

## ***ACOM Announces Results for the 1<sup>st</sup> Half of FY02***

**October 30<sup>th</sup>, 2002** – ACOM CO., LTD. (‘ACOM’ or ‘the Company’) and its consolidated subsidiaries announced their consolidated financial results for the 1<sup>st</sup> half of Fiscal 2002 ending March 31, 2003. The financial records prepared by ACOM are in accordance with accounting principles and practices generally accepted in Japan.

### ***1<sup>st</sup> Half of Fiscal Year 2002 Results Summary***

- ◆ Consolidated operating income for 1<sup>st</sup> Half of FY02 increased 6.8% YoY to ¥217.5 billion. Consolidated net income decreased 11.1% YoY to ¥43.6 billion.
- ◆ The balance of loan receivables increased 5.7% YoY to ¥1,675.5 billion.
- ◆ Three new businesses (loan guarantees and servicing) showed a steady progress.
- ◆ Provision for bad debts exceeded the Company’s estimate.

### ***Financial Results***

#### **Operating Income:**

Consolidated operating income increased 6.8% YoY to ¥217,568 million in 1<sup>st</sup> Half of FY02. This met the forecasts made at the beginning of the period.

#### **Operating Expenses:**

Consolidated operating expenses increased 15.4% YoY to ¥135,215 million in 1<sup>st</sup> Half of FY02. On a non-consolidated base, ACOM’s provision for bad debts increased 39.1% YoY and this was a factor in increased operating expenses.

#### **Operating Profit:**

As a result, consolidated operating profit decreased 4.8% YoY to ¥82,353 million in 1<sup>st</sup> Half of FY02.

#### **Income before Extraordinary Items:**

Consolidated income before extraordinary items decreased 7.2% YoY to ¥80,892 million in 1<sup>st</sup> Half of FY02.

#### **Net Income:**

Consolidated net income decreased 11.1% YoY to ¥43,604 million in 1<sup>st</sup> Half of FY02.

### Consolidated Financial Summary (Yen in Millions)

	1 <sup>st</sup> Half of FY 02	1 <sup>st</sup> Half of FY 01	YoY Change	YoY %
<b>Operating Income</b>	217,568	203,726	13,842	6.8%
<b>Operating Profit</b>	82,353	86,549	-4,196	-4.8%
<b>Income Before Extraordinary Items</b>	80,892	87,135	-6,243	-7.2%
<b>Net Income</b>	43,604	49,046	-5,442	-11.1%

A comprehensive financial statement can be downloaded through ACOM's web sites and Bloomberg terminals:

<http://ir.acom.co.jp/> (for English)

<http://www.acom.co.jp/ir/> (for Japanese)

ACOM <GO> (for Bloomberg terminals)

### *Operating Highlights*

Although in the initial stages of the interim period Japan's economy showed signs of recovery linked to the US economy, it was however followed by a growing trend of instability resulting from a continuously high unemployment rate and a slowdown in personal consumption due to a stagnant employment and income climate; and uncertainty concerning the future of the financial system. This uncertainty is due to pressures caused by the bad debt issue, a major fall in share prices and an economic climate that remains bleak. In a business environment such as this, the ACOM group has positioned this year as one of management foundation reconstruction for long term growth, implementing radical changes in the marketing structure of the company's core business of loans and putting effort into strengthening the organization to be more adaptive to changes in the environment. Furthermore, in financing, the establishment of a special purpose company called ACOM FUNDING CO., LTD. has been established with an aim to secure overseas commitment facility.

#### **Unsecured Consumer Loan Business**

In an attempt to accurately respond to changes in the market environment, ACOM created a new marketing organization, implemented scrap-and-build through the effective relocation of MUJINKUN outlets, expanded the network cash dispensers and ATMs, and increased mobile-related services such as sending e-mail newsletters and providing store information. As a result, the number of new customers for the first half of this term was 214,158 and loan receivables outstanding increased 5.7% YoY to 1,605,029 million yen.

#### **Credit Card Business**

ACOM began the issue of co-branded cards with 3 companies, including a home centers handling household goods based in Niigata Prefecture. As a result, the number of ACOM credit card holders increased 16.3% YoY to 1,052,558. Revolving receivables outstanding increased 50.1% YoY to 32,530 million yen.

**Installment Sales Finance Business**

ACOM has focused on the development and expansion of the number of affiliated stores, but the amount handled has decreased due to a backdrop of reduced sales in affiliated stores resulting from a slump in personal consumption. As a consequence, the balance of installment receivables outstanding increased 0.6% YoY to 162,139 million yen.

**Loan Guarantee Business**

A business alliance with the Hokkaido Bank was initiated last May to further strengthen the foundations of ACOM's financial services, and in the interim period of this fiscal year, new alliances were formed with The Aomori Bank, Ltd. in April, The Hachijuni Bank, Ltd. in June and Fukuoka City Bank, Ltd. in August, bringing the total to 7 banks and 1 company. As a result, the number of accounts with outstanding balance increased 179.4% over the previous fiscal year end to 90,623. The guaranteed loans receivable were 32,235 million yen at the end of the period.

**Loan Management and Servicing Business (Servicer Business)**

Loan management and servicing business (servicer business) was started on July 2, last year, through investment in IR Servicing, Inc. to expand ACOM's general financial services business and the receivables outstanding for purchased monetary claims and consignment from other financial institutions totaled (a book value of) 825,657 million yen.

**Tokyo Mitsubishi Cash-One**

A new form of non-bank company was established in Tokyo Mitsubishi Cash-One through a joint investment with The Bank of Tokyo-Mitsubishi, the Mitsubishi Trust and Banking Corporation, DC Card Company Limited, and Jaccs Card. Business began on March 4 this year, and loan receivables outstanding at the end of this interim period were 9,796 million yen.

***Business Outlook***

Although dependant on trends in the US economy, the outlook for the future is one of continued deceleration for the domestic economy due to the anticipated slump in personal consumption from a worsening employment and income environment and the impact on industry and finance that accompanies the full scale efforts to dispose of nonperforming loans.

In the consumer credit market, even harder times are expected to be faced due to the combination of little hope for improvement in the employment and income environment, and increased competition due to entry by other industries.

In order to accurately respond to this environment, the ACOM group has maximized utilization of management resources including human resources with a high level of credit know-how and marketing infrastructure such as branch offices, MUJINKUN outlets, ATMs and we are focusing on continuing to further improve our management practices, expand the strength of marketing services and secure a stable revenue base.

**Annual Financial Standing**

With regard to the forecast for the annual financial standing, the cash-flow from operating activities shows an increase of 27.3 billion yen due to the increase of loans receivable from financial services business being less than the increase in income before income taxes when forecasting the present economic climate and reflecting the performance plan that aims to improve the composition of loans.

Capital expenditure for the transfer of cost centers in addition to shop-related capital expenditure is scheduled to take place and cash flow from investment activities is forecast to decrease 15.6 billion yen.



A net increase of 51.3 billion yen in financing through long term debts and other means is scheduled in order to respond to the financial requirements of financial services business, and combined with scheduled dividend payments, etc the cash flow from financing activities is forecast to show an increase of 39.6 billion yen.

### *Company Information*

Established in 1978, ACOM CO., LTD is the second largest consumer finance firm in Japan with over 3 million customers with an outstanding balance and ¥1,675 billion in loans outstanding as of September 30, 2002. The Company has a nationwide network of 513 staffed and 1,246 unstaffed outlets, 1,749 MUJINKUN machines and 66,305 CDs and ATMs including tie-ups with partners.

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### *Forward-Looking Statements*

These financial results contain statements that constitute forward-looking statements under the U.S. Securities Act of 1933 and the U.S. Securities Exchange Act of 1934. These statements appear in a number of places in this presentation and include statements regarding our intent, belief or current and future expectations or those of our management with respect to our non-consolidated and consolidated results of operations and financial condition. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors. The information contained in this presentation identifies important factors that could cause actual results to differ from those anticipated in such forward-looking statements.