Interim Report 2009

Six months ended September 30, 2008

ACOM CO., LTD.

acom

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:

Affection

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

Confidence

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

Moderation

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

Contents

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 results 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

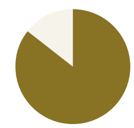
From a consumer finance company to a comprehensive financial services provider

Segment Overview

Composition of Operating Revenue
(Six months ended September 30, 2008)

LOAN BUSINESS

The loan business, centering on unsecured loans for consumers, is the ACOM Group's core business, accounting for 85.6% of consolidated operating revenue in the interim period ended September 30, 2008. ACOM has acquired advanced credit screening expertise based on data from more than 9 million customers it has served in the past. We are utilizing this expertise to provide services through various channels, including branches, our automatic contract machines, the internet, and mobile phones.



85.6 %

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. In Japan, the ACOM Group provides loan services via a two-brand strategy spearheaded by ACOM and DC Cash One Ltd. (hereinafter DC Cash One). Overseas, EASY BUY Public Company Limited (hereinafter EASY BUY), our subsidiary in the Kingdom of Thailand, holds a top class position in that market as a provider of unsecured loans to individuals. In December 2007, we joined forces with The Bank of Tokyo-Mitsubishi UFJ, Ltd. (hereinafter BTMU) to acquire PT.BANK NUSANTARA PARAHYANGAN Tbk. (hereinafter Bank BNP) of the Republic of Indonesia. In conjunction with EASY BUY, we will build a new operating base in Asia, where economies are growing rapidly.

DIVERSIFIED FINANCIAL SERVICES

Guarantee Business

ACOM provides guarantees on unsecured consumer loans via alliances with financial institutions, centering on prominent regional banks. By combining the brand power and sales channels offered by the 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, from product planning to loan collection. As of September 30, 2008, the ACOM Group had tie-ups with 15 banks. Its balance of guaranteed loans receivable has continued to increase, reaching ¥135.4 billion at interim period-end.

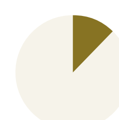
Credit Card Business

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

In this business, we are promoting credit card issuance under the ACOM brand, mainly to our loan customers. At the same time, we have formed credit card alliances with large-scale retail chains and other companies with strong customer-drawing power, with a view to enhancing the efficiency of our alliance card business. However, intensified competition among finance companies seeking alliances has adversely affected the profitability of the alliance card business, and for this reason we have cancelled a number of alliances. In line with this, we have encouraged alliance cardholders to switch to an ACOM credit card. As of September 30, 2008, there were 703 thousand holders of cards issued by ACOM.

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. Due to the diversifying needs of customers, we offer a broad range of payment options in addition to regular installments. These include extra repayments or lump-sum repayments at bonus time.



12.4 %

In Asia, where there is significant growth potential, EASY BUY, our subsidiary in the Kingdom of Thailand, has enhanced its lending model in order to improve the quality of its credit portfolio and attract more customers.

On April 1, 2007, our domestic installment sales finance business was reorganized into a new company, AFRESH CREDIT CO., LTD. (hereinafter AFRESH CREDIT), 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

In March 2001, ACOM entered the loan servicing business by taking an equity stake in IR Loan Servicing, Inc. (hereinafter IR Loan Servicing), a joint venture with Risa Partners, Inc. The primary income sources in this business are commissions received from banks, life insurers, and other financial institutions for handling their debt collection activities on consignment, as well as marginal profit derived from recovery of loans purchased.

In addition to the purchase of loans and debt collection services, IR Loan Servicing is developing a comprehensive loan servicing business, including backup servicing, corporate revitalization services, and payment guide services. In these endeavors, IR Loan Servicing takes full advantage of ACOM's consumer loan servicing and credit management for corporate borrowers expertise, acquired over many years, as well as the latest consulting techniques.

According to the Ministry of Justice, the balance of receivables in this market at the end of December 2007 was ¥223 trillion.

Banking Business

Bank BNP, which is our consolidated subsidiary, deploys banking business in the Republic of Indonesia.

OTHER BUSINESSES

Rental Business

The ACOM Group operates a business renting out office furniture and equipment, goods used in daily life, and leisure equipment, as well as equipment for model rooms and business negotiation corners. We also provide support for business event planning, implementation, and business operation.

2.0 %

Others

Other activities of the ACOM Group include life and non-life insurance agency services, real-estate-related activities, and entrusted back-office services on consignment.

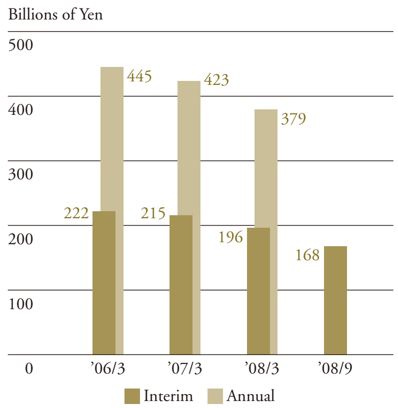
Financial Highlights

ACOM CO., LTD. and Subsidiaries

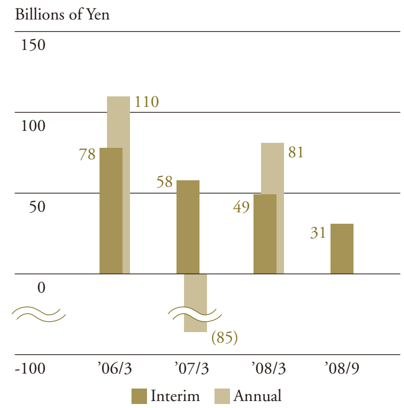
	Millions of Yen				
	2006/3	2007/3	2007/9	**2008/3**	**2008/9**
Profit and Loss Related:					
Operating Revenue	¥ 445,431	¥ 423,652	¥ 196,654	**¥ 379,706**	**¥ 168,501**
Operating Expenses	335,039	508,755	147,255	**298,054**	**137,430**
Provision of Allowance for Doubtful Accounts [*1]	117,125	137,595	66,493	**115,848**	**39,212**
Provision for Loss on Interest Repayment [*2]	37,228	200,147	0	**19,620**	**19,590**
Other Operating Expenses	180,685	171,013	80,762	**162,586**	**78,628**
Operating Income (Loss)	110,392	(85,102)	49,398	**81,651**	**31,070**
Net Income (Loss)	65,595	(437,972)	24,845	**35,406**	**25,901**
Cash Flow Related:					
Net Cash Provided by Operating Activities	100,226	99,944	67,068	**126,183**	**37,190**
Net Cash Provided by (Used in) Investing Activities	(44,973)	308	10,174	**8,250**	**9,962**
Net Cash Used in Financing Activities	(104,389)	(53,464)	(69,410)	**(128,678)**	**(60,667)**
Free Cash Flow	55,253	100,252	77,242	**134,433**	**47,152**
Balance Sheet Related:					
Total Assets	2,106,681	2,031,829	1,919,254	**1,861,505**	**1,731,812**
Receivables Outstanding [*3]	1,834,628	1,734,139	1,655,356	**1,561,839**	**1,466,313**
Total Amount of Non-Performing Loans	114,371	149,453	142,826	**136,396**	**127,430**
Allowance for Doubtful Accounts	131,620	128,798	132,026	**119,882**	**103,904**
Provision for Loss on Interest Repayment	—	490,000	424,033	**374,800**	**320,500**
Net Assets [*4]	927,722	450,073	463,728	**463,725**	**478,366**
	Yen				
Per Share:					
Net Income (Loss), Basic	¥ 416.69	¥ (2,786.19)	¥ 158.05	**¥ 225.24**	**¥ 164.77**
Net Assets [*4]	5,901.69	2,863.16	2,950.03	**2,950.01**	**3,043.15**
Cash Dividends	140 [*8]	100 [*8]	50	**100 [*8]**	**50**
	%				
Financial Ratios:					
Profitability					
Operating Income Margin	24.8	(20.1)	—	**21.5**	—
ROE [*5]	7.3	(63.6)	—	**7.7**	—
Efficiency					
ROA1 (Net Income to Total Assets) [*5]	3.1	(21.2)	—	**1.8**	—
ROA2 (Net Income to Receivables Outstanding) [*5]	3.6	(24.5)	—	**2.1**	—
Stability					
Ratio of Shareholders' Equity	44.0	22.2	—	**24.9**	—
Bad Debt Ratio (Gross Basis)[Non-consolidated] [*6]	6.9	9.4	—	**9.4**	—
Bad Debt Coverage Ratio[Non-consolidated] [*7]	112.0	85.6	—	**87.0**	—

Notes: 1. The amount of provision of allowance for doubtful accounts is the sum of bad debts expenses, increase or decrease in allowance for accounts receivable-operating loans, and increase or decrease in provision for loss on guarantees.
2. Provision for loss on interest repayment indicates the sum of interest repayment and bad debts expenses carried by ACOM's voluntary waiver of repayments, and increase or decrease in provision for loss on interest repayment.
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.
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 non-performing loans / Receivables outstanding plus loans to borrowers in bankruptcy or under reorganization
7. Bad debt coverage ratio = Allowance for doubtful accounts / Total amount of non-performing loans
8. Annual cash dividends per share

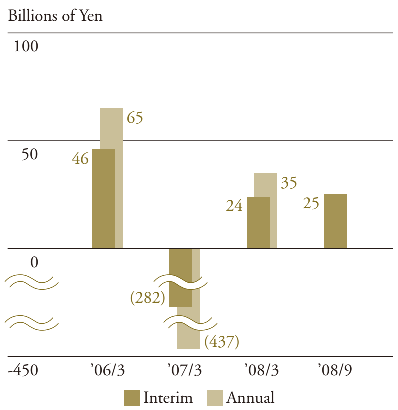
Operating Revenue



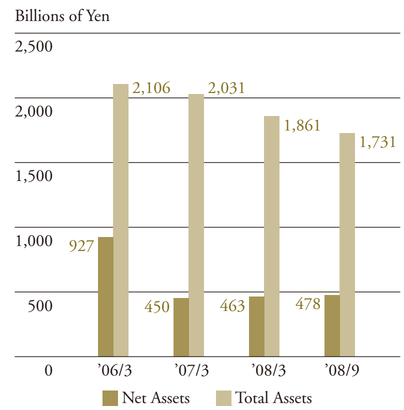
Operating Income (Loss)



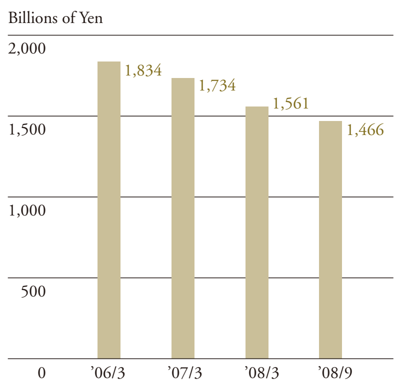
Net Income (Loss)



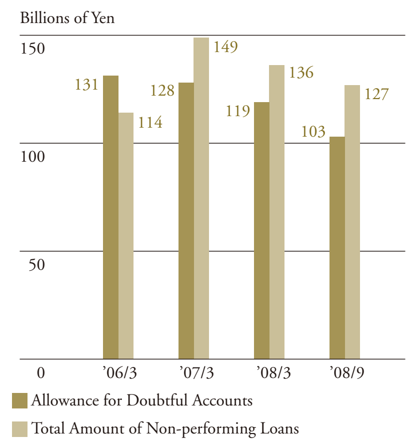
*Net Assets[*4] and Total Assets*



*Receivables Outstanding[*3]*



Allowance for Doubtful Accounts and Total Amount of Non-Performing Loans



Message from the Management

Shigeyoshi Kinoshita President & CEO

Fiscal 2008—First Half Review

In the interim period under review—the six months ended September 30, 2008—there were growing concerns that the Japanese economy would retreat due to number of factors. In addition to an increasingly serious global financial crisis sparked by subprime loan problems in the United States, these included domestic factors, such as the yen's sharp appreciation, declining exports, plummeting stock prices, and cooling consumer sentiment. Japan's consumer finance sector has been further impacted by requests for interest repayment, which have remained at high levels. Moreover, consumer finance companies are being urged to step up self-regulation ahead of the full enactment of Money-lending Business Law at the latest by June 2010. For the time being, the loan market segment of the consumer finance industry will inevitably shrink as the effect of regulations on maximum interest rates and lending volumes becomes more pronounced.

Against this background, the ACOM Group continues to promote aggressive business activities both at home and overseas domains based on our mid-term management policy that focuses on "Establishment of a management base geared toward long-term stable growth by boosting price competitiveness through precise measures against the revised Money-lending Business Law and reforming our cost structure as well as the development of relief and confidence brand."

Consolidated operating revenue for the interim period amounted to ¥168.5 billion, down ¥28.1 billion (14.3%) from the previous corresponding period. This was due to a decline in interest on operating loans stemming from a decrease in the balance of loans receivable in the loan business as the Group adopted more stringent lending criteria, as well as a fall in average yield over the period.

By contrast, operating expenses declined ¥9.8 billion (6.7%), to ¥137.4 billion, despite a ¥19.5 billion provision for loss on interest repayment by the parent company. The decline in expenses was due to the adoption of more stringent lending criteria, which enabled us to suppress doubtful accounts costs further than expected. Other factors included a decrease in the balance of receivables outstanding and a decrease in balance held by headquarters' collection department.

As a result, operating income for the period fell ¥18.3 billion (37.1%), to ¥31.0 billion. Net income grew ¥1.0 billion (4.3%), to ¥25.9 billion, owing mainly to a decline in the loss on valuation of investment securities, as well as the absence of income taxes for prior periods.

On a non-consolidated basis, operating revenue declined 18.0%, to ¥136.5 billion, operating expenses decreased 9.0%, to ¥108.5 billion, and operating income fell 40.7%, to ¥28.0 billion—for the same reasons that affected consolidated results. However, non-consolidated net income declined 18.5%, to ¥21.0 billion, due to an increase in the income taxes-deferred.

Update on Loss on Interest Repayment

In the interim period under review, the parent company made a ¥73.8 billion due to interest repayment and bad debts expenses which is our voluntary waiver of repayments. We then reassessed the appropriateness of the post-reversal balance of that provision, making a further provision of ¥19.5 billion, which brought the interim term-end balance of the provision to ¥320.5 billion. Because the number of interest repayment requests remains at a high level, we feel that a downturn in interest repayment will be slightly delayed. For the year ending March 2009, therefore, we have revised our forecast for reversal of the provision for loss on interest repayment to ¥138.5 billion, from the original forecast of ¥121.8 billion. This will bring the year-end balance of the provision to ¥255.9 billion.

Full-Year Outlook; Shareholder Return

In the second half of the current fiscal year, we expect further declines in the balance of unsecured loans and the average yield on loans. Initially, we predicted that the share of loans at the range of interest rate 18% or less would reach 56.2% by March 31, 2009. However, we have since revised that figure down to 51.2%. This will boost our full-year operating revenue forecast by ¥2.5 billion, from ¥325.0 billion to ¥327.5 billion, a 13.7% decline from the previous fiscal year.

Due to increased planned provision for loss on interest repayment, we have raised our operating expenses forecast by ¥4.5 billion, from ¥270.4 billion to ¥274.9 billion, a 7.8% year-on-year decline. Accordingly, we have reduced our operating income forecast by ¥2.0 billion, from ¥54.6 billion to ¥52.6 billion, down 35.6% year-on-year. As for net income, we have increased our forecast by ¥3.9 billion, from ¥43.3 billion to ¥47.2 billion, representing a 33.3% jump from the previous year. On a non-consolidated basis, our forecasts are operating income of ¥48.2 billion and net income of ¥41.9 billion.

Our medium-term shareholder return goal is to ensure that the sum of total treasury stock purchased and cash dividends paid remains no less than 30% of net income, while also emphasizing dividend stability. Considering an appropriate balance between financial results and stable dividends, as well as available funds, we have declared an interim cash dividend of ¥50.00 per share. We also plan to pay a year-end dividend of ¥50.00, bringing total annual dividends to ¥100.00 per share, unchanged from the previous fiscal year.

Full-Year Forecasts for FY2008

	Billions of Yen			
	Consolidated		Non-Consolidated	
	Forecast	YoY Change (%)	Forecast	YoY Change (%)
Operating Revenue	¥ 327.5	-13.7	¥ 261.1	-17.7
Operating Income	52.6	-35.6	48.2	-39.9
Net Income	47.2	+33.3	41.9	+25.0

Stronger Capital Alliance with MUFG Group

In the interim period under review, ACOM and Mitsubishi UFJ Financial Group, Inc. (hereinafter MUFG) agreed to further strengthen their strategic, business and capital alliance. This is based on the fact that ACOM had entered an agreement back in March 2004 with Mitsubishi Tokyo Financial Group, Inc. (hereinafter MTFG, currently MUFG) under which "ACOM would serve as the central consumer finance arm of the MTFG Group."

ACOM is committed to building a consumer finance business with overwhelming competitive strength. At the same time, the MUFG Group has positioned the consumer finance business as a key growth area. Therefore, we must further deepen our ties with each other. Based on this premise, the MUFG Group is currently taking the steps necessary to increase its voting right stake in ACOM from 15.77% to 40.04%, making ACOM a consolidated subsidiary of MUFG by April 2009.

Stronger Business Alliance with MUFG Group

ACOM's strength lies in its advanced credit screening capabilities; large-scale, efficient network infrastructure of business outlets and ATMs as well as a core operating system; and its responsiveness to behavioral regulations, reflected in its proactive compliance stance. The MUFG Group, meanwhile, has powerful brand strength, exceptional customer-drawing power, and unparalleled fund-raising capabilities as Japan's No. 1 integrated financial services group. Through our business alliance, we hope to more swiftly harmonize and link these various strengths. In the process, the ACOM Group will concentrate its managerial resources on three mainstay businesses—the core unsecured loan business, the guarantee business, where significant growth is expected, and the loan servicing business—in order to efficiently reinforce its earnings power.

We will strengthen our business alliance in a number of ways. First, the credit screening and credit guarantee for unsecured customer loan of two companies—Mitsubishi UFJ NICOS Co., Ltd. (hereinafter Mitsubishi UFJ NICOS), and The Mitsubishi UFJ Home Loan Credit Co., Ltd.—will be taken over by ACOM in the first half of fiscal 2009. By April 2009, meanwhile, DC Cash One's loan business and credit card guarantee business will be taken over by ACOM and Mitsubishi UFJ NICOS, respectively. At the same time, MU Communications Co., Ltd., which handles call center operations on consignment from BTMU, will merge with RELATES CO., LTD., an ACOM subsidiary engaged in the same business.

The MUFG Group's unsecured card loan guarantee business will be shifted to ACOM, and ACOM will step up its alliance in the guarantee business with the MUFG Group and regional banks closely affiliated with BTMU. As a result, ACOM's balance of guaranteed receivables is expected to expand sharply, to between ¥400 billion and ¥450 billion by the end of fiscal 2009—around four times the level of September 30, 2008. Over the medium and long terms, as well, we expect ACOM's balance of loans receivable to increase, backed by the creditworthiness and peace of mind offered by the MUFG brand.

In addition, the policy of ACOM and the MUFG Group is to advance their consumer finance businesses overseas, centering on Asia. An example of this policy is Bank BNP of the Republic of Indonesia jointly acquired by ACOM and BTMU.

Toward a "New ACOM"

By strengthening our business and capital alliances with the MUFG Group, we will strive to build a rock-solid reputation for ACOM as a brand that inspires relief and confidence in the consumer finance sector. To this end, we will use our close relationship with the MUFG Group to continue providing innovative, highly convenient, top-quality consumer finance services. Seeking to become a corporate group strong in both earnings power and compliance, we will strive to raise corporate value by spearheading the sound development of Japan's consumer finance market.

ACOM plans to remain listed on the First Section of the Tokyo Stock Exchange even after it becomes a consolidated subsidiary of MUFG. We are committed to maintaining our independence and managing our own operations.

We look forward to the ongoing support of all shareholders as we embrace 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 2008—the six-month period ended September 30, 2008—the ACOM Group reported operating revenue of ¥168.5 billion, down ¥28.1 billion (14.3%) from the previous corresponding period. This was due mainly to a decline in interest on operating loans in the loan business.

By contrast, there was a 6.7% decrease in operating expenses, to ¥137.4 billion. Accordingly, operating income amounted to ¥31.0 billion, down 37.1%. Net income grew from the previous corresponding period by ¥1.0 billion (4.3%), to ¥25.9 billion. Although there was an increase in the amount of income taxes-deferred, the main factors contributing to the boost in the net income were, Other Income, net, of ¥1.0 billion, and the absence of income taxes for prior periods.

Results by Segment

Loan Business

In the period under review, operating revenue from the Group's core loan business declined 16.8%, to ¥144.2 billion. This was due to the fact that the interest on operating loans declined 17.3% to ¥140.2 billion. The decrease is attributed to the fall in the average yield on unsecured consumer loans offered by the parent company by 198 basis points year-on-year. In addition, another cause for the decline in the interest on operating loans stems from the fall in the balance of receivables outstanding to ¥1,393.9 billion, down ¥87.0 billion (5.9%) from March 31, 2008.

The reason for the decline in receivables outstanding was a fall in the number of customers of the parent company's loan business. Despite a 1.1% rise in the number of new customers, to 90,343, the total number of accounts declined 11.0%, to 2,246,130. Also, interest repayment has kept its peak during the period. On a non-consolidated basis, therefore, the balance of receivables outstanding slipped 11.7%, to ¥1,241.8 billion, and operating revenue dropped 18.9%, to ¥127.8 billion.

DC Cash One, which is included in the scope of consolidation, reported a 3.9% decline in receivables outstanding, to ¥79.7 billion, due to the adoption of more stringent lending criteria for loans guaranteed by ACOM, as well as lackluster growth in new customers.

EASY BUY, a consolidated subsidiary in the Kingdom of Thailand, reported a 23.3% jump in unsecured loan receivables outstanding on a local-currency basis, to 20.7 million baht (¥65.7 billion in yen terms). This was due to a steady increase in new customers owing to EASY BUY's assertive marketing activities. During the period, for example, it set up loan application booths in government office buildings and promoted Umay+ card, a revolving credit product.

Credit Card Business

In the credit card business, operating revenue declined 12.9%, to ¥2.4 billion, and the balance of receivables outstanding was down 15.5%, to ¥35.2 billion.

During the period, the parent company adopted more stringent controls for issuance of the MasterCard®, which is offered to loan customers, in order to maintain and improve the soundness of its credit portfolio. We also have credit card alliances with various companies. Recently, however, we have canceled these partnerships and have been encouraging alliance cardholders to switch to our own credit card.

ACOM Group's Loan Business

	Millions of Yen					
	Operating Revenue		Receivables Outstanding		Number of Customer Accounts	
Loan Business	FY2008 (Interim)	YoY Change (%)	FY2008 (Interim)	YoY Change (%)	FY2008 (Interim)	YoY Change (%)
ACOM CO., LTD.	¥ 127,800	-18.9	¥ 1,241,808	-11.7	2,246,130	-11.0
DC Cash One Ltd.	6,657	-3.4	79,787	-3.9	178,524	-2.3
EASY BUY Public Company Limited	9,764	10.5	65,720	0.5	677,174	10.6
Total	144,222	-16.8	1,393,910	-10.7	3,118,013	-6.5

Installment Sales Finance Business

Consolidated operating revenue in this segment dropped 37.9%, to ¥2.6 billion, and the balance of installment receivables fell 28.7%, to ¥37.1 billion.

During the period, AFRESH CREDIT, which handles our installment sales finance business in Japan, reassessed its approach to selecting and transacting with alliance partners, focusing particular attention to selecting service provider partners. We also prioritized new alliance agreements with large-scale retail chains.

Guarantee Business

The balance of guaranteed receivables increased ¥22.1 billion, 19.5%, to ¥135.4 billion, and operating revenue in this segment rose 10.6%, to ¥5.7 billion.

In November 2007, we began providing guarantees for "BANQUIC," a card loan issued by BTMU. The balance of BANQUIC guaranteed receivables has grown steadily ever since.

During the period, ACOM formed a new alliance with The Yamagata Bank, Ltd., and in September 2008 began providing guarantees for a new card loan issued by that bank. As of now, ACOM has formed alliances with 15 banks, inclusive of the aforementioned, and deploys a guarantee business along with DC Cash One.

In July 2008, we began providing guarantees for the new business loan "e-BUSINESS DIRECT CARD/LOAN," offered by Suruga Bank, Ltd., an existing alliance partner in this business.

Loan Servicing Business

In the loan servicing business, operating revenue increased ¥0.5 billion (7.0%) year-on-year, to ¥8.3 billion. This was despite a 6.4% decline in total collection of purchased receivables, to ¥25.5 billion.

The operating environment for this business is growing more and more difficult due to the sudden deterioration of the Japanese real estate market stemming from the subprime loan crisis in the United States. In response, IR Loan Servicing restricted purchases of loans secured by real estate; adopted a more rigorous credit assessment policy; and reinforced its collection capabilities. Seeking to shift the focus of this business toward small unsecured loans, we rebuilt our business model and otherwise strengthened our business foundation.

Other Businesses

In the interim period under review, consolidated operating revenue from the rental business edged down 0.6%, to ¥2.1 billion, and operating revenue from other businesses—insurance agency services, real-estate-related activities, and entrusted back-office services on consignment—rose 7.3%, to ¥1.2 billion. As a consolidated subsidiary of MUFG, ACOM is subject to various rules, including the Banking Law. For this reason, we are considering exclusion of two subsidiaries from the scope of consolidation through the stock transfers. Those subsidiaries are ACOM RENTAL CO., LTD., which is engaged in the rental business, and JLA INCORPORATED, which handles real-estate-related activities.

Operating Revenue by Segment

	Millions of Yen			
	FY2008 (Interim)	YoY Change (%)	FY2007	FY2007 (Interim)
Loan Business	**¥ 144,222**	**-16.8**	¥ 331,476	¥ 173,275
Credit Card Business	**2,467**	**-12.9**	5,437	2,831
Installment Sales Finance Business	**2,608**	**-37.9**	7,682	4,198
Guarantee Business	**5,715**	**10.6**	10,565	5,169
Loan Servicing Business	**8,382**	**7.0**	17,026	7,832
Rental Business	**2,161**	**-0.6**	4,600	2,174
Others	**1,257**	**7.3**	2,917	1,171
Banking Business	**1,685**	**—**	—	—

Receivables Outstanding by Segment

	Millions of Yen			
	FY2008 (Interim)	YoY Change (%)	FY2007	FY2007 (Interim)
Loan Business	**¥ 1,393,910**	**-10.7**	¥ 1,480,917	¥ 1,561,499
Credit Card Business	**35,239**	**-15.5**	38,126	41,710
Installment Sales Finance Business	**37,164**	**-28.7**	42,795	52,146
Loan Servicing Business	**25,561**	**-6.4**	30,638	27,301
Banking Business	**21,824**	**—**	20,078	—

Operating Expenses

In the interim period under review, consolidated operating expenses amounted to ¥137.4 billion, down ¥9.8 billion (6.7%) from the previous corresponding period. This was because adoption of more stringent lending criteria enabled us to suppress doubtful accounts costs further than expected. Also, transfers to provision of allowance for doubtful accounts made by the parent company declined ¥27.1 billion owing to a decrease in balance held by headquarters' collection department and a decrease in the balance of operating loans. These factors outweighed a ¥19.5 billion provision for loss on interest repayment and a ¥1.4 billion increase in expenses associated with the construction of mainstay computer systems.

Other Income (Expenses)

Total other income, net, amounted to ¥1.0 billion. This was due to the decrease in the loss on valuation of investment securities.

Financial Position

Balance Sheets

At September 30, 2008, consolidated total assets amounted to ¥1,731.8 billion, down ¥129.6 billion from March 31, 2008. Shareholders' equity (including unrealized gains on securities and foreign currency translation adjustments) rose ¥14.6 billion, to ¥478.3 billion, and the shareholders' equity ratio increased 2.7 points, to 27.6%. A detailed breakdown of assets, liabilities, and net assets is given below.

In the assets section, total current assets declined ¥127.0 billion, while property and equipment, net decreased ¥1.5 billion and total investments and other assets were down ¥1.0 billion. Main factors leading to the decline in current assets included an ¥87.0 billion (5.9%) fall in trade loans receivable and a ¥20.0 billion (51.2%) drop in short-term investment securities.

In the liabilities section, total current liabilities declined ¥83.5 billion, and total long-term liabilities fell ¥60.9 billion. Main factors included a ¥75.2 billion (8.1%) decline in loans payable and bonds payable, a ¥54.3 billion (14.5%) fall in allowance for loss on interest repayment, and a ¥7.6 billion (18.9%) decrease in deposits of banking business.

In the net assets section, total shareholders' equity increased ¥18.0 billion, due to mainly to an ¥18.0 billion rise in earned surplus. There was also a ¥3.4 billion decrease in total valuation and translation adjustments. As a result, total net assets rose ¥14.8 billion.

Cash Flows

At September 30, 2008, cash and cash equivalents stood at ¥138.2 billion, down ¥13.9 billion from March 31, 2008. Details of cash flows for the interim period are given below.

Net cash provided by operating activities amounted to ¥37.1 billion. The increase was mainly attributable to ¥32.1 billion in income before income taxes, a decrease of ¥14.8 billion in allowance for doubtful accounts, a decrease of ¥54.3 billion in allowance for loss on interest repayment, in addition to an increase of ¥73.9 billion due to a decrease in trade loans receivable. Compared with the previous corresponding period, however, net cash provided by operating activities was down ¥29.8 billion.

Net cash provided by investing activities totaled ¥9.9 billion. This was primarily because the proceeds from redemption of repayment of securities and sales of investment securities exceeded purchase of short-term investment securities by ¥10.6 billion. Compared with the previous corresponding period, however, net cash provided by investing activities was down ¥0.2 billion.

Net cash used in financing activities was ¥60.6 billion. This was primarily because the total payment amount for short-term loans payable and redemption of bonds exceeded the total amount of revenues of proceeds from short-term loans payable and issuance of bonds by ¥62.6 billion, and also due to proceeds from deposit on redemption of bonds (¥10.0 billion) and cash dividends paid (¥7.8 billion). Compared with the previous corresponding period, net cash used in financing activities was down ¥8.7 billion.

Cash Flows

	Millions of Yen			
	FY2008 (Interim)	YoY Change	FY2007	FY2007 (Interim)
Net Cash Provided by Operating Activities	**¥ 37,190**	**¥ (29,878)**	¥126,183	¥ 67,068
Net Cash Provided by Investing Activities	**9,962**	**(212)**	8,250	10,174
Net Cash Used in Financing Activities	**(60,667)**	**8,743**	(128,678)	(69,410)