

ACOM Announces Results for the 1H of Fiscal 2001

November 8th, 2001 – ACOM CO., LTD. ('ACOM' or 'the Company') and its consolidated subsidiaries announced the consolidated financial results for the first half of Fiscal 2001 ending March, 2002. The financial records are prepared in accordance with accounting principles and practices generally accepted in Japan.

The 1st Half of Fiscal 2001 Results Summary

- ◆ Consolidated operating income for 1H01 increased 11.3% YoY to ¥203,725 million. Consolidated net income increased 27.6% YoY to ¥49,047 million.
- ◆ The balance of loan receivables increased 10.7% YoY to ¥1,585,718 million.
- ◆ Three new businesses (loan guarantees, non-bank JV, and servicing) showed a steady progress.
- ◆ Anticipated rise in bad debt write-offs this term is expected to be absorbed with lower funding costs and below-plan declines in the average loan interest rate.

Financial Results

Operating Income:

Consolidated operating income increased 11.3% YoY to ¥203,725 million in 1H01. Most of this increase was attributed to a solid loans outstanding growth and below-plan declines in the average loan interest rate.

Operating Expenses:

Consolidated operating expenses increased 12.7% YoY to ¥117,176 million in 1H01 caused by a rise in loan default costs and investment for building centralized service and administration systems.

Operating Profit:

Consolidated operating profit increased 9.5% YoY to ¥86,549 million in 1H01. This was because an increase in consolidated operating income exceeded an increase in consolidated operating expenses.

Income before Extraordinary Items:

Consolidated income before extraordinary items increased 9.8% YoY to ¥87,136 million in 1H01.

Net Income:

Consolidated net income increased 27.6% YoY to ¥49,047 million in 1H01. This strong increase was mainly due to recent business strength, as well as reductions in the founder's family's private shareholdings below 50% eliminating the Company's obligation to pay taxes on undistributed income.

Consolidated Financial Summary (Yen in Millions)

	1H of Fiscal 2001	1H of Fiscal 2000	YoY Change	YoY %
Operating Income	203,725	182,974	20,751	11.3%
Operating Profit	86,549	79,012	7,536	9.5%
Income Before Extraordinary Items	87,136	79,370	7,765	9.8%
Net Income	49,047	38,442	10,605	27.6%

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

During the 1H of Fiscal 2001, Japan's economy deteriorated influenced by the weak US economy. As expected, rising unemployment and growing personal bankruptcies started to impact upon consumer finance business, leading to an increase in overdue loans. In response to this, ACOM actively transferred overdue loans from its branches to its collection centers with a much higher operational efficiency. The Company also continued with its strategy of offsetting an anticipated weaker loan-balance growth by diversifying its business portfolio through its credit cards, installment sales finance, as well as three new business entities (guarantees, servicing and a non-bank joint-venture with BOTM) launched during the 1H of Fiscal 2001.

Unsecured Consumer Loan Business

Consumer loans, ACOM's core operation, performed well during 1H01. In order to improve customer service, ACOM expanded its sales channels with on-line A.com and Mobile-A.com, with MUJINKUN automated loan application machines and with an increased number of CD/ATM tie-ups. The Company also continued to improve operational productivity and collection efficiency through consolidating call-center, product counseling, loan monitoring and credit screening functions at four regional centers. As a result of these efforts, the number of new customers increased 6.8% YoY to 230,662 and the number of accounts were up 9.9% YoY to 2,998,431. The balance of loan receivables rose 11.6% YoY to ¥1,518,216 million.

Credit Card Business

ACOM continued to promote sales of ACOM MasterCard® by issuing cards to existing loan customers. The Company also began to issue co-branded cards with Sofia International Co., Ltd. and Link Up Co., Ltd. Another 116,467 cardholders were added during 1H01 totaling 905,386 at the end of September 2001. Revolving shopping payments with higher margins enabled 96% YoY growth in receivables.

Installment Sales Finance Business

ACOM's installment sales finance operations continued to perform well targeting niche markets with high margins, such as health and beauty treatments. The business showed 14.7% growth in receivables.

Loan Guarantee Business

In May 2001 ACOM began providing loan guarantee services to leading regional banks. The Company screens applications for and guarantees consumer loans originated by banks. Combining ACOM's credit evaluation expertise with brand power and sales channels these regional banks have, the Company so far achieved 4 tie-ups; Hokkaido Bank in May, Hiroshima Bank in August, Suruga Bank in September and Jyuroku Bank in October. The business made a steady progress and at the end of September 2001 approvals totaled about 13,000 and the amount of credit-line approvals, about ¥3.9 billion.

Tokyo-Mitsubishi Cash One

The operation of Tokyo-Mitsubishi Cash One, ACOM's non-bank joint venture with Bank of Tokyo-Mitsubishi, Ltd., Mitsubishi Trust and Banking Corporation, DC CARD CO., LTD., and JACCS CO., LTD. will start in February 2002. ACOM will provide the venture with most of the credit evaluation and collection skills. The venture will target customers who are reluctant to borrow from consumer finance companies for image reasons regardless of age and income.

Servicing Business

ACOM entered into servicing business through investment in IR Loan Servicing, Inc., (owned 60% by ACOM and 40% by Lisa Partners) in July 2001 aiming to generate profits from purchased or consigned specified monetary claims against individuals and corporate from financial institutions. At the end of September 2001, balances of purchased loans and consignment loans were ¥5 billion and ¥320 billion.

Business Outlook

Difficult conditions will remain in place for Japan's economy. However, reluctance of using consumer credit is fading especially among younger generations, and ACOM believes needs for consumer loans exist. The Company will continue maximum efforts to differentiate itself from peers through its mid-term management strategies aiming to strengthen sales capabilities, enhance customer services, develop new sales channels, including the Internet and mobile phone services, as well as improve cost productivity by centralizing service and administration functions.

Diversification of Funds Procurement

ACOM continues to boost its fund procurement through the issuance of straight bonds with fixed and low interest rates. The direct funding rate rose by 3.8 percentage points to 23% at the end of September 2001 from 19.2% a year ago. The direct funding rate at the end of March 2002 is expected to increase to 26.8%. Diversification of fund procurement is contributing to lower funding costs. The average interest rate on funds procured during 1H01 declined by 0.24 percentage points to 2.13% compared with 2.37% for Fiscal 2000. This trend is likely to continue during 2H01 and the average interest rate for the full Fiscal 2001 is expected to be around 2.16%.

Measures against Rising Credit Risks

Negative impact on credit began to appear sooner than the Company anticipated. ACOM expects increasing overdue loans will lead to a rise in bad debt write-offs. However, the Company believes it can fully absorb the resulting increase in bad debt write-off related expenses this term with lower funding costs and below-plan declines in the average loan interest rate.

Considering the economic condition in Japan, it is more likely credit risks will increase across the industry for the next one to two years. ACOM endeavors to maintain growth through measures such as careful credit screening, reductions in operating expenses by centralizing all telephone-based services including contacts to overdue loan customers. The Company also steps up efforts to retain blue chip customers, as well as to attract new customers.

Financial Outlook for the Full Fiscal 2001

The Company expects for the full Fiscal 2001, consolidated operating income of ¥416,200 (up 10.8% YoY) million, consolidated operating profit of ¥174,200 million (up 8.7% YoY), consolidated income before extraordinary items of ¥174,400 million (up 8.5% YoY) and consolidated net income of ¥96,700 million (up 18.8% YoY).

Company Information

Established in 1978, ACOM CO., LTD is the second largest consumer finance firm in Japan with over 3 million customers with outstanding balance and ¥1,585,718 million in loans outstanding as of September 30th 2001. The Company has a nationwide network of 523 staffed and 1,237 unstaffed outlets, 1750 MUJINKUN machines and 46,126 CDs and ATMs including tie-ups with partners. **Web Site:** <http://ir.acom.co.jp>

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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.