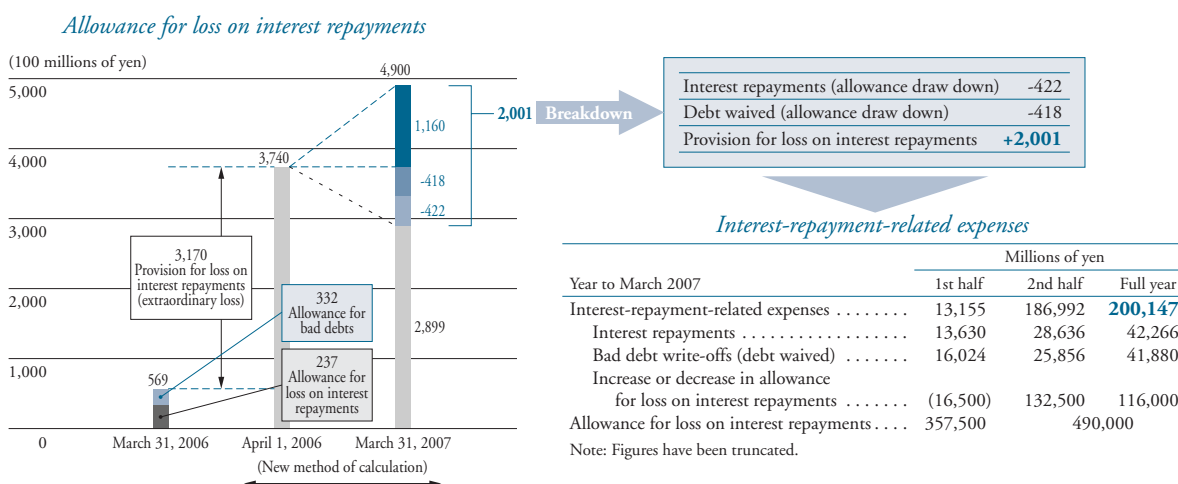
	Millions of Yen		Change
	FY2006	FY2005	
Operating Expenses	508,755	335,039	173,715
Financial Expenses	20,705	20,711	(6)
Cost of Purchased Loans Receivable	8,114	8,064	49
Cost of Sales	7,497	5,126	2,370
Other Operating Expenses	472,438	301,136	171,301
Advertising Expenses	13,491	19,014	(5,523)
Provision for Bad Debts	130,596	115,477	15,118
Provision for Loss on Guaranteed Receivables	1,960	1,647	312
Bad Debt Expenses	5,039	—	5,039
Provision for Loss on Interest Repayments	200,147	23,700	176,447
Salaries	31,892	33,640	(1,747)
Retirement Benefit Expenses	1,269	3,223	(1,954)
Provision for Directors and Corporate Auditors' Retirement Benefits	93	98	(5)
Welfare Expenses	4,113	4,223	(110)
Leases	13,341	13,747	(405)
Depreciation Expenses	3,772	4,446	(673)
Fees	36,111	32,125	3,985
Others	30,609	49,791	(19,181)

3 Other Income (Expenses)

Total other expenses, net, amounted to ¥347.4 billion. In addition to a ¥317.0 billion special provision for loss on interest repayments, a number of factors led to the increase in other expenses. These included a ¥14.7 billion loss on revaluation of

investments in securities (due to an impairment loss on securities held in OMC Card, Inc. (hereinafter OMC Card)), as well as ¥17.9 billion in loss on business restructuring, which included extra retirement expenses associated with the voluntary retirement program and expenses related to reorganization of our loan sales network.

Allowance for Loss on Interest Repayments: Accounting Treatment



Financial Condition

Balance Sheets

At the end of fiscal 2006, consolidated total assets amounted to ¥2,031.8 billion, down ¥74.8 billion from a year earlier. Total net assets declined ¥475.4 billion, to ¥450.0 billion. Shareholders' equity (net assets less minority interests) declined ¥477.6 billion, to ¥457.1 billion. As a result, the owner's equity ratio dropped from 44.0% to 22.2%. A detailed breakdown of assets, liabilities, and net assets is given below.

Assets

Total current assets declined ¥24.9 billion, while property and equipment, net, fell ¥2.7 billion, and total investments and other assets declined ¥47.0 billion. Within current assets, loans receivable decreased ¥70.8 billion, and notes and accounts receivable declined ¥29.6 billion due to a fall in transaction volume in the installment sales finance business. By contrast, cash and cash equivalents grew ¥48.9 billion and deferred tax assets rose ¥18.0 billion. Within investments and other assets, investments in securities declined ¥46.1 billion due to impairment of OMC Card.

Liabilities

Total current liabilities declined ¥93.6 billion, but total long-term liabilities rose ¥494.2 billion. Accordingly, total liabilities increased ¥400.5 billion. Among liabilities, interest-bearing debt (including loans and bonds), decreased ¥33.1 billion, and accrued income taxes were down ¥25.8 billion. However, these were significantly outweighed by a ¥466.3 billion allowance for losses on interest repayments.

Net Assets

Total shareholders' equity declined ¥459.9 billion, due to mainly to a ¥460.0 billion fall in earned surplus accompanying the net loss, which amounted to ¥437.9 billion. There was also a decline of ¥18.5 billion in net unrealized gains on other securities. As a result, total net assets declined ¥475.4 billion.

Cash Flows

At March 31, 2007, cash and cash equivalents stood at ¥146.3 billion, up ¥48.9 billion from a year earlier. Details of cash flows for the year are given below.

Net cash provided by operating activities amounted to ¥99.9 billion, practically unchanged from the previous fiscal year. In addition to the loss before income taxes of ¥432.5 billion, a number of non-cash factors boosted operating cash flows. These included a ¥466.3 billion increase in allowance for loss on interest repayments, a ¥76.4 billion decrease in loans receivable, a ¥33.4 billion decrease in notes and accounts receivable, and a ¥14.7 billion increase in loss on revaluation of investments in securities. Factors holding down cash flows included ¥48.8 billion in income taxes paid.

Net cash provided by investing activities totaled ¥308 million. Purchases of property and equipment exceeded sales of property and equipment by ¥2.0 billion, while sales of investments in securities exceeded purchases of investments in securities by ¥1.5 billion. In the previous fiscal year, the Company made substantial investments, including the acquisition of shares in OMC Card. In the absence of such investments in the year under review, cash flows from investing activities improved by ¥45.2 billion year-on-year.

Net cash used in financing activities was ¥53.4 billion, down ¥50.9 billion from the previous year. For the year, total repayments of loans and redemption of bonds outweighed proceeds from loans and bond issuance by ¥41.1 billion, while cash dividends paid amounted to ¥22.0 billion.

Cash Flows

	Millions of Yen		
	FY2006	FY2005	yoy
Net Cash Provided by (Used in) Operating Activities	99,944	100,226	(282)
Net Cash Provided by (Used in) Investing Activities	308	(44,973)	45,282
Net Cash Provided by (Used in) Financing Activities	(53,464)	(104,389)	50,925

Risk Management

Business Risks

The following report on business-related risks details potential risks to the ACOM Group's operations based on our assumptions and views as of the submission date of the Group's annual securities report. In addition, in view of providing disclosure to investors, we include risks that may possibly not be associated with our operations.

However, the following report does not include all potential risks. With future changes in economic and business conditions affecting the consumer finance industry, there may be new risks that arise from various uncertain factors.

Note, however, that forward-looking statements regarding business-related risks are based on our assumptions and views as of the submission date of the Group's annual securities report.

1 Financial Results

(A)

Maintaining Profit Levels and Growth Rates

The Group's ability to maintain past profit levels and growth rates will be influenced by numerous factors, some of which are the following.

- (a) Changes in the overall consumer credit market
- (b) Growth in number of customer accounts and average loan balance
- (c) Reductions in the maximum legal interest rates applicable to the loan industry, as well as changes in judicial rulings and legal regulations applicable to the consumer finance industry
- (d) Changes in average contracted interest rates received from customers
- (e) Changes in number of requests for return of interest repayments, as well as amounts requested
- (f) Competition with other companies
- (g) Rate of default by customers
- (h) The Company's ability to use credit databases to properly screen credit-related information about customers
- (i) Japan's overall economic status
- (j) The Company's ability to procure funds and costs involved
- (k) Advertising and promotional expenses, personnel costs, and other expenses

(B)

Performance Trends

The ACOM Group has sought to advance its operations by focusing on customer convenience. For example, we have developed and introduced automated contract machines, enabled immediate issue of ACOM MasterCard®, and increased our network of ATMs and cash dispensers in alliances with other financial institutions. At the same time, we have worked to broaden and upgrade our business through various measures to enhance our corporate image. These include branding initiatives and advertising campaigns centering on the mass media.

Going forward, we will endeavor to reduce costs through improved efficiency while strengthening our monitoring and counseling capabilities in order to respond swiftly and appropriately to changing business conditions. Nevertheless, changes in the domestic economy, the consumer credit market, and competitive factors may have an impact on the Group's business performance in the future.

2 Legal Restrictions

The loan business (consumer finance business), which is the ACOM Group's core activity, is governed by the following laws: Regulations Governing Money Lending Business Law (RMBL) and the Acceptance of Contributions, Money Deposits, and Interest Law (ACMI). Our installment sales (credit card and credit loan businesses) are governed by the Law Concerning Installment Sales (LCIS). The aforementioned laws govern all aspects of their respective businesses.

(A)

RMBL and LCIS Regulations and Lending Rate Regulations

Each ACOM Group company engaged in the loan business is registered as an eligible money lender pursuant to Article 3 of the RMBL. The RMBL stipulates several restrictions, including prohibition of excessive lending, prohibition of exaggerated advertising including indication of lending conditions, issue and delivery of documents and receipts, maintenance of book-keeping, restrictions on receipt of blank power of attorney, restrictions on excessive collection activities, and the return of loan certificates to borrowers. The RMBL also defines administrative punishments (suspension of all or part of operations, or revocation of the money lending license) and penalties for money lenders in violation of these provisions.

In addition, the LCIS requires a description of the terms and conditions of the transaction, the issue of a written document, and prevention of excessive purchasing beyond paying capacity, and stipulates penalties in violation of these provisions.

In the event that our business needs to be restricted or restructured due to changes in our business rules following amendment of laws or new judicial judgments, our loan business and installment sales business, in addition to the ACOM Group's overall performance, may be adversely affected.

On January 20, 2007, certain penalties for legal violations were strengthened due to enforcement of the amended RMBL. By December 2007, the RMBL will be renamed as the Money Lending Business Law and will be further amended to include provisions for establishing new finance service associations, stronger rules covering business conduct, and introduction of operational improvement orders. Within 18 months 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 and a half years, quantitative lending restrictions will come into effect and the ACMI 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.

(B)

Increase in Loss on Interest Repayments

Apart from interest rate ceilings defined by the ACMI, Article 1, Section 1 of the Interest Rate Restriction Law (IRRL) specifies that, under any loan agreement, the portion of interest that is higher than the interest rate ceiling (20% per annum for principals up to ¥100,000 yen; 18% for principals between ¥100,000 and ¥1 million; and 15% for principals over ¥1 million) is deemed invalid. Section 2 of the above Article stipulates that, in the case where the debtor voluntarily pays the portion of interest in excess of the interest ceiling as specified above, he/she cannot claim reimbursement of the said inter-

est. According to Article 43 of the RMBL, moreover, given that a written document is issued at the inception of the contract as prescribed by law, and that the payment of interest fulfills the conditions set forth therein, the interest is deemed to be valid, notwithstanding the provisions in Article 1, Section 1 of the IRRL.

The interest rates charged on some loan products provided by the ACOM Group exceed the interest rate ceilings specified in the IRRL. In addition, several consumers have taken legal action against consumer finance companies, including ACOM, calling for a reimbursement of payments made, asserting that such payments do not meet a part of the requirements set forth in Article 43 of the RMBL. In some recent court precedents, the plaintiffs' demands were accepted.

There are cases in which our customers (including agents, such as lawyers) request a reduction in the loan amount or reimbursement of excess interest paid, citing obligations for maximum interest rates under the IRRL. In such cases, ACOM is obliged to release the customer from the loan or return the interest payments. The costs of releasing customers from loans and reimbursing interest repayments (hereinafter referred to as "loss on interest repayments") are increasing each year.

To address such increases in loss on interest repayments, since the year ended March 2006 ACOM has provided an allowance for loss on interest repayments. On October 13, 2006, however, the Japanese Institute of Certified Public Accountants (JICPA) announced its "Auditing treatment regarding allowance for loss on interest repayments by consumer finance companies due to claims for interest repayments" (Industry-Specific Audit Committee Report No. 37), which clarifies JICPA's stance with respect to method for calculating said allowances and reasonable period of estimations. In response, ACOM has changed its method for calculating the appropriate size of said allowance. Consequently, at the end of the year under review, the Company set aside ¥490,000 million in allowance for loss on interest repayments and ¥517,208 million in additional provisions for loss on interest repayments.

Due to the future potential for losses on interest repayments, the allowance for loss on interest repayments may need to be increased, which could have an impact on the Group's business performance.

³ Fund Procurement

(A) *Fund Procurement*

The ACOM Group primarily secures the necessary funds for its operations and liabilities repayments through cash provided by operating activities, as well as financing activities such as borrowings from financial institutions, including banks and insurance companies, and direct financing from capital markets, including via bond issues. At the end of the year under review, 46.5% of the ACOM Group's outstanding interest-bearing liabilities had been resourced mainly from 10 banks and other financial institutions (excluding those from syndicate loans). While the ACOM Group has steadily diversified its funding resources in recent years, there is no assurance that its existing main banks and lenders will not change their current lending policy due to a potential reorganization of the financial industry in Japan or other factors. Furthermore, there is no assurance that capital markets will always be available as a reliable financing resource in the future.

The ACOM Group has not experienced significant difficulties in raising funds in recent years. However, if our credit rating was to be downgraded by a credit rating agency, this may cause an increase in interest costs and have a negative effect on our fund procurement capabilities in both the public and private placement bond markets. Such events would consequently have a influence on our business performance.

(B)

Interest Rate on Fund Procurement

While interest rates on our fund procurement may fluctuate due to the market environment or other factors, our maximum lending interest rate is limited to 29.2%, according to rules stipulated by the ACMI, irrespective of fluctuations in interest rates on fund procurement. In order to minimize interest-rate risks, the ACOM Group takes various measures, including the use of interest rate caps and swap contracts, and observes a policy of maintaining fixed-interest borrowings as a ratio of total borrowings at 80% or higher, to mitigate the influence of factors such as interest fluctuations. However, possible increases in interest rates may have a negative impact on our business performance in the future.

⁴ Allowance for Bad Debts

Loans receivable and installment sales receivable constitute the majority of total assets of the ACOM Group. For this reason, we book an allowance for bad debts, based on the conditions of customers and the estimates of pledged collateral value at the end of the fiscal year. An increase of payment delays and uncollected loans receivable might occur due to future changes in economic conditions, the market environment, and the social structure in Japan. There may also be increases in the number of individuals (including loan customers of the ACOM Group) pursuing remedies under legal guardianship pursuant to revisions in legislation, including the Bankruptcy Act, the Law Concerning Specific Conciliation, the Civil Rehabilitation Law, and the Judicial Scrivener Law. Such events may require further increases in the allowance for bad debts, which may have a negative effect on the business performance of the ACOM Group.

⁵ Problem of Multiple Debtors

To address the problem of debtors who take out excessive loans or credit-card loans from multiple consumer credit companies, the Liaison Group of Consumer Finance Companies announced five urgent tasks: (A) Promote more effective consumer education activities, (B) Improve counseling functions for consumer loan customers, (C) Implement more rigorous credit administration, (D) Review content of advertisement, and (E) Disclose more information more effectively. The Liaison Group has been taking a serious approach to solving the problems of bankruptcies among individuals and heavy debtors, as seen by the Japan Consumer Counseling Fund, which was set up by the Group's leadership on June 13, 1997 with the aim of improving its counseling functions. Moreover, the ACOM Group has been striving to prevent an increase in heavy debtors and the occurrence of unrecoverable loans by implementing regular reviews of personal credit data obtained from personal credit information agencies, in order to determine initial and subsequent credit limits for each individual customer.

In cases where the number of multiple debtors increases due to future changes in economic or market conditions in Japan or other factors, a resulting increase in the allowance for bad debts may have a negative effect on the business performance of the ACOM Group.

⁶ Information Systems

For the purpose of creating new business, offering services to customers, and implementing effective business management, the ACOM Group is dependent on, and has increased its reliance on,

internal and external information and technical systems. Many new customers have opened loan accounts through our MUJINKUN automatic contract machines, and many prefer to access their loan accounts through ATMs installed by ACOM and those of affiliated companies, to take advantage of the convenience of such facilities.

The ACOM Group is further increasing its reliance on cutting-edge software, systems, and networks for managing its retail outlet network, customers, and account data. We are also diversifying our IT systems in order to avoid the negative impact from potential damage or service interruption of communication networks, hardware and software arising from errors, natural disasters, power blackouts, and similar events, as well as disruptions to support services from third parties, including telecommunications carriers and Internet providers.

However, such disruptions, breakdowns, delays, or other interruptions to information or technical systems may result in a decline in the number of customers opening new accounts or payment delays on unpaid balances. These and other factors may lower the trust that consumers place in the ACOM Group and also disrupt its provision of services, which may have a negative effect on its business performance.

In addition, the ACOM Group has a backup center for general ledger system, in order to avoid the possibility of business interruptions. However, it is possible that the Group's business may be suspended in the event of a large scale natural disaster, such as earthquake or flood.

7 Management of Personal Information

Upon the full enactment of the Law Concerning the Protection of Personal Information on April 1, 2005, the ACOM Group, including the parent company and its main subsidiaries, are now regarded as businesses handling personal information as defined by the law. In the management of personal information, including customer information, within the ACOM Group, we have formulated rigorous safety measures for physical security, including controls on entering and leaving the Computer Center, and for information security, such as controlling access to computer systems. Moreover, we have acquired Information Security Management System (ISMS) certification for the operation and maintenance of the Computer Center.

However, if personal information is leaked to other people for any reason whatsoever, the negative effects may not be limited to a worsening of business performance arising from a decline in the reputation of the Group or compensation for damages. In the case of a violation of regulations concerning the handling of personal information, the ACOM Group may be also subjected to administrative recommendations, orders, and penalties.

8 Business and Capital Alliance with Mitsubishi UFJ Financial Group, Inc.

In March 2004, ACOM entered into a business and capital alliance agreement with Mitsubishi Tokyo Financial Group, Inc. (currently Mitsubishi UFJ Financial Group, Inc.). In the event of future changes in the legal system governing banks, including a change in the Banking Law, it is possible that restrictions may be applied to certain business areas currently available to ACOM, its subsidiaries, or affiliate companies when a certain ratio or more of ACOM's total outstanding shares is held by the bank.

Moreover, if a competitor concludes a similar business and capital alliance agreement with a bank or financial institution, the ACOM

Group may face more intense competition depending on the nature of such alliance.

9 Investments

To date, the ACOM Group has stepped up its entry into new markets and broadened the scale of its involvement in the consumer credit market, including through the formation of joint ventures. Since the prospect of obtaining profits from such investments is uncertain, there is no assurance that the ACOM Group will be able to set up or expand new joint businesses successfully.

The ACOM Group regularly reviews the profitability and growth potential of each business. It is possible that such reviews may prompt us withdraw from new joint businesses or reduce allocation of human and other resources to such businesses in the future. In the case where a joint business falls short of its profit target, there is a risk that the ACOM Group may not be able to recoup its existing investments.

In addition, in the event that the price of equity securities held by the ACOM Group drops substantially, there is a possibility that losses may be incurred, which could potentially affect the ACOM Group's business results and perhaps reduce its owner's equity ratio.

10 Significant Litigation Cases

With respect to significant litigation in which ACOM is the defendant, at the end of the year under review there was a class-action lawsuit calling for ACOM to refund money paid to an affiliated merchant (one company) for goods and services related to our installment sales finance business.

Although the aggregate amount demanded in the case will not have a significant impact on the business performance of the ACOM Group, it might be possible that similar lawsuits could be instituted in the future, which could have an impact on the reputation of the ACOM Group.

11 Sale of ACOM Shares Held by the Chairman, President & CEO, and Family Members

As of March 31, 2007, Kyosuke Kinoshita, Chairman of ACOM, and Shigeyoshi Kinoshita, President & CEO of ACOM, in conjunction with other family members and associated companies, owned approximately 40% of the total outstanding shares of the Company. If these shareholders sell part of their holdings in the future, there is the possibility that the share price of ACOM will be negatively affected due to increased supply of Company shares in the market.

12 ACOM Shares Held by the Chairman, President & CEO, and Family Members

Since the Kinoshita family and relatives own or control approximately 40% of the total outstanding shares of ACOM, they may assert a dominant influence on important decision-making that will impact the business activities of the Company. These include significant business transactions, such as transfer of the controlling stake in the Company, restructuring of business operations, investment in other businesses or assets, and the terms and conditions of future fund procurement activities.

Consolidated Balance Sheets

ACOM CO., LTD. and Subsidiaries

March 31	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2007	2006	2007
Assets			
Current assets:			
Cash and cash equivalents	¥ 146,383	¥ 97,399	\$ 1,240,008
Marketable securities (Note 5)	3,676	2,015	31,139
Loans receivable (Notes 4 and 6)	1,632,310	1,703,172	13,827,276
Notes and accounts receivable	102,227	131,888	865,963
Purchased receivables	25,788	17,423	218,449
Inventories	2,330	4,084	19,737
Deferred tax assets (Note 8)	60,597	42,591	513,316
Other current assets	32,120	34,233	272,088
Allowance for bad debts	(126,671)	(129,084)	(1,073,028)
Total current assets	1,878,763	1,903,724	15,914,976
Property and equipment:			
Land (Note 14)	16,890	16,999	143,074
Buildings and structures (Note 14)	41,551	43,783	351,977
Equipment (Note 14)	37,274	37,238	315,747
	95,716	98,021	810,808
Accumulated depreciation	(46,508)	(46,018)	(393,968)
Property and equipment, net	49,208	52,002	416,840
Investments and other assets:			
Investments in securities (Note 5)	71,590	117,752	606,437
Investments in affiliates	10,340	10,035	87,590
Telephone rights and other intangible assets (Note 14)	1,204	1,268	10,199
Rental deposits	9,874	10,503	83,642
Prepaid pension expenses (Note 7)	2,310	1,667	19,567
Deferred tax assets (Note 8)	1,147	1,127	9,716
Other	9,517	11,135	80,618
Allowance for bad debts	(2,126)	(2,535)	(18,009)
Total investments and other assets	103,857	150,954	879,771
Total assets	¥ 2,031,829	¥ 2,106,681	\$ 17,211,596

See accompanying notes to consolidated financial statements.

March 31	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2007	2006	2007
Liabilities and net assets			
Current liabilities:			
Short-term loans (Note 6)	¥ 113,717	¥ 101,729	\$ 963,295
Current portion of long-term debt (Note 6)	227,410	284,633	1,926,387
Accounts payable	4,003	4,777	33,909
Accrued income taxes (Note 8)	502	26,375	4,252
Deferred income on installment sales	7,519	11,485	63,693
Allowance for loss on debt guarantees (Note 11)	1,961	1,647	16,611
Allowance for loss on interest repayments	—	23,700	—
Deferred tax liabilities (Note 8)	—	7	—
Other current liabilities	19,924	14,313	168,775
Total current liabilities	375,037	468,670	3,176,933
Long-term liabilities:			
Long-term debt (Note 6)	690,267	678,222	5,847,242
Allowance for employees' retirement benefits (Note 7)	116	318	982
Allowance for directors' and corporate auditors' retirement benefits	831	851	7,039
Deferred tax liabilities (Note 8)	14,730	22,062	124,777
Allowance for loss on interest repayments	490,000	—	4,150,783
Other long-term liabilities	3,681	3,961	31,181
Total long-term liabilities	1,199,626	705,415	10,162,016
Total liabilities	1,574,664	1,174,085	13,338,958
Commitments and contingent liabilities (Note 11)			
Net assets:			
Shareholders' equity:			
Paid-in capital of common stock:			
Authorized: 532,197,400 shares at March 31, 2007 and 2006			
Issued: 159,628,280 shares at March 31, 2007 and 2006	63,832	63,832	540,720
Capital surplus	76,010	76,020	643,879
Earned surplus (Note 9)	316,007	776,021	2,676,891
Treasury stock, at cost			
2,433,969 shares at March 31, 2007 and 2,438,225 shares at March 31, 2006	(18,508)	(18,538)	(156,781)
Total shareholders' equity	437,342	897,334	3,704,718
Valuation and translation adjustments:			
Net unrealized gains on other securities	13,338	31,886	112,986
Deferred losses on hedges	(0)	—	(0)
Foreign currency translation adjustments	(607)	(1,498)	(5,141)
Total valuation and translation adjustments	12,730	30,387	107,835
Minority interests in consolidated subsidiaries	7,091	4,873	60,067
Total net assets	457,165	932,595	3,872,638
Total liabilities and net assets	¥ 2,031,829	¥ 2,106,681	\$ 17,211,596

Consolidated Statements of Operations

ACOM CO., LTD. and Subsidiaries

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars (Note 3)
	2007	2006	2005	2007
Operating income:				
Interest on loans receivable	¥ 367,923	¥ 389,387	¥ 380,272	\$ 3,116,670
Fees from credit card business	5,845	6,211	6,197	49,512
Fees from installment sales financing	8,515	13,733	15,895	72,130
Fees from credit guarantees	6,028	5,203	6,871	51,063
Collection of purchased receivables	13,328	13,322	7,757	112,901
Other financial income	174	49	20	1,473
Sales	10,513	7,681	8,256	89,055
Other operating income	11,322	9,841	8,693	95,908
Total operating income	423,652	445,431	433,965	3,588,750
Operating expenses:				
Financial expenses	20,705	20,711	22,534	175,391
Cost of purchased receivables	8,114	8,064	5,254	68,733
Cost of sales	7,497	5,126	5,220	63,506
General and administrative expenses	134,694	160,311	148,141	1,140,991
Bad debt expenses	5,039	—	—	42,685
Provision for bad debts	130,596	115,477	106,895	1,106,277
Provision for loss on debt guarantees	1,960	1,647	1,558	16,603
Provision for loss on interest repayments	200,147	23,700	—	1,695,442
Total operating expenses	508,755	335,039	289,604	4,309,656
Operating profit (loss)	(85,102)	110,392	144,361	(720,897)
Other income (expenses):				
Other interest and dividend income	1,308	814	462	11,080
Other interest expense	(0)	(5)	(15)	(0)
Net gain (loss) in affiliates by the equity method	821	734	(1,801)	6,954
Net loss on sale or disposal of property and equipment	(437)	(1,045)	(1,102)	(3,701)
Net gain (loss) on sale of investments in affiliates	(5)	177	—	(42)
Net gain (loss) on sale of investments in securities	196	0	(2)	1,660
Loss on revaluation of investments in securities (Note 5)	(14,794)	—	(353)	(125,319)
Loss on liquidation of investments in trusted real property	—	—	(78)	—
Impairment loss (Note 14)	(8)	(4)	(1,383)	(67)
Special provision for loss on interest repayments	(317,061)	—	—	(2,685,819)
Loss on business restructuring	(17,982)	—	—	(152,325)
Other, net	502	994	302	4,252
Total other income (expenses), net	(347,460)	1,666	(3,972)	(2,943,329)
Income (loss) before income taxes	(432,563)	112,059	140,388	(3,664,235)
Income taxes (Note 8):				
Current	17,388	47,389	49,777	147,293
Deferred	(12,635)	(968)	8,367	(107,030)
Total income taxes	4,753	46,420	58,144	40,262
Minority interests in earnings of consolidated subsidiaries	655	43	710	5,548
Net income (loss)	¥ (437,972)	¥ 65,595	¥ 81,533	\$ (3,710,055)
		Yen		U.S. Dollars (Note 3)
Amounts per share:				
Net income (loss):				
Basic	¥(2,786.19)	¥ 416.69	¥ 516.23	\$ 23.60
Diluted	—	416.50	515.96	—
Cash dividends	100.00	140.00	100.00	0.84

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

ACOM CO., LTD. and Subsidiaries

	Thousands	Millions of Yen				
	Number of shares of common stock	Paid-in capital of common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2004	145,628	¥ 17,282	¥ 25,772	¥ 661,536	¥ (11,099)	¥ 693,492
Net income	—	—	—	81,533	—	81,533
Cash dividends	—	—	—	(12,865)	—	(12,865)
Bonuses to directors	—	—	—	(35)	—	(35)
Issuance of new shares						
of common stock	14,000	46,550	46,550	—	—	93,100
Acquisition of treasury stock	—	—	—	—	(6,999)	(6,999)
Sale of treasury stock	—	—	4,135	—	7,297	11,433
Other changes during the year	—	—	—	—	—	—
Balance at March 31, 2005	159,628	63,832	76,458	730,168	(10,801)	859,658
Net income	—	—	—	65,595	—	65,595
Cash dividends	—	—	—	(19,706)	—	(19,706)
Bonuses to directors	—	—	—	(36)	—	(36)
Acquisition of treasury stock	—	—	—	—	(9,196)	(9,196)
Exercise of stock option	—	—	(438)	—	1,459	1,020
Other changes during the year	—	—	—	—	—	—
Balance at March 31, 2006	159,628	63,832	76,020	776,021	(18,538)	897,334
Net loss	—	—	—	(437,972)	—	(437,972)
Cash dividends	—	—	—	(22,006)	—	(22,006)
Bonuses to directors	—	—	—	(34)	—	(34)
Acquisition of treasury stock	—	—	—	—	(0)	(0)
Exercise of stock option	—	—	(9)	—	30	21
Other changes during the year	—	—	—	—	—	—
Balance at March 31, 2007	159,628	¥ 63,832	¥ 76,010	¥ 316,007	¥ (18,508)	¥ 437,342

Thousands of U.S. Dollars (Note 3)

	Paid-in capital of common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	\$ 540,720	\$ 643,964	\$ 6,573,663	\$ (157,035)	\$ 7,601,304
Net loss	—	—	(3,710,055)	—	(3,710,055)
Cash dividends	—	—	(186,412)	—	(186,412)
Bonuses to directors	—	—	(288)	—	(288)
Acquisition of treasury stock	—	—	—	(0)	(0)
Exercise of stock option	—	(76)	—	254	177
Other changes during the year	—	—	—	—	—
Balance at March 31, 2007	\$ 540,720	\$ 643,879	\$ 2,676,891	\$ (156,781)	\$ 3,704,718

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

(continued)

ACOM CO., LTD. and Subsidiaries

	Millions of Yen					
	Net unrealized gains on other securities	Deferred losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2004	¥ 5,823	¥ —	¥ (2,150)	¥ 3,673	¥ 935	¥ 698,101
Net income	—	—	—	—	—	81,533
Cash dividends	—	—	—	—	—	(12,865)
Bonuses to directors	—	—	—	—	—	(36)
Issuance of new shares						
of common stock	—	—	—	—	—	93,100
Acquisition of treasury stock	—	—	—	—	—	(6,999)
Sale of treasury stock	—	—	—	—	—	11,433
Other changes during the year	568	—	(140)	428	3,764	4,192
Balance at March 31, 2005	6,392	—	(2,290)	4,101	4,699	868,459
Net income	—	—	—	—	—	65,595
Cash dividends	—	—	—	—	—	(19,706)
Bonuses to directors	—	—	—	—	—	(36)
Acquisition of treasury stock	—	—	—	—	—	(9,196)
Exercise of stock option	—	—	—	—	—	1,020
Other changes during the year	25,493	—	791	26,285	174	26,459
Balance at March 31, 2006	31,886	—	(1,498)	30,387	4,873	932,595
Net loss	—	—	—	—	—	(437,972)
Cash dividends	—	—	—	—	—	(22,006)
Bonuses to directors	—	—	—	—	—	(34)
Acquisition of treasury stock	—	—	—	—	—	(0)
Exercise of stock option	—	—	—	—	—	21
Other changes during the year	(18,547)	(0)	891	(17,656)	2,218	(15,437)
Balance at March 31, 2007	¥ 13,338	¥ (0)	¥ (607)	¥ 12,730	¥ 7,091	¥ 457,165

	Thousands of U.S. Dollars (Note 3)					
	Net unrealized gains on other securities	Deferred losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2006	\$ 270,105	\$ —	\$ (12,689)	\$ 257,407	\$ 41,279	\$ 7,900,000
Net loss	—	—	—	—	—	(3,710,055)
Cash dividends	—	—	—	—	—	(186,412)
Bonuses to directors	—	—	—	—	—	(288)
Acquisition of treasury stock	—	—	—	—	—	(0)
Exercise of stock option	—	—	—	—	—	177
Other changes during the year	(157,111)	(0)	7,547	(149,563)	18,788	(130,766)
Balance at March 31, 2007	\$ 112,986	\$ (0)	\$ (5,141)	\$ 107,835	\$ 60,067	\$ 3,872,638

Consolidated Statements of Cash Flows

ACOM CO., LTD. and Subsidiaries

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars (Note 3)
	2007	2006	2005	2007
Operating activities:				
Income (loss) before income taxes	¥ (432,563)	¥ 112,059	¥ 140,388	\$ (3,664,235)
Adjustments:				
Depreciation and amortization	4,278	4,981	5,408	36,238
Impairment loss	8	4	1,383	67
Increase (decrease) in allowance for bad debts	(3,802)	1,084	(4,785)	(32,206)
Increase (decrease) in allowance for loss on debt guarantees	314	89	(307)	2,659
Increase in allowance for loss on interest repayments	466,300	23,700	—	3,950,021
Increase (decrease) in allowance for employees' retirement benefits	(234)	51	(23)	(1,982)
Increase (decrease) in allowance for directors' and corporate auditors' retirement benefits	(20)	3	(141)	(169)
Other interest and dividend income	(1,308)	(814)	(462)	(11,080)
Other interest expenses	0	5	15	0
Net (gain) loss in affiliates by the equity method	(821)	(734)	1,801	(6,954)
Net loss on sale or disposal of property and equipment	437	1,045	1,102	3,701
Bond issuance expenses	331	383	142	2,803
Stock issuance expenses	—	0	477	—
Amortization of goodwill	—	(35)	981	—
Net (gain) loss on sale of investments in securities	(196)	(0)	2	(1,660)
(Gain) loss on sale of investments in affiliates	5	(177)	—	42
Loss on revaluation of investments in securities	14,794	—	353	125,319
Loss on liquidation of investments in trusted real property	—	—	78	—
Changes in operating assets and liabilities:				
Increase in operational investment securities	(708)	(1,294)	—	(5,997)
(Increase) decrease in loans receivable	76,428	(21,697)	2,064	647,420
Decrease in notes and accounts receivable	33,467	47,230	51,343	283,498
Increase in purchased receivables	(8,364)	(4,700)	(6,641)	(70,851)
Increase (decrease) in inventories	1,779	(103)	311	15,069
Decrease (increase) in other current assets	(1,050)	1,025	33	(8,894)
(Increase) decrease in prepaid pension expenses	(643)	(89)	346	(5,446)
(Decrease) increase in accounts payable	(807)	(1,343)	864	(6,836)
Decrease in deferred income on installment sales	(4,810)	(6,741)	(7,826)	(40,745)
(Decrease) increase in other current liabilities	5,105	(3,724)	2,362	43,244
Bonuses paid to directors	(34)	(36)	(35)	(288)
Other, net	(467)	(1,097)	(194)	(3,955)
Subtotal	147,416	149,074	189,042	1,248,759
Non-operating interest and dividends received	1,393	852	506	11,800
Non-operating interest paid	(0)	(5)	(14)	(0)
Income taxes paid	(48,864)	(49,695)	(48,520)	(413,926)
Net cash provided by operating activities	99,944	100,226	141,014	846,624
Investing activities				
Net decrease in time deposits and marketable securities	595	691	591	5,040
Proceeds from sale of property and equipment	166	798	20	1,406
Purchases of property and equipment	(2,211)	(4,227)	(6,819)	(18,729)
Proceeds from maturity or sale of investments in securities	1,181	1,276	934	10,004
Proceeds from settlement or sale of investments in subsidiaries and affiliates	36	519	76	304
Purchases of investments in securities	(257)	(46,078)	(555)	(2,177)
Net proceeds from (payments for) acquisition of consolidated subsidiaries (Note 16)	—	13	(576)	—
Addition to investments in and advances to affiliates	—	—	(8,761)	—
Decrease (increase) in other investments	796	2,031	(2,260)	6,742
Net cash provided by (used in) investing activities	308	(44,973)	(17,350)	2,609
Financing activities				
Proceeds from long-term debt	234,630	231,577	103,337	1,987,547
Payments of principal of long-term debt	(285,310)	(352,891)	(334,099)	(2,416,857)
Increase in short-term loans	9,535	44,935	10,201	80,770
Proceeds from issuance of new shares of common stock of the Company	—	—	92,625	—
Net (acquisition) sale of treasury stock of the Company	20	(8,186)	4,416	169
Cash dividends paid by the Company	(22,012)	(19,694)	(12,864)	(186,463)
Cash dividends paid by a subsidiary to minority shareholders	—	—	(27)	—
Other, net	9,671	(130)	(97)	81,922
Net cash used in financing activities	(53,464)	(104,389)	(136,508)	(452,892)
Effect of exchange rate changes on cash and cash equivalents	744	616	(109)	6,302
Increase (decrease) in cash and cash equivalents	47,533	(48,520)	(12,953)	402,651
Cash and cash equivalents at beginning of the year	97,399	145,920	158,873	825,065
Increase in cash and cash equivalents due to inclusion of newly consolidated subsidiaries at beginning of the year	1,450	—	—	12,282
Cash and cash equivalents at end of the year	¥ 146,383	¥ 97,399	¥ 145,920	\$ 1,240,008

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ACOM CO., LTD. and Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of ACOM CO., LTD. (the “Company”) and its consolidated subsidiaries (together, the “Companies”) are prepared on the basis of accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The accounting records of the Company and its domestic subsidiaries are maintained in accordance with the provisions set forth in the Corporate Law of Japan (Law No. 86, 2005) and in conformity with Japanese GAAP.

The part of corporate matters of the Commercial Code of Japan was superseded by the Corporate Law of Japan, which was promulgated on July 26, 2005 and enforced on May 1, 2006. The revisions in the provisions regarding corporate accounting of the Law and its related Regulations Concerning Corporate Accounting were made concurrently with the recent changes in Japanese GAAP, mainly developed by the Accounting Standards Board of Japan (the “ASBJ”).

The ASBJ issued Statement No. 5, “Accounting Standard for Presentation of Net Assets in the Balance Sheet (“Statement 5”)”, on December 9, 2005, and Statement No. 6, “Accounting Standard for Statement of Changes in Net Assets (“Statement 6”)”, on December 27, 2005, which became effective and applicable to the fiscal period ending on or after May 1, 2006.

Statement No. 5 provides that the balance sheet should be divided into sections on assets, liabilities and net assets, and the section on net assets should contain shareholders’ equity, valuation and translation adjustments, subscription rights to shares, and in the case of the consolidated balance sheet, minority interests in consolidated subsidiaries. Shareholders’ equity consists of paid-in

capital, capital surplus, earned surplus and treasury stock. Valuation and translation adjustments include net unrealized gains or losses on other securities, deferred gains or losses on hedges, and in the case of the consolidated balance sheet, foreign currency translation adjustments.

Statement No. 6 requires preparing the statement of changes in net assets disclosing causes of changes in each of the presentation items for the net assets of the balance sheet as stipulated by Statement No. 5.

The Company adopted those new standards effective for the fiscal year beginning April 1, 2006, and reclassified and modified the consolidated balance sheet as of March 31, 2006 and the consolidated statement of shareholders’ equity for the years then ended to conform to the new presentation.

The accounts of overseas subsidiaries of the Company are based on the financial statements prepared in conformity with generally accepted accounting principles (“GAAP”) prevailing in the countries where the subsidiaries have been incorporated. The accompanying financial statements have not been materially affected by the differences between GAAP prevailing in these countries and Japanese GAAP. Therefore, no adjustments have been reflected in the accompanying consolidated financial statements to present the accounts of the subsidiaries in compliance with Japanese GAAP.

Certain items presented in the original consolidated financial statements filed with the Prime Minister of Japan have been reclassified for the convenience of readers outside Japan.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

In accordance with Japanese consolidation accounting standards, the Company considers any entity in which the Company, directly or indirectly, is able to control operations to be a subsidiary, even if it is less-than-majority owned.

On September 8, 2006, the ASBJ issued Practical Issues Task Force (“PITF”) No.20, “Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations,” which provides that investment associations where the majority of execu-

tive power is held by an entity should be treated as being controlled by that entity, regardless of the percentage of equity ownership. In accordance with the PITF, the Company newly included three investment partnerships held by a subsidiary in the scope of consolidation effective for the fiscal year beginning April 1, 2006.

The Company had 20 subsidiaries for the year ended March 31, 2007. The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries, which are listed below:

Name	Jurisdiction of incorporation	Percentage of equity ownership	Fiscal year end
JLA INCORPORATED	Japan	100%	March 31
ACOM ESTATE CO., LTD.	Japan	100%	March 31
ABS CO., LTD.	Japan	100%	March 31
RELATES CO., LTD.	Japan	100%	March 31
ACOM RENTAL CO., LTD.	Japan	100%	March 31
JCK CREDIT CO., LTD.	Japan	100%	March 31
A B PARTNER CO., LTD.	Japan	95%(*)	March 31
IR Loan Servicing, Inc.	Japan	80%	March 31
DC Cash One Ltd.	Japan	54.73%	March 31
AC Ventures Co., Ltd.	Japan	100%	March 31
MTBC First Investment Partnership (**)	Japan	10%	December 31
MTBC Second Investment Partnership (**)	Japan	10%	December 31
MTBC Third Investment Partnership (**)	Japan	10%	December 31
AC Ventures Fourth Investment Partnership	Japan	100%	December 31
AC Ventures Fifth Investment Partnership	Japan	100%	February 28
Yugensekinin-Chukanhojin Mirai Capital (***)	Japan	100%	December 31
Power Investments LLC (***)	Japan	100%	December 31
ACOM (U.S.A.) INC. (****)	U.S.A.	100%	December 31
EASY BUY Public Company Limited	Thailand	49%*****)	December 31
ACOM FUNDING CO., LTD. (*****)	Cayman Island	100%	December 31

* On August 16, 2006, the Company sold 5% of its holding shares of A B PARTNER CO., LTD. to a third party.

** Newly treated as a subsidiary as the executive power is wholly held by AC Ventures Co., Ltd.

*** Established in August 2006.

**** Currently suspended its operations, and further business activities are under consideration.

***** Substantially controlled by the Company.

***** Liquidized on March 20, 2007.

AJAST Ltd., a subsidiary of the Company, was merged into JCK CREDIT CO., LTD. as of February 1, 2007.

ACOM PACIFIC INC., a subsidiary of the Company, was liquidated as of March 29, 2006.

In accordance with Japanese consolidation accounting standards, the Company considers any entity over which the Company does not have control but an ability to exercise significant influence to be an affiliate. Investments in affiliates are accounted for by the equity method of accounting. The Company had one affiliate as of March 31, 2007, which is listed below:

Name	Jurisdiction of incorporation	Percentage of equity ownership	Fiscal year end
DC Card Co., Ltd. (*)	Japan	20.33%	March 31

* DC Card Co., Ltd., an affiliate accounted for by the equity method of accounting for the year ended March 31, 2007, 2006 and 2005, was merged into UFJ NICOS Co., Ltd. as of April 1, 2007. As a result, DC Card Co., Ltd. is not accounted for by the equity method from April 1, 2007.

The difference between the cost of investments in a subsidiary or an affiliate and the equity in its net assets at the date of acquisition was immaterial.

For the purpose of preparing the accompanying consolidated financial statements, all significant intercompany transactions, account balances, and unrealized profits among the Companies have been eliminated. The amounts of MTBC First Investment Partnership, MTBC Second Investment Partnership, MTBC Third Investment Partnership, AC Ventures Fourth Investment Partnership, Yugensekinin-Chukanhojin Mirai Capital, Power Investments LLC and the overseas subsidiaries have been included on the basis of their fiscal periods ended December 31, and those of AC Ventures Fifth Investment Partnership have been included for on the basis of its fiscal period ended February 28.

The effect of the inclusion of the amounts of MTBC First Investment Partnership, MTBC Second Investment Partnership and MTBC Third Investment Partnership as described above, was to increase total current assets by ¥1,888 million (\$15,993 thousand), decrease total investments and other assets by ¥192 million (\$1,626 thousand), decrease total current liabilities by ¥28 million (\$237 thousand) and increase minority interests in consolidated subsidiaries by ¥1,724 million (\$14,603 thousand) in the accompanying consolidated balance sheet as of March 31, 2007, to increase total operating income by ¥1,014 million (\$8,589 thousand), increase total operating expenses by ¥408 million (\$3,456 thousand), decrease operating loss and loss before income taxes by ¥605 million (\$5,124 thousand) and increase minority interests in earnings of consolidated subsidiaries by ¥605 million (\$5,124 thousand) in the accompanying consolidated statement of operations for the year ended March 31, 2007, and to decrease net cash provided by operating activities by ¥930 million (\$7,878 thousand), increase cash and cash equivalents at April 1, 2006 by ¥1,450 million (\$12,282 thousand) and increase cash and cash equivalents at March 31, 2007 by ¥519 million (\$4,396 thousand) in the accompanying consolidated statement of cash flows for the year ended March 31, 2007.

(b) Cash equivalents

The Companies consider all highly liquid investments, including bond investment funds and marketable securities purchased under resale agreements, with a maturity of three months or less when purchased, to be cash equivalents.

(c) Foreign currency translation

The accounts of the overseas subsidiaries are translated into yen at the year-end exchange rates, except for shareholders' equity,

which is translated at historical rates. Differences arising from the translations are stated as "Foreign currency translation adjustments" in the accompanying consolidated balance sheets.

(d) Foreign currency transactions

All monetary assets and liabilities, regardless of short-term or long-term, denominated in foreign currencies are translated into yen at the exchange rates prevailing as of the fiscal year end, and the resulting gains or losses are included in income to the extent that they are not hedged by foreign exchange derivatives.

(e) Marketable securities and investments in securities

Marketable securities and investments in securities are classified by their holding objectives into trading, held-to-maturity or other securities. Trading securities are valued at market value, and the resulting gains or losses are included in income. Held-to-maturity securities are stated at amortized cost. Other securities are valued at market value, and the resulting gains or losses are stated, net of applicable tax, in the net assets section of the accompanying consolidated balance sheets, except that any impairment loss is recorded and charged to income. Other securities for which market value is not available are stated at moving-average cost.

Investments in investment partnerships and other similar partnerships are valued at the net amount of the percentage of interests held based on the latest financial statements on the reporting dates stipulated by the respective partnership contracts.

(f) Purchased receivables and inventories

Purchased receivables held by a subsidiary servicing company and inventories, primarily consisting of paintings held by the Company, are stated at individually specified cost.

(g) Allowance for bad debts

To cover possible losses on collection of loans and other receivables, the Companies provided for an allowance (i) with respect to ordinary debts, based on the historical rate of write-off, and (ii) with respect to other specific debts whose recovery is doubtful, based on estimated write-off amounts, after considering the likelihood of recovery on an individual basis.

Loan balances are written off in cases where (i) the Company has confirmed the death or bankruptcy of the debtor or has voluntarily waived repayment of the loan, and (ii) the amounts due have not been collected for a certain period (even after follow-up requests for payment) because of the inability on the part of the debtor or the guarantor to pay.

(h) Property and equipment

Property and equipment are stated at cost. Depreciation of property and equipment is computed principally by the declining-balance method, except for property and equipment of the overseas subsidiaries which is depreciated by the straight-line method over the estimated useful lives of the respective assets.

(i) Impairment of fixed assets

In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003, the ASBJ issued Guidance No.6, "Guidance for Accounting Standard for Impairment of Fixed Assets." The Company and its domestic subsidiaries adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

(j) Stock and bond issuance expenses

Stock and bond issuance expenses are charged to income when incurred. Stock issuance expenses are recorded in "Other, net" in the other income (expenses) section of the accompanying consolidated statements of operations, and bond issuance expenses, related to the bonds issued by Financial service companies only, are included in "Financial expenses" in the operating expenses section of the accompanying consolidated statements of operations.

(k) Organization costs

Organization costs are charged to income when incurred.

(l) Allowance for loss on debt guarantees

The Company and certain of its subsidiaries had entered into affiliations with Japanese banks to provide credit guarantees for personal loans and credit card receivables held by those banks. To cover possible losses on debt guarantees, the Companies provided for an allowance based on the historical rates of fulfillment of guarantee obligation and subsequent write-off of the guaranteed receivables.

(m) Allowance for loss on interest repayments

Under the Law concerning Regulation etc. of Money Lending Business of Japan, moneylenders in Japan are permitted to receive interest at the contract interest rates as valid, if certain conditions are met, beyond the maximum interest rates stipulated in the Interest Rate Restriction Law of Japan ("constructive repayment" rules). However, the Supreme Court decisions on January 13, 2006 and January 19, 2006 concerning the application of the "constructive repayment" rules substantially increased the risk of repayments of the excessive interest as invalid.

To cope with this situation, the Japanese Institute of Certified Public Accountants (the "JICPA") issued Industry Audit Practice Committee Report No.37, "Audit Procedures of Consumer Finance Companies' Provisions for Possible Losses on Interest Repayment Claims" on October 13, 2006. The Report provides that the allowance for interest repayments should be recorded as a liability at an amount, in a lump sum, reasonably estimated by considering the past actual results of interest repayments, and enough to cover possible losses on repayment of the excessive interest as well as abandonment of the principal of loans receivable in the future. The amount of allowance should be estimated, for each of classification of loans receivable, by considering three factors: the number of customer accounts, the actual repayment rate over the reasonably estimated period and the average amount of repayment per account. The Report also requires the application of the one year rule for the current/non-current presentation of the allowance on the balance sheet.

Based on the above described treatment specified by the JICPA, the Company changed the estimates used in the determination of the amount of allowance for loss on interest repayments effective for the fiscal year beginning April 1, 2006, and consequently recorded the allowance in the aggregate of ¥490,000 million (\$4,150,783 thousand) in the long-term liabilities section of the accompanying consolidated balance sheet as of March 31, 2007, and, in addition to an ordinary provision for loss on interest repayments deemed as incurred in the year ended March 31, 2007, a one-time loss of ¥317,061 million (\$2,685,819 thousand), net of a transfer of ¥33,238 million (\$281,558 thousand) from the allowance for bad debts account, deemed as incurred in prior years, and reported it as "Special provision for loss on interest repayments" in the other income (expenses) section of the accompanying consolidated statement of operations for the year ended March 31, 2007. As a result, operating loss and loss before income taxes for the year ended March 31, 2007 increased by ¥50,425 million (\$427,149 thousand) and ¥367,486 million (\$3,112,969 thousand), respectively.

(n) Employees' retirement benefits

Allowance for employees' retirement benefits of the Company and its domestic subsidiaries is recognized at the net total of the present value of the defined benefit obligation at the balance sheet date, plus any actuarial gains (less any actuarial losses) not yet recognized, minus any past service cost not yet recognized, minus the fair value at the balance sheet date of plan assets (if any) out of which the obligations are to be settled directly. If the amount determined above is negative (an asset), such asset is recorded as prepaid pension expenses.

Net retirement benefit expense or income is recognized at the net total of current service cost and interest cost, minus the expected return on any plan assets, minus any actuarial gains (less any actuarial losses) and past service cost recognized during the year, plus any retirement benefits paid as a lump sum and payments to a defined contribution pension plan.

To determine the present value of a defined benefit obligation and the related current service cost and, where applicable, past service cost, the project unit credit method is used.

Actuarial gains or losses and past service cost are recognized for each defined benefit plan over a period not exceeding the expected average remaining working lives of the employees participating in that plan. The Company and its domestic subsidiaries have recognized actuarial gains or losses evenly over the five years following the respective fiscal years when such gains or losses are identified. In addition, the Company and its domestic subsidiaries have recognized past service cost evenly over five years from the time of its origination.

The allowance for employees' retirement benefits of an overseas subsidiary is provided at the amount determined in accordance with basic salary and the number of years of employment.

(o) Allowance for directors' and corporate auditors' retirement benefits

The allowance for directors' and corporate auditors' retirement benefits of the Company and certain of its domestic subsidiaries is provided at the amount which would have been required to be paid if all directors and corporate auditors had voluntarily terminated their services as of the balance sheet date. This amount has been determined in accordance with the internal rules of the respective companies.

(p) Leases

Non-cancellable lease transactions of the Company and its domestic subsidiaries are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(q) Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis. However, the Company computes accrued interest income on loans receivable at the interest rate stipulated in the Interest

Rate Restriction Law of Japan or the contract interest rate, whichever is lower.

(r) Recognition of fees from installment sales financing

Fees from customers and participating stores have principally been prorated by the respective number of installments, and the prorated amounts have been recognized as income when they became due (the "sum-of-the-months digits method").

(s) Recognition of fees from credit guarantees

Fees from credit guarantees have been recognized on an accrual basis using the credit-balance method.

(t) Income taxes

The provision for income taxes is computed based on the pretax income (loss) included in the consolidated statements of operations. In accordance with Japanese tax-effect accounting standards, the asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the reported amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(u) Derivative and hedging transactions

The Company and certain of its subsidiaries have used interest rate swap agreements and interest rate options (interest rate caps in long positions only) and currency swap agreements solely in order to hedge against risks of fluctuations in interest rates and foreign currency exchange rates relating to its short-term and long-term loans in compliance with the internal rules of the respective companies.

Derivative transactions are valued at market value, except for hedging transactions whose gains or losses are deferred and recorded in the balance sheet until the hedged transactions are settled. These transactions are designated as cash flow hedges. The interest swaps qualifying for hedge accounting and meeting specific matching criteria are not valued at market value but the differential paid or received under the swap agreements are recognized and included in income. Long-term debt denominated in foreign currencies for which currency swaps are used to hedge against risks of fluctuations in foreign currency exchange rates are translated at the contracted rate if the currency swaps qualify for hedge accounting. Similarly, if interest rate caps are specifically tied to the hedged loan transactions, fees paid for those caps are stated at amortized cost regardless of their market value.

(v) Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss), the portion attributable to shareholders of common stock only, by the weighted-average number of shares of common stock outstanding during the fiscal year.

Diluted net income per share is based upon the weighted-average number of shares of common stock outstanding during the fiscal year, after consideration of dilutive effect of potential shares of common stock for the Companies' stock option plans. Diluted net income per share for the year ended March 31, 2007 is not disclosed because of the Companies' net loss position.

(w) Bonuses to directors

On November 29, 2005, the ASBJ issued Statement No. 4 "Accounting Standard for Directors' Bonuses," which requires that directors' bonuses should be accounted for as an expense of the accounting period in which such bonuses are accrued, and prohibited the conventional treatment to account for such bonuses as a deduction from the amount of retained earnings. This new standard was applied for the fiscal period ending on or after May 1, 2006 and the Companies adopted it effective for the fiscal year beginning April 1, 2006. As a result, operating loss, loss before income taxes for the year ended March 31, 2007 increased by ¥22 million (\$186 thousand).

(x) Stock options

On December 27, 2005, the ASBJ issued Statement No. 8 "Accounting Standard for Share-based Payment". Under this standard, when stock options are granted to employees of a company and in exchange the company acquires their services, those services acquired and consumed should be expensed, and the corresponding amount should be recorded as "the subscription rights to shares" in the net assets section of the balance sheet, until they are exercised or expire. The amount to be expensed in each accounting period should be the accrued portion of the fair value of the granted stock options calculated using a method based on the service period. The exercised portion of the subscription rights to shares should be transferred to paid-in capital or capital surplus of shareholders' equity, and the expired portion to retained earnings through profit.

This new standard was applied to stock options granted to employees on and after May 1, 2006. As all of the stock options were granted by the Companies before that date, there was no effect on the accompanying consolidated financial statements for the year ended March 31, 2007.

(y) Reclassifications

In addition to the reclassifications described above, certain other reclassifications have been made to the prior years' consolidated financial statements to conform to the current year's presentation.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts has been made, solely for convenience, as a matter of arithmetical computation only, at the rate of ¥118.05 = US\$1.00, the exchange rate prevailing on March 30, 2007. The translation

should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Loans Receivable

Loans receivable as of March 31, 2007 and 2006 included unsecured loans to individual customers in the aggregate amount of ¥1,584,028 million (\$13,418,280 thousand) and ¥1,649,009 million, respectively.

Bad debts included in unsecured loans to individual customers as of March 31, 2007 and 2006 were classified as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Non-accrual loans due to bankruptcy or reorganization	¥ 7,050	¥ 7,707	\$ 59,720
Other non-accrual loans in arrears	86,368	49,904	731,622
Loans past due for three months or more	1,645	1,995	13,934
Restructured loans	54,388	54,764	460,720
	¥ 149,453	¥ 114,371	\$ 1,266,014

5. Marketable Securities and Investments in Securities

Marketable securities in the current assets section of the accompanying consolidated balance sheet as of March 31, 2007 included operational investment securities held by investment partnership subsidiaries in the aggregate amount of ¥3,641 million (\$30,842 thousand).

At March 31, 2007 and 2006, information with respect to held-to-maturity securities for which market value was available was summarized as follows:

March 31	Millions of Yen					
	2007			2006		
	Balance sheet amount	Market value	Unrealized gains	Balance sheet amount	Market value	Unrealized gains
Bonds other than national, municipal and corporate bonds	¥ 4,000	¥ 4,022	¥ 22	¥ 4,000	¥ 4,071	¥ 71

March 31	Thousands of U.S. Dollars		
	Balance sheet amount	Market value	Unrealized gains
Bonds other than national, municipal and corporate bonds	\$ 33,883	\$ 34,070	\$ 186

At March 31, 2007 and 2006, information with respect to other securities for which market value was available was summarized as follows:

March 31	Millions of Yen					
	2007			2006		
	Cost	Balance sheet amount	Unrealized gains (losses)	Cost	Balance sheet amount	Unrealized gains (losses)
Unrealized gain items:						
Stock	¥ 41,949	¥ 63,919	¥ 21,969	¥ 56,895	¥ 109,369	¥ 52,473
Bonds:						
National and municipal	83	84	1	82	84	2
Corporate	—	—	—	590	591	1
Other	905	1,229	323	967	1,339	372
Subtotal	42,938	65,233	22,294	58,535	111,385	52,849
Unrealized loss items:						
Stock	889	772	(117)	762	654	(108)
Other	673	641	(31)	670	644	(26)
Subtotal	1,563	1,414	(148)	1,433	1,299	(134)
Total	¥ 44,501	¥ 66,647	¥ 22,146	¥ 59,968	¥ 112,684	¥ 52,715
	Thousands of U.S. Dollars					
	2007					
March 31	Cost	Balance sheet amount	Unrealized gains (losses)			
Unrealized gain items:						
Stock	\$ 355,349	\$ 541,457	\$ 186,099			
Bonds:						
National and municipal	703	711	8			
Corporate	—	—	—			
Other	7,666	10,410	2,736			
Subtotal	363,727	552,587	188,852			
Unrealized loss items:						
Stock	7,530	6,539	(991)			
Other	5,700	5,429	(262)			
Subtotal	13,240	11,977	(1,253)			
Total	\$ 376,967	\$ 564,565	\$ 187,598			

An impairment loss has been recorded when (i) the market value of a marketable security fell below 50% of its acquisition cost (or book value, if previously written-down) at the fiscal year end, and is deemed unlikely to recover to the level of the cost, or (ii) the market value fell below 30% to 50% of the cost at the fiscal year end, and the rate of decline remained 30% or higher during the past one year, or (iii) the market value fell below 30% to 50% of the cost at the fiscal year end, and there is no prospect of recovering the cost referring to relevant information such as financial conditions, results of operations and market value of investments.

With respect to other securities for which market value was available, impairment losses amounting to ¥14,773 million (\$125,141 thousand) were recorded and included in “Loss on revaluation of investments in securities” of the accompanying consolidated statement of operations for the year ended March 31, 2007, and no impairment losses were recorded for the years ended March 31, 2006 and 2005.

Information with respect to other securities sold in the years ended March 31, 2007, 2006 and 2005 was as follows:

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	2007
Total sales amount	¥ 1,055	¥ 592	¥ 455	\$ 8,936
Total gain on sales	210	0	141	1,778
Total loss on sales	13	—	128	110

At March 31, 2007 and 2006, securities for which market value was not available included principally the following:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Balance sheet amount			
Other securities:			
Unlisted companies' stock	¥ 686	¥ 456	\$ 5,811
Investments in investment partnerships	255	666	2,160
Investments in undisclosed partnerships	—	631	—

Other securities with maturity and held-to-maturity securities will fall due subsequent to March 31, 2007 and 2006 as follows:

March 31	Millions of Yen					
	2007			2006		
	Within one year	One - five years	Over five years	Within one year	One - five years	Over five years
Bonds:						
National and municipal	¥ —	¥ 84	¥ —	¥ —	¥ 84	¥ —
Corporate	35	—	—	591	35	—
Other	—	—	4,000	—	—	4,000
Other	—	510	9	129	509	9
Total	¥ 35	¥ 595	¥ 4,009	¥ 721	¥ 629	¥ 4,009
Thousands of U.S. Dollars						
2007						
March 31						
Bonds:						
National and municipal	\$ —	\$ 711	\$ —			
Corporate	296	—	—			
Other	—	—	33,883			
Other	—	4,320	76			
Total	\$ 296	\$ 5,040	\$ 33,960			

6. Short-Term Loans, Long-Term Debt and Pledged Assets

The weighted-average interest rates of short-term loans as of March 31, 2007 and 2006 were 1.9661% and 0.89%, respectively.

Long-term debt was summarized as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Unsecured loans of domestic Companies mainly from banks and other financial institutions at interest rates ranging from 0.1% to 2.325% due through June 2012	¥ 419,286	¥ 342,482	\$ 3,551,766
Unsecured loans of an overseas subsidiary at interest rates ranging from 3.9% to 6.05% due through November 2009	30,778	27,482	260,720
Loans with collateral of the Company mainly from banks and other financial institutions at interest rates ranging from 0.2% to 2.4% due through January 2012	189,423	311,971	1,604,599
Securitized loans of the Company from a financial institution at 1.745% due through February 2008	7,960	15,920	67,429
Unsecured bonds issued by the Company at interest rates ranging from 0.81% to 2.72% due through February 2015	260,000	265,000	2,202,456
THB 3,000 million guaranteed, non-subordinated bonds issued by an overseas subsidiary due February 2009 at interest rates ranging from 5.95% to 6.00%	10,230	—	86,658
Less: current portion	(227,410)	(284,633)	(1,926,387)
	¥ 690,267	¥ 678,222	\$ 5,847,242

Assets pledged as collateral for short-term and long-term loans from banks and other financial institutions were as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Loans receivable	¥ 211,371	¥ 340,716	\$ 1,790,520

The above table included loans receivable related to securitized loans of ¥21,934 million (\$185,802 thousand) and ¥27,623 million as of March 31, 2007 and 2006, respectively.

At March 31, 2007 and 2006, the Company had a commitment, at the lenders' request, to furnish at any time, collateral pledged on ¥21,257 million (\$180,067 thousand) and ¥46,582 million of loans receivable of ¥211,371 million (\$1,790,520 thousand) and ¥340,716 million shown in the above table, respectively. The pledged collateral which the lenders could require covered the following:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Short-term loans	¥ —	¥ 1,000	\$ —
Current portion of long-term debt	14,597	24,217	123,650
Long-term debt	6,657	21,254	56,391

The aggregate annual maturities of long-term debt subsequent to March 31, 2007 were summarized as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 227,410	\$ 1,926,387
2009	214,625	1,818,085
2010	178,285	1,510,249
2011	156,741	1,327,750
2012	90,536	766,929
2013 and thereafter	50,080	424,227
	¥ 917,677	\$ 7,773,629

For the purpose of efficient procurement of working capital, the Company and certain of its subsidiaries have entered into overdraft contracts with six financial institutions and commitment line contracts with eighteen financial institutions, which provided the Companies with the overdraft and commitment facilities in

the aggregate amount of ¥332,087 million (\$2,813,104 thousand) as of March 31, 2007. The unused facilities maintained by the Companies as of March 31, 2007 amounted to ¥224,199 million (\$1,899,186 thousand).

7. Employees' Retirement Benefits

At March 31, 2007, the Company and certain of its subsidiaries had, jointly or severally, defined benefit plans, including two funded non-contributory tax-qualified retirement pension plans, which together cover substantially all full-time employees who meet certain eligibility requirements.

The funded status and amounts recognized in the accompanying consolidated balance sheets as of March 31, 2007 and 2006 were summarized as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Projected benefit obligation	¥ (18,939)	¥ (24,001)	\$ (160,432)
Plan assets at fair market value	27,043	29,890	229,080
Unfunded retirement benefit liabilities	8,103	5,889	68,640
Unrecognized past service cost	4	169	33
Net unrecognized actuarial (gains) losses	(5,913)	(4,710)	(50,088)
Net retirement benefit liabilities recognized on the consolidated balance sheets	2,194	1,348	18,585
Prepaid pension expenses	2,310	1,667	19,567
Allowance for employees' retirement benefits	¥ (116)	¥ (318)	\$ (982)

The components of net retirement benefit expenses recognized in the accompanying consolidated statements of operations for the years ended March 31, 2007, 2006 and 2005 were summarized as follows:

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	2007
Current service cost	¥ 1,483	¥ 1,659	¥ 1,595	\$ 12,562
Interest cost	471	444	417	3,989
Expected return on plan assets	(893)	(666)	(578)	(7,564)
Past service cost recognized for the year	70	70	70	592
Net actuarial losses (gain) recognized for the year	(419)	1,164	1,279	(3,549)
Retirement payments in a lump sum and payments to a defined contribution pension plan	555	551	459	4,701
Net retirement benefit expenses	¥ 1,269	¥ 3,223	¥ 3,243	\$ 10,749

In addition to the above, the extraordinary payment of employees' retirement benefits for voluntary retirement of ¥14,312 million (\$121,236 thousand) was included in the "Loss on business restructuring" in the accompanying consolidated statement of operations for the year ended March 31, 2007.

The principal assumptions used in determining retirement benefit obligations and other components for the domestic Companies' plans were as follows:

	2007	2006	2005
Discount rate	2.00%	2.00%	2.00%
Expected rate of return on plan assets	3.00%	3.00%	3.00%
Period of recognition of past service cost	5 years evenly	5 years evenly	5 years evenly
Period of recognition of actuarial gains or losses	5 years evenly	5 years evenly	5 years evenly

8. Income Taxes

The Companies are subject to a number of taxes based on income. Corporation, inhabitants' and enterprise taxes are charged to the income tax account. The aggregate statutory tax rate applicable to the domestic Companies was approximately 40.7% for the years ended March 31, 2007, 2006 and 2005.

The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities as of March 31, 2007 and 2006 were presented as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Deferred tax assets:			
Bad debt write-offs	¥ 15,183	¥ 11,800	\$ 128,614
Allowance for bad debts	8,664	13,113	73,392
Allowance for loss on debt guarantees	1,610	1,356	13,638
Allowance for loss on interest repayments	199,381	9,643	1,688,953
Accrued bonuses	1,177	1,549	9,970
Allowance for employees' retirement benefits	52	111	440
Allowance for directors' and corporate auditors' retirement benefits	338	346	2,863
Accrued interest income	1,869	571	15,832
Accrued enterprise tax	50	1,995	423
Depreciation and amortization	7,006	6,987	59,347
Impairment loss	130	137	1,101
Consumption tax	309	314	2,617
Revaluation of marketable securities	6,247	232	52,918
Loss on investments in golf club memberships	141	155	1,194
Tax loss carryforwards of subsidiaries	11,201	10,719	94,883
Elimination of unrealized profit	1,160	1,272	9,826
Other	1,317	721	11,156
Subtotal	255,843	61,028	2,167,242
Less: valuation allowance	(192,175)	(11,718)	(1,627,911)
Total gross deferred tax assets	63,668	49,310	539,330
Deferred tax liabilities:			
Retained earnings of subsidiaries	(6,110)	(5,354)	(51,757)
Prepaid pension expenses	(940)	(678)	(7,962)
Net unrealized gains on other securities	(9,018)	(21,453)	(76,391)
Other	(585)	(173)	(4,955)
Total gross deferred tax liabilities	(16,653)	(27,660)	(141,067)
Net deferred tax assets	¥ 47,014	¥ 21,650	\$ 398,254

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of operations for the years ended March 31, 2007 is as follows:

Year ended March 31	2007
Normal effective statutory tax rate	40.7%
Expenses not deductible for income tax purposes	(0.0)
Valuation allowance	(41.7)
Other – net	(0.1)
Actual effective tax rate	(1.1)%

Reconciliations between the statutory tax rates and the effective tax rates as a percentage of income before income taxes for the years ended March 31, 2006 and 2005 were omitted, as the statutory tax rates did not significantly differ from the effective tax rate.

9. Legal Reserve

Consolidated retained earnings included a legal reserve which amounted to ¥4,354 million (\$36,882 thousand) as of March 31, 2007 and 2006.

Through May 1, 2006, when the Commercial Code of Japan was superseded by the Corporate Law of Japan, the legal reserve was provided in accordance with the Commercial Code of Japan which required that an amount equal to at least 10% of cash dividends and directors' and corporate auditors' bonuses in respect of each fiscal period be appropriated to the legal reserve until the sum of such reserve and capital reserve, including additional paid-in capital, equals 25% of stated capital. This reserve was not available for dividends but could be used to reduce or eliminate a deficit by resolution of the shareholders or could be transferred to stated capital by resolution of the board of directors. The aggregate amount of additional paid-in capital and legal reserve that

exceeds 25% of the common stock may be made available for dividends by resolution of the shareholders.

After the Corporate Law of Japan was enforced, the legal reserve has been provided in accordance with the Corporate Law of Japan which requires that an amount equal to 10% of dividends must be appropriated as a legal reserve or as additional paid-in capital depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the stated capital. Under the Corporate Law of Japan, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Corporate Law of Japan also provides that stated capital, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred between the accounts under certain conditions upon resolution of the shareholders.

10. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and book value of leased equipment as of March 31, 2007 and 2006 and the related depreciation and interest expense for the years ended March 31, 2007, 2006 and

2005, which would have been reflected in the consolidated balance sheets and the related consolidated statements of operations if finance lease accounting had been applied to the finance lease transactions accounted for as operating leases:

	Millions of Yen						Thousands of U.S. Dollars		
	Acquisition costs		Accumulated depreciation		Book value		Acquisition costs	Accumulated depreciation	Book value
	2007	2006	2007	2006	2007	2006	2007	2007	2007
March 31									
Equipment	¥ 2,173	¥ 4,119	¥ 1,476	¥ 2,881	¥ 697	¥ 1,237	\$ 18,407	\$ 12,503	\$ 5,904

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	2007
Depreciation	¥ 758	¥ 1,211	¥ 1,752	\$ 6,421
Interest	22	40	66	186

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥794 million (\$6,725 thousand), ¥1,272 million and ¥1,844 million for the years ended March 31, 2007, 2006 and 2005, respectively.

Future minimum lease payments subsequent to March 31, 2007 for finance lease transactions accounted for as operating leases were summarized as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 409	\$ 3,464
2009 and thereafter	302	2,558
	¥ 711	\$ 6,022

11. Commitments and Contingent Liabilities

The Company and certain of its subsidiaries make loans to customers primarily in the form of revolving credit-line contracts whereby a maximum credit amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility. At March 31, 2007, the unexercised portion of such facilities amounted to ¥905,420 million (\$7,669,800 thousand), including ¥653,978 million (\$5,539,839 thousand) for customers with zero outstanding balances. As a certain portion of revolving credit-line contracts lapse without ever being used, the unexercised facilities

will not necessarily affect the future cash flows of the Companies.

At March 31, 2007, contingent liabilities on the personal loans and credit card receivables for which the Companies provided credit guarantees amounted to ¥104,015 million (\$881,109 thousand), net of allowance for loss on debt guarantees in the amount of ¥1,961 million (\$16,611 thousand).

Refer to Note 6 for pledged assets.

12. Derivative and Hedging Activities

(1) Outline of transactions and conditions

The Company and certain of its subsidiaries have used interest rate swap agreements, interest rate options and currency swap agreements in order to hedge against the risk of fluctuations in interest rates and foreign currency exchange rates relating to their short-term and long-term loans.

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 agreements and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates, respectively. In addition, the Companies are not exposed to risk on interest

rate caps, as the Companies hold only long positions in interest rate caps and the maximum cost of funding the combination of loans and interest rate caps is capped at the cap rates.

The Companies do not anticipate non-performance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.

The Companies 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.

Risk management for derivative transactions has been under the control of the Finance 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 officers' meeting when the Company's annual business plan is established.

(2) Market value information

Market value information as of March 31, 2007 and 2006 was omitted, as all of the Companies' derivative transactions are accounted for as hedging transactions.

13. Stock Option Plans

The Company has two stock option plans for the granting of non-transferable options to certain eligible directors and key employees of the Company.

On August 1, 2001, options were granted for terms of five years to purchase the aggregate of 346,800 shares of common stock of the Company at ¥10,682 per share. The option price was adjusted to ¥10,628 per share due to the issuance of new shares of common stock to Mitsubishi Tokyo Financial Group, Inc. (currently, Mitsubishi UFJ Financial Group, Inc.) on April 20, 2004. The options were exercisable beginning on July 1, 2003. To provide for exercise of the options, in August 2001, the Company purchased 346,800 shares of common stock in the aggregate amount of ¥3,796 million from the stock market, which were included in "Treasury stock" of the shareholders' equity section of the accompanying consolidated balance sheets as of March 31, 2007 and 2006.

On August 1, 2003, options were granted for terms of five years to purchase the aggregate of 352,400 shares of common stock of the Company at ¥4,959 per share. The option price was adjusted to ¥4,931 per share due to the same reason above. The options were exercisable beginning on July 1, 2005.

In addition to the above, IR Loan Servicing, Inc. has a stock option plan for the granting of non-transferable options to certain eligible directors and key employees of the company.

Options were granted on October 1, 2004 for terms of three years to purchase the aggregate of 133 shares of common stock of the Company at ¥67,900 per share. The options will be exercisable beginning on September 1, 2007 subject to the public offering of the common stock of the Company by August 31, 2010.

The changes in numbers of stock options expressed in shares of common stock were summarized as follows:

	Shares		
	ACOM CO., LTD.		IR Loan Servicing, Inc.
	Plan 2001	Plan 2003	
Balance as of March 31, 2004	322,400	345,400	—
Granted	—	—	133
Exercised	(0)	—	—
Expired on retirement	(6,200)	(5,400)	—
Balance as of March 31, 2005	316,200	340,000	133
Exercised	(0)	(206,990)	—
Expired on retirement	(7,800)	(3,000)	(32)
Balance as of March 31, 2006	308,400	130,010	101
Exercised	—	(4,300)	—
Expired on retirement	(4,600)	(1,600)	(36)
Balance as of March 31, 2007	303,800	124,110	65

14. Impairment of Fixed Assets

The Companies determined each operation center of loan businesses, installment sale finance businesses, other financial services and other services as the smallest cash-generating group to which the assets belonged. Also, each asset to be disposed of was determined as the smallest cash-generating group of assets. The head office of the Company and the welfare facilities for employees independent of cash-generating were considered to be corporate assets.

Impairment loss for certain real estate for rental was recognized due to a significant decrease in market value or continuous operational losses. In addition, impairment loss for assets to be disposed of was recognized because the carrying amount of these assets exceeded the net selling value. Impairment loss was measured as the amount by which the carrying amount of the assets exceeded its recoverable

amount. The recoverable amount was calculated by using the higher of value in use, which was the discounted present value of estimated future cash flows at 7%, or the net selling value, which was estimated by real estate appraisers.

Impairment loss for the year ended March 31, 2007 amounted to ¥1 million (\$8 thousand) for land, ¥6 million (\$50 thousand) for buildings and structures and ¥0 million (\$0 thousand) for equipment. Impairment loss for the year ended March 31, 2006 amounted to ¥0 million for land and ¥3 million for buildings and structures. Impairment loss for the year ended March 31, 2005 amounted to ¥1,221 million for land, ¥107 million for buildings and structures and ¥54 million for intangible assets.

15. Segment Information

The Companies' operations by business segment for the years ended March 31, 2007, 2006 and 2005 have not been disclosed, as the Companies' business other than "Financial services" was immaterial.

Geographical segment information and overseas sales have been omitted, as such sales were immaterial.

16. Acquisition of Consolidated Subsidiaries

In the year ended March 31, 2006, the Company purchased 80% of the shares of DC Servicer company, Ltd., which was included in the accompanying consolidated financial statements. DC Servicer company, Ltd. was merged into IR Loan Servicing, Inc. The fair value of the assets and liabilities of the above company was as follows:

DC Servicer company, Ltd.

	Millions of Yen
As of September 30	2005
Current assets	¥ 112
Non-current assets	15
Current liabilities	(36)
Minority interest	(18)
Consolidation adjustments	(35)
Acquisition cost	37
Cash and cash equivalents acquired	(51)
Net payments for acquisition	¥ (13)

In the year ended March 31, 2005, the Company increased the percentage of the equity of Tokyo-Mitsubishi Cash One Ltd. whose name changed to DC Cash One Ltd. from 38.85% to 54.73% due to acquisition of new shares of common stock and purchased 100%

of MTB Capital Co., Ltd. whose name changed to AC Ventures Co., Ltd., both of which were included in the accompanying consolidated financial statements. The fair value of the assets and liabilities of the above companies was as follows:

DC Cash One Ltd.

	Millions of Yen
As of March 31	2005
Current assets	¥ 62,261
Non-current assets	491
Consolidation adjustments	1,074
Current liabilities	(25,913)
Long-term liabilities	(30,012)
Minority interest	(3,090)
The Company's interest by equity method	(1,897)
Acquisition cost	2,914
Cash and cash equivalents acquired	(2,425)
Net payments for acquisition	¥ 488

AC Ventures Co., Ltd.

	Millions of Yen
As of March 31	2005
Current assets	¥ 260
Non-current assets	436
Current liabilities	(248)
Long-term liabilities	(8)
Consolidation adjustments	(93)
Acquisition cost	348
Cash and cash equivalents acquired	(260)
Net payments for acquisition	¥ 87

17. Subsequent Events

(1) Appropriations of retained earnings

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31,

2007, were approved at a shareholders' meeting of the Company held on June 27, 2007:

	Millions of Yen
Cash dividends (¥30.00 = US\$0.25)	¥ 4,715

(2) Reduction in lending interest rates

On May 10, 2007, the board of directors of the Company approved the reduction of effective annual interest rates for unsecured consumer loans; the new rates range from 12.000% to 18.000% per annum, while the existing rates range from 13.140%

to 27.375%. The new rates are applicable to new customers who enter loan contracts on or after June 18, 2007. These rates are also applicable to existing customers who meet the new credit screening criteria established by the Company.

Report of Independent Auditors on the Consolidated Financial Statements



■ Certified Public Accountants

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Report of Independent Auditors

The Board of Directors
ACOM CO., LTD.

We have audited the accompanying consolidated balance sheets of ACOM CO., LTD. and consolidated subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2007, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ACOM CO., LTD. and consolidated subsidiaries at March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2007 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

June 27, 2007

Non-Consolidated Balance Sheets

ACOM CO., LTD.

March 31	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2007	2006	2007
Assets			
Current assets:			
Cash and cash equivalents	¥ 131,802	¥ 78,978	\$ 1,116,493
Marketable securities	35	129	296
Loans receivable (Note 4)	1,494,399	1,596,276	12,659,034
Accounts receivable	76,423	93,321	647,378
Merchandise	1,963	3,721	16,628
Prepaid expenses	1,868	2,588	15,823
Accrued income	11,379	11,892	96,391
Deferred tax assets (Note 5)	58,198	40,244	492,994
Other current assets	19,253	18,556	163,091
Allowance for bad debts	(118,880)	(120,170)	(1,007,030)
Total current assets	1,676,443	1,725,542	14,201,126
Property and equipment:			
Land (Note 12)	6,441	6,550	54,561
Buildings and structures (Note 12)	38,045	40,906	322,278
Equipment (Note 12)	34,541	35,751	292,596
	79,028	83,208	669,445
Accumulated depreciation	(44,063)	(44,719)	(373,257)
Property and equipment, net	34,964	38,488	296,179
Investments and other assets:			
Investments in securities	71,562	116,819	606,200
Investments in and advances to subsidiaries and affiliates	58,613	59,434	496,509
Telephone rights and other intangible assets (Note 12)	965	1,019	8,174
Rental deposits	9,780	10,587	82,846
Prepaid pension expenses	2,259	1,627	19,135
Other	8,816	10,473	74,680
Allowance for bad debts	(2,120)	(2,530)	(17,958)
Total investments and other assets	149,877	197,432	1,269,606
Total assets	¥ 1,861,285	¥ 1,961,462	\$ 15,766,920

See accompanying notes to non-consolidated financial statements.

March 31	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2007	2006	2007
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans (Note 4)	¥ 60,000	¥ 51,000	\$ 508,259
Current portion of long-term debt (Note 4)	194,382	262,221	1,646,607
Accounts payable	1,131	1,187	9,580
Accrued income taxes (Note 5)	72	24,937	609
Accrued expenses	11,110	11,594	94,112
Deferred income on installment sales	3,893	5,515	32,977
Allowance for loss on debt guarantees (Note 8)	3,670	3,330	31,088
Allowance for loss on interest repayments	—	23,700	—
Other current liabilities	7,166	2,085	60,703
Total current liabilities	281,426	385,572	2,383,955
Long-term liabilities:			
Long-term debt (Note 4)	634,205	631,987	5,372,342
Allowance for directors' and corporate auditors' retirement benefits	764	736	6,471
Allowance for loss on interest repayments	490,000	—	4,150,783
Deferred tax liabilities (Note 5)	9,008	17,130	76,306
Other long-term liabilities	2,082	2,627	17,636
Total long-term liabilities	1,136,060	652,481	9,623,549
Total liabilities	1,417,487	1,038,053	12,007,513
Commitments and contingent liabilities (Note 8)			
Net assets:			
Shareholders' equity (Note 6):			
Paid-in capital of common stock:			
Authorized: 532,197,400 shares at March 31 2007 and 2006			
Issued: 159,628,280 shares at March 31, 2007 and 2006	63,832	63,832	540,720
Capital surplus:			
Capital legal reserve	72,322	72,322	612,638
Net gain on sale of treasury stock	3,688	3,697	31,240
Total capital surplus	76,010	76,020	643,879
Earned surplus:			
Earned legal reserve	4,320	4,320	36,594
Retained earnings	305,010	766,515	2,583,735
Total earned surplus	309,331	770,836	2,620,338
Treasury stock, at cost			
2,433,969 shares at March 31, 2007 and 2,438,225 shares at March 31, 2006	(18,508)	(18,538)	(156,781)
Total shareholders' equity	430,666	892,150	3,648,166
Valuation and translation adjustments:			
Net unrealized gains on other securities	13,131	31,258	111,232
Total net assets	443,797	923,408	3,759,398
Total liabilities and net assets	¥ 1,861,285	¥ 1,961,462	\$ 15,766,920

Non-Consolidated Statements of Operations

ACOM CO., LTD.

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars (Note 3)
	2007	2006	2005	2007
Operating income:				
Interest on loans receivable	¥ 342,908	¥ 367,619	¥ 372,389	\$ 2,904,769
Fees from credit card business	5,770	6,139	6,113	48,877
Fees from installment sales financing	3,492	5,550	9,255	29,580
Fees from credit guarantees	9,746	8,549	6,871	82,558
Other financial income	166	46	19	1,406
Sales	722	—	158	6,116
Other operating income	7,962	8,732	7,927	67,445
Total operating income	370,769	396,637	402,734	3,140,779
Operating expenses:				
Financial expenses	16,928	18,186	21,591	143,396
Cost of sales	1,223	—	157	10,360
General and administrative expenses	112,406	140,442	138,289	952,189
Bad debt expenses	5,033	—	—	42,634
Provision for bad debts	120,352	104,853	99,582	1,019,500
Provision for loss on debt guarantees	3,670	3,330	2,880	31,088
Provision for loss on interest repayments	200,147	23,700	—	1,695,442
Total operating expenses	459,762	290,512	262,500	3,894,637
Operating profit (loss)	(88,992)	106,124	140,234	(753,850)
Other income (expenses):				
Special provision for loss on interest repayments	(317,061)	—	—	(2,685,819)
Loss on business restructuring (Note 10)	(17,997)	—	—	(152,452)
Other interest and dividend income	1,706	1,214	1,078	14,451
Net loss on sale or disposal of property and equipment	(416)	(1,106)	(1,097)	(3,523)
Net gain (loss) on sale of investments in securities	206	—	(2)	1,745
Gain on sale of investments in affiliates	21	286	—	177
Loss on revaluation of investments in securities (Note 11)	(14,784)	—	(353)	(125,235)
Loss on liquidation of investments in trusted real property	—	—	(78)	—
Impairment loss (Note 12)	(8)	(4)	(1,094)	(67)
Other, net	576	725	344	4,879
Total other income (expenses), net	(347,756)	1,114	(1,202)	(2,945,836)
Income (loss) before income taxes	(436,749)	107,239	139,031	(3,699,695)
Income taxes (Note 5):				
Current	16,353	44,770	47,540	138,526
Deferred	(13,638)	(1,682)	8,490	(115,527)
Total income taxes	2,714	43,087	56,030	22,990
Net income (loss)	¥ (439,463)	¥ 64,152	¥ 83,001	\$ (3,722,685)
		Yen		U.S. Dollars (Note 3)
Amounts per share:				
Net income (loss)				
Basic	¥(2,795.68)	¥ 407.52	¥ 525.53	\$ (23.68)
Diluted	—	407.33	525.25	—
Cash dividends	100.00	140.00	100.00	0.84

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Changes in Net Assets

ACOM CO., LTD.

	Thousands		Millions of Yen				
	Number of shares of common stock	Paid-in capital of common stock	Capital surplus			Earned surplus	
			Capital legal reserve	Net gain on sale of treasury stock	Total	Earned legal reserve	Retained earnings
Balance at March 31, 2004	145,628	¥ 17,282	¥ 25,772	¥ —	¥ 25,772	¥ 4,320	¥ 652,006
Net income	—	—	—	—	—	—	83,001
Cash dividends	—	—	—	—	—	—	(12,865)
Bonuses to directors	—	—	—	—	—	—	(35)
Issuance of new shares of common stock	14,000	46,550	46,550	—	46,550	—	—
Acquisition of treasury stock . . .	—	—	—	—	—	—	—
Sale of treasury stock	—	—	—	4,135	4,135	—	—
Other change during the year . . .	—	—	—	—	—	—	—
Balance at March 31, 2005	159,628	63,832	72,322	4,135	76,458	4,320	722,106
Net income	—	—	—	—	—	—	64,152
Cash dividends	—	—	—	—	—	—	(19,706)
Bonuses to directors	—	—	—	—	—	—	(36)
Acquisition of treasury stock . . .	—	—	—	—	—	—	—
Exercise of stock option	—	—	—	(438)	(438)	—	—
Other change during the year . . .	—	—	—	—	—	—	—
Balance at March 31, 2006	159,628	63,832	72,322	3,697	76,020	4,320	766,515
Net loss	—	—	—	—	—	—	(439,463)
Cash dividends	—	—	—	—	—	—	(22,006)
Bonuses to directors	—	—	—	—	—	—	(34)
Acquisition of treasury stock . . .	—	—	—	—	—	—	—
Exercise of stock option	—	—	—	(9)	(9)	—	—
Other change during the year . . .	—	—	—	—	—	—	—
Balance at March 31, 2007	159,628	¥ 63,832	¥ 72,322	¥ 3,688	¥ 76,010	¥ 4,320	¥ 305,010

	Thousands of U.S. Dollars (Note 3)					
	Paid-in capital of common stock	Capital surplus			Earned surplus	
		Capital legal reserve	Net gain on sale of treasury stock	Total	Earned legal reserve	Retained earnings
Balance at March 31, 2006	\$ 540,720	\$ 612,638	\$ 31,317	\$ 643,964	\$ 36,594	\$ 6,493,138
Net loss	—	—	—	—	—	(3,722,685)
Cash dividends	—	—	—	—	—	(186,412)
Bonuses to directors	—	—	—	—	—	(288)
Acquisition of treasury stock	—	—	—	—	—	—
Exercise of stock option	—	—	(76)	(76)	—	—
Other change during the year	—	—	—	—	—	—
Balance at March 31, 2007	\$ 540,720	\$ 612,638	\$ 31,240	\$ 643,879	\$ 36,594	\$ 2,583,735

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Changes in Net Assets

(continued)

ACOM CO., LTD.

	Millions of Yen				
	Total earned surplus	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities	Total net assets
Balance at March 31, 2004	¥ 656,326	¥ (11,099)	¥ 688,282	¥ 5,799	¥ 694,082
Net income	83,001	—	83,001	—	83,001
Cash dividends	(12,865)	—	(12,865)	—	(12,865)
Bonuses to directors	(35)	—	(35)	—	(35)
Issuance of new shares					
of common stock	—	—	93,100	—	93,100
Acquisition of treasury stock	—	(6,999)	(6,999)	—	(6,999)
Sale of treasury stock	—	7,297	11,433	—	11,433
Other change during the year	—	—	—	584	584
Balance at March 31, 2005	726,426	(10,801)	855,916	6,384	862,301
Net income	64,152	—	64,152	—	64,152
Cash dividends	(19,706)	—	(19,706)	—	(19,706)
Bonuses to directors	(36)	—	(36)	—	(36)
Acquisition of treasury stock	—	(9,196)	(9,196)	—	(9,196)
Exercise of stock option	—	1,459	1,020	—	1,020
Other change during the year	—	—	—	24,873	24,873
Balance at March 31, 2006	770,836	(18,538)	892,150	31,258	923,408
Net loss	(439,463)	—	(439,463)	—	(439,463)
Cash dividends	(22,006)	—	(22,006)	—	(22,006)
Bonuses to directors	(34)	—	(34)	—	(34)
Acquisition of treasury stock	—	(0)	(0)	—	(0)
Exercise of stock option	—	30	21	—	21
Other change during the year	—	—	—	(18,127)	(18,127)
Balance at March 31, 2007	¥ 309,331	¥ (18,508)	¥ 430,666	¥ 13,131	¥ 443,797

	Thousands of U.S. Dollars (Note 3)				
	Total earned surplus	Treasury stock	Total shareholders' equity	Net unrealized gains on other securities	Total net assets
Balance at March 31, 2006	\$ 6,529,741	\$ (157,035)	\$ 7,557,390	\$ 264,786	\$ 7,822,177
Net loss	(3,722,685)	—	(3,722,685)	—	(3,722,685)
Cash dividends	(186,412)	—	(186,412)	—	(186,412)
Bonuses to directors	(288)	—	(288)	—	(288)
Acquisition of treasury stock	—	(0)	(0)	—	(0)
Exercise of stock option	—	254	177	—	177
Other change during the year	—	—	—	(153,553)	(153,553)
Balance at March 31, 2007	\$ 2,620,338	\$ (156,781)	\$ 3,648,166	\$ 111,232	\$ 3,759,398

Non-Consolidated Statements of Cash Flows

ACOM CO., LTD.

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars (Note 3)
	2007	2006	2005	2007
Operating activities:				
Income (loss) before income taxes	¥ (436,749)	¥ 107,239	¥ 139,031	\$ (3,699,695)
Adjustments:				
Depreciation and amortization	3,689	4,280	4,869	31,249
Impairment loss	8	4	1,094	67
Increase (decrease) in allowance for bad debts	(1,699)	524	(6,978)	(14,392)
Increase in allowance for loss on debt guarantees	340	450	1,015	2,880
Increase in allowance for loss on interest repayments	466,300	23,700	—	3,950,021
Increase (decrease) in allowance for directors' and corporate auditors' retirement benefits	27	22	(153)	228
Non-operating interest and dividend income	(1,706)	(1,214)	(1,078)	(14,451)
Net loss on sale or disposal of property and equipment	416	1,106	1,097	3,523
Stock issuance expenses	—	—	474	—
Bond issuance expenses	282	383	142	2,388
Net loss (gain) on sale of investments in securities	(206)	—	2	(1,745)
Gain on sale of investments in affiliates	(21)	(286)	—	(177)
Loss on revaluation of investments in securities	14,784	—	353	125,235
Loss on liquidation of investments in trusted real property	—	—	78	—
Changes in operating assets and liabilities:				
Decrease in loans receivable	101,877	5,496	11,025	862,998
Decrease in accounts receivable	16,898	25,545	41,039	143,142
Decrease in merchandise	1,758	—	157	14,891
Decrease in prepaid expenses	720	1,160	1,322	6,099
Decrease (increase) in accrued income	515	216	(11)	4,362
Increase in other current assets	(4,241)	(1,184)	(2,084)	(35,925)
(Increase) decrease in prepaid pension expenses	(631)	(84)	344	(5,345)
(Decrease) increase in accounts payable	(55)	(10)	162	(465)
(Decrease) increase in accrued expenses	(483)	(2,101)	980	(4,091)
Decrease in deferred income on installment sales	(1,622)	(3,606)	(8,154)	(13,739)
Bonuses paid to directors	(34)	(36)	(35)	(288)
Other, net	7,264	(97)	(204)	61,533
Subtotal	167,431	161,508	184,491	1,418,305
Non-operating interest and dividends received	1,662	1,191	1,051	14,078
Income taxes paid	(46,730)	(46,839)	(47,341)	(395,849)
Net cash provided by operating activities	122,363	115,859	138,201	1,036,535
Investing activities				
Proceeds from sale of property and equipment	162	703	21	1,372
Purchases of property and equipment	(2,538)	(5,177)	(4,789)	(21,499)
Proceeds from maturity or sale of investments in securities	544	201	934	4,608
Increase in investments in securities	(257)	(46,074)	(0)	(2,177)
Proceeds from settlement, repayment or sale of investments in and advances to subsidiaries and affiliates	14,079	15,543	26,550	119,263
Additions to investments in and advances to subsidiaries and affiliates	(13,450)	(12,077)	(30,914)	(113,934)
(Increase) decrease in other investments	798	(36)	107	6,759
Net cash used in investing activities	(661)	(46,916)	(8,090)	(5,599)
Financing activities				
Proceeds from long-term debt	196,391	212,482	84,525	1,663,625
Payments of principal of long-term debt	(252,296)	(334,881)	(327,033)	(2,137,196)
Increase in short-term loans	9,000	28,500	11,000	76,238
Proceeds from issuance of new shares of common stock	—	—	92,625	—
Net (acquisition) sale of treasury stock	20	(8,186)	4,416	169
Cash dividends paid	(22,012)	(19,694)	(12,864)	(186,463)
Net cash used in financing activities	(68,895)	(121,779)	(147,331)	(583,608)
Effect of exchange rate changes on cash and cash equivalents	17	36	(11)	144
Increase (Decrease) in cash and cash equivalents	52,823	(52,800)	(17,231)	447,462
Cash and cash equivalents at beginning of the year	78,978	131,779	149,011	669,021
Cash and cash equivalents at end of the year	¥ 131,802	¥ 78,978	¥ 131,779	\$ 1,116,493

See accompanying notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

ACOM CO., LTD.

1. Basis of Presenting the Non-Consolidated Financial Statements

The accompanying non-consolidated financial statements of ACOM CO., LTD. (the “Company”) relate to the Company only, with investments in subsidiaries and affiliates being stated at cost or revalued amount if any impairment loss is recorded, and have been prepared in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”) and the “Form of Standard Financial Statements in the Consumer Finance Business” (issued by the Federation of Moneylenders Associations of Japan on April 25, 1993).

The accounting records of the Company are maintained in accordance with the provisions set forth in the Corporate Law of Japan (Law No. 86, 2005) and in conformity with Japanese GAAP.

The accompanying non-consolidated financial statements of the Company are prepared on the basis of Japanese GAAP, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the non-consolidated financial statements prepared by the

Company as required by the Securities and Exchange Law of Japan.

Certain items presented in the original non-consolidated financial statements filed with the Prime Minister of Japan have been reclassified for the convenience of readers outside Japan.

Although non-consolidated statements of cash flows are not required in Japan, such statements have been prepared for the purpose of inclusion in these non-consolidated financial statements, after reclassifications made in conformity with the relevant regulations concerning the preparation and presentation of consolidated statements of cash flows.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying non-consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Cash equivalents

The Company considers all highly liquid investments, including time deposits with banks, bond investment funds and marketable securities purchased under resale agreements, with a maturity of three months or less when purchased, to be cash equivalents.

(b) Foreign currency transactions

All monetary assets and liabilities, regardless of short-term or long-term, denominated in foreign currencies are translated into yen at the exchange rates prevailing as of the fiscal year end, and the resulting gains or losses are included in income to the extent that they are not hedged by foreign exchange derivatives.

(c) Marketable securities and investments in securities

Marketable securities and investments in securities are classified by their holding objectives into trading, held-to-maturity or

other securities. Trading securities are valued at market value, with resulting gains or losses included in income. Held-to-maturity securities are stated at amortized cost. Other securities are valued at market value with the resulting gains or losses, net of applicable taxes, reported in the net asset section of the accompanying non-consolidated balance sheets, except that any impairment loss is recorded and charged to income. Other securities for which market value is not available are stated at moving-average cost.

Investments in investment partnerships and other similar partnerships are valued at the net amount of the percentage of interests held based on the latest financial statements on the reporting dates stipulated by the respective partnership contracts.

(d) Merchandise

Merchandise consists of paintings and is stated at individually specified cost.

(e) Allowance for bad debts

To cover possible losses on collection of loans and other receivables, the Company provided for an allowance (i) with respect to ordinary debts, based on the historical rate of write-off, and (ii) with respect to other specific debts whose recovery is doubtful, based on estimated write-off amounts, after considering the likelihood of recovery on an individual basis.

Loan balances are written off in cases where (i) the Company has confirmed the death or bankruptcy of the debtor or has voluntarily waived repayment of the loan, and (ii) the amounts due have not been collected for a certain period (even after follow-up requests for payment) because of the inability on the part of the debtor or the guarantor to pay.

(f) Property and equipment

Property and equipment are recorded at cost. Depreciation of property and equipment is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets.

(g) Impairment of fixed assets

In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003, the Accounting Standards Board of Japan (the "ASBJ") issued Guidance No.6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004. The Company adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

(h) Stock and bond issuance expenses

Stock and bond issuance expenses are charged to income when incurred. Stock issuance expenses are recorded in "Other, net" in the other income (expenses) section of the accompanying non-consolidated statements of operations, and bond issuance expenses are included in "Financial expenses" in the operating

expenses section of the accompanying non-consolidated statements of operations.

(i) Allowance for loss on debt guarantees

The Company has entered into affiliations with Japanese regional banks and a subsidiary to provide credit guarantees for personal loans held by those banks and the subsidiary. To cover possible losses on debt guarantees, the Company provided for an allowance based on the historical rates of fulfillment of guarantee obligation and subsequent write-off of the guaranteed loans.

(j) Allowance for loss on interest repayments

Under the Law concerning Regulation etc. of Money Lending Business of Japan, moneylenders in Japan are permitted to receive interest at the contract interest rates as valid, if certain conditions are met, beyond the maximum interest rates stipulated in the Interest Rate Restriction Law of Japan ("constructive repayment" rules). However, the Supreme Court decisions at January 13, 2006 and January 19, 2006 concerning the application of the "constructive repayment" rules substantially increased the risk of repayments of the excessive interest as invalid.

To cope with this situation, the Japanese Institute of Certified Public Accountants (the "JICPA") issued Industry Audit Practice Committee Report No.37, "Audit Procedures of Consumer Finance Companies' Provisions for Possible Losses on Interest Repayment Claims" on October 13, 2006. The Report provides that the allowance for interest repayments should be recorded as a liability at an amount, in a lump sum, reasonably estimated by considering the past actual results of interest repayments, and enough to cover possible losses on repayment of the excessive interest as well as abandonment of the principal of loans receivable in the future. The amount of allowance should be estimated, for each of classification of loans receivable, by considering three factors: the number of customer accounts, the actual repayment rate over the reasonably estimated period and the average amount of repayment per account. The Report also requires the application of the one year rule for the current/non-current presentation of the allowance on the balance sheet.

Based on the above described treatment specified by the JICPA, the Company changed the estimates used in the determination of

the amount of allowance for loss on interest repayments effective for the fiscal year beginning April 1, 2006, and consequently recorded the allowance in the aggregate of ¥490,000 million (\$4,150,783 thousand) in the long-term liabilities section of the accompanying non-consolidated balance sheet as of March 31, 2007, and, in addition to an ordinary provision for loss on interest repayments deemed as incurred in the current year, a one-time loss of ¥317,061 million (\$2,685,819 thousand), net of a transfer of ¥33,238 million (\$281,558 thousand) from the allowance for bad debts account, deemed as incurred in prior years, and reported it as “Special provision for loss on interest repayments” in the other income (expenses) section of the accompanying non-consolidated statement of operations for the year ended March 31, 2007. As a result, operating loss and loss before income taxes for the year ended March 31, 2007 increased by ¥50,425 million (\$427,149 thousand) and ¥367,486 million (\$3,112,969 thousand), respectively.

(k) Employees’ retirement benefits

The allowance for employees’ retirement benefits is recognized at the net total of the present value of the defined benefit obligation at the balance sheet date, plus any actuarial gains (less any actuarial losses) not yet recognized, minus any past service cost not yet recognized, minus the fair value at the balance sheet date of plan assets (if any) out of which the obligations are to be settled directly. If the amount determined above is negative (an asset), such asset is recorded as prepaid pension expenses.

Net retirement benefit expense or income is recognized at the net total of current service cost and interest cost, minus the expected return on any plan assets, minus any actuarial gains (less any actuarial losses) and past service cost recognized during the year, plus any retirement benefits paid as a lump sum and payments to a defined contribution pension plan.

To determine the present value of a defined benefit obligation and the related current service cost and, where applicable, past service cost, the project unit credit method is used.

Actuarial gains or losses and past service cost are recognized for each defined benefit plan over a period not exceeding the expected average remaining working lives of the employees participating

in that plan. The Company has recognized actuarial gains or losses evenly over the five years following the respective fiscal years when such gains or losses are identified. In addition, the Company has recognized past service cost evenly over five years from the time of its origination.

(l) Allowance for directors’ and corporate auditors’ retirement benefits

The allowance for directors’ and corporate auditors’ retirement benefits is provided at the amount which would have been required to be paid if all directors and corporate auditors had voluntarily terminated their services as of the balance sheet date. This amount has been determined in accordance with the Company’s internal rules.

(m) Leases

Non-cancellable lease transactions are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, except that lease agreements stipulating the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(n) Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis. However, the Company computes accrued interest income on loans receivable at the interest rate stipulated in the Interest Rate Restriction Law of Japan or the contracted interest rate, whichever is lower.

(o) Recognition of fees from installment sales financing

Fees from customers and participating stores have principally been prorated by the respective number of installments, and the prorated amounts have been recognized as income when they became due (the “sum-of-the-months digits method”).

(p) Recognition of fees from credit guarantees

Fees from credit guarantees have been recognized on an accrual basis using the credit-balance method.

(q) Income taxes

The provision for income taxes is computed based on the pretax income (loss) included in the non-consolidated statements of

operations. In accordance with Japanese tax-effect accounting standards, the asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the reported amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(r) Derivative and hedging transactions

The Company has used interest rate swap agreements and interest rate options (interest rate caps in long positions only) solely in order to hedge against risks of fluctuations in interest rates relating to its short-term and long-term loans in compliance with the Company's internal rules.

Derivative transactions are valued at market value, except for hedging transactions whose gains or losses are deferred and recorded in the balance sheet until the hedged transactions are settled. These transactions are designated as cash flow hedges. The interest swaps qualifying for hedge accounting and meeting specific matching criteria are not valued at market value but the differential paid or received under the swap agreements are recognized and included in income. Similarly, if interest rate caps are specifically tied to the hedged loan transactions, fees paid for those caps are stated at amortized costs regardless of their market value.

(s) Net income (loss) per share

Basic net income (loss) per share is computed by dividing net income (loss), the portion attributable to shareholders of common stock only, by the weighted-average number of shares of common stock outstanding during the fiscal year.

Diluted net income per share is based upon the weighted-average number of shares of common stock outstanding during the fiscal year, after consideration of dilutive effect of potential shares of common stock for the Company's stock option plans. Diluted net income per share for the year ended March 31, 2007 is not disclosed because of the Company's net loss position.

(t) Bonuses to directors

On November 29, 2005, the ASBJ issued Statement No. 4 "Accounting Standard for Directors' Bonuses," which requires

that directors' bonuses should be accounted for as an expense of the accounting period in which such bonuses are accrued, and prohibited the conventional treatment to account for such bonuses as a deduction from the amount of retained earnings. This new standard was applied for the fiscal period ending on or after May 1, 2006 and the Company adopted it effective for the fiscal year beginning April 1, 2006. As a result, operating loss, loss before income taxes for the year ended March 31, 2007 increased by ¥22 million (\$186 thousand).

(u) Stock options

On December 27, 2005, the ASBJ issued Statement No. 8 "Accounting Standard for Share-based Payment". Under this standard, when stock options are granted to employees of a company and in exchange the company acquires their services, those services acquired and consumed should be expensed, and the corresponding amount should be recorded as "the subscription rights to shares" in the net assets section of the balance sheet, until they are exercised or expire. The amount to be expensed in each accounting period should be the accrued portion of the fair value of the granted stock options calculated using a method based on the service period. The exercised portion of the subscription rights to shares should be transferred to paid-in capital or capital surplus of shareholders' equity, and the expired portion to retained earnings through profit.

This new standard was applied to stock options granted to employees on and after May 1, 2006. As all of the stock options were granted by the Companies before that date, there was no effect on the accompanying non-consolidated financial statements for the year ended March 31, 2007.

(v) Business Combination and Business Separation

In October 2003, the Business Accounting Council ("BAC") issued a Statement of Opinion, "Accounting for Business Combinations," and on December 27, 2005 the ASBJ issued "Accounting Standard for Business Divestitures" and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." These new accounting pronouncements are effective for fiscal years beginning on or after April 1, 2006.

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

These specific criteria are as follows:

- (a) the consideration for the business combination consists solely of common shares with voting rights,
- (b) the ratio of voting rights of each predecessor shareholder group after the business combination is nearly equal, and
- (c) there are no other factors that would indicate any control exerted by any shareholder group other than voting rights.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures. Goodwill,

including negative goodwill, is to be systematically amortized over 20 years or less, but is also subject to an impairment test.

Under the accounting standard for business separations, in a business separation where the interests of the investor no longer continue and the investment is settled, the difference between the fair value of the consideration received for the transferred business and the book value of net assets transferred to the separated business is recognized as a gain or loss on business separation in the statement of operations. In a business separation where the interests of the investor continue and the investment is not settled, no such gain or loss on business separation is recognized.

(w) Reclassifications

In addition to the reclassifications described above, certain other reclassifications have been made to the prior years' non-consolidated financial statements to conform to the current year's presentation.

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts has been made, solely for convenience, as a matter of arithmetical computation only, at the rate of ¥118.05 = US\$1.00, the exchange rate prevailing on March 30, 2007. The translation

should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Short-Term Loans, Long-Term Debt and Pledged Assets

Long-term debt was summarized as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Unsecured loans mainly from banks and other financial institutions at interest rates ranging from 0.10% to 2.325% due through June 2012	¥ 371,204	¥ 301,317	\$ 3,144,464
Loans with collateral mainly from banks and other financial institutions at interest rates ranging from 0.2% to 2.4% due through January 2012	189,423	311,971	1,604,599
Securitized loans from a financial institution at 1.745% due through February 2008 ...	7,960	15,920	67,429
Unsecured bonds at interest rates ranging from 0.81% to 2.72% due through February 2015	260,000	265,000	2,202,456
Less: current portion	(194,382)	(262,221)	(1,646,607)
	¥ 634,205	¥ 631,987	\$ 5,372,342

Assets pledged as collateral for substantially short-term and long-term loans from banks and other financial institutions were as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Loans receivable	¥ 211,371	¥ 340,716	\$ 1,790,520

The above table included loans receivable related to securitized loans of ¥21,934 million (\$185,802 thousand) and ¥27,623 million as of March 31, 2007 and 2006, respectively.

At March 31, 2007 and 2006, the Company had a commitment, at the lenders' request, to furnish at any time collateral pledged

on ¥21,257 million (\$180,067 thousand) and ¥46,582 million of the loans receivable of ¥211,371 million (\$1,790,520 thousand) and ¥340,716 million shown in the above table, respectively. The pledged collateral which the lenders could require covered the following:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Short-term loans	¥ —	¥ 1,000	\$ —
Current portion of long-term debt	14,597	24,217	123,650
Long-term debt	6,657	21,254	56,391

For the purpose of efficient procurement of working capital, the Company has entered into overdraft contracts with one financial institution and commitment line contracts with three financial institutions, which provided the Company with the overdraft and

commitment facilities in the aggregate amount of ¥228,140 million (\$1,932,570 thousand) as of March 31, 2007. The unused facilities maintained by the Company as of March 31, 2007 amounted to ¥205,180 million (\$1,738,077 thousand).

5. Income Taxes

The Company is subject to a number of taxes based on income. Corporation, inhabitants' and enterprise taxes are charged to the income tax account. The aggregate statutory tax rate applicable to the Company was approximately 40.7% for the years ended March 31, 2007, 2006 and 2005.

The tax effects of the temporary differences which give rise to a significant portion of the deferred tax assets and liabilities as of March 31, 2007 and 2006 were presented below:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Deferred tax assets:			
Bad debt write-offs	¥ 15,180	¥ 11,800	\$ 128,589
Allowance for bad debts	6,965	11,047	59,000
Allowance for loss on debt guarantees	1,493	1,354	12,647
Allowance for loss on interest repayments	199,381	9,643	1,688,953
Accrued bonuses	980	1,346	8,301
Allowance for directors' and corporate auditors' retirement benefits	310	299	2,626
Accrued interest income	1,869	571	15,832
Accrued enterprise tax	0	1,898	0
Depreciation and amortization	6,707	6,625	56,814
Impairment loss	85	92	720
Consumption tax	280	280	2,371
Revaluation of marketable securities	6,247	232	52,918
Loss on investments in golf club memberships	141	150	1,194
Inventories	218	—	1,846
Other	401	271	3,396
Subtotal	240,263	45,614	2,035,264
Less: valuation allowance	(180,797)	(392)	(1,531,529)
Total gross deferred tax assets	59,466	45,221	503,735
Deferred tax liabilities:			
Prepaid pension expenses	(919)	(662)	(7,784)
Net unrealized gains on other securities	(9,008)	(21,444)	(76,306)
Other	(348)	—	(2,947)
Total gross deferred tax liabilities	(10,276)	(22,107)	(87,047)
Net deferred tax assets	¥ 49,189	¥ 23,114	\$ 416,679

Reconciliation between the normal statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of operations for the years ended March 31, 2007 is as follows:

Year ended March 31	2007
Normal statutory tax rate	40.7%
Expenses not deductible for income tax purposes	(0.0)
Valuation allowance	(41.3)
Other – net	(0.0)
Actual effective tax rate	(0.6)%

Reconciliations between the statutory tax rates and the effective tax rates as a percentage of income (loss) before income taxes for the years ended March 31, 2006 and 2005 were omitted, as the statutory tax rates did not significantly differ from the effective tax rate.

6. Shareholders' Equity

Through May 1, 2006, Japanese companies are subject to the Commercial Code of Japan (the "Code"). The Code requires that all shares of common stock be recorded with no par value, at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon the approval of the Board of Directors, to issue shares to existing shareholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to common stock by resolution of the Board of Directors.

The Code allows Japanese companies to repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of common stock, additional paid-in capital or legal reserve to be reduced in cases where such a reduction was decided upon at the shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with cash payments, the Code imposes certain limitations on the amount of retained earnings available for dividends. Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semi-annual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

On May 1, 2006, the Commercial Code of Japan was superseded by the Corporate Law of Japan (the "Corporate Law") which would, for the most part, be applicable to events or transactions occurring on or after May 1, 2006 and for fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Corporate Law, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolu-

tion at the shareholders' meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) prescribing the term of service of the directors as one year rather than normal term of two years in its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) if the company has so prescribed in its articles of incorporation.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semi-annual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. Under the Code, certain limitations were imposed on the amount of capital surplus and retained earnings available for dividends. The Corporate Law also provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases / decreases and transfer of common stock, reserve and surplus

The Corporate Law requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Code, the aggregate amount of additional paid-in capital and legal reserve that exceeds 25% of the common stock may be made available for dividends by resolution of the shareholders.

Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Corporate Law also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred between the accounts under certain conditions upon resolution of the shareholders.

c. Treasury stock

The Corporate Law also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula.

7. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and book value of leased equipment as of March 31, 2007 and 2006 and the related depreciation and interest expenses for the years ended March 31, 2007, 2006 and

2005, which would have been reflected in the non-consolidated balance sheets and the related non-consolidated statements of operations if finance lease accounting had been applied to the finance lease transactions accounted for as operating leases:

	Millions of Yen						Thousands of U.S. Dollars		
	Acquisition costs		Accumulated depreciation		Book value		Acquisition costs	Accumulated depreciation	Book value
March 31	2007	2006	2007	2006	2007	2006	2007	2007	2007
Equipment	¥ 1,795	¥ 3,333	¥ 1,292	¥ 2,317	¥ 502	¥ 1,015	\$ 15,205	\$ 10,944	\$ 4,252

Years ended March 31	Millions of Yen			Thousands of U.S. Dollars
	2007	2006	2005	2007
Depreciation	¥ 634	¥ 1,052	¥ 1,605	\$ 5,370
Interest	14	30	59	118

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥659 million (\$5,582 thousand), ¥1,099 million and ¥1,686 million for the years ended March 31, 2007, 2006 and 2005, respectively.

Future minimum lease payments subsequent to March 31, 2007 for finance lease transactions accounted for as operating leases were summarized as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 332	\$ 2,812
2009 and thereafter	179	1,516
	¥ 512	\$ 4,337

8. Commitments and Contingent Liabilities

The Company makes loans to customers primarily in the form of revolving credit-line contracts whereby a maximum credit amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility. At March 31, 2007, the unexercised portion of such facilities amounted to ¥845,045 million (\$7,158,365 thousand), including ¥619,603 million (\$5,248,648 thousand) for customers with zero outstanding balances. As a certain portion of revolving credit-line contracts lapse without ever

being used, the unexercised facilities will not necessarily affect the future cash flows of the Company.

At March 31, 2007, contingent liabilities on the personal loans for which the Company provided credit guarantees amounted to ¥175,879 million (\$1,489,868 thousand), net of allowance for loss on debt guarantees in the amount of ¥3,670 million (\$31,088 thousand).

In addition, at March 31, 2007, the Company was contingently liable as guarantor of the following subsidiaries:

Name	Amount of guaranteed debt
JLA INCORPORATED	¥ 675 million (\$ 5,717 thousand)
IR Loan Servicing, Inc.	¥ 7,108 million (\$ 60,211 thousand)
DC Cash One Ltd.	¥ 80,473 million (\$ 681,685 thousand)
EASY BUY Public Company Limited	¥ 57,732 million (\$ 489,047 thousand)

Refer to Note 4 for pledged assets.

9. Stock Option Plans

The Company has two stock option plans for the granting of non-transferable options to certain eligible directors and key employees of the Company.

On August 1, 2001, options were granted for terms of five years to purchase the aggregate of 346,800 shares of common stock of the Company at ¥10,682 per share. The option price was adjusted to ¥10,628 per share due to the issuance of new shares of common stock to Mitsubishi Tokyo Financial Group, Inc. (currently, Mitsubishi UFJ Financial Group, Inc.) on April 20, 2004. The options were exercisable beginning on July 1, 2003. To provide for

exercise of the options, in August 2001, the Company purchased 346,800 shares of common stock in the aggregate amount of ¥3,796 million from the stock market, which were included in “Treasury stock” of the shareholders’ equity section of the accompanying non-consolidated balance sheets as of March 31, 2007 and 2006.

On August 1, 2003, options were granted for terms of five years to purchase the aggregate of 352,400 shares of common stock of the Company at ¥4,959 per share. The option price was adjusted to ¥4,931 per share due to the same reason above. The options were exercisable beginning on July 1, 2005.

The changes in numbers of stock options expressed in shares of common stock were summarized as follows:

	Shares	
	Plan 2001	Plan 2003
Balance as of March 31, 2004	322,400	345,400
Exercised	(0)	—
Expired on retirement	(6,200)	(5,400)
Balance as of March 31, 2005	316,200	340,000
Exercised	(0)	(206,990)
Expired on retirement	(7,800)	(3,000)
Balance as of March 31, 2006	308,400	130,010
Exercised	—	(4,300)
Expired on retirement	(4,600)	(1,600)
Balance as of March 31, 2007	303,800	124,110

10. Loss on Business Restructuring

A loss of ¥17,997 million (\$152,452 thousand) for the year ended March 31, 2007 mainly consisted of the extraordinary payment of employees’ retirement benefits for voluntary retirement and loss on closures/relocations of operation sites.

11. Loss on Revaluation of Investment in Securities

A loss of ¥14,784 million (\$125,235 thousand) for the year ended March 31, 2007 mainly consisted of the impairment losses with respect to other securities for which market value was available.

12. Impairment of Fixed Assets

The Company determined each operation center of loan businesses, installment sale finance businesses and other financial services as the smallest cash-generating group to which the assets belonged. Also, each asset to be disposed of was determined as the smallest cash-generating group of assets. The head office of the Company and the welfare facilities for employees independent of cash-generating were considered to be corporate assets.

Impairment loss for assets to be disposed of was recognized because the carrying amount of these assets exceeded the net selling value. Impairment loss was measured as the amount by which

the carrying amount of the assets exceeded its recoverable amount, the net selling value estimated by real estate appraisers.

Impairment loss for the year ended March 31, 2007 amounted to ¥1 million (\$8 thousand) for land, ¥6 million (\$50 thousand) for buildings and structures and ¥0 million (\$0 thousand) for equipment. Impairment loss for the year ended March 31, 2006 amounted to ¥0 million for land and ¥3 million for buildings and structures. Impairment loss for the year ended March 31, 2005 amounted to ¥945 million for land, ¥94 million for buildings and structures and ¥54 million for intangible assets.

13. Subsequent Events

(1) Appropriations of retained earnings

The following appropriations of retained earnings, which have not been reflected in the accompanying non-consolidated financial

statements for the year ended March 31, 2007, were approved at a shareholders' meeting held on June 27, 2007:

	Millions of Yen
Cash dividends (¥30.00 = US\$0.25)	¥ 4,715

(2) Reduction in lending interest rates

On May 10, 2007, the board of directors of the Company approved the reduction of effective annual interest rates for unsecured consumer loans; the new rates range from 12.000% to 18.000% per annum, while the existing rates range from 13.140%

to 27.375%. The new rates are applicable to new customers who enter loan contracts on or after June 18, 2007. These rates are also applicable to existing customers who meet the new credit screening criteria established by the Company.

(3) Corporate split-up for installment finance business

On December 15, 2006, the Company announced it would combine its installment sales finance business and JCK CREDIT CO., LTD. ("JCK," which changed its name to AFRESH CREDIT CO., LTD. as of April 1, 2007), a wholly-owned subsidiary specializing in installment sales financing, as of April 1, 2007 in order to lower business operation costs and to strengthen sales promotion activities for the group businesses, by splitting up its installment sales finance business and then merging it into JCK. The contract for the split-up and merger was entered into on February 15, 2007 between the Company and JCK. The split-up and merger was to become effective as of April 1, 2007.

This transaction is accounted for under the method similar to the pooling of interests method, applicable to transactions under common control, in accordance with "Accounting for Business Combinations" and "Accounting Standard for Business Divestitures," together with the related Guidance, and, as such, the assets and liabilities of the installment sales finance business of the Company were transferred to JCK at book value. No stock was issued in connection with this transaction as permitted under the Corporate Law of Japan.

"Fees from installment sales finance business" included in the accompanying non-consolidated statement of operations for the year ended March 31, 2007 were ¥3,492 million (\$29,580 thousand).

Report of Independent Auditors on the Non-Consolidated Financial Statements



■ Certified Public Accountants
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■ Tel: 03 3503 1100
Fax: 03 3503 1197

Report of Independent Auditors

The Board of Directors
ACOM CO., LTD.

We have audited the accompanying non-consolidated balance sheets of ACOM CO., LTD. as of March 31, 2007 and 2006, and the related non-consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2007, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of ACOM CO., LTD. at March 31, 2007 and 2006, and the non-consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2007 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

June 27, 2007

The ACOM Group

Consolidated Subsidiaries

DC Cash One Ltd. Nihonbashi Plaza Bldg. 3-4, Nihonbashi 2-chome, Chuo-ku, Tokyo, Japan Telephone: (03) 5299-6625	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Unsecured loan business and guarantee business Aug. 2001 ¥14,341 million 54.73% ¥15,399 million
JCK CREDIT CO., LTD. *1 and 2 ACOM Iidabashi Bldg. 10-10, Iidabashi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03)3221-9904	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Installment sales finance business Nov. 1971 ¥500 million 100.00% ¥1,297 million
IR Loan Servicing, Inc. Trusty Koujimachi Bldg. 4, Koujimachi 3-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 5215-6511	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Loan servicing business Jun. 2000 ¥520 million 80.00% ¥13,939 million
RELATES CO., LTD. Tokyo Dia Building No.3 28-25, Shinkawa 1-chome, Chuo-ku, Tokyo, Japan Telephone: (03) 3523-6641	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Entrusted call center functions business from banks Mar. 1998 ¥300 million 100.00% ¥1,441 million
AC Ventures Co., Ltd. ACOM Shinbashi Renga-dori Bldg. 14-4, Shinbashi 2-chome, Minato-ku, Tokyo, Japan Telephone: (03) 3597-8222	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Development, investment, promotion and support of venture companies Apr. 1996 ¥100 million 100.00% ¥517 million
ACOM RENTAL CO., LTD. ACOM Shinbashi Bldg. 11-1, Shinbashi 3-chome, Minato-ku, Tokyo, Japan Telephone: (03) 5401-0044	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Comprehensive rental business Oct. 1999 ¥320 million 100.00% ¥4,512 million
JLA INCORPORATED *3 and 4 Osaka Ekimae Dai 4 Bldg. 11-4, Umeda 1-chome, Kita-ku, Osaka, Japan Telephone: (06) 6347-1281	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Advertising agency, interior design and construction of service outlets May 1972 ¥45 million 100.00% ¥15,583 million
ACOM ESTATE CO., LTD. *4 ACOM Iidabashi Bldg. 10-10, Iidabashi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3221-6950	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Real estate management business Mar. 1996 ¥7,540 million 100.00% ¥1,332 million

ABS CO., LTD.*4 Wizem Bldg, 3-8, Ueno 3-chome, Taito-ku, Tokyo, Japan Telephone: (03) 3834-9215	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Maintenance of buildings and other properties Oct. 1997 ¥30 million 0.0% (100.0%) *5 ¥1,655 million
A B PARTNER CO., LTD.*6 ACOM Fujimi Bldg. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3234-9301	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Entrusted back-office (clerical work) services and insurance agency business Nov. 2000 ¥300 million 95.00% ¥4,156 million
EASY BUY Public Company Limited 11th, 13th Floor, Ramaland Building 952 Rama IV Road, Suriyawongse, Bangrak, Bangkok 10500, Thailand.	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Hire purchase and unsecured loan business in Thailand Sep. 1996 THB 200 million 49.00% *7 THB 5,255 million *8
ACOM FUNDING CO., LTD.*9 M&C Corporate Services Limited, PO Box 309GT, Uglad House, South Church Street, Grand Cayman, Cayman Islands, British West Indies	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Financial services for ACOM (Special Purpose Company) Jul. 2002 US\$1,000 100.00% ¥2 million *8
ACOM (U.S.A.) INC. 229 South State Street, Dover, Kent County DE, U.S.A.	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	— *10 Dec. 1986 US\$34 million 100.00% — *8

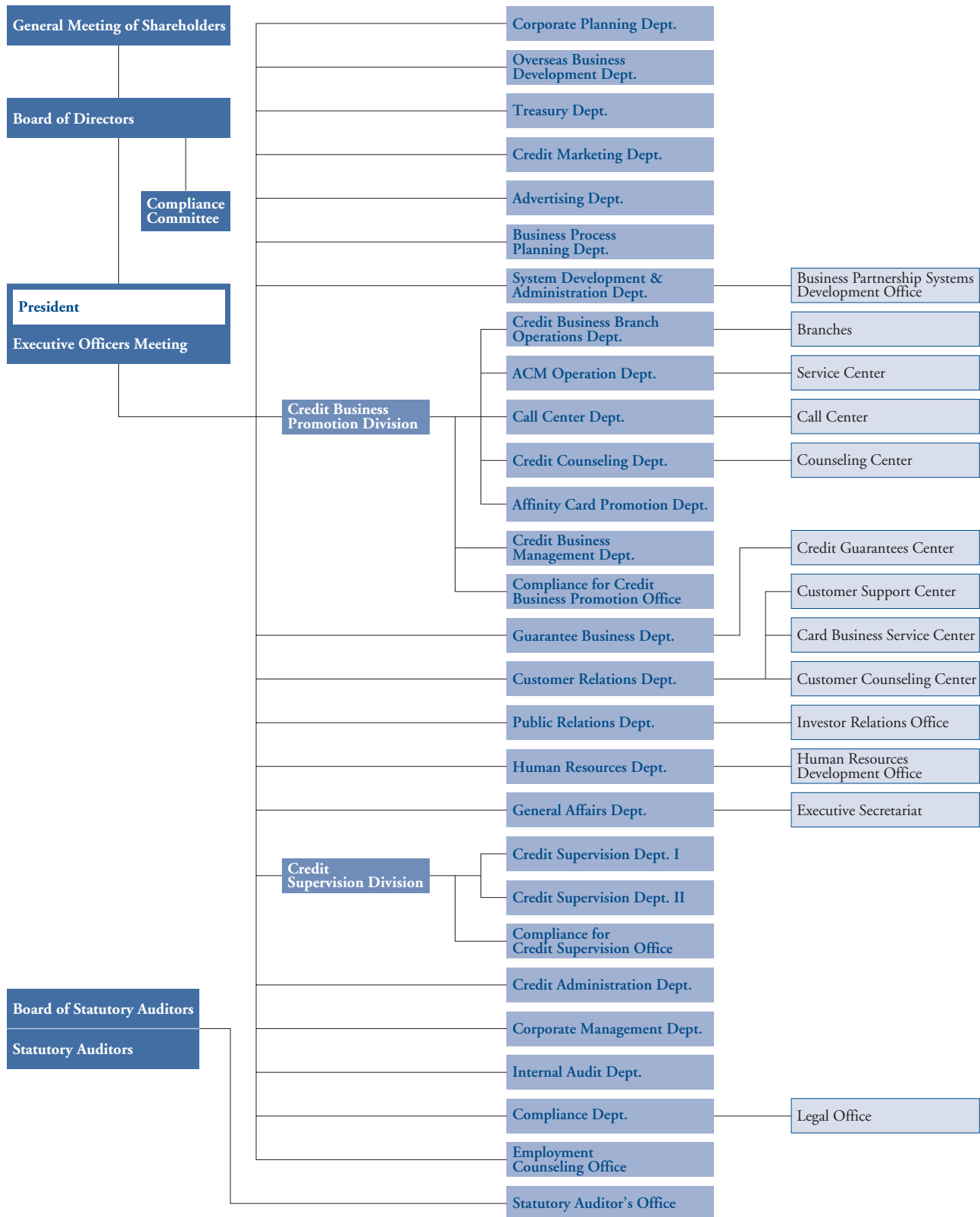
Equity-Method Affiliate

DC Card Co., Ltd.*11 Shibuya Mitsubishi Bldg. 3-2, Dougenzaka 1-chome, Shibuya-ku, Tokyo, Japan Telephone: (03) 3464-6611	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Operating Income:	Credit card, loan, loan guarantee, and contraction for automated fund transfer, etc. Dec. 1967 ¥7,600 million 20.33% ¥99,864 million
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- *Notes: 1. JCK CREDIT CO., LTD. abolished its unsecured loan business on January 17, 2007 and merged AJAST Ltd. on February 1, 2007.
2. 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.
3. JLA INCORPORATED abolished its advertising agency business on March 31, 2007.
4. 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.
5. Figures in parentheses indicate indirect ownership by ACOM CO., LTD.
6. A B PARTNER CO., LTD. started insurance agency business including clerical services on October 2, 2006.
7. The Company treated any entity deemed as being substantially controlled by the Company as a consolidated subsidiary, even if it is less-than-majority owned.
8. Year ended December 2006.
9. ACOM FUNDING CO., LTD. was liquidized on March 20, 2007.
10. ACOM (U.S.A.) INC. suspended its operation, therefore, summaries of its business are omitted.
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.

Organization Chart

As of April 1, 2007



Corporate Data

As of March 31, 2007

Company Name:	ACOM CO., LTD.
Incorporated:	October 23, 1978
Established:	April 2, 1936
Paid-in Capital:	¥63,832 million
Business Outline:	Loan, Credit Card, Installment Sales Finance, and Loan Guarantee
Number of Employees:	2,956
Head Office:	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8307, Japan
Independent Auditors:	ERNST & YOUNG SHINNIHON

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