

Interim Report 2007

Six months ended September 30, 2006

ACOM CO., LTD.

Corporate Philosophy

Based on our twin mottos of
“respecting other people” and “putting the customer first,”
we will continue to
pursue an innovative and creative style of
corporate management aimed at
helping our customers realize happier and
more fulfilling personal lives.

In 1936, ACOM was founded on the ideal of
“extending the feeling of confidence from people to people.”
Since then, we have always sought to develop our business
by establishing an unshakable mutual trust between us and our customers.

ACOM is an acronym created from
the following three words:

acom

Affection

We constantly attempt to have heart-warming relations with our customers that are based on their interests.

Moderation

We are hard-working and humble as we carry out our business of helping our customers achieve satisfying lives.

Confidence

We strive to establish an unshakable mutual trust between us and our customers.

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Notes:

1. Forward-Looking Statements

The figures contained in this interim report with respect to ACOM's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and beliefs in light of the information currently available to management and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a result of various factors. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the level of interest rates paid on ACOM's debt and legal limits on interest rates charged by ACOM.

2. All amounts are truncated to the nearest expressed unit.

3. Percentage figures are a result of rounding.

At a Glance

From a consumer finance company to a comprehensive financial services provider

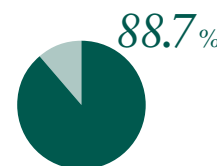
Segment Overview and Market Position

Composition of Operating Income
(Six months ended September 30, 2006)

Loan Business

The loan business, centering on unsecured loans for consumers, is the ACOM Group's core business, accounting for 88.7% of consolidated operating income in the interim period ended September 30, 2006. ACOM has established an advanced credit screening model based on data from the 8 million customers it has served in the past. We are utilizing this expertise to provide customer-oriented services through various channels, including our outlets, MUJINKUN automatic contract machines and QUICK MUJIN automatic loan application machines, the Internet, and mobile phones. Meanwhile, two subsidiaries in this business continue to steadily increase their balances of loan receivables outstanding: DC Cash One Ltd., which benefits from the brand power of the Mitsubishi UFJ Financial Group, and EASY BUY Public Company Limited, our subsidiary in Thailand. In addition to lending, the Group offers financial products to suit the various life stages of customers, and its financial counselors provide advice on financial products and household budgeting.

According to the 2006 edition of Consumer Credit Statistics of Japan (published by the Japan Consumer Credit Industry Association), the domestic consumer loan market is currently worth ¥10 trillion in terms of loan receivables outstanding. With a share of around 16%, ACOM is one of the leading players in this market.



Diversified Financial Services

Credit Card Business

In 1998, ACOM acquired principal membership of MasterCard International and entered the credit card business in the following year with the issue of the ACOM MasterCard®.

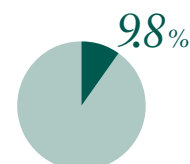
In this business, we also issue credit cards in alliance with large-scale retail chains and other companies. We have used such alliance cards to attract high-quality customers not served by the ACOM brand in the past. Due to sluggish transaction volume and intensifying competition, however, the cost of attracting cardholders has ballooned, which has affected profitability in this segment. In response, we are working to enhance productivity and efficiency of alliance credit cards through targeted sales and promotion, as well as reforms of our sales systems. With respect to ACOM MasterCard®, to date we have sought to attract customers from our loan business by emphasizing our high-value-added credit card services. Going forward, we will complement this policy by stepping up shopping-related promotions in order to raise profitability.

According to Consumer Credit Statistics of Japan, the Japanese credit card market is worth around ¥29.1 trillion in terms of total credit extended. Our share of the market is estimated at around 0.2%.

Installment Sales Finance Business

In this segment, the ACOM Group specializes in installment sales finance services to facilitate the purchase of individual items. Under our system, we have agreements with affiliated retailers. When a customer wishes to purchase a high-priced item, we pay the merchant in advance, and the customer reimburses us in subsequent installments. Continuing from the previous fiscal year, we have sought to reinforce sales promotion for existing alliance partners. We have also strengthened our alliance with JCK CREDIT CO., LTD., a wholly owned subsidiary, while forming agreements with new partners and further raising operating efficiency.

According to Consumer Credit Statistics of Japan, the Japanese market is estimated to be worth around ¥10 trillion, and the ACOM Group's share is a little less than 1%. In Asia, where there is significant growth potential, we are expanding our hire purchase business through EASY BUY Public Company Limited, our subsidiary in Thailand.



Guarantee Business

ACOM provides guarantees on unsecured personal loans via alliances with financial institutions, centering on prominent regional banks. By combining the loyalty and sales channels offered by banks with ACOM's credit screening and collection expertise related to unsecured consumer loans, we are able to provide guarantee arrangements tailored to the needs of alliance partners. Here, our offerings cover everything from product planning to loan collection. At September 30, 2006, the ACOM Group, including DC Cash One, had tie-ups with 14 banks, and its guaranteed receivables continue to increase.

Loan Servicing Business

ACOM entered the loan servicing business by taking an equity stake in IR Loan Servicing, Inc. (hereinafter IR Loan Servicing). In addition to the purchase of loans and debt collection services, IR Loan Servicing is developing a comprehensive loan servicing business, loan-servicing-related clerical work outsourcing services, temporary staffing services, and corporate revitalization services. We are now cementing a presence as a mainstay player in the industry. At September 30, 2006, our total principal of consigned and purchased receivables exceeded ¥2.4 trillion. According to the Ministry of Justice, the balance of receivables in the market at the end of December 2005 was ¥164 trillion.

Other Financial Businesses

In addition, the ACOM Group provides call center services on behalf of banks and other institution. We also seek to identify, invest in, and nurture promising venture companies.

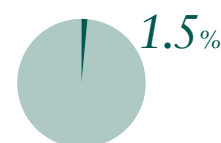
Other Businesses

Rental Business

ACOM Group operates a business renting out goods used in daily life and leisure equipment, and also provides support for event planning.

Other

ACOM Group also conducts business activities in other areas, including advertising agency services, life and non-life insurance agency services, and real-estate-related activities.



Financial Highlights

ACOM CO., LTD. and Subsidiaries

	Millions of Yen				
	2004/3	2005/3	2005/9	2006/3	2006/9
Profit and Loss Related:					
Operating Income	¥ 434,968	¥ 433,965	¥ 222,182	¥ 445,431	¥ 215,880
Operating Expenses	314,577	289,604	143,390	335,039	157,668
Bad-debt-related Expenses ¹	140,505	108,453	50,851	117,125	56,551
Interest-repayment-related Expenses ²	—	—	—	37,228	13,155
Other Operating Expenses	174,072	181,151	92,539	180,685	87,962
Operating Profit	120,391	144,361	78,792	110,392	58,211
Net Income (Loss)	70,319	81,533	46,351	65,595	(282,140) ³
Cash Flow Related:					
Net Cash Provided by Operating Activities	164,158	141,014	41,548	100,226	51,812
Net Cash Provided by (Used in) Investing Activities	(5,398)	(17,350)	(43,678)	(44,973)	353
Net Cash Used in Financing Activities	(166,105)	(136,508)	(51,375)	(104,389)	(54,330)
Free Cash Flow	158,760	123,664	(2,130)	55,253	52,165
Balance Sheet Related:					
Total Assets	2,075,389	2,077,334	2,081,360	2,106,681	2,065,535
Receivables Outstanding ⁴	1,851,454	1,856,962	1,856,041	1,834,628	1,806,460
Total Amount of Bad Debts	80,259	83,961	94,815	114,371	137,112
Allowance for Bad Debts	135,350	130,532	125,477	131,620	106,042
Allowance for loss on interest repayments	—	—	—	—	357,500
Total Shareholders' Equity ⁵	697,166	863,760	905,547	927,722	614,660
Yen					
Per Share:					
Net Income (Loss), Basic	¥ 487.77	¥ 516.23	¥ 294.29	¥ 416.69	¥ (1,794.86)
Total Shareholders' Equity ⁵	4,855.98	5,456.39	5,762.60	5,901.69	3,910.19
Cash Dividends	80 ⁹	100 ⁹	70	140 ⁹	70
%					
Financial Ratios:					
Profitability					
Operating Profit Margin	27.7	33.3	—	24.8	—
ROE ⁶	10.5	10.4	—	7.3	—
Efficiency					
ROA1(Net Income to Total Assets) ⁶	3.3	3.9	—	3.1	—
ROA2(Net Income to Receivables Outstanding) ⁶	3.7	4.4	—	3.6	—
Stability (Non-consolidated)					
Ratio of Shareholders' Equity	33.6	41.6	—	44.0	—
Bad Debt Ratio (Gross Basis)[Non-consolidated] ⁷	4.9	5.1	—	6.9	—
Bad Debt Coverage Ratio[Non-consolidated] ⁸	162.2	150.7	—	112.0	—

Notes: 1. The amount of bad-debt-related expenses is the sum of bad debt write-offs, increase or decrease in allowance for bad debts, and increase or decrease in allowance for loss on debt guarantees.

2. Interest-repayment-related expenses indicates the sum of interest repayments and bad debt write-offs carried by ACOM's voluntary waiver of repayments, and increase or decrease in allowance for loss on interest repayments.

3. Special provision for loss on interest repayments was posted ¥317,061 million.

4. Receivables outstanding indicates the sum of receivables outstanding of the loan business, credit card business, and installment sales finance business.

5. Total Shareholders' Equity includes the valuation and translation adjustments.

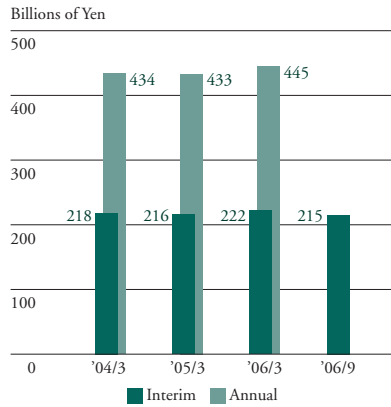
6. ROE and ROA are calculated using the simple average of beginning and end of term balance sheet figures.

7. Bad debt ratio (Gross basis) = Total amount of bad debts / Receivables outstanding plus Loans to borrowers in bankruptcy or under reorganization

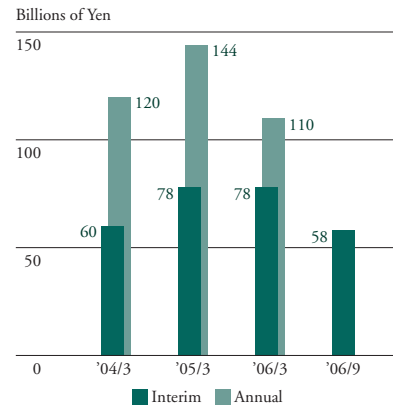
8. Bad debt coverage ratio = Allowance for bad debts / Total amount of bad debts

9. Annual cash dividends per share

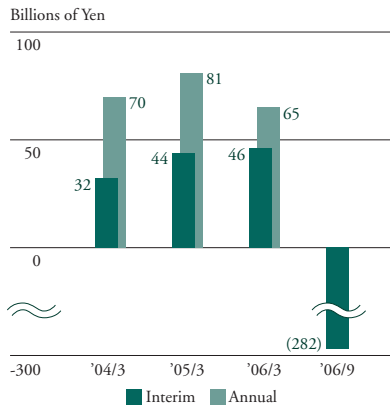
Operating Income



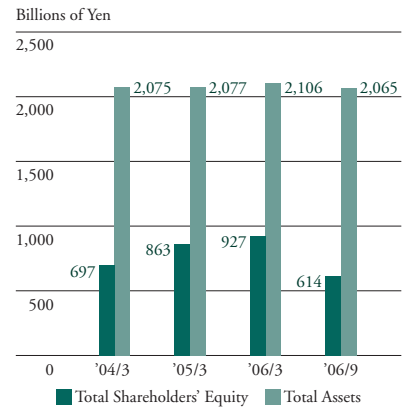
Operating Profit



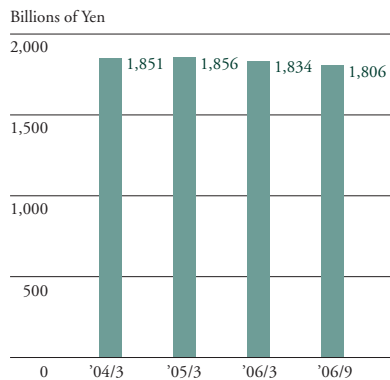
Net Income (Loss)



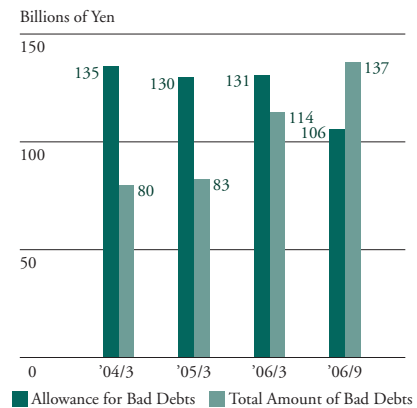
Total Shareholders' Equity and Total Assets



Receivables Outstanding



Allowance for Bad Debts and Total Amount of Bad Debts



Message from the Management



Shigeyoshi Kinoshita President & CEO

Interim Period in Review and Full-Year Outlook

Pursuing a Two-Brand Sales Strategy

In the interim period under review—the six months ended September 30, 2006—the Japanese economy continued to show steady recovery. Strong corporate earnings, buoyed by growing exports and capital expenditures, helped improve employment conditions and worker incomes, while personal consumption also firmed.

In response, the ACOM Group pursued a two-brand sales strategy in its core loan business, centering on ACOM and DC Cash One, the latter spearheaded by DC Cash One Ltd., which draws on the brand power of the Mitsubishi UFJ Financial Group, Inc. (hereinafter MUFG). At the same time, we sought to expand our guarantee and loan servicing businesses while identifying new opportunities in growing Asian markets.

Major Provision for Allowance for Loss on Interest Repayments

Despite these efforts, the interim term-end balance of receivables outstanding in the Group's core unsecured consumer business slipped ¥32.3 billion, or 2.1%, compared with the previous corresponding period. The decline stemmed mainly from a substantial fall in the average yield on unsecured consumer loans provided by the parent company. Against this background was a reduction in the maximum interest rate on loans and increasing debate about placing limitations on lending amounts amid a growing problem of multiple debtors. Although earnings from our guarantee and loan servicing businesses increased steadily, these benefits failed to compensate for a decline in the loan interest rate and lower income from our installment sales finance business. Consequently, consolidated operating income amounted to ¥215.8 billion, down ¥6.3 billion, or 2.8%, from the previous corresponding period. Moreover, we reported an increase in loss on interest repayments and an associated rise in waivers of loan principal. This led to a 10.0% increase in total operating expenses, resulting in a

26.1% fall in consolidated operating profit, to ¥58.2 billion.

Following an announcement by the Japanese Institute of Certified Public Accountants (JICPA), the parent company provided a ¥357.5 billion allowance for loss on interest repayments and a ¥317.0 billion special provision for loss on interest repayments (included under other expenses). As a result, the Group recorded a consolidated interim net loss of ¥282.1 billion. Due to the provision of such large reserves, the shareholders' equity ratio fell from 44.0% to 29.8%.

Full-Year Forecast: Lower Revenue and Earnings

Given ongoing difficulties in the operating environment, we have made the following consolidated forecasts for fiscal 2006, ending March 31, 2007: operating income of ¥425.0 billion (down 4.6% year-on-year), operating profit of ¥94.2 billion (down 14.7%), and a net loss of ¥257.3 billion. However, we have made ample provision for loss on interest repayments based on risk assessments for the next five years, the average period for repayments of unsecured loans to consumers. For the time being, therefore, we believe that future interest repayments and loan principal waivers will be covered by such reserves.

Full-Year Forecasts for FY2006

	Billions of Yen			
	Consolidated		Non-Consolidated	
	Forecast	YoY Change (%)	Forecast	YoY Change (%)
Operating income . .	¥ 425.0	-4.6	¥ 370.0	-6.7
Operating profit . . .	94.2	-14.7	90.0	-15.2
Net loss	257.3	—	258.7	—

Our Views on the Market Environment

Era of Dramatic Change for Consumer Finance Industry

The Japanese consumer finance industry is confronted with significant structural problems, such as a declining overall population stemming from the low-birthrate, graying trend, as well as a widening income gap. In this environment, there have been growing calls to introduce legislation aimed at reducing the maximum legal interest rate to below 20% and limiting loan amounts to one-third of the borrower's annual income.

Over the long term, such legal amendments may help reduce multiple debtors. In the short term, however, the weaker players among Japanese small and medium-sized consumer finance companies will face attrition and contractual conditions will become more stringent. This will cause an increase in bankruptcies among people unable to access their needed capital,

as well as a higher risk of default throughout the consumer loan market. With the income gap expected to widen further, moreover, consumer finance companies will face stiff competition to attract customers with even lower risk profiles than in the past.

The consumer finance industry has distinguished itself from conventional financial institutions, which have a heavy dependence on collateral. Extending unsecured loans to consumers requires detailed and advanced levels of data analysis. This has enabled consumer finance companies to amass specialized knowledge and build a business model capable of generating premium interest income while assuming commensurate levels of risk. In the future, however, we recognize the crucial need to effectively utilize our accumulated knowledge and formulate strategies enabling us to compete by delivering high-quality services in lower interest rate.

Future Strategies

Foster Brand Image for Offering "Relief", "Confidence", and "Low-price"

The ACOM Group intends to swiftly address potential legislative amendments while placing utmost priority on legal and ethical compliance. To this end, we will move quickly to build a low-cost business model and foster ACOM's image as a brand that offers "relief", "confidence", and "low-price". At the same time, we will create a structure capable of consistently generating annual operating profit of ¥50 billion or more.

Reinforce Compliance System through Outside Monitoring

Recently, the Group reorganized its Business Ethics Committee, changing its name to the Compliance Committee. Previously positioned under the Executive Officers' Meeting, the new committee now reports directly to the Board of Directors. More than half of its members, including the chairman, are professionals from outside the Group. This enables us to entrench compliance practices based on an impartial monitoring system.

Reduce Other Operating Expenses While Maintaining Optimal Operations

The Group will act to cut more than ¥40 billion in operating expenses, except for financial expenses and bad-debt-related expenses, while maintaining optimal overall operations. To achieve this goal, we will reconstruct our loan business model, reorganize Group businesses and functions, and insti-

tute other reforms targeting businesses and organizations throughout the Group. Specific measures are described below.

Reconstruct Our Loan Business Model

For some time, we have pursued a plan to transform staffed outlets into unstaffed ones. Going forward, we will accelerate implementation of this plan while undertaking a strategic reorganization centering on unstaffed outlets. At present, we have four call centers and 12 service centers throughout Japan. Our plan is to concentrate our call center and service center operations into two locations each. In addition, we will reduce advertising expenses to below ¥9 billion, down from ¥16 billion in fiscal 2005, by reassessing our television advertising approach.

To hold down bad-debt-related expenses in preparation for new regulations, we will enhance the quality of our loan portfolio by revamping our standards for extending loans to new and existing customers. To prevent situations from occurring in which sound existing customers have trouble accessing their needed capital, we will institute more stringent screening standards in an incremental step while keeping abreast of market conditions.

Loan Business Sales Channels (Parent Company)

	No. of outlets					March 2007 (estimated)
	March 2006	Changed to Unstaffed	Closed	Newly Opened	YoY Change	
Staffed Outlets	277	-131	-5	+1	-135	142
Unstaffed Outlets . .	1,726	+131	-191	+60	0	1,726

Cross-Lateral Reforms of Diversified Financial Services

We will integrate the installment sales finance business of the parent company with JCK CREDIT CO., LTD., a subsidiary specializing in that business, in order to eliminate duplication and strengthen our sales capabilities. In the credit card business, we will consolidate our credit screening, card issuance, call center, and staffing functions—currently handled in two locations—into a single facility. In addition, we will examine the viability of continuing our alliance card strategy. This is because we have found it difficult to generate profits due to sluggish transaction volume and intense competition, which has increased the cost of attracting new cardholders. By contrast, we will step up sales of ACOM MasterCard® with the aim of improving profitability. In the guarantee business, we will adopt a flexible approach, giving ACOM and DC Cash One access to each other's back office operations while strengthening cooperation with RELATES CO., LTD., a subsidiary that provides call center services for financial institutions. In the loan servicing business, we will comprehensively examine our optimal business model for future. This will include ensuring that the loan servicing function is efficiently separated from the invoicing-related processes of the Group's other operations, notably its loan, installment sales finance, credit card, and guarantee businesses.

Enhance Efficiency of Personnel

As a matter of urgency, the ACOM Group is working to minimize fixed costs by expediting its shift from staffed to unstaffed outlets, streamlining indirectly related operations, and eliminating duplication. By March 31, 2007, we hope to attract 700 voluntary retirees and thus reduce personnel expenses by around ¥8 billion in the following fiscal year and thereafter. (At September 30, 2006, the Group had 3,767 employees and 407 employees temporarily transferred to the affiliated companies). This may lead to an extraordinary loss of around ¥16 billion at the end of the current fiscal year, due to outplacement costs and special retirement benefits.

Meanwhile, we will endeavor to enhance the efficiency of business process-

es, centering on management of contractual documents. Here, we will take advantage of IBM Japan, Ltd.'s Business Transformation Outsourcing (BTO) services. Also, we are targeting a 30% (¥6 billion) or more reduction in maintenance and development costs for existing computer systems, and we are exploring specific ways to achieve this objective. In addition, we plan to integrate the operations of Group companies involved in office and sign-board construction, real estate management, and building maintenance.

Reassess Our Growth Strategies

In our core loan business, we have devised a number of growth strategies for the future. These include attracting new types of customers by moving quickly to nurture the ACOM name as a brand that offers “relief”, “confidence”, and “low-price”. At the same time, we will broaden the scope of our operations by strengthening cooperation with MUFG and taking advantages of our strengths in other areas, such as the guarantee business. Meanwhile, we will consider business and capital alliances, including M&As, as a way to secure managerial resources to maximize synergies with various Group businesses.

In addition to Japan, the ACOM Group is tapping consumer credit markets in Asia, where economic growth is strong. EASY BUY Public Company Limited, our subsidiary in Thailand, continues to attract customers and expand the balance of receivables in the loan business. Targeting further inroads into Asian market, we established the PKU-ACOM Financial Information Research Center in collaboration with Peking University in September 2005. Since then, we have opened representative offices in Beijing and Ho Chi Minh, Vietnam, to conduct proactive market research and collect information aimed at developing businesses outside of Thailand. In a joint initiative with The Bank of Tokyo-Mitsubishi UFJ, Ltd., we are currently negotiating with existing shareholders of PT. BANK NUSANTARA PARAHYANGAN Tbk., a medium-sized bank in Indonesia, with the aim of acquiring a majority equity stake.

In Conclusion

A New Chapter in Our History

In this era of dramatic change in the consumer finance industry, we believe that only companies that rise to the challenge and earn the respect of society will be able to secure solid market shares and achieve new levels of growth. As a top executive, I take very seriously the fact that we have posted major bottom-line losses. At the same time, I am committed to reforms that will contribute to the sound development of consumer finance markets. We will achieve this by providing more consumer protection than before, building a corporate group with a deep social awareness, and offering financial services that offer relief and confidence at lower prices.

As originally forecast, we have declared an interim dividend of ¥70.00 per share. Reflecting our belief that upgrading our capital base is the best way to

enhance value for shareholders, however, we plan to lower the year-end dividend to ¥30.00 per share. This will bring total annual dividends to ¥100.00 per share, down ¥40.00 from the previous fiscal year.

With unyielding resolve, I am committed to establishing a rejuvenated ACOM by creating a new chapter in our history. I look forward to the ongoing understanding and support of all stakeholders in this endeavor.



Shigeyoshi Kinoshita
President & Chief Executive Officer

Review and Analysis of Consolidated Results

Overall Performance

In the first half of fiscal 2006—the six months ended September 30, 2006—consolidated operating income amounted to ¥215.8 billion, down ¥6.3 billion, or 2.8%, from the previous corresponding period. The decline stemmed from two main factors. First, the average yield on unsecured consumer loans provided by the parent company fell 88 basis points compared with the previous corresponding period. Second, the balance of receivables outstanding at interim term-end slipped ¥32.3 billion, or 2.1%, to ¥1,519.2 billion. Other reasons included a decline in operating income of EASY BUY Public Company Limited (hereinafter EASY BUY), our consolidated subsidiary in Thailand, due to the introduction of restrictions on maximum interest rates by the Bank of Thailand. ACOM also posted income declines in its installment sales finance business, where it continued reviewing existing arrangements with affiliated merchants, and its credit card business, due to a fall in average transaction per purchase. By contrast, we generated increased revenue from DC Cash One Ltd. (hereinafter DC Cash One), reflecting the success of our two-brand strategy—focusing on the ACOM and DC Cash One

brands—and from IR Loan Servicing, Inc., which reported a solid performance from collection of purchased loans.

On the operating expenses side, financial expenses fell 3.2%, to ¥10.1 billion. In our loan business, however, we reported an increase in loss on interest repayments, as well as a rise in bad debt write-offs, centering on waiver of loan principal due to the demand for interest repayments. As a result, total operating expenses grew 10.0%, to ¥157.6 billion. Consequently, operating profit fell 26.1%, to ¥58.2 billion.

In addition, the Japanese Institute of Certified Public Accountants (JICPA) announced its “Audit Guidelines on Consumer Finance Companies’ Provisions for Loss on Interest Repayments.” Based on this guideline, ACOM provided an allowance for loss on interest repayments amounting to ¥357.5 billion (included under long-term liabilities) and a special provision for loss on interest repayments of ¥317.0 billion (included under other expenses). As a result, the Company recorded an interim net loss of ¥282.1 billion.

Results by Segment

Operating Income and Receivables Outstanding

Loan Business

Operating income from our core loan business declined 3.9% year-on-year, to ¥191.5 billion. Receivables outstanding at interim term-end amounted to ¥1,692.4 billion, down 0.3% from a year earlier. Meanwhile, non-consolidated operating income from ACOM’s loan business fell 4.7%, to ¥180.0 billion, due to a decline in loan yield and a 2.2% fall in receivables outstanding, to ¥1,571.3 billion. During the period, ACOM placed high priority on upgrading the quality of credit, reinforcing customer-drawing power, and enhancing efficiency through administrative reforms.

With respect to upgrading the quality of credit, the Company sought to raise its counseling skills through its ACOM-Certified Counselor training system, designed to help customers improve their cash flow balances. We also revamped methods for operating our

automated dial-up call system in an effort to boost the efficiency and effectiveness of our counseling activities.

To reinforce our customer-drawing power, we opened new facilities featuring MUJINKUN and QUICK MUJIN, and we began offering agency services for DC Cash One through all of our staffed branch offices. As a result, the number of customer accounts of DC Cash One grew 9.8%, to 179,646, and its loan receivables outstanding rose 17.6%, to ¥80.0 billion. In addition, EASY BUY commenced full-scale sales of a revolving-type loan product in August 2006. Despite a decline in yield due to regulation of interest rates, the number of EASY BUY’s customer accounts increased 21.7%, to 466,293, and its loan receivables outstanding jumped 79.7%, to ¥36.8 billion.

Improving efficiency by streamlining operations, we continued centralizing our service centers, which undertake concentrated operation of automatic contract machines—an initiative began in the previous fiscal year.

Credit Card Business

In the credit card business, operating income declined 4.3%, to ¥3.1 billion, and receivables outstanding were down 4.1%, to ¥47.1 billion year-on-year. This was due to a ¥3.4 billion year-on-year decrease in credit card transaction volume stemming from a fall in average transaction per purchase. As a sales strategy, we heavily promoted ACOM MasterCard®. We also emphasized a card alliance strategy aimed at enhancing productivity and efficiency. This strategy centers on sales and promotion aimed at targeted customers and reformation of sales systems. Consequently, the number of cardholders grew 5.3% during the six-month period, to 1,291,331.

Installment Sales Finance Business

In the installment sales finance business, we stepped up efforts to cultivate new membership and promote further improvement in managerial efficiency, and pursued profitability by strengthening coordination with JCK CREDIT CO., LTD., a wholly-owned subsidiary. We also boosted marketing aimed at existing member stores, an initiative continued from the past. Nevertheless, operating income declined 33.2%, to ¥5.1 billion, and receivables outstanding fell 38.6%, to ¥66.9 billion.

Guarantee Business

In the guarantee business, we solidified our alliance with RELATES CO., LTD., while stepping up support for our guarantee business alliance partners and forming alliances with new partners. At interim term-end, we had tie-ups with 14 banks, and the balance of guaranteed receivables stood at ¥98.7 billion, up 18.2% year-on-year. For the period, fees from credit guarantees rose 14.8%, to ¥2.9 billion, while operating income in the guarantee business (including entrusted fees for guarantees) surged 42.4%, to ¥4.2 billion.

Loan Servicing Business

In the loan servicing business, operating income jumped 35.8%, to ¥7.2 billion. This was mainly due to solid growth in collections of purchased loans, which increased 41.3%, to ¥6.9 billion. The balance of purchased loans grew 31.2%, to ¥20.8 billion.

Other Businesses

In the rental business, operating income rose 2.3%, to ¥2.1 billion. Operating income from other business soared 72.6%, to ¥2.3 billion.

Operating Income by Segment

	Millions of Yen			
	FY2006 (Interim)	YoY Change (%)	FY2005	FY2005 (Interim)
Loan Business	¥ 191,567	-3.9	¥ 396,485	¥ 199,358
Credit Card Business	3,125	-4.3	6,462	3,265
Installment Sales Finance Business	5,185	-33.2	14,839	7,759
Guarantee Business	4,289	42.4	6,651	3,013
Loan Servicing Business	7,226	35.8	14,117	5,323
Rental Business	2,167	2.3	4,318	2,119
Other Businesses	2,318	72.6	2,557	1,343

Receivables Outstanding by Segment

	Millions of Yen			
	FY2006 (Interim)	YoY Change (%)	FY2005	FY2005 (Interim)
Loan Business	¥ 1,692,422	-0.3	¥ 1,703,172	¥ 1,697,962
Credit Card Business	47,111	-4.1	48,120	49,129
Installment Sales Finance Business	66,926	-38.6	83,335	108,949
Loan Servicing Business	20,898	31.2	17,423	15,930

Operating Expenses

In the interim period under review, total operating expenses reached ¥157.6 billion, up ¥14.2 billion (10.0%) from the previous corresponding period. This was mainly due to an increase in loss on interest repayments in the core loan business, as well as a rise in bad debt write-offs, centering on waivers of loan principal due to the demand for interest repayments.

Other Income (Expenses)

Total other income (expenses), net, amounted to ¥315.4 billion. As mentioned earlier, this was due to a special provision for loss on interest repayments of ¥317.0 billion.

Financial Position

Balance Sheets

At September 30, 2006, consolidated total assets stood at ¥2,065.5 billion, down ¥41.1 billion from March 31, 2006. During the interim period, net assets declined ¥310.6 billion, and the shareholders' equity ratio fell 14.2 points, to 29.8%. Details about assets, liabilities, and net assets are given below.

In the assets column, total current assets declined ¥5.6 billion. Within current assets, loans receivable declined ¥10.7 billion, and notes and accounts receivable were down ¥17.5 billion. The allowance for bad debts fell ¥25.2 billion. Investments and other assets fell ¥34.2 billion. Property and equipment remained mostly unchanged, at ¥98.0 billion, while property and equipment, net (including depreciation), slipped ¥1.2 billion.

On the liabilities side, current liabilities fell ¥59.0 billion, while long-term liabilities grew ¥328.4 billion. Consequently, total liabilities increased ¥269.4 billion. The decrease in current liabilities stemmed from declines in a number of interest-bearing liability items, notably current portion of long-term debt (down ¥36.1 billion). The rise in long-term liabilities was mainly due to provision of a ¥357.5 billion allowance for loss on interest repayments.

The net assets section included an interim net loss of ¥282.1 billion and cash dividends of ¥11.0 billion. Net unrealized gains on other securities declined ¥19.8 billion. Although minority interest in consolidated subsidiaries rose ¥2.4 billion, total net assets declined ¥310.6 billion.

Cash Flows

At September 30, 2006, cash and cash equivalents stood at ¥96.6 billion, down ¥0.7 billion from March 31, 2006.

For the interim period, net cash provided by operating activities amounted to ¥51.8 billion, up ¥10.2 billion from the previous corresponding period. Major items holding down cash flows included a ¥257.2 billion loss before income taxes and a ¥25.8 billion decrease in allowance for bad debts. However, these were outweighed by factors boosting cash flows, namely a ¥333.8 billion increase in allowance for interest repayments, a ¥12.2 billion decrease in loans receivable, and an ¥18.5 billion decrease in notes and accounts receivable.

Net cash provided by investing activities totaled ¥0.3 billion, compared with ¥43.6 billion used in such activities in the previous corresponding period. Major items boosting cash flows included a ¥0.5 billion decrease in time deposits and marketable securities and ¥0.9 billion in proceeds from maturity or sale of investments in securities. Major outflows included ¥0.2 billion in purchases of investments in securities and ¥1.1 billion in purchases of property and equipment.

Net cash used in financing activities was ¥54.3 billion, up ¥2.9 billion from the previous corresponding period. This was largely because payment of principal long-term debt (amounting to ¥138.2 billion) exceeded proceeds from long-term debt (¥90.5 billion).

Cash Flows

	Millions of Yen			
	FY2006 (Interim)	YoY Change	FY2005	FY2005 (Interim)
Net Cash Provided by Operating Activities	¥ 51,812	¥ 10,264	¥ 100,226	¥ 41,548
Net Cash Provided by (Used in) Investing Activities	353	44,031	(44,973)	(43,678)
Net Cash Used in Financing Activities	(54,330)	(2,955)	(104,389)	(51,375)

Interim Consolidated Balance Sheets

(Unaudited)

ACOM CO., LTD. and Subsidiaries

September 30	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Assets			
Current assets:			
Cash and cash equivalents	¥ 96,646	¥ 92,661	\$ 819,728
Time deposits	—	15	—
Marketable securities	3,222	1,367	27,328
Loans receivable	1,692,422	1,697,962	14,354,724
Notes and accounts receivable	114,349	158,518	969,881
Purchased receivables	20,898	15,930	177,251
Inventories	4,149	6,036	35,190
Deferred tax assets	45,579	29,445	386,590
Other current assets	24,641	24,846	208,999
Allowance for bad debts	(103,838)	(122,712)	(880,729)
Total current assets	1,898,070	1,904,071	16,098,982
Property and equipment:			
Land	16,937	16,999	143,655
Buildings and structures	43,767	43,179	371,221
Equipment	37,316	35,300	316,505
	98,020	95,479	831,382
Accumulated depreciation	(47,253)	(45,177)	(400,788)
Property and equipment, net	50,766	50,301	430,585
Investments and other assets:			
Investments in securities	83,985	96,152	712,340
Investments in affiliates	10,218	9,375	86,666
Telephone rights and other intangible assets	1,240	1,381	10,517
Rental deposits	10,379	10,389	88,032
Prepaid pension expenses	1,257	292	10,661
Deferred tax assets	1,292	1,065	10,958
Other	10,528	11,095	89,296
Allowance for bad debts	(2,203)	(2,764)	(18,685)
Total investments and other assets	116,698	126,987	989,804
Total assets	¥ 2,065,535	¥ 2,081,360	\$ 17,519,380

*The translation of yen amounts into U.S. dollar amounts has been made, solely for convenience, at the rate of ¥117.90=US\$1.00, the exchange rate prevailing on September 29, 2006., from page 10 to 19.

September 30	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Liabilities and net assets			
Current liabilities:			
Short-term loans	¥ 106,752	¥ 104,600	\$ 905,445
Current portion of long-term debt	248,485	333,012	2,107,591
Accounts payable	3,233	4,631	27,421
Accrued income taxes	23,549	22,712	199,737
Deferred tax liabilities	—	0	—
Deferred income on installment sales	8,987	15,796	76,225
Allowance for loss on debt guarantees	1,895	1,524	16,072
Other current liabilities	16,750	14,809	142,069
Total current liabilities	409,653	497,086	3,474,580
Long-term liabilities:			
Long-term debt	658,196	656,651	5,582,663
Allowance for employees' retirement benefits	295	289	2,502
Allowance for directors' and corporate auditors' retirement benefits	862	803	7,311
Allowance for loss on interest repayments	357,500	—	3,032,230
Deferred tax liabilities	13,397	11,995	113,630
Other long-term liabilities	3,659	4,200	31,034
Total long-term liabilities	1,033,912	673,940	8,769,397
Total liabilities	1,443,565	1,171,027	12,243,977
Commitments and contingent liabilities			
Net assets:			
Shareholders' equity:			
Paid-in capital of common stock:			
Authorized: 532,197,400 shares at September 30, 2006 and 2005			
Issued: 159,628,280 shares at September 30, 2006 and 2005	63,832	63,832	541,407
Capital surplus	76,010	76,121	644,698
Earned surplus	482,842	767,777	4,095,351
Treasury stock, at cost			
2,433,943 shares and 2,486,241 shares at September 30, 2006 and 2005, respectively	(18,508)	(18,877)	(156,980)
Total shareholders' equity	604,177	888,854	5,124,486
Valuation and translation adjustments:			
Net unrealized gains on other securities	11,993	18,655	101,721
Deferred losses on hedges	(3)	—	(25)
Foreign currency translation adjustments	(1,507)	(1,962)	(12,782)
Total valuation and translation adjustments	10,482	16,693	88,905
Minority interests in consolidated subsidiaries	7,309	4,785	61,993
Total net assets	621,969	910,332	5,275,394
Total liabilities and net assets	¥ 2,065,535	¥ 2,081,360	\$ 17,519,380

Interim Consolidated Statements of Operations

(Unaudited)

ACOM CO., LTD. and Subsidiaries

Six-month periods ended September 30	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Operating income:			
Interest on loans receivable	¥ 188,184	¥ 195,781	\$ 1,596,132
Fees from credit card business	2,992	3,144	25,377
Fees from installment sales financing	4,496	7,291	38,134
Fees from credit guarantees	2,903	2,530	24,622
Collection of purchased receivables	6,973	4,936	59,143
Other financial income	30	15	254
Sales	4,838	3,809	41,034
Other operating income	5,461	4,673	46,318
Total operating income	215,880	222,182	1,831,043
Operating expenses:			
Financial expenses	10,136	10,472	85,971
Cost of purchased receivables	4,287	2,732	36,361
Cost of sales	3,321	2,448	28,167
General and administrative expenses	70,215	76,885	595,547
Provision for bad debts	55,260	50,064	468,702
Provision for loss on debt guarantees	1,290	786	10,941
Provision for loss on interest repayments	13,155	—	111,577
Total operating expenses	157,668	143,390	1,337,302
Operating profit	58,211	78,792	493,731
Other income (expenses):			
Other interest and dividend income	721	308	6,115
Other interest expenses	(0)	(3)	(0)
Net gain in affiliates by the equity method	465	251	3,944
Net loss on sale or disposal of fixed assets	(312)	(487)	(2,646)
Gain (loss) on sale of investments in subsidiaries and affiliates	(5)	177	(42)
Net gain on sale of investments in securities	184	0	1,560
Loss on revaluation of investments in securities	(33)	—	(279)
Impairment loss	(8)	—	(67)
Special provision for loss on interest repayments	(317,061)	—	(2,689,236)
Other, net	614	534	5,207
Total other income (expenses), net	(315,434)	780	(2,675,436)
Income (loss) before income taxes	(257,223)	79,572	(2,181,704)
Income taxes:			
Current	23,063	22,078	195,614
Deferred	1,739	11,057	14,749
Total income taxes	24,802	33,135	210,364
Minority interests in earnings of consolidated subsidiaries	115	86	975
Net income (loss)	¥ (282,140)	¥ 46,351	\$ (2,393,044)
	Yen		U.S. Dollars
Amounts per share:			
Net income (loss):			
Basic	¥(1,794.86)	¥ 294.29	\$ (15.22)
Diluted	—	294.14	—
Cash dividends	70.00	70.00	0.59

Interim Consolidated Statements of Changes in Net Assets

(Unaudited)

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, 2005	159,628	¥ 63,832	¥ 76,458	¥ 730,168	¥ (10,801)	¥ 859,658
Net income	—	—	—	46,351	—	46,351
Cash dividends	—	—	—	(8,706)	—	(8,706)
Bonuses to directors	—	—	—	(36)	—	(36)
Acquisition of treasury stock	—	—	—	—	(9,196)	(9,196)
Sale of treasury stock	—	—	(336)	—	1,120	783
Other change during the period	—	—	—	—	—	—
Balance at September 30, 2005	159,628	¥ 63,832	¥ 76,121	¥ 767,777	¥ (18,877)	¥ 888,854
Balance at March 31, 2006	159,628	¥ 63,832	¥ 76,020	¥ 776,021	¥ (18,538)	¥ 897,334
Net loss	—	—	—	(282,140)	—	(282,140)
Cash dividends	—	—	—	(11,003)	—	(11,003)
Bonuses to directors	—	—	—	(34)	—	(34)
Acquisition of treasury stock	—	—	—	—	(0)	(0)
Sale of treasury stock	—	—	(9)	—	30	21
Other change during the period	—	—	—	—	—	—
Balance at September 30, 2006	159,628	¥ 63,832	¥ 76,010	¥ 482,842	¥ (18,508)	¥ 604,177

Thousands of U.S. Dollars

Balance at March 31, 2006	\$ 541,407	\$ 644,783	\$ 6,582,027	\$ (157,234)	\$ 7,610,975
Net loss	—	—	(2,393,044)	—	(2,393,044)
Cash dividends	—	—	(93,324)	—	(93,324)
Bonuses to directors	—	—	(288)	—	(288)
Acquisition of treasury stock	—	—	—	(0)	(0)
Sale of treasury stock	—	(76)	—	254	178
Other change during the period	—	—	—	—	—
Balance at September 30, 2006	\$ 541,407	\$ 644,698	\$ 4,095,351	\$ (156,980)	\$ 5,124,486

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, 2005	¥ 6,392	¥ —	¥ (2,290)	¥ 4,101	¥ 4,699	¥ 868,459
Net income	—	—	—	—	—	46,351
Cash dividends	—	—	—	—	—	(8,706)
Bonuses to directors	—	—	—	—	—	(36)
Acquisition of treasury stock	—	—	—	—	—	(9,196)
Sale of treasury stock	—	—	—	—	—	783
Other change during the period	12,263	—	328	12,591	86	12,677
Balance at September 30, 2005	¥ 18,655	¥ —	¥ (1,962)	¥ 16,693	¥ 4,785	¥ 910,332
Balance at March 31, 2006	¥ 31,886	¥ —	¥ (1,498)	¥ 30,387	¥ 4,873	¥ 932,595
Net loss	—	—	—	—	—	(282,140)
Cash dividends	—	—	—	—	—	(11,003)
Bonuses to directors	—	—	—	—	—	(34)
Acquisition of treasury stock	—	—	—	—	—	(0)
Sale of treasury stock	—	—	—	—	—	21
Other change during the period	(19,892)	(3)	(8)	(19,904)	2,436	(17,468)
Balance at September 30, 2006	¥ 11,993	¥ (3)	¥ (1,507)	¥ 10,482	¥ 7,309	¥ 621,969

Thousands of U.S. Dollars

Balance at March 31, 2006	\$ 270,449	\$ —	\$ (12,705)	\$ 257,735	\$ 41,331	\$ 7,910,050
Net loss	—	—	—	—	—	(2,393,044)
Cash dividends	—	—	—	—	—	(93,324)
Bonuses to directors	—	—	—	—	—	(288)
Acquisition of treasury stock	—	—	—	—	—	(0)
Sale of treasury stock	—	—	—	—	—	178
Other change during the period	(168,719)	(25)	(67)	(168,821)	20,661	(148,159)
Balance at September 30, 2006	\$ 101,721	\$ (25)	\$ (12,782)	\$ 88,905	\$ 61,993	\$ 5,275,394

Interim Consolidated Statements of Cash Flows

(Unaudited)

ACOM CO., LTD. and Subsidiaries

Six-month periods ended September 30	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Operating activities			
Income (loss) before income taxes	¥ (257,223)	¥ 79,572	¥ (2,181,704)
Adjustments:			
Depreciation and amortization	2,112	2,277	17,913
Impairment loss	8	—	67
Decrease in allowance for bad debts	(25,850)	(4,830)	(219,253)
Increase (decrease) in allowance for loss on debt guarantees	248	(34)	2,103
(Decrease) increase in allowance for employees' retirement benefits	(31)	32	(262)
Increase (decrease) in allowance for directors' and corporate auditors' retirement benefits	10	(44)	84
Increase in allowance for interest repayments	333,800	—	2,831,212
Non-operating interest and dividend income	(721)	(308)	(6,115)
Non-operating interest expenses	0	3	0
Net gain in affiliates by the equity method	(465)	(251)	(3,944)
Net loss on sale or disposal of fixed assets	312	487	2,646
Bond issuance expenses	40	193	339
Net gain on sale of investments in securities	(184)	(0)	(1,560)
Loss on revaluation of investments in securities	33	—	279
Loss (gain) on sale of investments in subsidiaries and affiliates	5	(177)	42
Changes in operating assets and liabilities:			
Increase in operational investment securities	(260)	(165)	(2,205)
Decrease (increase) in loans receivable	12,296	(17,778)	104,291
Decrease in notes and accounts receivable	18,596	18,821	157,726
Increase in purchased receivables	(3,474)	(3,206)	(29,465)
Increase in inventories	(58)	(63)	(491)
(Increase) decrease in other current assets	(334)	139	(2,832)
Decrease in accounts payable	(1,553)	(1,449)	(13,172)
Decrease in deferred income on installment sales	(2,732)	(2,035)	(23,172)
Increase (decrease) in other current liabilities	2,425	(2,969)	20,568
Bonuses paid to directors	(34)	(36)	(288)
Other, net	(106)	879	(899)
Subtotal	76,858	69,057	651,891
Non-operating interest and dividends received	772	355	6,547
Non-operating interest paid	(0)	(4)	(0)
Income taxes paid	(25,818)	(27,859)	(218,982)
Net cash provided by operating activities	51,812	41,548	439,457

(Continued)

Six-month periods ended September 30	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Investing activities			
Decrease in time deposits and marketable securities	¥ 576	¥ 35	\$ 4,885
Proceeds from sale of property and equipment	58	791	491
Purchases of property and equipment	(1,197)	(1,793)	(10,152)
Proceeds from maturity or sale of investments in securities	994	426	8,430
Purchases of investments in securities	(257)	(45,630)	(2,179)
Proceeds from sale of investments of subsidiaries and affiliates	36	519	305
Decrease in other investments	142	1,972	1,204
Net cash provided by (used in) investing activities	353	(43,678)	2,994
Financing activities			
Proceeds from long-term debt	90,593	74,327	768,388
Payments of principal of long-term debt	(138,244)	(156,912)	(1,172,553)
Increase in short-term loans	4,341	48,429	36,819
Net proceeds from (acquisition of) sale of treasury stock of the Company	21	(8,423)	178
Cash dividends paid by the Company	(11,009)	(8,705)	(93,375)
Other, net	(33)	(91)	(279)
Net cash used in financing activities	(54,330)	(51,375)	(460,814)
Effect of exchange rate changes on cash and cash equivalents	(38)	246	(322)
Net decrease in cash and cash equivalents	(2,203)	(53,258)	(18,685)
Cash and cash equivalents at beginning of the period	97,399	145,920	826,115
Increase in cash and cash equivalents due to inclusion of newly consolidated subsidiaries at beginning of the period	1,450	—	12,298
Cash and cash equivalents at end of the period	¥ 96,646	¥ 92,661	\$ 819,728

Interim Non-Consolidated Balance Sheets

(Unaudited)

ACOM CO., LTD.

September 30	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Assets			
Current assets:			
Cash and cash equivalents	¥ 79,246	¥ 75,604	\$ 672,145
Marketable securities	28	86	237
Loans receivable	1,571,342	1,606,799	13,327,752
Accounts receivable	84,739	105,374	718,736
Merchandise	3,721	5,721	31,560
Prepaid expenses	2,242	2,951	19,016
Accrued income	11,808	12,154	100,152
Deferred tax assets	42,990	27,261	364,631
Other current assets	10,698	8,516	90,737
Allowance for bad debts	(96,206)	(114,240)	(815,996)
Total current assets	1,710,611	1,730,230	14,508,999
Property and equipment:			
Land	6,488	6,550	55,029
Buildings and structures	40,740	40,331	345,547
Equipment	35,676	34,035	302,595
	82,905	80,918	703,180
Accumulated depreciation	(45,573)	(44,322)	(386,539)
Property and equipment, net	37,331	36,595	316,632
Investments and other assets:			
Investments in securities	83,944	94,547	711,993
Investments in and advances to subsidiaries and affiliates	53,981	64,606	457,854
Telephone rights and other intangible assets	991	1,139	8,405
Rental deposits	10,316	10,518	87,497
Prepaid pension expenses	1,237	285	10,491
Other	9,985	10,759	84,690
Allowance for bad debts	(2,200)	(2,760)	(18,659)
Total investments and other assets	158,256	179,096	1,342,290
Total assets	¥ 1,906,199	¥ 1,945,922	\$ 16,167,930

September 30	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Liabilities and net assets			
Current liabilities:			
Short-term loans	¥ 60,000	¥ 67,000	\$ 508,905
Current portion of long-term debt	217,685	315,862	1,846,352
Accounts payable	1,068	1,151	9,058
Accrued income taxes	22,800	20,958	193,384
Accrued expenses	10,812	11,421	91,704
Deferred income on installment sales	4,574	7,007	38,795
Allowance for loss on debt guarantees	3,810	2,990	32,315
Other current liabilities	3,504	1,414	29,720
Total current liabilities	324,256	427,805	2,750,262
Long-term liabilities:			
Long-term debt	603,467	604,435	5,118,464
Allowance for directors' and corporate auditors' retirement benefits	733	705	6,217
Deferred tax liabilities	7,954	7,509	67,463
Allowance for loss on interest repayments	357,500	—	3,032,230
Other long-term liabilities	2,294	2,737	19,457
Total long-term liabilities	971,949	615,387	8,243,842
Total liabilities	1,296,205	1,043,193	10,994,105
Commitments and contingent liabilities			
Net assets:			
Shareholders' equity:			
Paid-in capital of common stock:			
Authorized: 532,197,400 shares at September 30, 2006 and 2005			
Issued: 159,628,280 shares at September 30, 2006 and 2005	63,832	63,832	541,407
Capital surplus:			
Capital legal reserve	72,322	72,322	613,418
Net gain on sale of treasury stock	3,688	3,799	31,280
Total capital surplus	76,010	76,121	644,698
Earned surplus:			
Earned legal reserve	4,320	4,320	36,641
Retained earnings	472,735	759,120	4,009,626
Total earned surplus	477,056	763,441	4,046,276
Treasury stock, at cost			
2,433,943 shares and 2,486,241 shares			
at September 30, 2006 and 2005, respectively	(18,508)	(18,877)	(156,980)
Total shareholders' equity	598,391	884,518	5,075,411
Valuation and translation adjustments:			
Net unrealized gains on other securities	11,602	18,210	98,405
Total net assets	609,994	902,728	5,173,825
Total liabilities and net assets	¥ 1,906,199	¥ 1,945,922	\$ 16,167,930

Interim Non-Consolidated Statements of Operations

(Unaudited)

ACOM CO., LTD.

Six-month periods ended September 30	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Operating income:			
Interest on loans receivable	¥ 177,020	¥ 185,502	\$ 1,501,441
Fees from credit card business	2,955	3,109	25,063
Fees from installment sales financing	1,913	3,132	16,225
Fees from credit guarantees	4,780	4,113	40,542
Other financial income	27	14	229
Other operating income	4,209	4,440	35,699
Total operating income	190,906	200,312	1,619,219
Operating expenses:			
Financial expenses	8,511	9,296	72,188
General and administrative expenses	60,102	68,126	509,770
Provision for bad debts	49,713	45,061	421,653
Provision for loss on debt guarantees	2,630	1,687	22,307
Provision for loss on interest repayments	13,155	—	111,577
Total operating expenses	134,113	124,171	1,137,514
Operating profit	56,793	76,140	481,704
Other income (expenses):			
Other interest and dividend income	919	560	7,794
Net loss on sale or disposal of fixed assets	(342)	(506)	(2,900)
Gain on sale of investments in securities	198	—	1,679
Gain on sale of investments in subsidiaries and affiliates	21	286	178
Loss on revaluation of investments in securities	(23)	—	(195)
Impairment loss	(8)	—	(67)
Special provision for loss on interest repayments	(317,061)	—	(2,689,236)
Other, net	653	288	5,538
Total other income (expenses), net	(315,642)	628	(2,677,201)
Income (loss) before income taxes	(258,849)	76,768	(2,195,496)
Income taxes:			
Current	22,330	20,380	189,397
Deferred	1,563	10,631	13,256
Total income taxes	23,893	31,011	202,654
Net income (loss)	¥ (282,742)	¥ 45,757	\$ (2,398,150)
		Yen	U.S. Dollars
Amounts per share:			
Net income (loss):			
Basic	¥(1,798.69)	¥ 290.52	\$ (15.25)
Diluted	—	290.37	—
Cash dividends	70.00	70.00	0.59

Interim Non-Consolidated Statements of Changes in Net Assets (Unaudited)

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, 2005	159,628	¥ 63,832	¥ 72,322	¥ 4,135	¥ 76,458	¥ 4,320	¥ 722,106	
Net income	—	—	—	—	—	—	45,757	
Cash dividends	—	—	—	—	—	—	(8,706)	
Bonuses to directors	—	—	—	—	—	—	(36)	
Acquisition of treasury stock	—	—	—	—	—	—	—	
Sale of treasury stock	—	—	—	(336)	(336)	—	—	
Other change during the period	—	—	—	—	—	—	—	
Balance at September 30, 2005	159,628	¥ 63,832	¥ 72,322	¥ 3,799	¥ 76,121	¥ 4,320	¥ 759,120	
Balance at March 31, 2006	159,628	¥ 63,832	¥ 72,322	¥ 3,697	¥ 76,020	¥ 4,320	¥ 766,515	
Net loss	—	—	—	—	—	—	(282,742)	
Cash dividends	—	—	—	—	—	—	(11,003)	
Bonuses to directors	—	—	—	—	—	—	(34)	
Acquisition of treasury stock	—	—	—	—	—	—	—	
Sale of treasury stock	—	—	—	(9)	(9)	—	—	
Other change during the period	—	—	—	—	—	—	—	
Balance at September 30, 2006	159,628	¥ 63,832	¥ 72,322	¥ 3,688	¥ 76,010	¥ 4,320	¥ 472,735	

Thousands of U.S. Dollars

Balance at March 31, 2006	\$ 541,407	\$ 613,418	\$ 31,357	\$ 644,783	\$ 36,641	\$ 6,501,399
Net loss	—	—	—	—	—	(2,398,150)
Cash dividends	—	—	—	—	—	(93,324)
Bonuses to directors	—	—	—	—	—	(288)
Acquisition of treasury stock	—	—	—	—	—	—
Sale of treasury stock	—	—	(76)	(76)	—	—
Other change during the period	—	—	—	—	—	—
Balance at September 30, 2006	\$ 541,407	\$ 613,418	\$ 31,280	\$ 644,698	\$ 36,641	\$ 4,009,626

Millions of Yen

	Total earned surplus	Treasury stock	Total share- holders' equity	Net unrealized gains on other securities	Total net assets
Balance at March 31, 2005	¥ 726,426	¥ (10,801)	¥ 855,916	¥ 6,384	¥ 862,301
Net income	45,757	—	45,757	—	45,757
Cash dividends	(8,706)	—	(8,706)	—	(8,706)
Bonuses to directors	(36)	—	(36)	—	(36)
Acquisition of treasury stock	—	(9,196)	(9,196)	—	(9,196)
Sale of treasury stock	—	1,120	783	—	783
Other change during the period	—	—	—	11,825	11,825
Balance at September 30, 2005	¥ 763,441	¥ (18,877)	¥ 884,518	¥ 18,210	¥ 902,728
Balance at March 31, 2006	¥ 770,836	¥ (18,538)	¥ 892,150	¥ 31,258	¥ 923,408
Net loss	(282,742)	—	(282,742)	—	(282,742)
Cash dividends	(11,003)	—	(11,003)	—	(11,003)
Bonuses to directors	(34)	—	(34)	—	(34)
Acquisition of treasury stock	—	(0)	(0)	—	(0)
Sale of treasury stock	—	30	21	—	21
Other change during the period	—	—	—	(19,655)	(19,655)
Balance at September 30, 2006	¥ 477,056	¥ (18,508)	¥ 598,391	¥ 11,602	¥ 609,994

Thousands of U.S. Dollars

Balance at March 31, 2006	\$ 6,538,049	\$ (157,234)	\$ 7,567,005	\$ 265,122	\$ 7,832,128
Net loss	(2,398,150)	—	(2,398,150)	—	(2,398,150)
Cash dividends	(93,324)	—	(93,324)	—	(93,324)
Bonuses to directors	(288)	—	(288)	—	(288)
Acquisition of treasury stock	—	(0)	(0)	—	(0)
Sale of treasury stock	—	254	178	—	178
Other change during the period	—	—	—	(166,709)	(166,709)
Balance at September 30, 2006	\$ 4,046,276	\$ (156,980)	\$ 5,075,411	\$ 98,405	\$ 5,173,825

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 Interim Operating Income:	Unsecured loan business and guarantee business August 2001 ¥14,341 million 54.73% ¥7,286 million
JCK CREDIT CO., LTD. Nishi-Shinjuku Kimuraya Bldg. 5-25, Nishi-Shinjuku 7-chome, Shinjuku-ku, Tokyo, Japan Telephone : (03) 5338-1321	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Interim Operating Income:	Installment sales finance business and loan business October 1984 ¥500 million 100.0% ¥742 million
IR Loan Servicing, Inc.¹ 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 Interim Operating Income:	Loan servicing business June 2000 ¥520 million 80.0% ¥7,286 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 Interim Operating Income:	Entrusted call center functions business from banks March 1998 ¥300 million 100.0% ¥593 million
AC Ventures Co., Ltd. 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone : (03) 3834-2121 (Ueno office)	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Interim Operating Income:	Development, investment, promotion and support of venture companies April 1996 ¥100 million 100.0% ¥190 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 Interim Operating Income:	Comprehensive rental business October 1999 ¥320 million 100.0% ¥2,185 million
JLA INCORPORATED 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 Interim Operating Income:	Advertising agency, interior design and construction of service outlets May 1972 ¥45 million 100.0% ¥7,689 million
AJAST Ltd.² ACOM Fujimi Bldg. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3221-9408	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Interim Operating Income:	Insurance agency business February 1992 ¥4 million 25.0%, (75.0%) ⁴ ¥16 million
ACOM ESTATE CO., LTD. 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 Interim Operating Income:	Real estate management business March 1996 ¥7,540 million 100.0% ¥656 million

ABS CO., LTD. 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 Interim Operating Income:	Maintenance of buildings and other properties October 1997 ¥30 million 0.0% (100.0%) ⁴ ¥789 million
AB PARTNER CO., LTD. ³ 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 Interim Operating Income:	Entrusted back-office (clerical work) services November 2000 ¥300 million 95.0% ¥1,977 million
EASY BUY Public Company Limited 11th, 13th Floor Ramaland Building, 952 Rama 4 Road, Kwaeng Suriyawong, Khet Bangrak, Bangkok Kingdom of Thailand	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Interim Operating Income:	Unsecured loan business and hire purchase business in Thailand September 1996 THB 200 million 49.0% ⁵ THB 2,430 million ⁷
ACOM FUNDING CO., LTD. M&C Corporate Services Limited, PO Box 309GT, Uglan House, South Church Street, Grand Cayman, Cayman Islands, British West Indies	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY06 Interim Operating Income:	Financial services for ACOM (Special Purpose Company) July 2002 US\$1,000 100.0% ¥2 million ⁷
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 Interim Operating Income:	— ⁶ December 1986 US\$34 million 100.0% — ⁷

Equity-Method Affiliate

DC Card Co., Ltd. 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 Interim Operating Income:	Credit card, loan, loan guarantee, and contraction for automated fund transfer, etc. December 1967 ¥7,600 million 20.33% ¥48,500 million
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- *Notes: 1. IR Loan Servicing, Inc. established 2 Special Purpose Companies, (1) Power Investments LLC on August 24, 2006 and (2) Yugensekinin-Chukanhojin Mirai Capital on August 28, 2006, in order to purchase monetary claims, etc., though these are omitted in the above.
2. AJAST Ltd. abolished its insurance agency business including clerical services on October 2, 2006.
3. AB PARTNER CO., LTD. started insurance agency business including clerical services on October 2, 2006.
4. Figures in parentheses indicate indirect ownership by ACOM CO., LTD.
5. 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.
6. ACOM (U.S.A.) INC. suspended its operation, therefore, summaries of its business are omitted, and further business scheme is under consideration.
7. Interim period ended June 2006.

- Reference 1. AC Ventures Fourth Investment Partnership and AC Ventures Fifth Investment Partnership are consolidated subsidiaries, though they are omitted in the above.
2. Following the announcement "PITF No. 20 Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" (Accounting Standards Board of Japan, September 8, 2006), three new Investment Partnerships (MTBC First, Second, and Third Investment Partnerships) are included as consolidated subsidiary companies from this interim consolidated fiscal year, though they are omitted in the above.

Board of Directors

As of September 30, 2006

Directors

Chairman

Kyosuke Kinoshita

Deputy Chairman

Yuji Ohashi

President

Shigeyoshi Kinoshita

Senior Managing Director

Masayoshi Tatsuta

Kazuhiro Shimada

Managing Director

Shigeru Akaki

Junya Fukuda

Osamu Moriya

Satoru Tomimatsu

Kiyoshi Tachiki

Director

Katsunori Nagayasu (Outside)

Statutory Auditors

Tatsuaki Murata

Koichi Shimizu

Satoshi Ito (Independent)

Norikatsu Takahashi (Independent)

Executive Officer

President & Chief Executive Officer

Shigeyoshi Kinoshita

Senior Executive Managing Officer

Masayoshi Tatsuta

General Affairs Department
Credit Supervision Department No.1
Credit Supervision Department No.2

Kazuhiro Shimada

Corporate Planning Department
Corporate Management Department
Overseas Business
Development Department
Affiliated Enterprises &
Business Development Department
Guarantee Business Department

Executive Managing Officer

Shigeru Akaki

Treasury Department
Human Resources Department

Junya Fukuda

Customer Relations Department
Operation Risk Management
Department
System Development &
Administration Department

Osamu Moriya

Internal Audit Department
Legal Department
Business Ethics Office
Employment Counseling Office

Satoru Tomimatsu

Advertising Department
Business Planning Department
Business Promotion Department
Business Promotion Department No.1
Business Promotion Department No.2
Business Promotion Department No.3
Business Promotion Department No.4
Credit Card/Installment Business Department

Kiyoshi Tachiki

Retail Strategy Planning Office
(Chief General Manager)
Public Relations Department

Executive Officer

Shozo Tanaka

Kenji Ando

Shigeru Sato

Masahiko Shinshita

Tsukasa Ashizuka

Etsuro Tabuchi

Kazuo Fukumoto

Corporate Information

As of September 30, 2006

Company Name	ACOM CO., LTD.	Number of Employees	3,767
Incorporated	October 23, 1978	Head Office	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8307, Japan
Established	April 2, 1936	Independent Auditors	SHIN NIHON & CO. (Member firm of ERNST & YOUNG INTERNATIONAL)
Paid-in Capital	¥63,832 million		
Business Outline	Loan, Credit Card, Installment Sales Finance, and Guarantee		

Investor Information

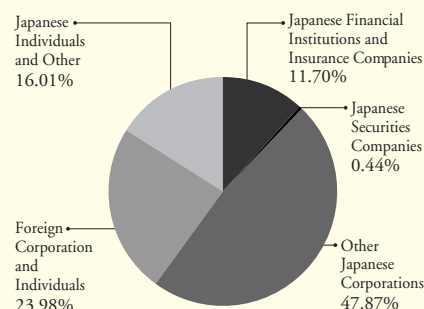
As of September 30, 2006

Principal Shareholders

Name	Number of shares held	% of ownership of voting right
Maruito Shokusan Co., Ltd.	27,346,755	17.40
Mitsubishi UFJ Financial Group, Inc.	20,732,340	13.19
Hero & Co.*	15,207,401	9.67
Maruito Co., Ltd.	12,553,343	7.99
Kinoshita Memorial Foundation	9,219,232	5.87
Maruito Shoten Co., Ltd.	3,873,320	2.46
Kyosuke Kinoshita	3,240,321	2.06
Katsuhiro Kinoshita	3,230,368	2.06
Shigeyoshi Kinoshita	3,220,164	2.05
Mitsubishi UFJ Trust and Banking Corporation	3,157,280	2.01

*Hero & Co. is a nominee of The Bank of New York, which is a depository and transfer agent for American Depositary Receipts (ADR).

Breakdown of Shareholders



ADR (American Depositary Receipts) Information

Type: Sponsored Level-1 Program
ADR Ratio: 4ADRs : 1 Ordinary Share
Symbol: ACMUY
CUSIP: 004845202
Market: The U.S. Market for OTC (Over-the-Counter)
Depository Bank:
The Bank of New York
 101 Barclay Street, 22W, NEW YORK, NY 10286, U.S.A.
 TEL: 1-212-815-2042
 Toll-free number from the United States:
 888-269-2377 (888-BNY-ADRS)
 URL: <http://www.adrbny.com>

Other Data

Transfer Agent:
Mitsubishi UFJ Trust and Banking Corporation
Stock Listing:
First Section of Tokyo Stock Exchange
General Shareholders' Meeting:
June 22, 2006
Number of Stock Issued:
159,628,280
Number of Shareholders:
13,832

For Further Information, Please Contact;

Investor Relations Office

Meiji Yasuda Seimei Bldg.(8th Floor), 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8307, Japan
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