

Interim Report 2008

Six months ended September 30, 2007

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 belief in light of the information currently available to it and involve risks and uncertainties and actual results may differ from those in the forward-looking statements as a result of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest Rate Restriction Law, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.

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, 2007)

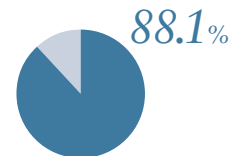
Loan Business

The loan business, centering on unsecured loans for consumers, is the ACOM Group's core business, accounting for 88.1% of consolidated operating income in the interim period ended September 30, 2007. ACOM has acquired advanced credit screening expertise based on data from more than 8.5 million customers it has served in the past. We are utilizing this expertise to provide services through various channels, including our automatic contract machines, the internet, and mobile phones.

Moving quickly to address new laws governing the maximum interest rate on loans, ACOM is working hard to meet the expectations of new customers and attract a segment of low-risk borrowers.

Meanwhile, two subsidiaries in this business continue to steadily expand their businesses: DC Cash One Ltd. amid difficult circumstances and EASY BUY Public Company Limited (hereinafter EASY BUY), our subsidiary in Thailand, which reported a double-digit rise in the balance of loans receivable.

According to the 2007 edition of Consumer Credit Statistics of Japan (published by the Japan Consumer Credit Industry Association), the domestic consumer loan market is currently approximately ¥10 trillion in terms of loans receivable outstanding. With a share of around 16%, ACOM is one of the leading players in this market.



Diversified Financial Services

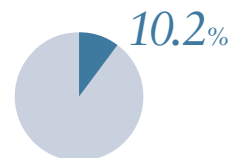
Guarantee Business

ACOM provides guarantees on unsecured personal loans via alliances with financial institutions, centering on prominent regional banks. By combining the brand power and sales channels offered by banks with ACOM's credit screening and collection expertise related to unsecured consumer loans, from product planning to loan collection we are able to provide guarantee arrangements tailored to the needs of alliance partners. As of September 30, 2007, the ACOM Group had tie-ups with 14 banks. Its balance of guaranteed loans receivable has continued to increase, reaching ¥113.3 billion at interim period-end.

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 are promoting credit card issuance via immediate card-issuing machines linked to our network of MUJINKUN automatic contract machines. We are also focusing on credit card alliances with large-scale retail chains and other companies with strong customer-attraction power. Given the constraints of the Interest Rate Restriction Law, however, it has become difficult to generate ample profits from the issue of alliance cards. For this reason, we will place greater emphasis on promoting ACOM MasterCard® to our loan customers. As of September 30, 2007, there were 1,015 thousand holders of cards issued by the ACOM Group.



Installment Sales Finance Business

In this segment, the ACOM Group specializes in installment sales finance services to facilitate the purchase of items through agreements we have with affiliated retailers. When a customer wishes to purchase a high-priced item, we pay the retailer in advance, and the customer reimburses us in subsequent installments.

According to Consumer Credit Statistics of Japan, the market for this service in Japan is estimated to be around ¥10 trillion, and the ACOM Group's share is just under 1%. In Asia, where there is significant growth potential, we are expanding our hire purchase (installment sales finance) business through EASY BUY, our subsidiary in Thailand.

On April 1, 2007, our domestic installment sales finance business was reorganized into a new company, AFRESH CREDIT CO., LTD., which combines the entire ACOM Group's business foundation and expertise related to installment sales finance. In this way, we are working to build a new base for our installment sales finance business.

Loan Servicing Business

ACOM entered the loan servicing business by taking an equity stake in IR Loan Servicing, Inc. In addition to the purchase of loans and debt collection services, IR Loan Servicing is developing a comprehensive loan servicing business, including 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. According to the Ministry of Justice, the balance of receivables in this market at the end of December 2006 was ¥193 trillion.

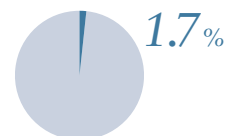
Other Businesses

Rental Business

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

Other Businesses

Other activities of the ACOM Group include life and non-life insurance agency services and real-estate-related activities.



Financial Highlights

ACOM CO., LTD. and Subsidiaries

| | Millions of Yen | | | | |
|--|-------------------|-------------------|--------------|-------------------|-----------|
| | 2005/3 | 2006/3 | 2006/9 | 2007/3 | 2007/9 |
| Profit and Loss Related: | | | | | |
| Operating Income | ¥ 433,965 | ¥ 445,431 | ¥ 215,880 | ¥ 423,652 | ¥ 196,654 |
| Operating Expenses | 289,604 | 335,039 | 157,668 | 508,755 | 147,255 |
| Bad-debt-related Expenses ^{*1} | 108,453 | 117,125 | 56,551 | 137,595 | 66,493 |
| Interest-repayment-related Expenses ^{*2} | — | 37,228 | 13,155 | 200,147 | 0 |
| Other Operating Expenses | 181,151 | 180,685 | 87,962 | 171,013 | 80,762 |
| Operating Profit (Loss) | 144,361 | 110,392 | 58,211 | (85,102) | 49,398 |
| Net Income (Loss) | 81,533 | 65,595 | (282,140) | (437,972) | 24,845 |
| Cash Flow Related: | | | | | |
| Net Cash Provided by Operating Activities | 141,014 | 100,226 | 51,812 | 99,944 | 67,068 |
| Net Cash Provided by (Used in) Investing Activities | (17,350) | (44,973) | 353 | 308 | 10,174 |
| Net Cash Used in Financing Activities | (136,508) | (104,389) | (54,330) | (53,464) | (69,410) |
| Free Cash Flow | 123,664 | 55,253 | 52,165 | 100,252 | 77,242 |
| Balance Sheet Related: | | | | | |
| Total Assets | 2,077,334 | 2,106,681 | 2,065,535 | 2,031,829 | 1,919,254 |
| Receivables Outstanding ^{*3} | 1,856,962 | 1,834,628 | 1,806,460 | 1,734,139 | 1,655,356 |
| Total Amount of Bad Debts | 83,961 | 114,371 | 137,112 | 149,453 | 142,826 |
| Allowance for Bad Debts | 130,532 | 131,620 | 106,042 | 128,798 | 132,026 |
| Allowance for Loss on Interest Repayments | — | — | 357,500 | 490,000 | 424,033 |
| Net Assets ^{*4} | 863,760 | 927,722 | 614,660 | 450,073 | 463,728 |
| Yen | | | | | |
| Per Share: | | | | | |
| Net Income (Loss), Basic | ¥ 516.23 | ¥ 416.69 | ¥ (1,794.86) | ¥ (2,786.19) | ¥ 158.05 |
| Net Assets ^{*4} | 5,456.39 | 5,901.69 | 3,910.19 | 2,863.16 | 2,950.03 |
| Cash Dividends | 100 ^{*8} | 140 ^{*8} | 70 | 100 ^{*8} | 50 |
| % | | | | | |
| Financial Ratios: | | | | | |
| Profitability | | | | | |
| Operating Profit Margin | 33.3 | 24.8 | — | (20.1) | — |
| ROE ^{*5} | 10.4 | 7.3 | — | (63.6) | — |
| Efficiency | | | | | |
| ROA1 (Net Income to Total Assets) ^{*5} | 3.9 | 3.1 | — | (21.2) | — |
| ROA2 (Net Income to Receivables Outstanding) ^{*5} | 4.4 | 3.6 | — | (24.5) | — |
| Stability (Non-consolidated) | | | | | |
| Ratio of Shareholders' Equity | 41.6 | 44.0 | — | 22.2 | — |
| Bad Debt Ratio (Gross Basis)[Non-consolidated] ^{*6} | 5.1 | 6.9 | — | 9.4 | — |
| Bad Debt Coverage Ratio[Non-consolidated] ^{*7} | 150.7 | 112.0 | — | 85.6 | — |

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

4. Net assets excludes minority interests in consolidated subsidiaries.

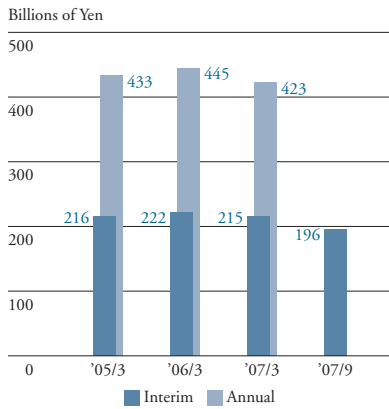
5. ROE and ROA are calculated using the simple average of beginning and end of term balance sheet figures.

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

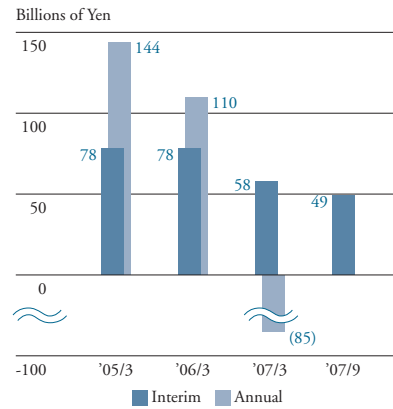
7. Bad debt coverage ratio = Allowance for bad debts / Total amount of bad debts

8. Annual cash dividends per share

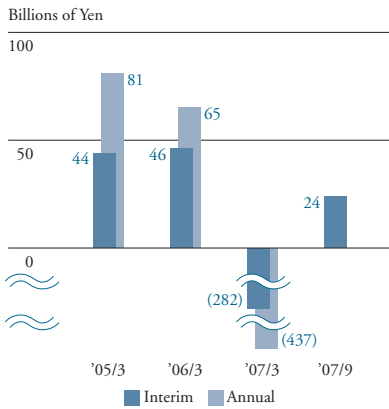
Operating Income



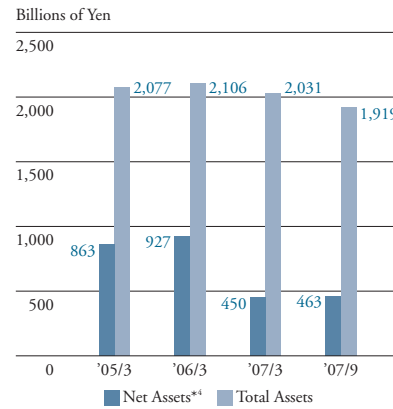
Operating Profit



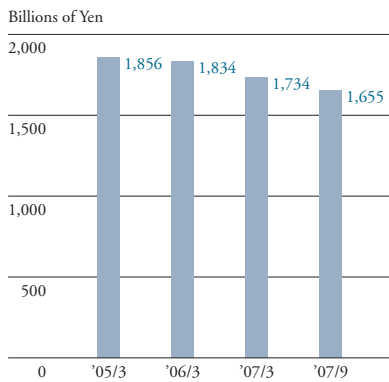
Net Income (Loss)



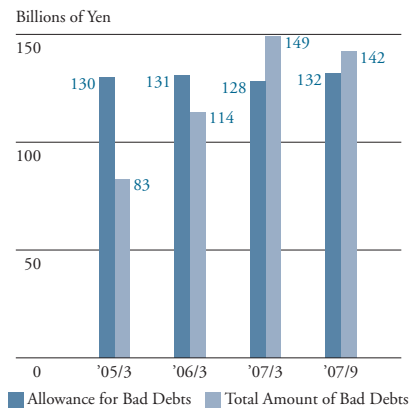
Net Assets and Total Assets



Receivables Outstanding



Allowance for Bad Debts and Total Amount of Bad Debts



Message from the Management



Shigeyoshi Kinoshita President & CEO

Interim Period in Review

Since the beginning of fiscal 2007, business conditions surrounding the ACOM Group have grown increasingly difficult for a number of reasons. These include heightened requests among borrowers for interest repayments, a reduction in the maximum interest rate on loans, and the incremental enactment of the Money-Lending Business Law, which incorporates regulations governing overall lending volumes. Other factors include stepped-up corporate reorganization within the consumer credit industry and intensified competition from other segments of the financial services market.

Facing these challenges, the ACOM Group posted consolidated operating income of ¥196.6 billion, down ¥19.2 billion, or 8.9%, from the previous corresponding period. The primary reason was a decrease in interest on loans receivable from the parent company's core loan business, due to declines in the loans receivable and loan yields. Meanwhile, operating expenses fell ¥10.4 billion, or 6.6%, to ¥147.2 billion, as the parent company made no further provisions for loss on interest repay-

ments and reduced general and administrative expenses. Because the magnitude of the decline in operating expenses was less than that of operating income, operating profit fell ¥8.8 billion, or 15.1%, to ¥49.3 billion. Interim net income amounted to ¥24.8 billion, due to a ¥16.7 billion loss on revaluation and liquidation of investments in securities and ¥9.0 billion for prior income taxes.

On a non-consolidated basis, operating income declined 12.8%, to ¥166.5 billion, for the same reasons that affected consolidated operating income. Compared with its initial forecasts, in this regard, interest on loans receivable was up ¥4.9 billion, while bad-debt-related expenses were down ¥8.5 billion, and other operating expenses were down ¥3.1 billion. Accordingly, non-consolidated operating profit totaled ¥47.2 billion, or ¥18.1 billion higher than the initial forecast. However, interim net income, totaling ¥25.8 billion, was ¥3.3 billion lower than the initial forecast, due to a loss on revaluation and liquidation of investments in securities and prior income taxes.

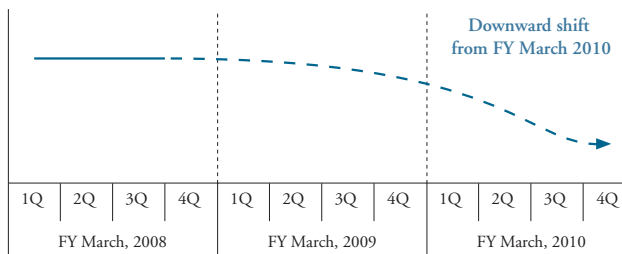
Write-Offs of Allowance for Loss on Interest Repayments

In the previous fiscal year, the Group made a ¥490 billion allowance for loss on interest repayments. At that time, we predicted that interest repayments would be at a high level until the fiscal year ending March 2009, then loans subject to interest repayment claims would decline from the following year. Another factor in the projected downturn is a reorganization

of our loan portfolio. In addition, a write-off of the allowance for loss on interest repayments in the current fiscal year was also taken into consideration when the allowance was established. Moreover, the Group's independent auditor has judged that the allowance for loss on interest repayments at the end of the interim period under review was at an appropriate level.

At the beginning of the current fiscal year, the Group projected that interest repayments and bad debt write-offs with interest repayment claims would together total ¥137.5 billion for the year. At the end of the first quarter, the amount had reached around 25% of our projection, growing to 48% at the end of the interim period under review—almost exactly reflecting our forecast. In the second half of the period, as well, we believe that interest repayments will remain at current levels, and thus will be kept within our initial projections. Therefore, we have no plans to increase the allowance in the current fiscal year.

Estimate on the number of requests for interest repayments



Progress of Group Management Reformation

The ACOM Group has moved quickly to meet the provisions of the revised Money-Lending Business Law. The parent company has already reorganized its unsecured loan products, all of which now fall below the maximum permitted interest rate under the Interest Rate Restriction Law. We are seeking to build a low-cost business model that can generate consolidated operating profit of ¥50 billion or more per year, even if the average yield on unsecured loans falls to the 16-17% range. To this end, we are making Groupwide efforts to cut “other operating expenses” (operating expenses apart from financial expenses, bad-debt-related expenses and interest-repayment-related expenses). Specifically, we are targeting a ¥40 billion or more reduction in general and administrative expenses compared with the fiscal year ended March 2006, centering on cuts in personnel, advertising, and

computer-related expenses.

In the fiscal year ending March 2007, we achieved a ¥14.5 billion reduction in such expenses, and we plan to cut a further ¥17.9 billion in the current fiscal year, for a combined total of ¥32.4 billion.

By the year ending March 2011, we are confident of making further cost reductions of at least ¥11.0 billion (compared with the year ended March 2006) through the introduction of new core systems and additional efficiency improvements.

In the year ending March 2011, therefore, we are targeting ¥87 billion in other operating expenses, down ¥40 billion from the year ended March 2006. At this stage, our program to reduce operating costs is progressing at a faster pace than initially envisaged.

Progress in Growth Strategies

Rebuilding Our Loan Business Model

We are continuing to rebuild our loan business model to meet the requirements of the revised Money-Lending Business Law. For example, we are promoting new financial products that conform to the Interest Rate Restriction Law, which came into effect on June 18, 2007. In addition to targeting new customers, we are actively encouraging high-quality existing customers, identified through data analysis, to switch to our new products. In the interim period under review, we provided low-interest loan products to around 200,000 new and existing customers, generating about ¥110 billion in loan receivables in the new interest rate range. As a result, the balance of loans yielding between 15% and 18% accounted for 20.1% of total loans receivable at interim term-end. Nevertheless, we have revised our fiscal year-end target to 40.3%, down from our initial goal of 46.6%. This is due to

time lags between making proposals and actually changing contracts, which has caused some delays in switchovers to new products compared with our initial projection.

In April 2007, we adopted more stringent lending criteria in advance of launching our new low-interest loan products. Given interest rate regulations under the Interest Rate Restriction Law, we can no longer accept risky loan applications, and for this reason the lending ratio has fallen sharply, to the 30% range at one stage. However, this recovered to around 40% in August and September. Contributing to this turnaround is our credit screening system for consumer loans, which represents one of ACOM’s key strengths. Other factors include our meticulous risk evaluation procedures, which have enabled us to identify new customers from segments that at first glance appeared too risky. In addition, we have enjoyed an increase in new loan applications from high-quality customers.

Expanding Our Business Alliance with MUFG

One of our future growth strategies is to attract high-quality customers by swiftly fostering ACOM's image as a company that offers relief, confidence, and low prices in its loan business. At the same time, we are reinforcing our alliance with the Mitsubishi UFJ Financial Group, Inc. (MUFG); using our strengths to expand other businesses, such as the loan guarantee business; and tapping overseas markets.

To cite a recent example, we have begun providing guarantees for BANQUIC, a new card loan product launched by the Bank of Tokyo-

Mitsubishi UFJ, Ltd. (BTMU) on November 5, 2007. In addition, we are preparing to enter the business of credit guarantees for small business loans. Overseas, we are focusing on rapidly growing Asian markets, such as Thailand, where we are expanding our business. Together with BTMU, meanwhile, we have agreed to acquire shares in PT. BANK NUSANTARA PARAHYANGAN Tbk, a bank in Indonesia. We hope to commence operations under the new arrangement in January 2008 after receiving approvals from the financial authorities.

We look forward to stepping up the strategic alliance between MUFG and the ACOM Group in the future.

Full-Year Outlook; Shareholder Return

Given our performance in the interim period under review and the progress of operational reforms being undertaken, we have made the following forecasts for the year ending March 2008. On a consolidated basis, we project operating income of ¥373.5 billion (down ¥50.1 billion, or 11.8%), operating profit of ¥66.8 billion, and net income of ¥39.1 billion. On a non-consolidated basis, we forecast operating income of ¥309.1 billion (down ¥61.6 billion, or 16.6%), operating profit of ¥63.7 billion, and net income of ¥40.1 billion.

With respect to appropriation of earnings, our policy is to actively and continuously return profits to shareholders through dividends, while taking into consideration recent economic and financial conditions and our business performance. At the same time, we are working to restore the shareholders' equity ratio to our target, which is in the mid-30-percent

range. Based on this policy, we declared an interim dividend of ¥50.00 and plan to declare a year-end dividend of ¥50.00, bringing total annual dividends to ¥100.00 per share.

Full-Year Forecasts for FY2007

| | Billions of Yen | | | |
|------------------------|-----------------|----------------|------------------|----------------|
| | Consolidated | | Non-Consolidated | |
| | Forecast | YoY Change (%) | Forecast | YoY Change (%) |
| Operating income . . | ¥ 373.5 | -11.8 | ¥ 309.1 | -16.6 |
| Operating profit . . . | 66.8 | — | 63.7 | — |
| Net loss | 39.1 | — | 40.1 | — |

Toward a “New ACOM”

Going forward, the ACOM Group will strive to implement its committed management reformation, while generating solid earnings from its domestic unsecured loan business, its core income source. At the same time, we will nurture our diversified financial services, such as the guarantee business, and pursue new initiatives via our alliance with MUFG. In these ways, we will return the Group to a path of growth and underpin the emergence of a “new ACOM.” In addition, we will take the initiative to

ensure proper legal and ethical compliance and build a reputation as a company that offers relief, confidence, and low prices. Serving as a “Best Partner for Life” for our customers, we will embrace various measures to ensure the sound development of Japan's consumer credit market.

On behalf of the ACOM Group, I look forward to your unwavering support and guidance as we tackle the challenges of the future.



Shigeyoshi Kinoshita
President & Chief Executive Officer

Review and Analysis of Consolidated Results

Overall Performance

In the first half of fiscal 2007—the six months ended September 30, 2007—consolidated operating income amounted to ¥196.6 billion, down ¥19.2 billion, or 8.9%, from the previous corresponding period. There were several reasons for the decline. For a start, the average yield over the period on unsecured consumer loans extended by the parent company fell to 21.54%, down 105 basis points from the previous corresponding period. Other factors included a ¥156.7 billion, or 10.3%,

decline in the balance of receivables outstanding, to ¥1,362.4 billion.

Operating expenses fell 6.6%, to ¥147.2 billion, owing mainly to declines in general and administrative expenses, as well the absence of provision for loss on interest repayments during the period. As a result, operating profit decreased 15.1%, to ¥49.3 billion. The Group also posted a ¥16.7 billion loss on revaluation and liquidation of investments in securities. Accordingly, interim net income amounted to ¥24.8 billion.

Results by Segment

Loan Business

At September 30, 2007, consolidated receivables outstanding in the ACOM Group's core loan business amounted to ¥1,561.4 billion, down ¥70.8 billion from March 31, 2007. Consequently, interest on loans receivable fell to ¥169.4 billion, down 9.9% from the previous corresponding period. As a result, operating income from the loan business declined 9.5%, to ¥173.2 billion.

On a non-consolidated basis, receivables outstanding in the loan business totaled ¥1,406.9 billion, down 10.5% from a year earlier. Operating income fell 12.5% year-on-year, to ¥157.5 billion. Responding to a reduction in the maximum lending rate, since April 2007 the parent company has drastically modified its criteria for new unsecured consumer loan contracts. As a result, the number of new customer accounts during the interim period fell to 89 thousand down 40.7%.

By contrast, consolidated subsidiary DC Cash One Ltd. (hereinafter DC

Cash One), which already conforms to the interest rate requirements of the Interest Rate Restriction Law, took full advantage of its affiliation with the Mitsubishi UFJ Financial Group, Inc. to post moderate growth. DC Cash One's operating income climbed 6.9%, to ¥6.8 billion, and its receivables outstanding grew 3.7%, to ¥82.9 billion. Due to the negative public image of the consumer finance industry, as well as intensified competition stemming from successive interest rate reductions, however, the number of new customer accounts of DC Cash One fell 33.4%, to 13,932.

On a more positive note, EASY BUY Public Company Limited (hereinafter EASY BUY), a consolidated subsidiary in Thailand, posted dramatic growth in its unsecured loan business, with the balance of receivables outstanding and operating income both up more than 70% year-on-year. This was despite the introduction of legislation in July 2005 reducing the maximum interest rate on loans to 28%, which prompted EASY BUY to place top priority on improving the quality of credit.

ACOM Group's Loan Business

| Loan Business | Millions of Yen | | | | | |
|---------------------------------------|------------------|----------------|-------------------------|----------------|-----------------------------|----------------|
| | Operating Income | | Receivables Outstanding | | Number of Customer Accounts | |
| | FY2007 (Interim) | YoY Change (%) | FY2007 (Interim) | YoY Change (%) | FY2007 (Interim) | YoY Change (%) |
| ACOM CO., LTD. | ¥ 157,545 | -12.5 | ¥ 1,406,946 | -10.5 | ¥ 2,523,758 | -10.1 |
| DC Cash One Ltd. | 6,892 | 6.9 | 82,993 | 3.7 | 182,721 | 1.7 |
| EASY BUY Public Company Limited | 8,836 | 74.1 | 65,406 | 77.5 | 612,316 | 31.3 |
| Total | 173,275 | -9.5 | 1,561,499 | -7.7 | 3,334,656 | -3.7 |

Credit Card Business

In the credit card business, operating income declined 9.4%, to ¥2.8 billion, and the balance of receivables outstanding fell 11.5%, to ¥41.7 billion. Although we will continue promoting ACOM MasterCard®, particularly to our loan customers, we are now taking steps to discontinue cards issued in alliance with other parties, following a review of alliance card contracts, card usage ratio, and other factors.

Installment Sales Finance 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. Under the new arrangement, we are continuing to step up management of existing affiliated merchants while strengthening credit management and sales promotional activities. Consolidated operating income in this segment declined 19.0%, to ¥4.1 billion, and the balance of installment receivables fell 22.1%, to ¥52.1 billion.

Guarantee Business

In the guarantee business, we place high priority on expanding our business scope and raising profitability. To this end, we are reinforcing our alliance with RELATES CO., LTD., a wholly owned subsidiary, with a view to expanding consulting services for our guarantee alliance partners and attracting new ones. During the interim period, we reorganized the

business execution system of DC Cash One in order to raise efficiency and strengthen its collection capabilities. As a result, the interim term-end balance of guaranteed receivables amounted to ¥113.3 billion, up 14.7% year-on-year. Segment operating income (including commissions from guarantee services) climbed 20.5%, to ¥5.1 billion.

Loan Servicing Business

Conditions in the loan servicing business are becoming more and more difficult, due to such factors as intensified competition, the high price of purchasing receivables, and the increasing number of secured loans, which require a longer collection period. In response, consolidated subsidiary IR Loan Servicing, Inc., which spearheads the Group's activities in this business, implemented organizational reforms in its servicing division, placing strong emphasis on boosting profitability and financial soundness. As a result, total collection of purchased receivables rose 9.0%, to ¥7.5 billion, and the balance of purchased receivables jumped 30.6%, to ¥27.3 billion. Operating income in this segment rose 8.4%, to ¥7.8 billion.

Other Businesses

In the period under review, consolidated operating income from the rental business edged up 0.4%, to ¥2.1 billion, while operating income from other businesses dropped 49.5%, to ¥1.1 billion. On April 1, 2007, we established a new company, called JLA INCORPORATED, through the merger of three subsidiaries engaged mainly in office design and fit-outs, real estate-related activities, and integrated building maintenance.

Operating Income by Segment

| | Millions of Yen | | | |
|------------------------------------|------------------|----------------|-----------|------------------|
| | FY2007 (Interim) | YoY Change (%) | FY2006 | FY2006 (Interim) |
| Loan Business | ¥ 173,275 | -9.5 | ¥ 374,590 | ¥ 191,567 |
| Credit Card Business | 2,831 | -9.4 | 6,128 | 3,125 |
| Installment Sales Finance Business | 4,198 | -19.0 | 10,106 | 5,185 |
| Guarantee Business | 5,169 | 20.5 | 9,244 | 4,289 |
| Loan Servicing Business | 7,832 | 8.4 | 13,827 | 7,226 |
| Rental Business | 2,174 | 0.4 | 4,489 | 2,167 |
| Other Businesses | 1,171 | -49.5 | 5,265 | 2,318 |

Receivables Outstanding by Segment

| | Millions of Yen | | | |
|------------------------------------|------------------|----------------|-------------|------------------|
| | FY2007 (Interim) | YoY Change (%) | FY2006 | FY2006 (Interim) |
| Loan Business | ¥ 1,561,499 | -7.7 | ¥ 1,632,310 | ¥ 1,692,422 |
| Credit Card Business | 41,710 | -11.5 | 44,842 | 47,111 |
| Installment Sales Finance Business | 52,146 | -22.1 | 56,986 | 66,926 |
| Loan Servicing Business | 27,301 | 30.6 | 25,788 | 20,898 |

Operating Expenses

In the interim period under review, consolidated operating expenses amounted to ¥147.2 billion, down 6.6% from the previous corresponding period. Within this amount, financial expenses rose 4.5%, to ¥10.5 billion, due to a slight increase in the average interest rate on funds procured during the year at the parent company, to 1.93%, compared with 1.84% in the previous corresponding period. The sum of provision for bad debts and provision for loss on debt guarantees increased 17.6%, to ¥66.4 billion. By contrast, general and administrative expenses including

that for personnel, branches and computer-related expenses declined, and there was no special provision for loss on interest repayments, hence the decrease in total operating expenses.

Other Income (Expenses)

Total other expenses, net, amounted to ¥12.9 billion. This was due to a ¥16.7 billion loss on revaluation and liquidation of investments in securities.

Financial Position

Balance Sheets

At September 30, 2007, consolidated total assets amounted to ¥1,919.2 billion, down ¥112.5 billion from March 31, 2007. Shareholders' equity grew ¥13.6 billion, boosting the shareholders' equity ratio by 2.0 points, to 24.2%. A detailed breakdown of assets, liabilities, and net assets is given below.

Total current assets declined ¥73.5 billion from the end of the previous year. Major factors included a ¥70.8 billion, or 4.3%, decrease in loans receivable and an ¥8.1 billion, or 7.9%, fall in notes and accounts receivable.

Property and equipment, net, edged down ¥1.6 billion, and total investments and other assets fell ¥37.4 billion. The primary factor in the decline of total investments and other assets was a ¥37.4 billion, or 36.0%, drop in the sum of investments in securities and investments in an affiliate.

In the liabilities column, total current liabilities edged down ¥1.1 billion, or 0.3%, while total long-term liabilities declined ¥125.5 billion, or 10.5%. Major factors included a ¥42.8 billion fall in short-term loans and a ¥57.2 billion drop in long-term debt, as well as a ¥65.9 billion decline in the allowance for loss on interest repayments.

Total net assets climbed ¥14.1 billion over the interim period. This was due mainly to an ¥18.7 billion rise in shareholders' equity stemming from an increased earned surplus, as well as a ¥6.2 billion decrease in net unrealized gains on other securities.

Cash Flows

At September 30, 2007, cash and cash equivalents stood at ¥154.4 billion, up ¥8.0 billion from March 31, 2007. Details of cash flows for the period are given below.

Net cash provided by operating activities amounted to ¥67.0 billion, up ¥15.2 billion from the previous corresponding period. Major factors included ¥36.4 billion in income before income taxes, a ¥65.9 billion decrease in allowance for loss on interest repayments, a ¥16.7 billion loss on revaluation and liquidation of investments in securities, a ¥3.4 billion net gain on sale of investments in securities, a ¥77.8 billion decrease in loans receivable, and a ¥10.0 billion decrease in notes and accounts receivable.

Net cash provided by investing activities totaled ¥10.1 billion, up ¥9.8 billion from the previous corresponding period. This was due mainly to ¥8.8 billion in proceeds from maturity or sale of investments in securities.

Net cash used in financing activities was ¥69.4 billion, up ¥15.0 billion. This was mainly due to the fact that debt-related outflows (such as repayment of loans and redemption of bonds) exceeded debt-related inflows (such as proceeds from loans and bond issues) by ¥64.5 billion. Cash dividends paid by the Company, totaling ¥4.7 billion, were another factor.

Cash Flows

| | Millions of Yen | | | |
|---|------------------|------------|----------|------------------|
| | FY2007 (Interim) | YoY Change | FY2006 | FY2006 (Interim) |
| Net Cash Provided by Operating Activities | ¥ 67,068 | ¥ 15,255 | ¥ 99,944 | ¥ 51,812 |
| Net Cash Provided by Investing Activities | 10,174 | 9,821 | 308 | 353 |
| Net Cash Used in Financing Activities | (69,410) | (15,079) | (53,464) | (54,330) |