

(TRANSLATION)

**Brief Statement of Financial Results**  
**for the Fiscal Year Ended March 2005 (Consolidated)**

April 27, 2005

**Forward-looking Statement**

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ended March 2005 (the "Brief Statement") with respect to ACOM's plans and strategies and other statements that are not historical facts but are forward-looking statements about the future performance of ACOM are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties. 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.

Name of the company: ACOM CO., LTD. ("ACOM" or the "Company")

Stock market: Tokyo Stock Exchange

Code No.: 8572

Location of the head office: Tokyo

URL: <http://www.acom.co.jp/ir/english/>

Reference:

Position of the representative: President & Chief Executive Officer  
Name: Shigeyoshi Kinoshita

Position of the person in charge: General Manager of Corporate Planning Department  
Name: Yoshinori Matsubara  
Telephone No.: (03) 5533-0631

Date of the board of directors' meeting for the account settlement: April 27, 2005

Name of parent and other related companies: Mitsubishi Tokyo Financial Group, Inc., (Code No.:8306), 4 other companies

Percentage of shares of voting stock of the Company owned by the parent and other related companies: 15.09%

U.S. accounting standards: Not adopted

Note: All amounts under minimum units appearing in each of the tables have been disregarded, except for per share amounts throughout this Brief Statement (Consolidated) and the Annexed Materials.

1. Consolidated Business Results for the Fiscal Year Ended March 2005 (from April 1, 2004 to March 31, 2005)

(1) Consolidated Operating Results

(Millions of yen)

	Operating Income		Operating Profit		Income Before Extraordinary Items	
3/05	433,965	(0.2%)	144,361	19.9%	143,347	20.7%
3/04	434,968	(0.6%)	120,391	(17.9%)	118,773	(17.7%)

	Net Income (Millions of yen)		Net Income per Share (Yen)	Net Income per Share Diluted (Yen)	Return on Equity	Income Before Extraordinary Items to Total Assets	Income Before Extraordinary Items to Operating Income
3/05	81,533	15.9%	516.24	515.96	10.4%	6.9%	33.0%
3/04	70,319	(6.4%)	487.78	487.70	10.5%	5.6%	27.3%

Notes: 1. Loss on investment in equity-method: 1,801 million yen in fiscal year March 2005 and 2,716 million yen in fiscal year March 2004  
 2. Average outstanding shares (consolidated): 157,866,942 in fiscal year March 2005 and 144,089,082 in fiscal year March 2004  
 3. Change in accounting policies: Applicable  
 4. Regarding operating income, operating profit, income before extraordinary items, and net income, the figures in percentages show the growth of change from previous fiscal year.

(2) Consolidated Financial Status

(Millions of yen)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity	Shareholder's Equity per Share (Yen)
3/05	2,077,334	863,760	41.6%	5,456.40
3/04	2,075,389	697,166	33.6%	4,855.99

Note: Outstanding shares (consolidated) at fiscal year-end were 158,295,574 in fiscal year March 2005 and 143,561,072 in fiscal year March 2004.

(3) Consolidated Cash Flow Status

(Millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the End of Year
3/05	141,014	(17,350)	(136,508)	145,920
3/04	164,158	(5,398)	(166,105)	158,873

(4) Scope of Consolidation and Equity Method

Number of consolidated subsidiaries:	17
Number of unconsolidated subsidiaries accounted for under equity method:	-
Number of consolidated affiliates accounted for under equity method:	2

(5) Change in Scope of Consolidation and Equity Method

Consolidated subsidiaries (addition):	2
Consolidated subsidiaries (exclusion):	1
Affiliates accounted for under equity method (addition):	1
Affiliates accounted for under equity method (exclusion):	2

2. Forecasts for the Next Fiscal Year Ending March 2006 (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	Operating Income	Income before Extraordinary Items	Net Income
Interim	219,900	74,800	44,200
Annual	440,900	146,700	86,300

Reference: The forecasted net income per share (annual): 544.95 yen

[Annexed Materials]

1. State of Business Group

The ACOM Group consists of ACOM CO., LTD., 17 subsidiaries, and 2 affiliates as well as 2 other related companies and 3 subsidiaries of other related company. The Group's main line of business is financial services such as loan business, credit card business, installment sales finance business, loan guarantee business, and loan servicing business. Other business lines include rental business, advertising agency, real estate-related business, and insurance agency business.

The following table explains the positioning of each group company.

Segment		Company	Business	Classification
Financial service businesses	Loan business	ACOM CO., LTD.	Loan business including unsecured loan and secured loan	———
		DC Cash One Ltd.	Unsecured loan business	Consolidated subsidiary
		JCK CREDIT CO., LTD.		
		DC Card Co., Ltd.		
		SIAM A&C CO., LTD.	Unsecured loan business in Thailand	Consolidated subsidiary
	Credit card business	ACOM CO., LTD.	Credit card business of which the principal commodity is ACOM MasterCard	———
		DC Card Co., Ltd.	Credit card business of which the principal commodity is DC CARD	Equity-method affiliate
	Installment sales finance business	ACOM CO., LTD.	Installment sales finance business	Consolidated subsidiary
		JCK CREDIT CO., LTD.		
		SIAM A&C CO., LTD.	Hire purchase business in Thailand	Equity-method affiliate
		CHAILLEASE ACOM FINANCE CO., LTD.	Hire purchase business in Taiwan	
	Guarantee business	ACOM CO., LTD.	Guarantee business for personal loan of banks, etc.	Consolidated subsidiary
		DC Cash One Ltd.		
		DC Card Co., Ltd.	Loan guarantee business for banks, etc.	Equity-method affiliate
	Loan servicing business	IR Loan Servicing, Inc.	Loan recovery (servicing) business	Consolidated subsidiary
	Others	RELATES CO., LTD.	Entrusted with call center functions of banks, etc.	Consolidated subsidiary
		AC Ventures Co., Ltd.	Development, investment, promotion and support of venture companies	
		ACOM FUNDING CO., LTD.	Financial services for ACOM (Special Purpose Company)	
		ACOM CAPITAL CO., LTD.		
	Other Businesses	Rental business	ACOM RENTAL CO., LTD.	Comprehensive rental business
Others		JLA INCORPORATED	Advertising agency, interior design and construction of service outlets	
		AJAST Ltd.	Insurance agency business	
		ACOM ESTATE CO., LTD.	Real estate management	
		ABS CO., LTD.	Maintenance of buildings and other properties	
		AB PARTNER CO., LTD.	Back-office services	
		ACOM PACIFIC, INC.	Lease of health resorts in Guam (U.S.A.)	
		ACOM (U.S.A.) INC.	———	
		ACOM INTERNATIONAL, INC.		
Other Related Company	Mitsubishi Tokyo Financial Group, Inc.	Bank holding company	Other related company	
	The Mitsubishi Trust and Banking Corporation	Trust bank business	Subsidiary of other related company	
	Mitsubishi Securities Co., Ltd.	Securities business		
	Maruito Shokusan Co., Ltd.	Real estate leasing	Other related company	
	Maruito Shoten Co., Ltd.		Subsidiary of other related company	

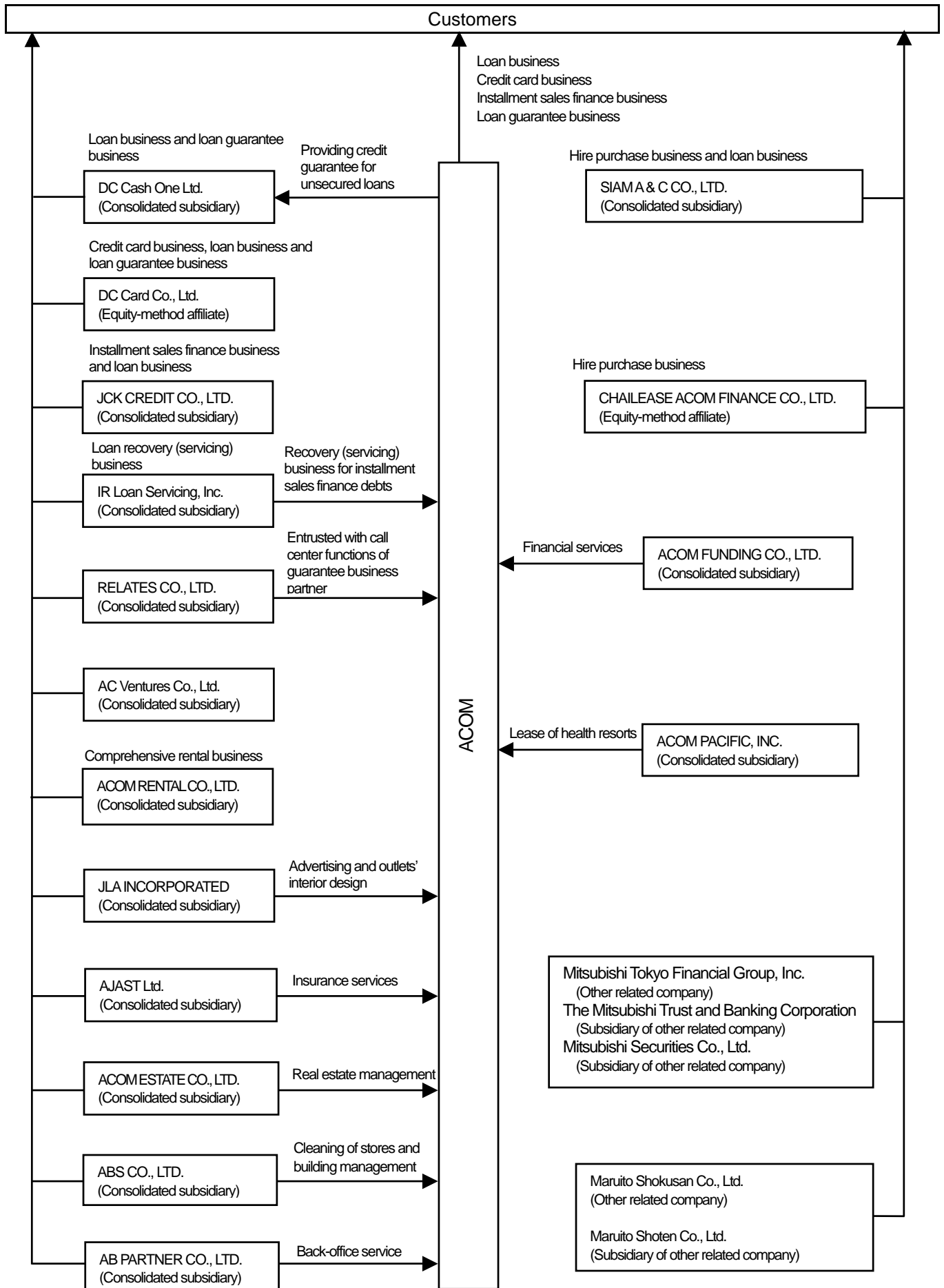
Notes: 1. ACOM (USA) INC. and ACOM INTERNATIONAL, INC. suspended their operation, therefore, summaries of their businesses are omitted above.

2. ACOM ECONOMIC RESEARCH INSTITUTE, INC. was merged into ACOM RENTAL CO., LTD. on April 1, 2004.

3. ACOM sold all of its holding shares of ASCOT CO., LTD. on April 19, 2004.

4. Mitsubishi Tokyo Financial Group, Inc. held ACOM's shares as of April 20, 2004, and the ratio to total right to vote is 15.09% by adding the ACOM stock held by The Mitsubishi Trust and Banking Corporation and Mitsubishi Securities Co., Ltd.
5. Among the related companies listed above, Mitsubishi Tokyo Financial Group, Inc., The Mitsubishi Trust and Banking Corporation and Mitsubishi Securities Co., Ltd. submit financial reports.
6. ACOM CAPITAL CO., LTD. was liquidized due to the change in the methods of fund procurement on January 4, 2005.
7. AVRS CO., LTD. changed its corporate name to RELATES CO., LTD. on January 18, 2005.
8. ACOM acquired 83,266 shares of Tokyo-Mitsubishi Cash One Ltd. through a third-party allocation, etc. At the same time, Tokyo-Mitsubishi Cash One changed its corporate name to DC Cash One Ltd.
9. ACOM made DC Card Co., Ltd. to its equity-method affiliated company by transferring shares from existing shareholder to ACOM.
10. ACOM acquired all shares of MTB Capital Co., Ltd. and made it to ACOM's consolidated subsidiary on March 10, 2005. The corporate name was changed to AC Ventures Co., Ltd. on the same day.
11. SIAMA&C CO., LTD. changed its corporate name to EASY BUY Public Company Limited on April 1, 2005.

Diagram of Business of ACOM Group



Note: ACOM (USA) INC. and ACOM INTERNATIONAL, INC. suspended its operation, therefore, they are eliminated from the diagram.

## 2. Management Policy

### (1) Basic management policy

We, ACOM Group, were founded with the motto “Extending the feeling of confidence from people to people,” in which we have placed our corporate philosophy of “Serving humanity”, “Putting the customer first”, and “Creative and innovative management” to deepen mutual trust between all stakeholders and achieve growth in concert with society.

The business environment surrounding our Group is getting tougher given the slow economic recovery, seriously progressing aging society with a falling birthrate, diversifying consumers’ needs, and intensifying competition with new business entries from different industry sectors. ACOM Group will appropriately respond to such changes in the business environment and build a business foundation that enables growth while coping with the changes in society.

#### (A) Expanding business fields and strengthening the revenue base by aggressively pushing forward business operation based on Group management

ACOM Group focuses on promoting its Group management by enhancing coordination among our respective ACOM Group businesses, centered on our financial service companies and taking advantage of the synergy effect created by a tie-up with the Bank of Tokyo-Mitsubishi, Ltd. (hereafter, “MTFG”) to the fullest, aiming at expanding the scale of our financial service business. At the same time, we will aggressively seek deployment of our business overseas, mainly in countries in Asia. We will also proactively push ahead with our efforts to enter new business fields by leveraging the varied business expertise we have cultivated over the years and strengthen our revenue base.

#### (B) Building up business scale by strengthening competitiveness in sales and services

ACOM Group will further enhance our competitiveness in sales and services, push forward with the expansion of our business scale, and improve asset quality by implementing sophisticated marketing techniques that respond to changes in environment, while building firmer customer trust based on our principle of “Customer First.” We will also try to improve our credit screening technique by enhancing our computer credit screening system and clarifying our customer segments into smaller categories, among others.

#### (C) Reinforcing competitive edge by accomplishing drastic operational reforms

We have focused on cost-cutting operations in pursuit of high profitability through reduction of office expenses by introducing the MUJINKUN (automatic contract machines) and promoting the efficient use of personnel.

We will enhance our cost competitiveness by accomplishing drastic reforms in business operations at all of our group companies, improving efficiency in business management and further promoting low-cost operations into the future. To achieve these goals, we are conducting a full-scale review of our existing business operations in an effort to create a more robust system framework.

#### (D) Nurturing professionals

In preparation for future business growth, we will endeavor to nurture professionals with financial expertise in our group and personnel who will be responsible for future management by implementing systematic job rotations, on-the-job training, and educational programs.

#### (E) Spreading Business Ethics (Compliance)

ACOM Group positions strict compliance with business ethics as one of our important management challenges and promotes the adoption of business ethics based on the “ACOM Ethical Codes for Business” and “Business Ethics Execution Three-Year Plan.” ACOM Group enforces strict control and management in handling private information, with the focus on our customer information. In response to the implementation of the Law concerning Protection of Private Information, we continuously put strict measures in place by creating relevant rules and regulations, developing information control system and providing thorough education and training to our employees.

We will further push forward deeper permeation of business ethics (Compliance) in all departments and officers in order for the ACOM Group to achieve long-term growth and fulfill our social responsibilities into the future.

We are also pleased to announce that a total of 1,051 group employees succeeded in passing a financial licensing examination, the Financial Business Proficiency Examination for Compliance Officers (Consumer Finance Course) administered by the Kinzai Institute for Financial Affairs, Inc. in 2003 and 2004. Furthermore, we have received “Excellent

Group Result Commendation" by them 2 years in a row.

## **(2) Basic policy on profit distribution**

With regard to profit distribution to shareholders, it is our basic policy to continue to pay dividends on a consistent basis, taking into consideration the economic and financial situation and our own performance.

Based on this policy, we paid an interim dividend of 45 yen per share for the interim period ended September 30, 2004. With the consideration of business results etc., it is scheduled that we pay a year-end dividend of 55 yen per share at the end of this fiscal year. Retained earnings will be allocated to strategic investments to enhance our business base, including optimal relocation of business outlets, improvements to the business structure to achieve a low-cost operation system, construction of a unified administration system, and development of new businesses.

In addition, we repurchased 984,840 shares of our common stock on the Tokyo Stock Exchange in August and September 2004.

## **(3) Reduction in the number of shares comprising a trading unit**

At a meeting of the board of directors held on February 18, 2002, a reduction from 100 to 10 shares comprising a single trading unit was approved. This measure, intended to increase the liquidity of ACOM's shares and expand the range of investors, took effect on May 1, 2002.

We will continue to consider appropriate measures to reduce the number of shares comprising a trading unit, taking into account the trends in the stock market and ACOM's share prices.

## **(4) Performance goals and indicators**

We have adopted a series of performance goals and indicators intended to guide the ACOM Group toward the achievement of higher shareholder value and the continuation of stable business operations. In this context, special emphasis is placed on a consolidated return on shareholders' equity (ROE). Similarly, we are intent on improving such indicators of overall management performance as shareholders' equity ratio, ratio of income before extraordinary items to total assets, ratio of income before extraordinary items to operating profit, and net income per share.

## **(5) Mid-to-Long Term Business Strategy of the Company**

The business environment surrounding ACOM Group is anticipated to continue to be severe due to the deterioration of employment situation for full-time workers reflecting the drastic post-bubble structural reforms in the industry and a concern for continuing high rate of personal bankruptcies, in addition to the change in the social structure including aging society with a falling birthrate.

Against this backdrop, we have coined the phrase "Best Life Partner" to describe our vision for the business over the medium term. With a focus on the consumer credit market as a whole, we will continue to develop our loan business, credit card business, and installment sales finance business as core businesses. By offering advanced comprehensive financial services, we hope to win the complete satisfaction and trust of our customers.

We will strive to build a foundation for mid-term growth focused on expanding financial business leveraged by the business tie-up with MTFG Group, loan guarantee business and loan servicing business, and widening our scope of diversified businesses such as call center operations based on our expertise accumulated over the years in consumer finance business, IT technology including channel development, and low-cost operations such as the centralization of operations.

## **(6) Basic idea concerning corporate governance and status of its execution**

(A) In order to improve the shareholder value continuously through business activities and to meet the shareholders' expectations, our Group regards the enhancement of the corporate governance as a key management task. A basic idea of the corporate governance of our Group is to secure the soundness, transparency and efficiency of management through "the achievement of thorough compliance", "Expansion of the internal management system", "Strengthening of the risk management operation", and "Promotion of active disclosure", etc.

(B) Details of ACOM organization and status of internal control system

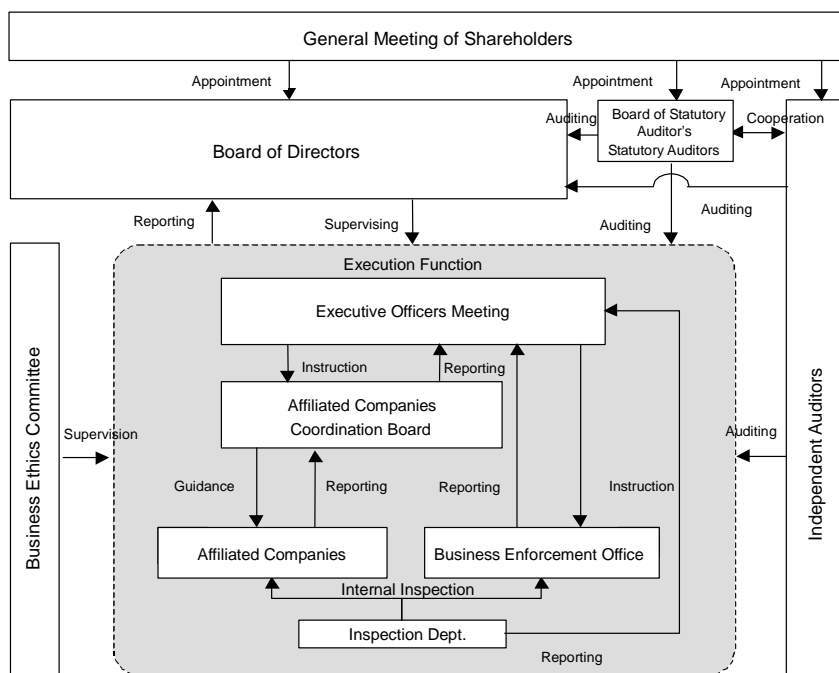
(a) Basic system of our organization

ACOM adopts an auditor system, and the Board of Directors and Statutory Auditors monitor and supervise our business

operations. With the introduction of the executive officer system in June 2003, we are enhancing and strengthening execution functions by department and operation, making clear distinctions between the roles of supervision and business execution, and making efforts to strengthen the monitoring and supervising function along with the auditor system. In the future, we will improve functions under the existing system and, at the same time, examine ways to further enhance our corporate governance and its system.

(b) Corporate management system and internal control systems

1. Corporate governance chart



2. Details of our organization

(Board of Directors)

The Board of Directors consists of a small group of 10 directors (one of whom is an outside director) to enable speedy business judgments. The Board of Directors decides important matters related to business management, including business strategies and business planning, and mutually monitor the performance of its fellow directors and supervises the business execution of executive officers, etc. The Board of Directors normally meets once a month, but also convenes on other occasions when this is necessary.

(Board of Statutory Auditors)

The Board of Statutory Auditors consists of four auditors (three of whom are outside auditors). The Board of Statutory Auditors receives reports concerning important audit-related matters, holds discussions, and passes resolutions. The Board of Statutory Auditors generally meets once a month, but also convenes on other occasions when this is necessary. "Auditor's Office" was established to beef up the auditor function, with three staff assisting the Statutory Auditors.

(Executive Officers' Meeting)

The Executive Officers' Meeting, which consists of senior-level executive officers, discusses, in accordance with basic policies determined by the Board of Directors, important matters concerning the management of the company and its affiliated companies and determines or approves courses of action. It also coordinates key matters relating to business execution at all the company's departments and divisions. Executive Officers' Meetings are normally held three times a month, but they are also held on other occasions when necessary.

(Affiliated Companies Coordination Board)

The Affiliated Companies Coordination Board comprises senior-level executive officers and representatives of other group companies. It discusses important matters concerning the management of affiliated companies, maintains

communication with them, and coordinates important matters concerning the execution of their business. The Affiliated Companies Coordination Board normally meets once a month, but also convenes on other occasions when this is necessary.

(Business Ethics Committee)

The Business Ethics Committee, which is made up of pre-appointed senior-level executive officers, discuss and verify basic policies on the practice of business ethics (compliance), with an aim towards improving business ethics among our officers and employees. It also verifies and makes recommendations on matters such as measures to spread business ethics (compliance), compliance education measures for our officers and employees, corrective measures against compliance breaches, and compliance improvement measures.

The Business Ethics Committee meets when convened by its chairperson, one of its members, or its own administrative office.

(c) Status on Internal Audit and Audit by Statutory Auditor

(Internal Audit)

ACOM's Inspection Department, which consists of 37 inspectors, verifies and evaluates compliance of relevant laws and regulations at our operational divisions, our efforts and control on the protection of private information and other internal control efforts, and makes recommendations on ways to correct problems. Opinions based on its evaluations, which are not only whether they are in compliance but also whether they are appropriate and effective, are being forwarded to relevant departments and divisions. The results of internal audits are regularly reported at the Board of Directors Meeting and the Executive Officers' Meeting, as well as to the Statutory Auditors, and coordination is also made with the auditing by the Statutory Auditors.

The Inspection Department was reorganized into the Internal Audit Department as of April 1, 2005 with an aim towards establishing a firm internal auditing system and further enhancing the internal control system.

(Auditing by the Statutory Auditors)

The Statutory Auditors attend important meetings such as the meeting of the Board of Directors and audit the performance of directors and executive officers, etc. by examining business operations and the status of company assets based on its audit policies and audit planning. Its audit policies state: "The Statutory Auditors shall provide appropriate advice and recommendations at an appropriate timing that contributes to the building of a further solid base for compliance and proper business ethics taking consideration of corporate social responsibilities and governance. The Statutory Auditors supervise the independence of independent auditors and evaluate, in coordination with independent auditors and the internal audit department, the development of internal control systems while acquiring an accurate understanding of the actual state of the company's business management. In addition, Statutory Auditors shall endeavor to collect information on respective group companies and their business management while coordinating closely with auditors at ACOM's subsidiaries, in view of the consolidated business of the ACOM Group." Statutory Auditors also attempt to coordinate with independent auditors through examining the "annual audit plan," exchanging opinions on "audit reports" and "summary and results of audits", etc., and accompanying independent auditors on visits.

(d) Status on Accounting Audit

(Names of Certified Public Accountants who have audited our accounting, the names of audit corporations with which they associate, and years of their active career in auditing on a continuous basis)

Engaged partner: Chikara Chikami SHIN NIHON & CO. Years in auditing (on a continuous basis): 10 years

Engaged partner: Yasuo Matsuura SHIN NIHON & CO.

(Composition of Assistants for ACOM's accounting audit)

Certified Public Accountants: 8 persons

Assistant Certified Public Accountants: 7 persons

Other assistants: 3 persons

(e) ACOM's relationship with outside directors and outside auditors

Outside Officer	Relationship with ACOM
Director: Tatsunori Imagawa	Vice President of Mitsubishi Tokyo Financial Group, Inc., which has capital and business relations with ACOM. Mitsubishi Tokyo Financial Group, Inc. holds ACOM's shares and the ratio to total right to vote is 15.09%.
Auditor: Koichi Shimizu	None
Auditor: Satoshi Ito	None
Auditor: Norikatsu Takahashi	None

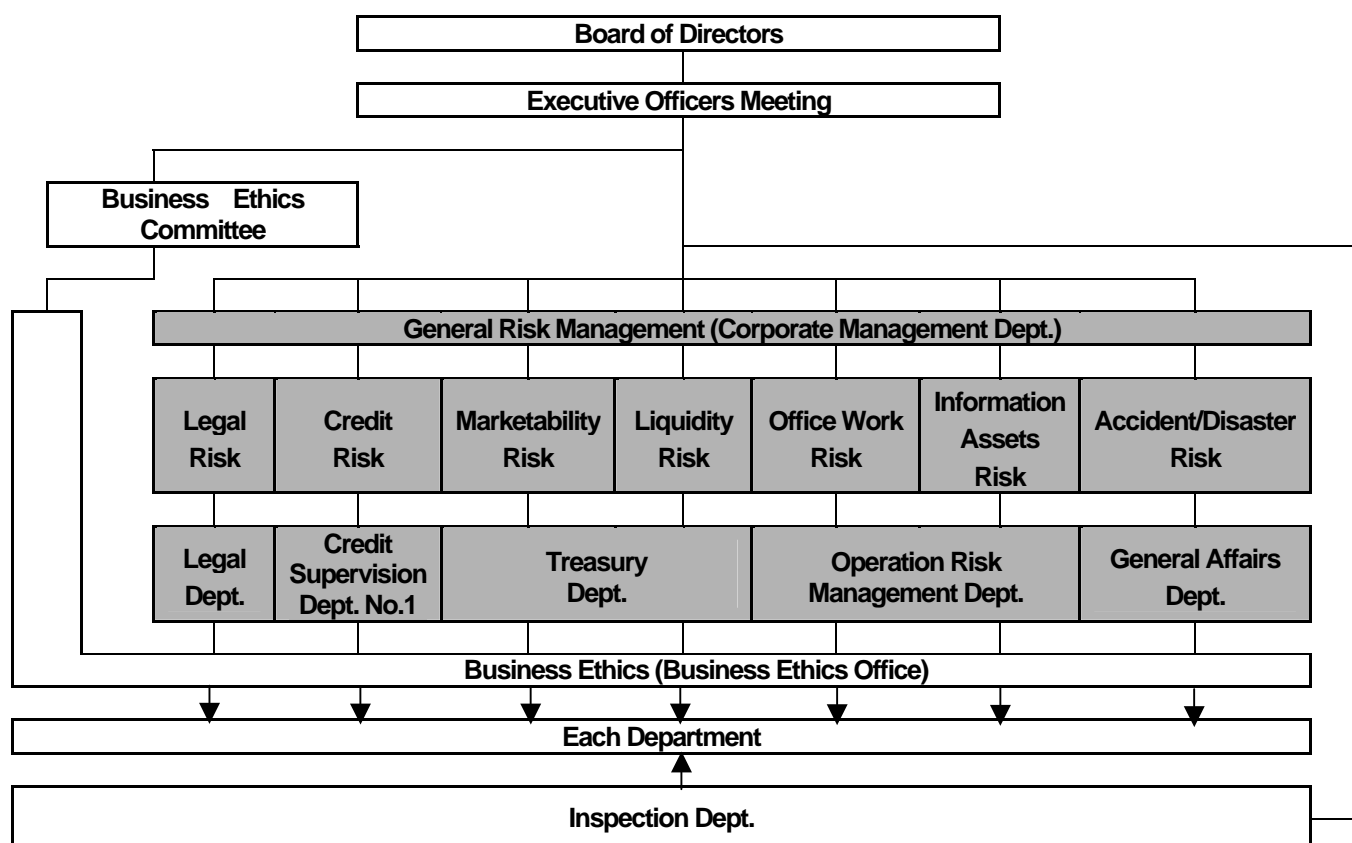
(C) Status on development of risk management system

As the environment surrounding ACOM Group changes, the risks we face are becoming more complex and diverse, and the enhancement and strengthening of a robust risk-management framework is one of management's most important tasks. Such a framework is crucial for enabling us to understand the risks we face, maintain sound management of our company, keep our earnings stable, and continue to grow the business.

Our core risk-management policy is defined in our Business Risk Management Regulations. We are also clarifying the risks we need to manage, the departments responsible for managing them, and the risk-management techniques that should be adopted. In addition, we have also entrusted overall responsibility for risk management to the Corporate Management Department, which is tasked with the centralized management of operational risk. These measures demonstrate our commitment to the development of a strong and unified risk-management system.

In regards to our information assets, including our customers' personal information, ACOM has established an Information Security Committee consisting of senior-level executive officers as of April 1, 2005 in order to implement various measures including appropriate security control measures against assumed risks, and to further tighten control on information security.

(Risk-management chart)



(c) Details of compensation for officers and auditors

Compensation for ACOM's Directors and Statutory Auditors and the Audit Corporation for this term is as follows:

(Details of compensation for ACOM officers)

Total annual compensation for Directors	245 million yen
Total annual compensation for Statutory Auditors	58 million yen
	303 million yen in total

(Details of compensation for Audit Corporation)

Compensation-related audit certificate in accordance with the Auditing Agreement:

	50 million yen
Other compensation	51 million yen
	102 million yen (excluding taxes)

(7) Matters related to the Parent Company, etc.

(A) Business names, etc. of the Parent Company, etc.

Business name or name of Parent Company, etc.	Attribute	Percentage of ownership of voting rights held by the Parent Company, etc. (%)	Stock Exchange, etc. under which the Parent Company (etc.)'s stock is listed
Maruito Shokusan, Co., Ltd.	Applicable other company where listed company is the affiliate of the other company	19.72 ( 2.45 )	—
Mitsubishi Tokyo Financial Group, Inc.	Same as the above	15.09 ( 2.00 )	Tokyo Stock Exchange First Section Osaka Stock Exchange First Section New York Stock Exchange (U.S.A) London Stock Exchange (UK)
Maruito Shoten Co., Ltd.	Same as the above	2.45 ( — )	—
The Mitsubishi Trust and Banking Corporation	Same as the above	1.99 ( — )	—
Mitsubishi Securities Co., Ltd.	Same as the above	0.00 ( — )	Tokyo Stock Exchange First Section Osaka Stock Exchange First Section Nagoya Stock Exchange First Section

(Note) The percentages in ( ) under the Percentage of ownership of voting rights held by the Parent Company, etc. column indicates that of indirect ownership.

(B) Business name or name of entity among parent company, etc., that is considered to have the most influence on ACOM, and the reason.

Business name or corporate name	Reason
Mitsubishi Tokyo Financial Group, Inc.	<ul style="list-style-type: none"> <li>○ The ownership percentage of voting rights of Mitsubishi Tokyo Financial Group, Inc. in ACOM is 15.09% in total, together with percentages of its subsidiaries, The Mitsubishi Trust and Banking Corporation and Mitsubishi Securities Co., Ltd.</li> <li>○ One of Mitsubishi Tokyo Financial Group, Inc.'s Directors concurrently holds an outside director position at ACOM.</li> <li>○ ACOM and Mitsubishi Tokyo Financial Group, Inc. engage in a business alliance in the retail field.</li> </ul>

(C) ACOM's position in relation to the Group Companies of the Parent Company, etc. and ACOM's relationships between the Parent Company, etc. and other listed companies

(a) ACOM's position in relation to the Group Companies of the Parent Company, etc.

Mitsubishi Tokyo Financial Group, Inc. owns 15.09% of voting rights in ACOM, together with its subsidiaries, The Mitsubishi Trust and Banking Corporation and Mitsubishi Securities Co., Ltd. One of MTFG's directors concurrently holds an outside director position at ACOM, and ACOM is an MTFG affiliate in terms of application of the equity method.

The aims of ACOM's business tie-up with MTFG are to boost revenue by strengthening and enhancing our competitiveness in the consumer finance market within retail business, and to contribute to the sound development of Japan's consumer finance market. A capital alliance between the two companies is also in place in order to maintain an even closer and more comprehensive business tie-up for a long time.

The independence of ACOM's business management is ensured through establishment of the corporate governance system described in the section of "(6) Basic idea concerning corporate governance and status of its execution", which enables us to independently engage in business operations and business management decision making.

(b) ACOM's relationships between the Parent Company, etc. and other listed companies

Maruito Shokusan Co., Ltd. engages in real estate leasing business, and Kyosuke Kinoshita, Chairman of ACOM is the President of Maruito Shokusan Co., Ltd; Shigeyoshi Kinoshita, President & CEO of ACOM is the managing director of Maruito Shokusan Co., Ltd.; Maruito Shoten Co., Ltd. is a subsidiary of Maruito Shokusan Co., Ltd.; Neither Maruito Shokusan Co., Ltd. nor Maruito Shoten Co. Ltd. has a business relationship or transactions with ACOM.

(D) Matters related to transactions with the Parent Company, etc.

Please refer to "4. Consolidated financial statements, etc. and (14) Transactions with related parties" in this Brief Statement of Financial Results.

### 3. Business Results and Financial Position

(1) Business Results

(A) Business Results for this fiscal year

The Japanese economy during this consolidated fiscal year showed somewhat slow pace of recovery, reflected by the sluggish international economy and production activities, together with a moderate recovery in the household sector including employment and income situations.

Under these circumstances, our group adapted a mid-term management policy of "respond appropriately to the change in business environment and develop the business foundation to be fully integrated into society." While maintaining a focus on our core loan business, we spent the period trying to increase the scope of our business and broaden our

revenue base in the overall retail financial market by enhancing our financial services, including credit card and installment sales finance businesses as well as our loan guarantee and servicing businesses.

As part of our measures to enhance our organizational strength, we newly established a Retail Strategy Planning Office, with a view to promoting a business alliance with MTFG group, and a Guarantee Business Department, an integrated function of the business alliance, credit screening and management of debt collection, to facilitate the loan guarantee business. In addition, we changed our organizational structure, including an upgrade of the Legal Office to a Legal Department and consolidation of the Marketing Development Department and the Loan Business Management Department. We also closed our 100% owned subsidiary, Acom Economic Research Institute, Inc., and transferred the entire shares of our equity-method affiliate, ASCOT CO., LTD. While improving the efficiency of our group, ACOM and four other companies, MTFG, The Bank of Tokyo-Mitsubishi, Ltd. (hereinafter referred to as "BOTM"), DC Card Co., Ltd. (hereinafter referred to as "DC Card"), The Tokyo-Mitsubishi Cash One Ltd. (change in business name to DC Cash One Ltd.; hereinafter referred to as "DC Cash One") announced a basic agreement regarding their "Combination of Operations and Reorganization to Strengthen the Consumer Finance Business." Based on the agreement, we underwrote shares of DC Cash One through a capital increase and acquired DC Card shares in order for both ACOM and DC Card to concentrate our strong position in DC Cash One to strengthen and propel the consumer finance business. Moreover, we acquired shares of DC Card to strengthen the business combination of ACOM and DC Card. As a result, DC Cash One became our consolidated subsidiary instead of our equity-method affiliate, and DC Card became our new equity-method affiliate. As part of our effort to expand our business into the consumer credit market in Asia, we also acquired the entire shares of MTB Capital Co., Ltd. (change in business name to "AC Ventures Co., Ltd.") to enter the venture capital business. We also formed a business tie-up with "Chinatrust Commercial Bank", whose head office is located in Taipei, Taiwan, to provide support for unsecured card loans in Asia.

With respect to our business alliance with MTFG group in the area of retail business, we will continue our existing loan business in DC Cash One while preparing to enter into new contracts for such as guarantee service with respect to the cards issued by BOTM, processing service, and call center service by providing expertise and personnel to DC Cash One.

Under these circumstances, we recorded a consolidated operating income for this fiscal year of 433.965 billion yen (a decrease of 0.2% year on year), operating expenses of 289.604 billion yen (a decrease of 7.9% year on year), income before extraordinary items of 143.347 billion yen (an increase of 20.7% year on year), and a net income of 81.533 billion (an increase of 15.9% year on year).

We consolidated headquarters functions and moved our head office in December 2004 to further enhance departmental collaboration as well as promote operational efficiency. We will continue our efforts toward low-cost operation and greater efficiency.

#### (a) Loan business

Our loan business forms the core of the group's activities, and our goal is to offer a service that accurately reflects changing market conditions. To this end, we focused our efforts on improving services to customers and expanding new application channels by promoting a business tie-up with the customer support department and the sales office, optimizing the location of outlets, and trial implementation and development of our QUICK MUJIN (simple-type automatic loan application machines).

With respect to credit management, we have taken concerted actions for improvement and strict control of our loan portfolio, including toughening up credit screening, developing nationwide counseling activities specializing in consultation on payment, and further improving the counseling business. Consequently, the ratio of bad debt write-offs only reached 6.05%, a decrease of 0.33% from the previous fiscal year.

After entering into an agency agreement with ACOM, DC Cash One has expanded its over-the-counter operation by setting up DC One customer desks at our 21 branches, and is further promoting the ATM network through collaboration with financial institutions with a view toward improving customer efficiency. We will further enhance our alliance with DC Cash One to optimize the synergy effect.

The business result for SIAM A&C CO., LTD. (business name was changed to "EASY BUY Public Company Limited" on

April 1, 2005), a company developing financial services in Thailand, has been expanding with a focus on loan business. The consolidated balance of outstanding loans receivable amounted to 1,680.184 billion yen (an increase of 3.5% year on year), an increase of 57.029 billion yen during this fiscal year, due to DC Cash One becoming a consolidated subsidiary. Interest on loans receivable was 380.272 billion yen (a decrease of 1.0% year on year).

(b) Credit card business and installment sales finance business

In the credit card business, in addition to continuing to promote the ACOM MasterCard that can be issued instantly through automatic issuing machines linked with our MUJINKUN, we started issuing the credit cards of five new affiliated companies, including "Teruru CLUB MasterCard" and "Livian Club MasterCard".

In our installment sales finance, we concentrated our efforts to promote sales at the national level by establishing a Yokohama business office and 8 new offices located in the major cities. In addition, we strengthened our tie-up effort with JCK CREDIT CO., LTD., a wholly owned subsidiary, to increase the number of new participating stores. Despite these efforts, the volume of sales was lower than that of the previous fiscal year.

On a consolidated basis, the balance of installment receivable dropped by 51.521 billion yen during the period to 176.778 billion yen (a decrease of 22.6% year on year). The fees from the credit card and installment sales finance businesses totaled 22.093 billion yen (a decrease of 20.6% year on year).

(c) Loan guarantee business

With regard to the loan guarantee business, in June last year, we strengthened the promotion system for the loan guarantee business through the launch of the Guarantee Business Department as a centralized unit responsible for business tie-up function, credit screening functions and managing functions of guaranteed loans in arrears. At the end of this fiscal year, the balance of guaranteed loans receivable was 78.015 billion yen. As a result, fees from credit guarantees were 6.871 billion yen (an increase of 52.6% year on year), and operating income of the loan guarantee business which includes consignment fees of loan guarantee business stood at 7.627 billion yen (an increase of 51.4% year on year).

(d) Loan servicing business

We launched our loan servicing business via an equity stake in IR Loan Servicing, Inc. The main activity of the business is the purchase of loans, but it is expanding its horizons by entering other businesses: loan servicing agent service, temporary staffing, back-up servicing, corporate revitalization services, etc..

For this fiscal year, the collection of purchased receivables was 7.757 billion yen (an increase of 271.5% year on year). The operating income of loan servicing business, which includes items such as consignment fees, was 8.762 billion yen (an increase of 214.5% year on year).

(e) Others

While focusing on our effort to generate revenue through loan guarantee business and promote entrusted call center functions business from tie-up partners, we established our wholly owned subsidiary, "RELATES CO., LTD." (the corporate name changed on January 18, 2005 from "AVRS CO., LTD."), which started its operation in March of this year.

We will continue our effort to provide better services and expand our business scope through the alliance with the loan guarantee business, and further strengthen the call center contract business by such as providing support to our loan guarantee partners as well as obtaining new business opportunities from these partners.

(B) Forecast for the next full fiscal year

For the next full financial year, we anticipate facing a continued difficult economic environment due to slow business recovery, rapid aging of the population due to the declining birthrate, diversification of consumer needs, and new entries from other business sectors. However, our group is working together and committed to extending the scope of our operations and to winning the trust and satisfaction of customers as their "Best Life Partner" in accordance with our current year corporate strategy.

For the next full fiscal year, we are forecasting a consolidated operating income of 440.9 billion yen (an increase of 1.6% year on year), income before extraordinary items of 146.7 billion yen (an increase of 2.3% year on year) and a net income of 86.3 billion yen (an increase of 5.8% year on year).

## (2) Financial situation

At the end of this fiscal year, our total assets had increased by 1.945 billion yen compared with the end of the previous consolidated financial year. Shareholders' equity increased by 166.594 billion yen and shareholders' equity ratio increased 8.0 points to 41.6%.

The increase/decrease in total assets breaks down into mainly a decrease of 4.265 billion yen in current assets and an increase of 6.21 billion yen in fixed assets. The decrease in current assets is attributable to an increase of 57.029 billion yen in outstanding loans receivable as a result of DC Cash One's consolidation as a subsidiary, a decrease of 51.521 billion yen in installment sales receivable due to decreased installment sales finance business, and a decrease of 20.151 billion yen in short-term loans. The increase in fixed assets attributes increased investment in securities by 7.02 billion yen, including DC Card's stock purchase.

Total liabilities declined by 168.413 billion yen. Chief factors were a 166.344 billion yen drop in interest-bearing liabilities such as loans and bonds, a fall of 7.839 billion yen in deferred income on installment sales.

Regarding shareholders' equity, the issuance of new shares via the third-party allocation led to a 93.1 billion yen of capital injection from MTFG in April and we have added 46.55 billion yen into our common stock and capital surplus respectively. The transfer of our treasury stock to MTFG led us to include a 4.135 billion yen of net gain on disposal of treasury stock in capital surplus. In addition, we disposed treasury stock of 7.297 billion yen and repurchased our shares with total purchased value of 6.999 billion yen.

### (A) Cash flows

Our consolidated holdings of cash and cash equivalents (cash) recorded a drop during this consolidated fiscal year of 12.953 billion yen to end the period at 145.92 billion yen. Details of the different cash flows and the reasons for these flows are given below.

#### (Cash flows from operating activities)

Our operations generated net cash of 141.014 billion yen. Net income before income taxes was 140.388 billion yen and there was a decrease in the allowance for bad debts of 4.785 billion yen. Among factors increasing cash was a 51.405 billion yen drop in the balance of installment sales receivable. Factors reducing cash included a drop of 7.826 billion yen in deferred income on installment sales, a increase of 6.33 billion yen in inventories and 48.52 billion yen in income tax payments.

#### (Cash flows from investing activities)

Net cash used in investing activities amounted to 17.35 billion yen. This principally consists of 9.316 billion yen in the purchase of investment securities such as stock in DC Card, and 6.819 billion yen in the acquisition of tangible fixed assets, mainly due to the purchase of new ATMs to handle new bank notes.

#### (Cash flows from financing activities)

Financing activities registered a net cash outflow of 136.508 billion yen. One of the primary reasons was that the repayment of loans and the redemption of bonds exceeded new bond issuance by 220.56 billion yen. This was tempered, however, by a 92.625 billion yen inflow from the issue of new stock to MTFG, a 11.423 billion yen inflow from the gain on disposal of treasury stock, a 12.891 billion yen of outflow from dividends payment, and a 7.007 billion yen of outflow from repurchase of our shares.

### (B) Cash flow forecast for the next fiscal year

We anticipate that our operating activities will generate net cash of 68.3 billion yen during the next consolidated fiscal year, reflecting the business plan with focus on loan business and installment sales finance business.

Investing activities are expected to use net cash of 8.8 billion yen, reflecting plans of capital expenditure such as outlets-related equipment to expand our outlets network. Financing activities are forecasted to use net cash of 66.3 billion yen, reflecting the decrease of liability with interest, etc. We are therefore predicting that our holdings of cash and cash

equivalents will end the financial year 6.8 billion yen lower than they were a year earlier.

### (3) Risks relating to business

The following statement regarding business-related risks is the list of items that may bring potential risks to our group's operation based on our assumptions and views as of the submission date of the financial statements. In addition, in view of providing disclosure to investors, we will include risks that may possibly not be associated with our operation.

However, the following risks do not include all the potential risks. With future changes in the economic conditions and environment regarding the consumer finance industry, there may be new risks that arise from various uncertainty factors.

#### (A) Issues related to our business

##### (a) Maintain the level and the growth rate of profitability

Whether or not we can maintain the level and the growth rate of profitability equivalent to our past business performance depends on various factors including those listed below.

1. Change in overall consumer finance market.
2. Growth rate of the number of customer accounts and average balance.
3. Decrease in the maximum interest rate chargeable by loan business and change in legal framework concerning the consumer finance industry.
4. Fluctuation in the average contracted interest rate received from clients in the loan business.
5. Competition with other competitors.
6. The rate of default by the customers.
7. Our credit screening ability with regard to our customers, based on a credit database.
8. Overall Japanese economic conditions.
9. Our maximum amount of borrowing available through financing and our financing costs.
10. The level of our advertising, personnel and other expenses.

##### (b) Business Results

We are focused on promoting efficiency for the customer, including the introduction of automatic contract machines, prompt ACOM MasterCard issuance, and expansion of the ATM and cash dispenser network mainly for financial institutions. Moreover, we are formulating activities such as branding and public relations in the mass media in order to improve our corporate image. As a result, we have achieved satisfactory results regarding new customer acquisition and the outstanding loan balance.

Our group achieved increases in both sales and profit until the fiscal year ended March 2002. However, due to a prolonged economic slump, the economic conditions deteriorated to where unemployment rate remained high and personal income decreased. As a result, our profit decreased for two consecutive terms, in the fiscal periods ending March 2003 and March 2004, caused by the increased legal proceedings related to bad debt write-offs, including personal bankruptcies and civil rehabilitation proceedings, which resulted in a higher write-off expense. During the fiscal year, with the moderate recovery in personal income, we have achieved an increase in profit for the first time in three years, which is attributed to a drastic decrease in write-off expenses due to decreased personal bankruptcies.

We will make our efforts to respond swiftly to changes in the business environment and promote efficiency through cost reduction while strengthening credit screening and counseling functions. However, our performance may be influenced by factors such as changes in the Japanese economic conditions, consumer finance market, and the competitive situation.

#### (B) Legal restrictions

Loan business (consumer finance business), as our group's core activity, is governed by the following laws: Regulation of Moneylending Business Law (hereinafter referred to as "RMBL") and the Acceptance of Contributions, Money Deposits, and Interest Law (hereinafter referred to as "ACMI"). Our credit card business and installment sales business are governed by the Law Concerning Installment Sales (hereinafter referred to as "LCIS"). The aforementioned laws govern each business, in all aspects of operation.

##### (a) Regulations regarding RMBL and LCIS

With respect to loan business, the RMBL requires registration of moneylenders, issue of a written receipt for each payment of principal and interest on the loan, and the return of loan certificates to borrowers. It also regulates excessive marketing and collection activities. Administrative punishments or penalties are imposed for violations of each of the provisions. The LCIS requires a description of the terms and conditions of the transaction, the issue of a written document, and prevention of excessive purchase beyond paying capacity. A penalty will be imposed on failures to comply with the provisions. In the event that part of our business needs to be restricted due to changes in our business rules following amendment of the laws, our loan business and installment sales business and the overall performance may be adversely affected.

(b) Regulation regarding lending rates

The maximum interest rate chargeable by our group is regulated by ACMI. Under the current ACMI, a moneylending company is prohibited from entering into a loan agreement with, or receiving, an interest rate exceeding 29.2% per annum. According to the law, this maximum interest rate may be "reviewed and modified at the end of the three-year period (January 2007) following enforcement of the amended RMBL and ACMI, taking into consideration the capital requirements and other economic and financial situations and the moneylending company business practice of setting interest rates according to the financial strength or credit status of those in need of funds."

The interest rates charged by our corporate group in all of our loan products are lower than the ACMI interest rate ceilings. If, however, the maximum interest rates under the ACMI should be reduced below the current interest rates charged by our corporate group, the performance of, and income from, our loan business may be adversely affected.

Article 1, Section 1 of the Interest Rate Restriction Law (hereinafter referred to as "IRRL") specifies that, under contract of cash loan for consumption, the portion of interest that is higher than the interest rate ceiling (If the principal is less than 100 thousand yen, the interest is 20% per annum. From 100 thousand yen up to 1 million yen, 18% per annum. From 1 million yen, 15% per annum) is deemed invalid. Section 2 of the above Article stipulates that in the case wherein the debtor voluntarily pays the portion of interest in excess of the interest ceiling as specified above, he/she cannot claim reimbursement of the said interest. According to Article 43, given that the written document is issued at the inception of the contract as prescribed by law and that the payment of interest fulfills the condition set forth herein, the interest is deemed to be reimbursable, notwithstanding the provisions in Article 1, Section 1 of IRRL.

A portion of the maximum interest rate chargeable by our group exceeds the interest rate ceilings specified in IRRL. In the event that our customers (including agents such as lawyers) apply for a court-mandated rehabilitation or personal bankruptcy, they may deny the payment of the portion exceeding the interest rate ceiling, or seek reimbursement of the said portion that has already been paid to our company. There are an increasing number of cases every year where our group writes off such debts or reimburses such portion of the interest. In addition, there is a possibility that the number of customers who deny payment of such portion of excess interest may increase in the future.

(c) Administrative Guidelines

In accordance with RMBL, in cases where loan or guaranty contracts are signed and loans are extended, our group is obliged to promptly provide customers, either borrowers or guarantors, with a written document containing prescribed items concerning the loan terms. Prior to June 2000, when the loan agreement or guaranty agreement was executed, the description of the terms and the conditions of the transaction in the written document, which is issued to the borrower, did not need to be restated on the individual loan transaction or repayment thereafter referred to. However, the "Administrative Guideline" was amended on June 1, 2002 as follows: "In the event that a nonexclusive agreement is completed or the loan is executed based on the said nonexclusive agreement, the written document should be provided to each party respectively for the purpose of disclosing the content of the transaction. Moreover, such documents should be primary, concrete or specific so that the debtor can properly understand the details of his/her personal debt and they can be used for planning the debtor's repayment." There are two interpretations of the contract. The first is, "When a customer obtains a loan from an ATM or manned office, the prompt provision, including prompt mailing, of a document containing legally prescribed items to the customer is required each time (regardless of the fact that the information is included in the original document issued at the execution of the contract)." The other interpretation of the contract is described as follows: "A written document containing legally prescribed items can be consolidated with other documents if some items which are not recorded in the primary written document can be substituted by other documents. In such case, multiple written documents can be combined and constitute legally binding documents deemed to have been issued accordingly, given that the supplementary

items are clearly defined in each document. "

The first interpretation may apply in court. In such case, we need to change the current procedure for obtaining loans from an ATM of affiliated financial institutions. Currently, we provide the customer with a document containing legally prescribed items by postal mail before or after a loan is taken out from our affiliated ATMs upon customer request. However, in order to fulfill the requirements in the Administrative Guidelines based on the first interpretation, we need to modify all the software or hardware in affiliated ATMs or provide each customer with the relevant documents promptly after the loan is obtained from an ATM. If modification of affiliated ATMs is required, it would impose a great financial burden on our company.

According to regulations of the Financial Services Agency, in a case where our group does not fulfill our obligation to provide written documents, we can be punished through partial or complete suspension of business activities. Moreover, the FSA is authorized to prohibit us from the use of ATM of affiliated companies as well as cancel our registration as a moneylending business. In the event that such actions are taken by the FSA, our overall performance and financial condition may be adversely affected.

#### (C) Financing

##### (a) Financing

Our corporate group primarily secures the necessary money for operations and debt repayments not only through cash provided by operating activities, but also through financing activities consisting of borrowings from financial institutions including banks and insurance companies and direct financing from capital markets, including bond issues. As of the end of this fiscal period, 51% of our corporate group's outstanding interest-bearing debt is resourced from the top 10 lender banks and other financial institutions (excluding those from syndicated loans). While our corporate group has steadily diversified its funding resources in recent years, there is no assurance that the existing main banks and lenders to our corporate group will not change the current lending policy toward us due to a potential reorganization of financial groups in Japan or other factors. Furthermore, there is no assurance that capital markets will be always available as a reliable financing resource in the future.

Our corporate group has not experienced remarkable difficulties in raising money in recent years, however in a case wherein our company's credit rating is downgraded by a credit rating agency, it might cause an increase of interest costs and have a negative effect on our fund raising capability in both public and private placement bond markets. Such events would consequently have a significant influence on our business performance.

##### (b) Borrowing rate of interest

While our borrowing interest rates may fluctuate due to the market environment or other factors, the maximum lending interest rate is limited to 29.2% according to the rules stipulated by the Investment Deposit and Interest Rate Law, irrespective of fluctuations in borrowing interest rates.

In order to minimize interest-rate risk, our corporate group takes measures including the use of interest cap and interest rate swap contracts to mitigate the possible influence of interest-rate fluctuation or other factors in accordance with the principle of securing 80% or more of fixed interest rate based debt among the total debt. However, a possible rising of interest rates might have a negative impact on our business performance in the future.

#### (D) Allowance for bad debts

In respect of loans receivable and installment sales receivable constituting a majority of total assets of our corporate group, we set up an allowance for bad debts based on the conditions of borrowers and the estimates of pledged collateral value as of the end of this consolidated fiscal period.

An increase of payment delays and uncollected loans receivable might occur due to future changes in economic conditions, market environment and social structure in Japan, as well as a potential increase in the number of individuals (including loan customers of our corporate group) pursuing remedies under the guardianship of the laws by a revision of legal systems including the Bankruptcy Act, the Law Concerning Specific Conciliation, the Civil Rehabilitation Law and the Judicial Scrivener Law. For these reasons, an increase of allowance for bad debts may cause a negative effect on the business performance of our corporate group.

#### (E) Problem of Multiple Debtors

For the purpose of addressing the problem of debtors who take out heavy loans or credit-card loans from multiple consumer credit companies, the "Liaison group of consumer finance companies" announced five urgent tasks constituting "Promotion of consumer enlightenment activities", "Improvement of counseling functions for consumer loan customers", "Further rigorous credit administration", "Review of advertising expressions" and "implementation of disclosure." The group has been taking a serious approach to solve the problems of individual bankruptcies and heavy debtors, as seen by the "Japan Consumer Counseling Fund" which was founded by the leadership of the group on June 13, 1997 with an aim to improve the counseling function. Moreover, our corporate group has been striving to prevent an increase of heavy debtors and the occurrence of unrecoverable loans by implementing a review of personal credit data, obtained from a personal credit information agency on a regular basis, for the determination of initial and subsequent credit limits for each individual.

In a case wherein the number of multiple debtors increases due to the future changes in economic conditions and market environment in Japan or other factors, an increase of the allowance for bad debts may cause a negative effect on business performance of our corporate group.

#### (F) Information System

For the purpose of creating new business, supply of services to customers and business management, etc., our corporate group is dependent on and has increased its reliance on internal and external information and technical systems. Many of new loan customers are apt to open a loan account through the "MUJINKUN" automatic contract machines of our company, and they mostly prefer to access each loan account through ATMs installed by our company and affiliated consumer loan facilities' ATMs to enjoy the services.

Our corporate group is further increasing reliance on cutting-edge software, systems, and networks for managing the various components constituting the retail branch network, customers and account data. Our company is diversifying operational risk so that we will be able to avoid the negative impact from potential damage or discontinuation of running hardware and software arising from artificial mistakes, natural disasters, power blackouts and similar events, or pauses in support services from third parties, including carrier and Internet provider. However, such turmoil, breakdown, delay or other disorders of information or technical systems might deteriorate consumer reliance through a reduction in the number of new customers opening accounts by or an increase in the number of payment delays on unpaid balances, and consequently such events may cause a negative effect on the business performance of our corporate group.

In addition, our company has a backup center for the payment and settlement system, with the intent to avoid any occurrence of business discontinuation, however it might be possible for our company's business to be suspended in the event of a natural disaster such as earthquake or flood.

#### (G) Personal Information

Upon the full enforcement of the "Law Concerning the Protection of Personal Information" from April 1, 2005, our group's main subsidiaries, including our company, have become regarded as businesses handling personal information as defined by the law. In the management of personal information including customer information on our corporate group, we formulate thoroughgoing safety measures for physical security, including management when entering and leaving a computer center, and for information security, such as controlling access to computer systems.

However, when private information is disclosed to other people for any reason whatsoever, the bad effect might not be limited to a worsening of business performance arising from a decline in the reputation of our group or compensation for damages. In the case of a violation of regulations as a business handling personal information, our company shall be subject to recommendations, orders and provisions.

#### (H) Business and capital tie-up with Mitsubishi Tokyo Financial Group, Inc.

In April 2004, our company entered into a business and capital alliance agreement with Mitsubishi Tokyo Financial Group, Inc. In case of future changes in the legal system for banks, including a Banking Law change, it might be possible that restrictions shall be applied to certain business areas currently available to our company, its subsidiaries or affiliate companies when a certain ratio or more of total outstanding shares of our company is held by the bank.

Moreover, when another company competing with us in the same business field concludes a similar business and capital alliance agreement with a bank or financial institution, the competition with our group is expected to be keener according to such contractual coverage.

(I) Investment

Our corporate group has so far increased investments in new businesses including the establishment of joint venture new markets in addition to the expansion of our share in the consumer loan market. Since the prospect for profits obtained from such investments is uncertain, there is no assurance that our corporate group will be able to set up or expand new joint businesses successfully.

In addition, our corporate group makes a regular review of the profitability and potential growth of each business. It might be possible that such review will make us withdraw from new joint businesses or will decrease human or visible resources allocated to such businesses in the future. In the case wherein a joint business falls short of its profit target, there is a risk that our corporate group will not be able to recoup its existing investments.

(J) Significant Dispute Cases

As of the end of this fiscal period, our company faces a significant pending litigation as an accused in a class-action lawsuit. In this case, the complaint requests us to refund the price paid to a participating store (one company) for goods and services related to our installment sales finance business.

Although the aggregate amount claimed in the case does not have a significant impact on the business performance of our corporate group, it might be possible that similar lawsuits would happen successively and such occurrence could have an impact on the creditworthiness of our corporate group from now on.

(K) Disposal of shares of our company held by Kyosuke Kinoshita, Chairman, Shigeyoshi Kinoshita, President & CEO and the family members, etc.

As of March 31, 2005, Kyosuke Kinoshita, Chairman of our company and Shigeyoshi Kinoshita, President & CEO of our company, in conjunction with the family members and associated companies, own approximately 40% of the total outstanding shares of our company. If these stockholders dispose of a part of their stockholdings at this point, there is a possibility that the stock price of our company will receive a negative effect from an increased excess supply of our stocks in the market.

(L) Shares of our company held by Kyosuke Kinoshita, Chairman, Shigeyoshi Kinoshita, President & CEO, and the family members, etc.

Since the Kinoshita Family and its relatives own or control approximately 40% of the total outstanding shares of our company, they may assert a dominant influence on important decision-making which will impact the business activities of our company, including significant business transactions such as transfer of the controlling stake in our company, restructuring of business operations, investment in other businesses or assets, or the terms and conditions of future financing.

(M) Impairment of Fixed Assets

As of the end of this consolidated fiscal period, our corporate group possesses 52,037 million yen worth of tangible fixed assets, which are mainly composed of buildings and structures (19,538 million yen), land (17,562 million yen), and equipment and fixtures (14,918 million yen).

Our corporate group has made an early adoption of "Impairment Accounting Standard on Fixed Assets" in this consolidated fiscal period, and, consequently, when there is impairment, for example, by a fluctuation of land prices in the future, impairment losses shall be charged.

(N) Deregulation

As the legal regulations currently governing the consumer loan industry have become tightened further, including the revision of Moneylending Control Law on January 16, 2004, and a drastic change in market share is not expected by new entrants from outside the industry, we do not expect that new entrants from outside the industry will make a significant change in market share and have an impact on the business performance of our corporate group in the foreseeable future.

However, when the regulations are relaxed from now on, a new situation of competition might occur in the consumer loan industry, and, in this case, it will have an impact on the business performance of our corporate group.

4. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Millions of yen)

Subject	Term	Prior consolidated fiscal year (As of March 31, 2004)		This consolidated fiscal year (As of March 31, 2005)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
	(Assets)		%		%		%
I.	Current assets	1,964,018	94.6	1,959,752	94.3	(4,265)	(0.2)
	Cash and time deposits	77,930		85,126		7,196	9.2
	Trade notes and accounts receivable	499		561		62	12.4
	Loans receivable	1,623,154		1,680,184		57,029	3.5
	Installment receivables	228,299		176,778		(51,521)	(22.6)
	Marketable securities	1,146		525		(621)	(54.2)
	Inventories	12,362		18,696		6,334	51.2
	Deferred tax assets	47,804		39,775		(8,028)	(16.8)
	Short-term loans	80,996		60,844		(20,151)	(24.9)
	Other current assets	24,768		25,007		238	1.0
	Allowances for bad debts	(132,945)		(127,747)		5,197	(3.9)
II.	Fixed assets	111,370	5.4	117,581	5.7	6,210	5.6
	Tangible fixed assets	53,264	2.6	52,037	2.5	(1,226)	(2.3)
	Buildings and structures	19,642		19,538		(103)	(0.5)
	Vehicles and delivery equipment	6		17		10	172.2
	Equipment and furniture	14,773		14,918		145	1.0
	Land	18,841		17,562		(1,279)	(6.8)
	Intangible fixed assets	1,446	0.1	1,385	0.1	(61)	(4.2)
	Leasehold	274		220		(54)	(19.7)
	Telephone rights	1,112		1,114		1	0.1
	Other intangible fixed assets	58		50		(8)	(14.5)
	Investments and other assets	56,660	2.7	64,158	3.1	7,498	13.2
	Investments in securities	33,475		40,495		7,020	21.0
	Long-term loans	1,068		1,034		(34)	(3.2)
	Deferred tax assets	1,044		1,061		16	1.5
	Guaranty money deposited	10,406		10,341		(64)	(0.6)
	Prepaid pension expenses	1,924		1,577		(346)	(18.0)
	Other investments	11,146		12,433		1,287	11.5
	Allowance for bad debts	(2,404)		(2,784)		(379)	15.8
	Total Assets	2,075,389	100.0	2,077,334	100.0	1,945	0.1

Subject	Term	Prior consolidated fiscal year (As of March 31, 2004)		This consolidated fiscal year (As of March 31, 2005)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
			%		%		%
	(Liabilities)						
I.	Current liabilities	428,456	20.7	470,050	22.6	41,593	9.7
	Notes and accounts payable	5,221		6,080		859	16.5
	Short-term loans	21,779		36,170		14,390	66.1
	Current portion of long-term loans	292,375		271,250		(21,125)	(7.2)
	Commercial paper	–		20,000		20,000	--
	Current portion of bonds and notes	40,000		70,640		30,640	76.6
	Accrued income taxes	26,922		28,592		1,669	6.2
	Deferred tax liabilities	2		0		(2)	(96.3)
	Allowance for loss on guaranteed loans receivable	1,865		1,558		(307)	(16.5)
	Deferred income on installment sales	25,671		17,831		(7,839)	(30.5)
	Other current liabilities	14,619		17,927		3,308	22.6
II.	Fixed liabilities	948,830	45.7	738,824	35.6	(210,006)	(22.1)
	Straight bonds	255,720		205,000		(50,720)	(19.8)
	Long-term loans	684,696		525,166		(159,529)	(23.3)
	Deferred tax liabilities	2,393		3,151		758	31.7
	Allowance for employees' retirement benefits	281		257		(23)	(8.5)
	Allowance for directors' and corporate auditors' retirement benefits	977		847		(130)	(13.3)
	Other fixed liabilities	4,761		4,401		(360)	(7.6)
	Total liabilities	1,377,287	66.4	1,208,874	58.2	(168,413)	(12.2)
	(Minority interests in consolidated subsidiaries)						
	Minority interests in consolidated subsidiaries	935	0.0	4,699	0.2	3,764	402.5
	(Shareholders' equity)						
I.	Common stock	17,282	0.8	63,832	3.1	46,550	269.3
II.	Capital surplus	25,772	1.2	76,458	3.7	50,685	196.7
III.	Earned surplus	661,536	31.9	730,168	35.1	68,632	10.4
IV.	Securities valuation adjustment	5,823	0.3	6,392	0.3	568	9.8
V.	Foreign currency translation adjustments	(2,150)	(0.1)	(2,290)	(0.1)	(140)	6.5
VI.	Treasury stock	(11,099)	(0.5)	(10,801)	(0.5)	297	(2.7)
	Total shareholders' equity	697,166	33.6	863,760	41.6	166,594	23.9
	Total liabilities, minority interests, and shareholders' equity	2,075,389	100.0	2,077,334	100.0	1,945	0.1

## (2) Consolidated Income Statements

(Millions of yen)

Subject	Term	Prior consolidated fiscal year 〔 From April 1, 2003 to March 31, 2004 〕		This consolidated fiscal year 〔 From April 1, 2004 to March 31, 2005 〕		Change	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
			%		%		%
I. Operating income		434,968	100.0	433,965	100.0	(1,002)	(0.2)
Interest on loans receivable		384,284		380,272		(4,011)	(1.0)
Fees from credit card business		5,808		6,197		389	6.7
Fees from installment sales finance business		22,029		15,895		(6,133)	(27.8)
Fees on guaranteed loans receivable		4,503		6,871		2,367	52.6
Collection of purchased receivables		2,088		7,757		5,668	271.5
Other financial income		20		20		(0)	(0.1)
Sales		7,970		8,256		286	3.6
Other operating income		8,263		8,693		430	5.2
II. Operating expenses		314,577	72.3	289,604	66.7	(24,972)	(7.9)
Financial expenses		26,910	6.2	22,534	5.2	(4,375)	(16.3)
Cost of purchased receivables		1,317	0.3	5,254	1.2	3,936	298.8
Cost of sales		4,934	1.1	5,220	1.2	285	5.8
Other operating expenses		281,414	64.7	256,594	59.1	(24,819)	(8.8)
Operating profit		120,391	27.7	144,361	33.3	23,970	19.9
III. Non-operating income		1,297	0.3	1,454	0.3	157	12.2
Interest income		204		215		10	5.3
Dividends received		168		246		78	46.7
Gains on sale of securities		67		15		(52)	(77.3)
Rent from Company's residence		471		486		15	3.3
Other non-operating income		385		490		105	27.3
IV. Non-operating expenses		2,915	0.7	2,468	0.6	(446)	(15.3)
Interest expenses		23		15		(8)	(34.1)
Stock issue expenses		--		477		477	--
Loss on investments in equity-method		2,716		1,801		(915)	(33.7)
Loss on investments in investing business association		67		61		(6)	(9.4)
Other non-operating expenses		106		112		5	5.4
Income before extraordinary items		118,773	27.3	143,347	33.0	24,574	20.7
V. Extraordinary income		3,331	0.8	142	0.1	(3,188)	(95.7)
Gains on sale of fixed assets		2		1		(1)	(64.4)
Gains on sales of investment in marketable securities		379		126		(253)	(66.7)
Gains on maturity of Investment trusts		15		14		(0)	(5.4)
Net gain on termination of welfare pension plans		2,933		--		(2,933)	--
VI. Extraordinary losses		1,771	0.4	3,101	0.7	1,329	75.1
Loss on sale of fixed assets		297		66		(230)	(77.6)
Loss on disposal of fixed assets		603		1,037		433	71.9
Impairment loss		--		1,383		1,383	--
Loss on sale of investments in securities		--		128		128	--
Loss on revaluation of investments in marketable securities		341		353		12	3.7
Loss on liquidation of investment in trusted real property		241		78		(163)	(67.6)
Other extraordinary losses		288		53		(234)	(81.5)
Income before income taxes		120,332	27.7	140,388	32.4	20,055	16.7
Income taxes (corporation tax, inhabitants' tax and enterprise tax)		55,533	11.4	49,777	13.4	(5,756)	17.5
Deferred income taxes		(6,048)		8,367		14,415	
Gain (loss) on minority interests in consolidated subsidiaries		528	0.1	710	0.2	181	34.4
Net income		70,319	16.2	81,533	18.8	11,214	15.9

## (3) Consolidated Statements of Retained Earnings

(Millions of yen)

Subject	Term	Prior consolidated fiscal year (From April 1, 2003 to March 31, 2004)		This consolidated fiscal year (From April 1, 2004 to March 31, 2005)	
		Amount		Amount	
Capital surplus					
I.	Capital surplus at the beginning of the fiscal year		25,772		25,772
II.	Increase in capital surplus				
	Increase in capital stock	--		46,550	
	Net gain on disposal of treasury stock	--	--	4,135	50,685
III.	Capital surplus at the end of the fiscal year		25,772		76,458
Earned surplus					
I.	Earned surplus at the beginning of the fiscal year		606,622		661,536
II.	Increase in earned surplus				
	Net income	70,319	70,319	81,533	81,533
III.	Decrease in earned surplus				
	Dividends	11,593		12,865	
	Directors' bonus	40		35	
	Retirement of treasury stock	3,771	15,405	--	12,901
IV.	Earned surplus at the end of the fiscal year		661,536		730,168

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

Subject	Term	Prior consolidated fiscal year	This consolidated fiscal year	Change
		( From April 1, 2003 to March 31, 2004 )	( From April 1, 2004 to March 31, 2005 )	Amount
		Amount	Amount	Amount
<b>I. Operating activities:</b>				
Income before income taxes		120,332	140,388	20,055
Depreciation and amortization		5,245	5,234	(10)
Impairment loss		--	1,383	1,383
Amortization of consolidation adjustment account		--	981	981
(Decrease) increase in allowance for bad debts		22,812	(4,785)	(27,598)
(Decrease) increase in allowance for loss on guaranteed loans receivable		1,391	(307)	(1,698)
Decrease in allowance for employees' retirement Benefits		(3,389)	(23)	3,366
Decrease in allowance for directors' and statutory auditors' retirement benefits		(93)	(141)	(48)
Non-operating interest and dividends income		(372)	(462)	(89)
Gain on sales of marketable securities		(67)	(15)	52
Non-operating interest expense		23	15	(8)
Amortization of bond discount		384	--	(384)
Amortization of bond issue expenses		232	142	(90)
Amortization of stock issue expenses		--	477	477
Loss on foreign currency exchanges		47	11	(35)
Loss on investments in equity-method		2,716	1,801	(915)
Loss on sales of tangible fixed assets		294	65	(229)
Loss on disposal of tangible fixed assets		603	1,037	433
(Gain) loss on sales of investments in securities		(379)	2	381
Loss on revaluation of investments in marketable securities		341	353	12
Loss on liquidation of investment in trusted real property		241	78	(163)
Increase in notes and accounts receivable		(6)	(62)	(55)
Decrease in loans outstanding		36,945	2,064	(34,880)
Decrease in installment sales receivables		51,338	51,405	66
Increase in inventories		(4,023)	(6,330)	(2,307)
Decrease (increase) in other current assets		(291)	33	325
Decrease in prepaid pension expenses		756	346	(409)
Increase in notes and accounts payable		293	864	570
Decrease in deferred income on installment sales		(11,952)	(7,826)	4,125
(Decrease) increase in other current liabilities		(432)	2,362	2,794
Bonus paid to directors		(40)	(35)	4
(Decrease) increase in other operating activities		1,607	(17)	(1,625)
Subtotal		224,560	189,042	(35,518)
Non-operating interest and dividends received		389	506	117
Non-operating interest paid		(21)	(14)	6
Income taxes paid		(60,770)	(48,520)	12,250
Cash used in operating activities		164,158	141,014	(23,144)

(Millions of yen)

Subject	Term	Prior consolidated fiscal year	This consolidated fiscal year	Change
		( From April 1, 2003 to March 31, 2004 )	( From April 1, 2004 to March 31, 2005 )	
		Amount	Amount	Amount
II. Investing activities:				
Additions to time deposit		(2,463)	(57)	2,406
Maturity of time deposit		2,451	78	(2,372)
Purchase of marketable securities		(5)	--	5
Proceeds from sale of marketable securities		254	569	314
Purchase of tangible fixed assets		(2,159)	(6,819)	(4,659)
Proceeds from sale of tangible fixed assets		60	20	(39)
Purchase of investment securities		(4,690)	(9,316)	(4,626)
Proceeds from sale of investment securities		2,404	1,011	(1,393)
Net payments for acquisition of consolidated subsidiaries		--	(576)	(576)
Proceeds from collection of loans		32	34	2
Increase in other investments		(1,671)	(4,954)	(3,282)
Decrease in other investments		383	2,659	2,275
Increase in other investment activities		4	--	(4)
Net cash provided by (used in) investing activities		(5,398)	(17,350)	(11,952)
III. Financing activities:				
Proceeds from short-term loans		38,872	61,782	22,910
Repayments of short-term loans		(46,385)	(71,581)	(25,195)
Proceeds from issue of commercial paper		10,000	20,000	10,000
Payments for redemption of commercial paper		(20,000)	--	20,000
Proceeds from issue of straight bonds		34,767	19,859	(14,908)
Payments for redemption of straight bonds		(63,074)	(40,000)	23,074
Proceeds from long-term debt		350,602	83,478	(267,123)
Repayments of long-term debt		(445,015)	(294,099)	150,916
Proceeds from stock issue by the Company		--	92,625	92,625
Net proceeds from issuance of a subsidiary's stock		85	--	(85)
Gains on disposal of treasury stock		--	11,423	11,423
Payments for purchase of treasury stock		(11,066)	(7,007)	4,059
Cash dividends paid by the Company		(11,592)	(12,864)	(1,271)
Cash dividends paid to minority shareholders		(135)	(27)	108
Decrease in other financing activities		(3,162)	(97)	3,064
Net cash provided by financing activities		(166,105)	(136,508)	29,597
IV. Effect of exchange rate change on cash and cash equivalents		(520)	(109)	411
V. Increase (decrease) in cash and cash equivalents		(7,865)	(12,953)	(5,087)
VI. Cash and cash equivalents at the beginning of the year		166,739	158,873	(7,865)
VII. Cash and cash equivalents at the end of the year		158,873	145,920	(12,953)

(5) Significant Items Relating to the Preparation of Consolidated Financial Statements

(A) Extent of consolidation

Number of consolidated subsidiaries: 17

For the names of consolidated subsidiaries, please refer to the section entitled "1. State of Business Group."

Acom Economic Research Institute, Inc., which was a consolidated subsidiary until the prior consolidated fiscal year, was merged into ACOM RENTAL CO., LTD. on April 1, 2004.

DC Cash One Ltd. (formerly, Tokyo-Mitsubishi Cash One Ltd.), which was an equity method-applied affiliate, became a consolidated subsidiary in this consolidated fiscal year as we purchased its stocks through subscription to its third-party allocation on January 31, 2005. As the deemed stock-purchase date is the final date of the consolidated fiscal year, only its balance sheet was used for consolidated financial results, while the statements of income was prepared applying the equity-method.

AC Ventures Co., Ltd. became a consolidated subsidiary in this consolidated fiscal year as we acquired all its shares on March 10, 2005. As the deemed stock-purchase date is the final date of the consolidated fiscal year, only its balance sheet was for consolidated financial results.

(B) Application of the equity-method

Number of equity-method affiliates: 2

For the names of equity-method affiliates, please refer to the section entitled "1. State of Business Group."

ASCOT CO., LTD., which was an equity-method affiliate until the prior consolidated fiscal year, is excluded from equity-method affiliates as ACOM sold all of its holding shares of ASCOT CO., LTD. on April 19, 2004.

Tokyo-Mitsubishi Cash One Ltd. (its current name is DC Cash One Ltd.), which had been an equity method-applied affiliate up to the previous consolidated fiscal year, was excluded from the equity method-applied affiliates in this consolidated fiscal year due to our stock acquisition through subscription to the third-party allocation of new stocks on January 31, 2005.

Furthermore, DC Card Co., Ltd. was included in the equity method-applied affiliates in this consolidated fiscal year due to our stock acquisition as of January 31, 2005, but its statements of income were not consolidated by the equity method as its deemed acquisition date is the final date of this consolidated fiscal year.

CHAILEASE ACOM FINANCE CO., LTD. closes its accounts on December 31, and uses the financial statements as of this date.

(C) Matters relating to fiscal year, etc. of consolidated subsidiaries

Settlement date of the following consolidated subsidiaries end on December 31:

ACOM (U.S.A.) INC.

ACOM INTERNATIONAL, INC.

ACOM PACIFIC, INC.

SIAM A&C CO., LTD.

ACOM CAPITAL CO., LTD.

ACOM FUNDING CO., LTD

Consolidated financial statements hereof are prepared by using financial statements as of the above mentioned settlement date and important matters that occurred between the settlement date and the consolidated settlement date are subject to the adjustment necessary for consolidation.

(D) Significant accounting policies

(a) Valuation and computation of significant assets

(1) Marketable securities

Securities held to maturity ... Amortized cost method (straight-line method)

Other securities

Where there is a market price

Market value as determined by the quoted price at the end of the fiscal year

(The difference between the carrying value and the market value is included in equity)

(Cost of securities sold is computed using the moving average method)

Where there is no market price

Cost determined by the moving average method

The equity in limited investment partnership and other similar partnership (deemed as securities by the Article 2, Section 2 of the Securities and Exchange Law) is accounted for by the equity method, based on its latest financial statements available considering the closing dates stipulated by the respective partnership contracts.

(2) Derivative transactions

Option transaction ... Market value

Swap transaction .... Market value

(3) Inventories

Purchased receivables ... Cost on an individual specified cost basis

Merchandise

Paintings ... Cost on an individual specified cost basis

Others merchandise ... Mainly cost based on the last purchase price method

Miscellaneous items ... Mainly cost based on the first-in first-out method

- (b) Depreciation of significant property, plant and equipment
  - (1) Tangible fixed assets
    - At the Company and its domestic consolidated subsidiaries ... Mainly declining balance method
    - At overseas consolidated subsidiaries ... Straight-line method
    - (Depreciable life)
      - Buildings and structures ... 3 to 50 years
      - Vehicles and delivery equipment ... 4 to 6 years
      - Equipment and furniture ... 2 to 20 years
  - (2) Intangible fixed assets ... Straight-line method
  - (3) Long-term prepaid expenses ... Amortized in equal installments
  - (4) Deferred assets
    - Stock issue expenses ... Entire amount expensed as incurred
    - Bond issue expenses ... Amortized over the redemption period

- (c) Basis for calculating allowances
- (1) Allowance for bad debts  
In providing for bad debts, the Company and its domestic consolidated subsidiaries make an allowance for ordinary bad debts based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis, making an allowance for the amount regarded as irrecoverable.
  - (2) Allowance for loss on guaranteed receivables  
In providing allowance for loss on guaranteed loans receivable, the Company makes an allowance as necessary having considered the likelihood of losses at the end of this consolidated fiscal year.
  - (3) Allowance for retirement benefits  
The Company and its domestic consolidated subsidiaries make provisions for retirement benefits based on projected retirement obligations and pension fund asset at the balance sheet date. Adjustments are made to determine the amounts applicable to the end of this consolidated fiscal year.  
Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.  
Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.  
An Overseas consolidated subsidiary makes provisions for retirement benefits based on projected retirement obligations at the end of the fiscal year. Adjustments are made to determine the amounts applicable to the end of this fiscal year.
  - (4) Allowance for directors' and statutory auditors' retirement benefits  
The Company and its domestic consolidated subsidiaries make provisions for directors' and corporate auditors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules.
- (d) Currency translation standards for significant foreign-currency-denominated assets or liabilities used in preparing the financial statements of consolidated companies on which consolidated financial statements are based  
Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the consolidated accounting date, and differences in currency translation are added up as profit or loss.  
The assets and liabilities, and profit and expenses of overseas subsidiaries and others are converted into yen using the spot market rate for the consolidated accounting date, and differences in currency translation are added up as minority shareholders' interest and as currency translation adjustment accounts under shareholders' equity.
- (e) Accounting for significant lease transactions  
The Company and its domestic consolidated subsidiaries account for finance leases where ownership of the leased asset is not transferred to the lessee as operating leases.
- (f) Accounting for significant hedging activities
- (1) Accounting for hedging activities  
Deferred hedge accounting has been adopted.  
Interest-rate swaps and currency swaps when meet certain conditions are accounted for according to exceptional treatments.
  - (2) Hedging instruments and items hedged  
Interest related derivatives  
Hedging instruments ... Interest-rate swaps agreements and interest-rate caps  
Items hedged ... Loans with variable interest rates  
Currency related derivatives  
Hedging instruments ... Currency swaps agreements  
Items hedged ... Loans denominated in foreign currency
  - (3) Hedging policy  
The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans.  
The Company and consolidated subsidiaries enter into derivative contracts such as currency swap agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its foreign currency loans.  
Derivative transactions are entered into in compliance with the Companies' internal rules.

(4) Evaluating the efficacy of hedging activities

The performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and foreign currency exchange rates are fully offset by changes in cash flows from hedging instruments, further evaluation is not required.

(g) Other significant accounting policies for the preparation of consolidated financial statements

(1) Basis of recognition of income and expenses

Interest on loans receivable

Interest on loans receivable is recognized on an accrual basis.

Accrued interest on loans receivable is recognized at the lower of the interest rate stipulated in the Interest Restriction Law of Japan or the contracted interest rate of the Company.

Income from credit card business

Fees from customers ... Recognized mainly by credit-balance method

Fees from member outlets ... Recognized as fees when treated

Income from installment sales finance business

Fees from customers and member outlets ... Recognized by sum-of-the months' digits method on a due date basis

Fees on guaranteed loans receivable ... Recognized by credit-balance method

(2) Treatment of consumption tax, etc

Consumption tax is treated outside of the financial statements.

However, non-deductible consumption tax and others relating to assets is recognized as an expense during the year in which it is incurred.

(E) Matters Relating to Evaluation of Consolidated Subsidiaries' Assets and Liabilities

The market value method applies to the evaluation of consolidated subsidiaries' assets and liabilities, over-all.

(F) Matters Relating to Amortization of Consolidated Adjustment Account

Consolidated adjustment account is amortized in full when occurred because the amount is not significant.

(G) Matters Relating to Treatment of Profit Appropriation, etc.

Consolidated companies' profit appropriation or loss depositions are subject to those that are settled during the relevant consolidated fiscal year.

(H) Cash and Cash Equivalents as Stated in Consolidated Statements of Cash Flows

Cash and cash equivalents include cash at hand, highly liquid deposits at banks and short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

(6) Changes in accounting policies

(Accounting standards relating to the impairment of fixed assets)

From this consolidated fiscal year we have applied accounting standards relating to the impairment of fixed assets as defined in the "Written Opinion Concerning the Establishment of Accounting Standards Relating to the Impairment of Fixed Assets" (Business Accounting Council, August 9th, 2002) and "Application Guidelines for the Accounting Standards Relating to the Impairment of Fixed Assets" (Accounting Standards Board of Japan, October 31st, 2003). As a consequence, the figure we have reported for income before income taxes is 1,383 million yen lower than it would have been had we not applied these standards. In addition, and further to the provisions of the revised Rules Concerning Consolidated Financial Statements, total impairment losses have been directly deducted from the carrying values of the assets concerned.

(7) Changes in disclosure methods

In accordance with the Article 2, Section 2 of the Securities and Exchange Law, as amended by the Law concerning Partial Amendment to the Securities and Exchange Law (Law No. 97 of 2004), stipulation that the equity in limited investment partnership and other similar partnership should be deemed securities, the equity in investing business association which had been included in "Other investments" in the consolidated balance sheet up to the prior consolidated fiscal year was included in "Investment in securities" in this consolidated fiscal year. "Investment in securities" increased by 236,4 million yen and "Other investments" decreased by the same amount due to this change. Also, as to the expenditure for equity in the investing business association, which had been included in "Increase in other investment activities" in the consolidated statement of cash flows up to the prior consolidated year, the amount of equity acquired after the amendment of the aforementioned law (enforced on December 1, 2004) was stated in "Purchase of investment securities." As a result of this change, "Purchase of investment securities" decreased by 552 million, and "Increase in other investment activities" decreased the same amount.

(8) Additional information

The promulgation on March 31st, 2003 of the "Law to Partially Revise Local Enterprise Taxes" (9th law of 2003) has resulted in the introduction, from the business year beginning April 1st, 2004, of a system whereby local enterprise taxes may also be levied on amounts other than the entity's net revenues or income, a system referred to as "Pro Forma Standard Taxation". This has led to the introduction of value-added taxes and taxes on capital, and from this consolidated accounting period we have

charged these new taxes to “Other Operating Expenses” in accordance with the “Accounting Procedures for the Reporting of the Pro Forma Standard Taxation Components of Local Enterprise Taxes on the Income Statement” (12th Report on Practical Implementation, Accounting Standards Board of Japan, February 13th, 2004). As a consequence, the figure we have reported for other operating expenses is 1,018 million yen higher than it would have been, while the figures reported for operating profit, profit before extraordinary items, and income before income taxes are all 1,018 million yen lower.

## (9) Notes to Consolidated Balance Sheets

Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)
1. Cumulative depreciation of tangible fixed assets  (Millions of yen) 46,207	1. Cumulative depreciation of tangible fixed assets  (Millions of yen) 45,813
2. Value of affiliated company stock in investment securities  (Millions of yen) 4,081	2. Value of affiliated company stock in investment securities  (Millions of yen) 9,056
3. Assets pledged as security  (Millions of yen)	3. Assets pledged as security  (Millions of yen)
(1) Pledged assets	(1) Pledged assets
Loan receivable	Loan receivable
Buildings and structures	Buildings and structures
Land	Land
Total	Total
(2) Secured liabilities	(2) Secured liabilities
Short-term loans	Short-term loans
Current portion of long-term loans	Current portion of long-term loans
Long-term loans	Long-term loans
Total	Total
Figures in brackets represent amounts engaged in transferring assignment of claims and figures in the brackets "[ ]" represent amounts relating to securitization.	Figures in brackets represent amounts engaged in transferring assignment of claims and figures in the brackets "[ ]" represent amounts relating to securitization.
4. Contingent liabilities	4. Contingent liabilities
(1) Amount of guaranteed loans of guarantee business  (Millions of yen)	(1) Amount of guaranteed loans of guarantee business  (Millions of yen)
Guaranteed loans	Guaranteed loans
Allowance for loss on guaranteed loans	Allowance for loss on guaranteed loans
Net	Net
(2) Amount of guaranteed liabilities of affiliated companies CHAILEASE ACOM FINANCE CO., LTD. 864 million yen	
5. Notes endorsed for payment  3 million yen	5. —

Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)
<p>6. Shares Issued The number of common stocks issued at the end of this fiscal year is 145,628 thousands.</p>	<p>6. Shares Issued The number of common stocks issued at the end of this fiscal year is 159,628 thousands.</p>
<p>7. Treasury Stock The number of common stocks for treasury is 2,067,208.</p>	<p>7. Treasury Stock The number of common stocks for treasury is 1,332,706.</p>
<p>8. Commitment line contracts for loans receivables Loans extended by the Company primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 706,379 million yen at the end of the accounting period. This included a total of 452,378 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company. Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets. Note that consolidated subsidiaries do not extend revolving credit-line loans.</p>	<p>8. Commitment line contracts for loans receivables Loans extended by the Company primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 761,782 million yen at the end of the accounting period. This included a total of 517,964 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company. Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.</p>

Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)																																				
<p>9. Status of bad debts of loans receivable</p> <p>Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 6,281 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 24,928 million yen. Under the policies stipulated in Japan's tax laws, 12,571 million yen of this amount would be classified as loans overdue by three months or more, 3,285 millions yen as restructured loans and 9,071 millions yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law. That of overseas consolidated subsidiaries is added up according to the policies stipulated in accounting standards applicable in countries where they operate.</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Classification criteria</th> </tr> </thead> <tbody> <tr> <td>Loans to bankrupt parties</td> <td style="text-align: center;">(9,280) 9,280</td> <td>Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.</td> </tr> <tr> <td>Loans in arrears</td> <td style="text-align: center;">(12,038) 36,966</td> <td>Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.</td> </tr> <tr> <td>Loans overdue by three months or more</td> <td style="text-align: center;">(14,359) 1,787</td> <td>Loans other than the above that are overdue by three months or more.</td> </tr> <tr> <td>Restructured loans</td> <td style="text-align: center;">(35,510) 32,225</td> <td>Loans other than above on which favorable terms have been granted, such as the waiving of interest.</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">(71,188) 80,259</td> <td></td> </tr> </tbody> </table> <p>Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.</p>	Category	Amount	Classification criteria	Loans to bankrupt parties	(9,280) 9,280	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.	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This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 25,166 million yen. Under the policies stipulated in Japan's tax laws, 11,768 million yen of this amount would be classified as loans overdue by three months or more, 5,502 million yen as restructured loans and 7,895 million yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law. That of overseas consolidated subsidiaries is added up according to the policies stipulated in accounting standards applicable in countries where they operate.</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Classification criteria</th> </tr> </thead> <tbody> <tr> <td>Loans to bankrupt parties</td> <td style="text-align: center;">(8,906) 8,906</td> <td>Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.</td> </tr> <tr> <td>Loans in arrears</td> <td style="text-align: center;">(11,910) 37,077</td> <td>Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.</td> </tr> <tr> <td>Loans overdue by three months or more</td> <td style="text-align: center;">(13,550) 1,781</td> <td>Loans other than the above that are overdue by three months or more.</td> </tr> <tr> <td>Restructured loans</td> <td style="text-align: center;">(41,698) 36,196</td> <td>Loans other than above on which favorable terms have been granted, such as the waiving of interest.</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">(76,065) 83,961</td> <td></td> </tr> </tbody> </table> <p>Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.</p>	Category	Amount	Classification criteria	Loans to bankrupt parties	(8,906) 8,906	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.	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<p>10. Financial assets received as freely disposable securities</p> <p>The Company and some of its subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.</p> <p>Amount of marketable securities purchased (Stated as short-term loans)</p> <p style="text-align: right;">80,996 million yen</p> <p>Market value of marketable securities purchased at the end of the consolidated accounting period</p> <p style="text-align: right;">80,792 million yen</p>	<p>10. Financial assets received as freely disposable securities</p> <p>The Company and some of its subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.</p> <p>Amount of marketable securities purchased (Stated as short-term loans)</p> <p style="text-align: right;">60,844 million yen</p> <p>Market value of marketable securities purchased at the end of the consolidated accounting period</p> <p style="text-align: right;">60,702 million yen</p>																																				

Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)
<p>11. Agreements for overdraft and commitment facilities</p> <p>For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts with six financial institutions and designated commitment line contracts with fifteen financial institutions. As of the end of this consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p>	<p>11. Agreements for overdraft and commitment facilities</p> <p>For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts with seven financial institutions and designated commitment line contracts with eighteen financial institutions. As of the end of this consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p>
(Millions of yen)	(Millions of yen)
Agreed amount of agreement for overdraft and commitment line	Agreed amount of agreement for overdraft and commitment line
291,007	339,437
<u>Amount of borrowing</u>	<u>Amount of borrowing</u>
38,153	70,105
Unused amount	Unused amount
252,853	269,332

(10) Notes to Consolidated Financial Statements of Income

Prior consolidated fiscal year (From April 1, 2003 to March 31, 2004)	This consolidated fiscal year (From April 1, 2004 to March 31, 2005)
<p>1. Principal items of other financial income</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest on deposits 9</p> <p>Interest on loans 11</p>	<p>1. Principal items of other financial income</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest on deposits 6</p> <p>Interest on loans 14</p>
<p>2. Principal financial expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest paid 17,682</p> <p>Interest on straight bonds 5,804</p> <p>Amortization of bond discount 384</p> <p>Bond issue expenses 232</p>	<p>2. Principal financial expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Interest paid 15,169</p> <p>Interest on straight bonds 5,161</p> <p>Bond issue expenses 142</p>
<p>3. Principal items of operational expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Advertising expenses 13,547</p> <p>Provision for bad debts 133,282</p> <p>Provision for loss on guaranteed loans receivables 1,865</p> <p>Bad debt write-offs 5,358</p> <p>Salaries 32,282</p> <p>Retirement benefit expenses 4,910</p> <p>Provision for directors' and corporate auditors' retirement benefits 76</p> <p>Welfare expenses 4,377</p> <p>Leases 14,534</p> <p>Depreciation expenses 4,848</p> <p>Fees 25,089</p>	<p>3. Principal items of operational expenses</p> <p style="text-align: right;">(Millions of yen)</p> <p>Advertising expenses 15,278</p> <p>Provision for bad debts 106,895</p> <p>Provision for loss on guaranteed loans receivables 1,558</p> <p>Salaries 33,498</p> <p>Retirement benefit expenses 3,243</p> <p>Provision for directors' and corporate auditors' retirement benefits 84</p> <p>Welfare expenses 4,083</p> <p>Leases 13,813</p> <p>Depreciation expenses 4,842</p> <p>Fees 28,510</p> <p>Amortization of consolidation adjustment account 981</p>
<p>4. Breakdown of gains on sales of fixed assets</p> <p style="text-align: right;">(Millions of yen)</p> <p>Buildings and structures 0</p> <p>Vehicles and delivery equipment 1</p> <p><u>Equipment and furniture</u> 0</p> <p>Total 2</p>	<p>4. Breakdown of gains on sales of fixed assets</p> <p style="text-align: right;">(Millions of yen)</p> <p>Vehicles and delivery equipment 0</p> <p><u>Equipment and furniture</u> 0</p> <p>Total 1</p>

Prior consolidated fiscal year (From April 1, 2003 to March 31, 2004)	This consolidated fiscal year (From April 1, 2004 to March 31, 2005)																																																																					
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Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="width: 10%; text-align: right;">544</td> </tr> <tr> <td>Equipment and furniture</td> <td style="text-align: right;">59</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>603</u></td> </tr> </table> <p>7. —</p>	Buildings and structures	62	<44>	Equipment and furniture	5	<->	Lands	229	<144>	Telephone rights	0	<->	<u>Total</u>	<u>297</u>	<u>&lt;188&gt;</u>	Buildings and structures	544	Equipment and furniture	59	<u>Total</u>	<u>603</u>	<p>5. 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Impairment loss</p> <p>Our Group has reported impairment loss for this accounting period as below:</p> <p>(1) Assets recognized as having suffered impairment</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Location</th> <th style="text-align: center;">Usage</th> <th style="text-align: center;">Type</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Hyogo Sanda City</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> <tr> <td style="text-align: center;">Hyogo Kinosaki-gun</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> <tr> <td style="text-align: center;">Osaka City Kita-ku</td> <td style="text-align: center;">Leasehold Building</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> <tr> <td style="text-align: center;">Hokkaido Abuta-gun</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> <tr> <td style="text-align: center;">Kawasaki City Kawasaki-ku</td> <td style="text-align: center;">Leasehold Building</td> <td style="text-align: center;">Land</td> </tr> <tr> <td style="text-align: center;">Osaka City Nishiyodogawa-ku</td> <td style="text-align: center;">Store</td> <td style="text-align: center;">Buildings and Leasehold</td> </tr> <tr> <td style="text-align: center;">Yokohama City Naka-ku</td> <td style="text-align: center;">Leasehold Building</td> <td style="text-align: center;">Land</td> </tr> <tr> <td style="text-align: center;">Iwate Iwate-gun</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> <tr> <td style="text-align: center;">Shizuoka Inasa-gun</td> <td style="text-align: center;">Welfare/ Leisure Facilities</td> <td style="text-align: center;">Land and Buildings etc.</td> </tr> </tbody> </table> <p>(2) Method of grouping assets</p> <p>The smallest units our Group has adopted for the grouping of fixed assets are as bellow:</p> <p>(a) For the loan business (part of our financial services business): regional business departments</p> <p>(b) For the installment sales finance business (part of our financial services business): business offices</p> <p>(c) For other financial or non-financial businesses: departments etc.</p> <p>For leasehold estate and property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.</p>	Buildings	2	Vehicles and delivery equipment	1	Equipment and furniture	17	Land	44	Telephone rights	0	<u>Total</u>	<u>66</u>	Buildings and structures	738	Equipment and furniture	299	<u>Total</u>	<u>1,037</u>	Location	Usage	Type	Hyogo Sanda City	Welfare/ Leisure Facilities	Land and Buildings etc.	Hyogo Kinosaki-gun	Welfare/ Leisure Facilities	Land and Buildings etc.	Osaka City Kita-ku	Leasehold Building	Land and Buildings etc.	Hokkaido Abuta-gun	Welfare/ Leisure Facilities	Land and Buildings etc.	Kawasaki City Kawasaki-ku	Leasehold Building	Land	Osaka City Nishiyodogawa-ku	Store	Buildings and Leasehold	Yokohama City Naka-ku	Leasehold Building	Land	Iwate Iwate-gun	Welfare/ Leisure Facilities	Land and Buildings etc.	Shizuoka Inasa-gun	Welfare/ Leisure Facilities	Land and Buildings etc.
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	<p>(3) Process through which impairment loss was recognized</p> <p>We recognized impairment loss on some of leasehold estate where there had been a significant decline in the asset's current value or profitability. We also recognized impairment loss on property to be sold because the expected sale prices were significantly lower than the assets' carrying values. No indications of impairment were observed in units comprising groups of assets, such as business departments and business offices.</p> <p>(4) Amounts of impairment loss</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings and structures</td> <td style="text-align: right;">107</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">1,221</td> </tr> <tr> <td>Leasehold</td> <td style="text-align: right;">54</td> </tr> <tr> <td style="border-top: 1px solid black; text-align: center;">Total</td> <td style="text-align: right; border-top: 1px solid black;">1,383</td> </tr> </table> <p>(5) Calculation of recovery price</p> <p>The recovery price is measured by either the higher of the sum of the expected future net cash flows or net realizable value. The sum of the expected future net cash flows is calculated by discounting at a rate of 7 % the cash flows that the asset will generate in the future, while net realizable value is assessed by, for example, a real estate appraiser.</p>	Buildings and structures	107	Land	1,221	Leasehold	54	Total	1,383																
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#### (11) Notes to Consolidated Statements of Cash Flows

Prior consolidated fiscal year (From April 1, 2003 to March 31, 2004)	This consolidated fiscal year (From April 1, 2004 to March 31, 2005)																												
<p>1. Relationship between cash and cash equivalents at the end of the year and consolidated balance sheet items as at March 31, 2004.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">77,930</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">1,146</td> </tr> <tr> <td>Short-term loans</td> <td style="text-align: right;">80,996</td> </tr> <tr> <td>Time deposits and certificates of which term of deposit is more than three months</td> <td style="text-align: right;">(72)</td> </tr> <tr> <td>Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase</td> <td style="text-align: right;">(1,126)</td> </tr> <tr> <td style="border-top: 1px solid black; text-align: center;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">158,873</td> </tr> </table>		(Millions of yen)	Cash and time deposits	77,930	Marketable securities	1,146	Short-term loans	80,996	Time deposits and certificates of which term of deposit is more than three months	(72)	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(1,126)	Cash and cash equivalents	158,873	<p>1. Relationship between cash and cash equivalents at the end of the year and consolidated balance sheet items as at March 31, 2005.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Cash and time deposits</td> <td style="text-align: right;">85,126</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">525</td> </tr> <tr> <td>Short-term loans</td> <td style="text-align: right;">60,844</td> </tr> <tr> <td>Time deposits and certificates of which term of deposit is more than three months</td> <td style="text-align: right;">(50)</td> </tr> <tr> <td>Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase</td> <td style="text-align: right;">(525)</td> </tr> <tr> <td style="border-top: 1px solid black; text-align: center;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">145,920</td> </tr> </table>		(Millions of yen)	Cash and time deposits	85,126	Marketable securities	525	Short-term loans	60,844	Time deposits and certificates of which term of deposit is more than three months	(50)	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(525)	Cash and cash equivalents	145,920
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2. —	<p>2. Breakdown of assets and liabilities of new consolidated subsidiaries by acquisition of stocks</p> <p>DC Cash One Ltd. (Millions of yen) (As of March 31, 2005)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Current assets</td><td style="text-align: right;">62,261</td></tr> <tr><td style="padding-left: 20px;">Fixed assets</td><td style="text-align: right;">491</td></tr> <tr><td style="padding-left: 20px;">Consolidation adjustment account</td><td style="text-align: right;">1,074</td></tr> <tr><td style="padding-left: 20px;">Current liabilities</td><td style="text-align: right;">(25,913)</td></tr> <tr><td style="padding-left: 20px;">Fixed liabilities</td><td style="text-align: right;">(30,012)</td></tr> <tr><td style="padding-left: 20px;">Minority interests in consolidated subsidiaries</td><td style="text-align: right;">(3,090)</td></tr> <tr><td style="padding-left: 20px;">Revaluation of Investments in equity-method</td><td style="text-align: right;"><u>(1,897)</u></td></tr> <tr><td style="padding-left: 20px;">Acquisition price of stocks</td><td style="text-align: right;">2,914</td></tr> <tr><td style="padding-left: 20px;">Cash and cash equivalents</td><td style="text-align: right;"><u>(2,425)</u></td></tr> <tr><td style="padding-left: 20px;">Balance: Net payments for acquisition</td><td style="text-align: right;"><u><u>488</u></u></td></tr> </table> <p>AC Ventures Co., Ltd. (Millions of yen) (As of March 31, 2005)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="padding-left: 20px;">Current assets</td><td style="text-align: right;">260</td></tr> <tr><td style="padding-left: 20px;">Fixed assets</td><td style="text-align: right;">436</td></tr> <tr><td style="padding-left: 20px;">Current liabilities</td><td style="text-align: right;">(248)</td></tr> <tr><td style="padding-left: 20px;">Fixed liabilities</td><td style="text-align: right;">(8)</td></tr> <tr><td style="padding-left: 20px;">Consolidation adjustment account</td><td style="text-align: right;"><u>(93)</u></td></tr> <tr><td style="padding-left: 20px;">Acquisition price of stocks</td><td style="text-align: right;">348</td></tr> <tr><td style="padding-left: 20px;">Cash and cash equivalents</td><td style="text-align: right;"><u>(260)</u></td></tr> <tr><td style="padding-left: 20px;">Balance: Net payments for acquisition</td><td style="text-align: right;"><u><u>87</u></u></td></tr> </table>	Current assets	62,261	Fixed assets	491	Consolidation adjustment account	1,074	Current liabilities	(25,913)	Fixed liabilities	(30,012)	Minority interests in consolidated subsidiaries	(3,090)	Revaluation of Investments in equity-method	<u>(1,897)</u>	Acquisition price of stocks	2,914	Cash and cash equivalents	<u>(2,425)</u>	Balance: Net payments for acquisition	<u><u>488</u></u>	Current assets	260	Fixed assets	436	Current liabilities	(248)	Fixed liabilities	(8)	Consolidation adjustment account	<u>(93)</u>	Acquisition price of stocks	348	Cash and cash equivalents	<u>(260)</u>	Balance: Net payments for acquisition	<u><u>87</u></u>
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(12) Segment Information

(A) Business segment information

Prior consolidated fiscal year (from April 1, 2003 to March 31, 2004)

Detailed business segment information is omitted as operating income, operating profit and assets in financial service business account for more than 90% of total consolidated operating income, consolidated operating profit and total assets across all segments.

Operating income for this consolidated fiscal year in financial service business accounts for 94.4% of total (95.3% for prior consolidated fiscal year). Operating profit for this consolidated fiscal year in financial service business accounts for 99.2% of total (99.6% for prior consolidated fiscal year). Assets for this consolidated fiscal year in financial service business accounts for 98.2% of total (98.3% for prior consolidated fiscal year).

This consolidated fiscal year (from April 1, 2004 to March 31, 2005)

Detailed business segment information is omitted as operating income and operating profit in financial service business account for more than 90% of total consolidated operating income, consolidated operating profit and total assets across all segments.

(B) Geographical segment information

Prior consolidated fiscal year (from April 1, 2003 to March 31, 2004)

Geographical segment information is omitted as sales and assets in Japan account for more than 90% of total consolidated sales and total consolidated assets across all segments.

This consolidated fiscal year (from April 1, 2004 to March 31, 2005)

Geographical segment information is omitted as sales and assets in Japan account for more than 90% of total consolidated sales and total consolidated assets across all segments.

(C) Overseas sales

Prior consolidated fiscal year (from April 1, 2003 to March 31, 2004)

Overseas sales information is omitted as overseas sales account for less than 10% of total consolidated sales.

This consolidated fiscal year (from April 1, 2004 to March 31, 2005)

Overseas sales information is omitted as overseas sales account for less than 10% of total consolidated sales.

## (13) Lease Transactions

Prior consolidated fiscal year (From April 1, 2003 to March 31, 2004)	This consolidated fiscal year (From April 1, 2004 to March 31, 2005)																																																												
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Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee</p> <p>(1) Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Equivalent of acquisition cost</th> <th>Equivalent of depreciation</th> <th>Equivalent of residual value</th> </tr> </thead> <tbody> <tr> <td>Machinery</td> <td style="text-align: center;">7</td> <td style="text-align: center;">2</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Vehicles and delivery equipment</td> <td style="text-align: center;">197</td> <td style="text-align: center;">123</td> <td style="text-align: center;">73</td> </tr> <tr> <td>Equipment and furniture</td> <td style="text-align: center;">7,772</td> <td style="text-align: center;">4,398</td> <td style="text-align: center;">3,374</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">7,976</td> <td style="text-align: center;">4,523</td> <td style="text-align: center;">3,452</td> </tr> </tbody> </table> <p>(2) Equivalent balance of the unaccrued lease fees</p> <p style="text-align: right;">(Millions of yen)</p> <table> <tbody> <tr> <td>Within a year</td> <td style="text-align: right;">1,765</td> </tr> <tr> <td>More than one year</td> <td style="text-align: right;">1,755</td> </tr> <tr> <td><u>Total</u></td> <td style="text-align: right;"><u>3,521</u></td> </tr> </tbody> </table> <p>(3) Lease fee payable, equivalent of depreciation and equivalent of interest payable</p> <p style="text-align: right;">(Millions of yen)</p> <table> <tbody> <tr> <td>Lease fees payable</td> <td style="text-align: right;">2,158</td> </tr> <tr> <td>Equivalent of depreciation</td> <td style="text-align: right;">2,038</td> </tr> <tr> <td>Equivalent of interest payable</td> <td style="text-align: right;">102</td> </tr> </tbody> </table> <p>(4) Method of calculation of equivalent of depreciation</p> <p>Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.</p> <p>(5) Method of calculation of equivalent of interest</p> <p>The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.</p>		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value	Machinery	7	2	4	Vehicles and delivery equipment	197	123	73	Equipment and furniture	7,772	4,398	3,374	Total	7,976	4,523	3,452	Within a year	1,765	More than one year	1,755	<u>Total</u>	<u>3,521</u>	Lease fees payable	2,158	Equivalent of depreciation	2,038	Equivalent of interest payable	102	<p>2. 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## (14) Transactions between Related Parties

This consolidated fiscal year (from April 1, 2004 to March 31, 2005)

## (A) Directors and primary individual shareholders, etc.

(Millions of yen)

Attribute		Director	Company owned by the directors and their close relative holding the majority of ratio of voting rights	
Name		Kyosuke Kinoshita	Itoko Co., Ltd.	
Address		—	Osaka City, Kita-ku	
Paid-in capital		—	400	
Business outline/Occupation		Chairman of the Company and also chief director of The Institute for Research on Household Economics	Rental of real estates	
Ratio of voting rights holding (held)		—	—	
Relationship	Directors involved in other business	—	—	
	Business	—	Rental of real estates	
Summary of transactions		Donation	Guaranty money deposited for premises	Rent Payment
Amount transacted		200	6	5
Subject		—	Guaranty money deposited	—
Outstanding amount at the end of the fiscal year		—	—	—

Notes: 1. Amount transacted above does not include consumption tax, etc.

## 2. Terms and conditions of the transaction and its policies

The Institute for Research on Household Economics conducts research on household economy. We determine the terms and conditions of transactions by taking its business plans and business performance into consideration.

Terms and conditions of property lease contracts by Itoko Co., Ltd. are determined as being in common practice. With regard to the The lease fee for the property lease of Itoko Co., Ltd. is determined by the negotiations once in two years based on market situation of neighborhoods.

## (B)Subsidiaries of parent and other related companies

(Millions of yen)

Attribute		Subsidiary of other related company		Subsidiary of other related company		
Name		The Mitsubishi Trust and Banking Corporation		Mitsubishi Securities Co., Ltd.		
Address		Chiyoda-ku, Tokyo		Chiyoda-ku, Tokyo		
Paid-in capital		324,279		65,518		
Business outline		Trust bank business		Securities business		
Ratio of voting rights holding (held)		Direct (1.99%)		Direct (0.00%)		
Relationship	Directors involved in other business	—		—		
	Business	Borrowing		“Gensaki” transactions (to purchase debt securities under resale agreements)		
Summary of transactions		Borrowing of the capital		Payment of interest	“Gensaki” transactions	Receipt of interest
Amount transacted		Borrowing: 26,038 Repayment: 26,038		2,254	Purchase: 59,999 Sale: 69,999	0
Subject		Current portion of long-term loans	Long-term loans	—	Short-term loans	—
Outstanding amount at the end of the fiscal year		30,720	116,700	—	—	—

Note: 1. The Mitsubishi Trust and Banking Corporation and Mitsubishi Securities Co., Ltd. became subsidiaries of other affiliates following the acquisition of our stock by Mitsubishi Tokyo Financial Group, Inc. on April 20, 2004. As a result, “Transaction amounts” represents those on that date and thereafter.

## 2. Terms and conditions of the transaction and its policies

Interest rates of the borrowing by The Mitsubishi Trust and Banking Corporation are the money market rates.

Interest rates of the repurchase agreement by Mitsubishi Securities Co., Ltd. are the money market rates.

## (15) Notes to the Method of Tax Effect Accounting

Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)
1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities	1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities
(Millions of yen)	(Millions of yen)
Deferred tax assets:	Deferred tax assets:
Nondeductible write-offs of bad debts	Nondeductible write-offs of bad debts
12,954	12,804
Amount exceeding the tax limit for the provision for bad debt allowance	Amount exceeding the tax limit for the provision for bad debt allowance
27,935	18,668
Allowance for loss on guaranteed loans receivable	Allowance for loss on guaranteed loans receivable
758	1,171
Amount exceeding the tax limit for the provision for accrued bonuses	Amount exceeding the tax limit for the provision for accrued bonuses
1,505	1,901
Allowance for directors' and corporate auditors' retirement benefits	Allowance for directors' and corporate auditors' retirement benefits
397	345
Unrecognized accrued interest income	Unrecognized accrued interest income
514	452
Accrued enterprise tax	Accrued enterprise tax
2,315	2,132
Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures	Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures
130	163
Amount exceeding the tax limit for the amortization of software application	Amount exceeding the tax limit for the amortization of software application
6,517	6,651
Amount exceeding the tax limit for the amortization of deferred consumption tax and other	Amount exceeding the tax limit for the amortization of deferred consumption tax and other
286	324
Nondeductible devaluation of marketable securities	Nondeductible devaluation of marketable securities
135	232
Unrecognized valuation loss on golf club memberships	Unrecognized valuation loss on golf club memberships
183	167
Amount exceeding the tax limit for depreciation	Amount exceeding the tax limit for depreciation
81	106
Elimination of unrealized inter-company profit	Impairment loss
1,237	489
Others	Elimination of unrealized inter-company profit
524	1,237
Sub total deferred tax assets	Tax loss carryforwards of subsidiaries
55,481	10,195
Valuation allowance	Others
<u>(496)</u>	1,116
Total deferred tax assets	Sub total deferred tax assets
54,984	58,162
Deferred tax liabilities:	Valuation allowance
Retained earnings of subsidiaries	<u>(11,130)</u>
3,632	Total deferred tax assets
Charge for prepaid pension expenses	<u>47,032</u>
782	Deferred tax liabilities:
Change in valuation of other marketable securities	Retained earnings of subsidiaries
3,990	4,142
Others	Charge for prepaid pension expenses
<u>126</u>	641
Total deferred tax liabilities	Change in valuation of other marketable securities
<u>8,531</u>	4,392
Balance of deferred tax assets	Others
<u>46,453</u>	<u>170</u>
	Total deferred tax liabilities
	<u>9,347</u>
	Balance of deferred tax assets
	<u>37,685</u>

Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)
<p>2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes</p> <p>Omitted as difference between the statutory tax rate and the effective tax rate was less than 5% of the statutory tax rate.</p>	<p>2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes</p> <p>Omitted as difference between the statutory tax rate and the effective tax rate was less than 5% of the statutory tax rate.</p>
<p>3. Amended amount of deferred tax assets and deferred tax liabilities by modification of corporation tax rate</p> <p>“Revised Local Tax Law” was proclaimed on March 31, 2003, and “Assessment by Estimation on the Basis of The Size of Business” system will be introduced from fiscal year ending March 31, 2005. This new system will be part of corporation tax, and statutory tax rate for deferred tax assets in current assets and deferred tax liabilities in current liabilities was changed for the Company and some of its consolidated subsidiaries from this fiscal year. As a result, the amount of deferred tax assets (excluding deferred tax liabilities) is decreased by 210 million yen. The amount of deferred income tax and change in valuation of other marketable securities are increased by 210 million yen and 0 million yen respectively.</p>	<p>3. —</p>

## (16) Marketable Securities

## (A) Bonds held to maturity with market quotations

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2004)			This consolidated fiscal year (As of March 31, 2005)		
	Book value	Market price	Unrealized gain (loss)	Book value	Market price	Unrealized gain (loss)
Market price greater than book value						
(a) Government/municipal	—	—	—	—	—	—
(b) Corporate	—	—	—	—	—	—
(c) Miscellaneous	4,000	4,112	112	4,000	4,108	108
Subtotal	4,000	4,112	112	4,000	4,108	108
Book value greater than market price						
(a) Government/municipal	—	—	—	—	—	—
(b) Corporate	—	—	—	—	—	—
(c) Miscellaneous	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	4,000	4,112	112	4,000	4,108	108

## (B) Other marketable securities with market quotation

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2004)			This consolidated fiscal year (As of March 31, 2005)		
	Original cost	Book value	Unrealized gain (loss)	Original cost	Book value	Unrealized gain (loss)
Market price greater than book value						
(a) Stocks	9,766	19,656	9,890	9,733	20,694	10,961
(b) Bonds						
Government/municipal	81	86	4	81	86	4
Corporate	1,692	1,740	48	535	539	4
Miscellaneous	—	—	—	—	—	—
(c) Other	1,654	1,755	101	1,161	1,231	70
Subtotal	13,193	23,238	10,045	11,511	22,552	11,040
Book value greater than market price						
(a) Stocks	2,240	2,035	(205)	1,851	1,630	(221)
(b) Bonds						
Government/municipal	—	—	—	—	—	—
Corporate	—	—	—	527	525	(2)
Miscellaneous	5	5	(0)	—	—	—
(c) Other	441	402	(39)	443	404	(39)
Subtotal	2,688	2,443	(244)	2,823	2,559	(263)
Total	15,881	25,682	9,800	14,335	25,111	10,776

Note: In prior consolidated accounting period, impairment loss of 242 million yen was recorded with respect to other securities with market prices.

In this consolidated accounting period, there was no record of impairment loss with respect to other securities with market prices.

Impairment losses on stocks are written off when the market price of a given stock fell more than 50% of original cost and the market price is deemed unlikely to recover the level of the original cost. Impairment losses on stocks are also written off when the market price did not recover the fall out ratio of 30% for one year after the market price of a given stock fell more than 30% to below 50% of original cost and the market price is deemed unlikely to recover the level of the original cost.

## (C) Other marketable securities sold during the consolidated fiscal year

(Millions of yen)

Type	Prior consolidated fiscal year (From April 1, 2003 to March 31, 2004)	This consolidated fiscal year (From April 1, 2004 to March 31, 2005)
Amount of sales	1,063	455
Total gains on sales	446	141
Total losses on sales	—	128

## (D) Principal marketable securities where there is no market quotation

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)
	Amount recorded on consolidated balance sheet	Amount recorded on consolidated balance sheet
Other marketable securities		
Unlisted securities (excluding OTC securities)	803	452
Investments in investing business association	—	1,054
Anonymous association agreement	—	1,310

## (E) Redemption schedule for other marketable securities with maturities and bonds held to maturity

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2004)				This consolidated fiscal year (As of March 31, 2005)			
	Up to 1 year	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years	Up to 1 year	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years
(a) Bonds								
Government/municipal, etc.	—	86	—	—	—	86	—	—
Corporate	602	1,173	—	—	525	574	—	—
Miscellaneous	5	—	4,000	—	—	—	4,000	—
(b) Other	519	623	7	—	—	612	7	—
Total	1,126	1,882	4,007	—	525	1,274	4,007	—

(17) Derivative Transaction  
(A) Transaction information

Prior consolidated fiscal year (From April 1, 2002 to March 31, 2004)	This consolidated fiscal year (From April 1, 2003 to March 31, 2005)
<p>1. Derivative transactions  The Company and its consolidated subsidiaries enter into derivative transactions for interest-rate swap, interest-rate caps, and currency swaps.</p> <p>2. Derivative transaction principles  The Company and its consolidated subsidiaries are not intended to use derivative transactions for investment or trading purposes.</p> <p>3. Purpose for using derivative transactions  The Company and its consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest-rates relating to fixed interest payments and floating interest receivables, and currency swaps agreements in order to hedge against the risk of fluctuation in currencies relating to payments made in Japanese Yen and receivables in foreign currency.  The Companies hold only long positions in interest rate caps in order to hedge against the risk of fluctuation in market interest rates. The Companies' derivative transactions are accounted for as hedging transactions.</p> <p>(1) Hedging instruments and items hedged  Interest related derivatives  Hedging instruments  Derivative transaction  (Interest-rate swaps agreements and interest-rate caps)  Items hedged  Loans with variable interest rates</p> <p>Currency related derivatives  Hedging instruments  Currency swaps agreements  Items hedged  Loans denominated in foreign currency</p> <p>(2) Hedging policy  The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements, etc. in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans, and currency swaps agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its loans denominated in foreign currency. Derivative transactions are entered into in compliance with the Companies' internal rules.</p> <p>(3) Evaluating the efficacy of hedging activities  In regard to interest related derivatives, the performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and cash flows are fully offset by hedging instruments, further evaluation is not required. In regard to currency related derivatives, the performance of the hedging instruments and the items hedged are monitored using the same criteria. As it can be assumed that changes in currency exchange rates and cash flows are fully offset by hedging instruments, further evaluation is not required.</p>	<p>1. Derivative transactions  The Company and its consolidated subsidiaries enter into derivative transactions for interest-rate swap, interest-rate caps, and currency swaps.</p> <p>2. Derivative transaction principles  The Company and its consolidated subsidiaries are not intended to use derivative transactions for investment or trading purposes.</p> <p>3. Purpose for using derivative transactions  The Company and its consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest-rates relating to fixed interest payments and floating interest receivables, and currency swaps agreements in order to hedge against the risk of fluctuation in currencies relating to payments made in Japanese Yen and receivables in foreign currency.  The Companies hold only long positions in interest rate caps in order to hedge against the risk of fluctuation in market interest rates. The Companies' derivative transactions are accounted for as hedging transactions.</p> <p>(1) Hedging instruments and items hedged  Interest related derivatives  Hedging instruments  Derivative transaction  (Interest-rate swaps agreements and interest-rate caps)  Items hedged  Loans with variable interest rates</p> <p>Currency related derivatives  Hedging instruments  Currency swaps agreements  Items hedged  Loans denominated in foreign currency</p> <p>(2) Hedging policy  The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements, etc. in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans, and currency swaps agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its loans denominated in foreign currency. Derivative transactions are entered into in compliance with the Companies' internal rules.</p> <p>(3) Evaluating the efficacy of hedging activities  In regard to interest related derivatives, the performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and cash flows are fully offset by hedging instruments, further evaluation is not required.</p>

Prior consolidated fiscal year (From April 1, 2003 to March 31, 2004),	This consolidated fiscal year (From April 1, 2004 to March 31, 2005)
<p>4. Risk relating to transactions</p> <p>(1) Market risk Although the Company and its consolidated subsidiaries are engaged in interest rate swap and currency swap agreements, no market risk is anticipated as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate swap and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates. In addition, the Companies are not exposed to risk on interest rate caps, as the maximum interest rate is capped at the cap rates.</p> <p>(2) Credit risk The Company and its consolidated subsidiaries do not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.</p> <p>5. Management of risk relating to transactions The Company and its consolidated subsidiaries have established rules for the authorization of derivative transactions and related risk management rules which stipulate the limits on derivative transactions. All derivative transactions have been entered into in compliance with these rules.</p> <p>Risk management for derivative transactions has been under the control of the Treasury Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive managing directors' meeting when the Company's annual business plan is established. In addition, same criteria are used to monitor consolidated subsidiaries, and important transactions have been under the control of the Treasury Department of the Company.</p>	<p>4. Risk relating to transactions</p> <p>(1) Market risk Although the Company and its consolidated subsidiaries are engaged in interest rate swap and currency swap agreements, no market risk is anticipated as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate swap and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates. In addition, the Companies are not exposed to risk on interest rate caps, as the maximum interest rate is capped at the cap rates.</p> <p>(2) Credit risk The Company and its consolidated subsidiaries do not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.</p> <p>5. Management of risk relating to transactions The Company and its consolidated subsidiaries have established rules for the authorization of derivative transactions and related risk management rules which stipulate the limits on derivative transactions. All derivative transactions have been entered into in compliance with these rules.</p> <p>Risk management for derivative transactions has been under the control of the Treasury Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive managing directors' meeting when the Company's annual business plan is established. In addition, same criteria are used to monitor consolidated subsidiaries, and important transactions have been under the control of the Treasury Department of the Company.</p>

(B) Matter related to market value, etc. of the derivative transaction

Prior consolidated fiscal year (from April 1, 2003 to March 31, 2004)

Market value information is not required as all of the Company and its consolidated subsidiaries' derivative transactions are accounted for as hedging transactions.

This consolidated fiscal year (from April 1, 2004 to March 31, 2005)

Market value information is not required as all of the Company and its consolidated subsidiaries' derivative transactions are accounted for as hedging transactions.

## (18) Retirement Benefits Accounting

Prior consolidated fiscal year (From April 1, 2003 to March 31, 2004)	This consolidated fiscal year (From April 1, 2004 to March 31, 2005)																																						
<p>1. Overview of retirement benefit plans</p> <p>The Company and domestic consolidated subsidiaries have three types of defined-benefits retirement plans: prepaid retirement pension plan, tax-qualified retirement annuity plan, and lump-sum severance payment plan. There are also cases when an employee is given a severance pay premium on leaving the company.</p> <p>Four companies within the consolidated ACOM Group have lump-sum severance payment plans. As to the employees' pension fund, the Group also has a jointly established fund and a multi-employer fund. In addition, as to the tax-qualified retirement annuity plan, the Group has a jointly managed annuity plan and one consolidated subsidiary has a separately managed plan.</p> <p>In March 2004, "ACOM welfare pension plan", which the Company and some of domestic consolidated subsidiaries join, was disorganized with the authorization by the minister of Health, Labour and Welfare. In October 2003, "Japan sogo finance industrial welfare pension plan", which some of consolidated subsidiaries join, was disorganized with the authorization by the Minister of Health, Labour and Welfare.</p> <p>2. Retirement benefit liabilities as of March 31, 2004</p> <table data-bbox="148 952 766 1288"> <thead> <tr> <th></th> <th style="text-align: right;">(Millions of yen)</th> </tr> </thead> <tbody> <tr> <td>(1) Retirement benefit liabilities</td> <td style="text-align: right;">(21,314)</td> </tr> <tr> <td><u>(2) Pension assets</u></td> <td style="text-align: right;"><u>19,382</u></td> </tr> <tr> <td>(3) Unfunded retirement benefit liabilities (1 + 2)</td> <td style="text-align: right;">(1,932)</td> </tr> <tr> <td>(4) Unrecognized past service liabilities</td> <td style="text-align: right;">310</td> </tr> <tr> <td><u>(5) Unrecognized difference with actuarial liability</u></td> <td style="text-align: right;"><u>3,265</u></td> </tr> <tr> <td>(6) Difference (3 + 4 + 5)</td> <td style="text-align: right;">1,643</td> </tr> <tr> <td><u>(7) Prepaid pension expenses</u></td> <td style="text-align: right;"><u>1,924</u></td> </tr> <tr> <td><u>(8) Allowance for retirement benefits (6 - 7)</u></td> <td style="text-align: right;"><u>(281)</u></td> </tr> </tbody> </table> <p>Notes:</p> <p>1. Some consolidated subsidiaries use the simplified method for calculating retirement benefit liabilities.</p>		(Millions of yen)	(1) Retirement benefit liabilities	(21,314)	<u>(2) Pension assets</u>	<u>19,382</u>	(3) Unfunded retirement benefit liabilities (1 + 2)	(1,932)	(4) Unrecognized past service liabilities	310	<u>(5) Unrecognized difference with actuarial liability</u>	<u>3,265</u>	(6) Difference (3 + 4 + 5)	1,643	<u>(7) Prepaid pension expenses</u>	<u>1,924</u>	<u>(8) Allowance for retirement benefits (6 - 7)</u>	<u>(281)</u>	<p>1. Overview of retirement benefit plans</p> <p>The Company and domestic consolidated subsidiaries have three types of defined-benefits retirement plans: prepaid retirement pension plan, tax-qualified retirement annuity plan, and lump-sum severance payment plan. There are also cases when an employee is given a severance pay premium on leaving the company.</p> <p>Five companies within the consolidated ACOM Group have lump-sum severance payment plans. 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Contributions made by employees to the employees' pension fund are excluded.</li> <li>2. Retirement benefit expenses of consolidated subsidiaries using the simplified method are added up in "(1) service expenses".</li> <li>3. Others are premium paid to a defined-contribution pension plan.</li> <li>4. Breakdown of net gain on termination of welfare pension plan <table style="width: 100%; border-collapse: collapse;"> <tr><td>(1) Retirement benefit liabilities</td><td style="text-align: right;">(17,544)</td></tr> <tr><td><u>(2) Pension assets</u></td><td style="text-align: right;"><u>10,521</u></td></tr> <tr><td>(3) Unfunded retirement benefit liabilities (1 + 2)</td><td style="text-align: right;">(7,023)</td></tr> <tr><td>(4) Unrecognized past service liabilities</td><td style="text-align: right;">(1,263)</td></tr> <tr><td><u>(5) Unrecognized difference with actuarial liability</u></td><td style="text-align: right;"><u>3,836</u></td></tr> <tr><td>(6) Difference (3 + 4 + 5)</td><td style="text-align: right;">(4,450)</td></tr> <tr><td><u>(7) Payments of specific premium contribution</u></td><td style="text-align: right;"><u>1,516</u></td></tr> <tr><td>(8) Difference (6+7)</td><td style="text-align: right;">(2,933)</td></tr> </table> </li> </ol> <p>4. Assumptions in calculating retirement benefit liabilities</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>(1) Discount rate</td><td style="text-align: right;">2.0%</td></tr> <tr><td>(2) Expected rate of return on investments</td><td style="text-align: right;">3.0%</td></tr> <tr><td>(3) Allocation of projected benefit liabilities</td><td style="text-align: right;">Straight-line method</td></tr> <tr><td>(4) Years for amortizing past service liabilities</td><td style="text-align: right;">5 years</td></tr> </table> <p>Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>(5) Years for amortizing actuarial losses</td><td style="text-align: right;">5 years</td></tr> </table> <p>Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.</p>	(1) Service expenses (Note 1)	2,445	(2) Interest expenses	819	(3) Expected investment income	(698)	(4) Recognized past service liabilities	(345)	(5) Difference from change of accounting standards	2,586	(6) Special severance pay premium	60	<u>(7) Others</u>	<u>41</u>	(8) Retirement benefit expenses		(1 + 2 + 3 + 4 + 5 + 6 + 7)	4,910	(9) <u>Net gain on termination of welfare pension plan (Note 2)</u>	<u>(2,933)</u>	<u>    Total (8 + 9)</u>	<u>1,977</u>	(1) Retirement benefit liabilities	(17,544)	<u>(2) Pension assets</u>	<u>10,521</u>	(3) Unfunded retirement benefit liabilities (1 + 2)	(7,023)	(4) Unrecognized past service liabilities	(1,263)	<u>(5) Unrecognized difference with actuarial liability</u>	<u>3,836</u>	(6) Difference (3 + 4 + 5)	(4,450)	<u>(7) Payments of specific premium contribution</u>	<u>1,516</u>	(8) Difference (6+7)	(2,933)	(1) Discount rate	2.0%	(2) Expected rate of return on investments	3.0%	(3) Allocation of projected benefit liabilities	Straight-line method	(4) Years for amortizing past service liabilities	5 years	(5) Years for amortizing actuarial losses	5 years	<p>3. Retirement benefit expenses</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>(1) Service expenses (Note 1)</td><td style="text-align: right;">1,595</td></tr> <tr><td>(2) Interest expenses</td><td style="text-align: right;">417</td></tr> <tr><td>(3) Expected investment income</td><td style="text-align: right;">(578)</td></tr> <tr><td>(4) Recognized past service liabilities</td><td style="text-align: right;">70</td></tr> <tr><td>(5) Difference from change of accounting standards</td><td style="text-align: right;">1,279</td></tr> <tr><td>(6) Special severance pay premium</td><td style="text-align: right;">63</td></tr> <tr><td><u>(7) Others</u></td><td style="text-align: right;"><u>395</u></td></tr> <tr><td>(8) Retirement benefit expenses</td><td></td></tr> <tr><td><u>    (1 + 2 + 3 + 4 + 5 + 6 + 7)</u></td><td style="text-align: right;"><u>3,243</u></td></tr> </table> <p><u>Notes:</u></p> <ol style="list-style-type: none"> <li>1. Retirement benefit expenses of consolidated subsidiaries using the simplified method are added up in "(1) service expenses".</li> <li>2. Others are premium paid to a defined-contribution pension plan.</li> </ol> <p>4. Assumptions in calculating retirement benefit liabilities</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>(1) Discount rate</td><td style="text-align: right;">2.0%</td></tr> <tr><td>(2) Expected rate of return on investments</td><td style="text-align: right;">3.0%</td></tr> <tr><td>(3) Allocation of projected benefit liabilities</td><td style="text-align: right;">Straight-line method</td></tr> <tr><td>(4) Years for amortizing past service liabilities</td><td style="text-align: right;">5 years</td></tr> </table> <p>Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>(5) Years for amortizing actuarial losses</td><td style="text-align: right;">5 years</td></tr> </table> <p>Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.</p>	(1) Service expenses (Note 1)	1,595	(2) Interest expenses	417	(3) Expected investment income	(578)	(4) Recognized past service liabilities	70	(5) Difference from change of accounting standards	1,279	(6) Special severance pay premium	63	<u>(7) Others</u>	<u>395</u>	(8) Retirement benefit expenses		<u>    (1 + 2 + 3 + 4 + 5 + 6 + 7)</u>	<u>3,243</u>	(1) Discount rate	2.0%	(2) Expected rate of return on investments	3.0%	(3) Allocation of projected benefit liabilities	Straight-line method	(4) Years for amortizing past service liabilities	5 years	(5) Years for amortizing actuarial losses	5 years
(1) Service expenses (Note 1)	2,445																																																																												
(2) Interest expenses	819																																																																												
(3) Expected investment income	(698)																																																																												
(4) Recognized past service liabilities	(345)																																																																												
(5) Difference from change of accounting standards	2,586																																																																												
(6) Special severance pay premium	60																																																																												
<u>(7) Others</u>	<u>41</u>																																																																												
(8) Retirement benefit expenses																																																																													
(1 + 2 + 3 + 4 + 5 + 6 + 7)	4,910																																																																												
(9) <u>Net gain on termination of welfare pension plan (Note 2)</u>	<u>(2,933)</u>																																																																												
<u>    Total (8 + 9)</u>	<u>1,977</u>																																																																												
(1) Retirement benefit liabilities	(17,544)																																																																												
<u>(2) Pension assets</u>	<u>10,521</u>																																																																												
(3) Unfunded retirement benefit liabilities (1 + 2)	(7,023)																																																																												
(4) Unrecognized past service liabilities	(1,263)																																																																												
<u>(5) Unrecognized difference with actuarial liability</u>	<u>3,836</u>																																																																												
(6) Difference (3 + 4 + 5)	(4,450)																																																																												
<u>(7) Payments of specific premium contribution</u>	<u>1,516</u>																																																																												
(8) Difference (6+7)	(2,933)																																																																												
(1) Discount rate	2.0%																																																																												
(2) Expected rate of return on investments	3.0%																																																																												
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(4) Years for amortizing past service liabilities	5 years																																																																												
(5) Years for amortizing actuarial losses	5 years																																																																												

5. Actual results

(1) Operating income by segment

(Millions of yen)

Item	Term	Prior consolidated fiscal year 〔 From April 1, 2003 to March 31, 2004 〕		This consolidated fiscal year 〔 From April 1, 2004 to March 31, 2005 〕		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
Financial business		427,698	98.3%	426,714	98.3%	(983)	(0.2)
Loan business		391,259	90.0	387,348	89.3	(3,910)	(1.0)
Credit card business		5,876	1.3	6,311	1.4	435	7.4
Installment sales finance business		22,738	5.2	16,622	3.8	(6,116)	(26.9)
Guarantee business		5,037	1.2	7,627	1.8	2,589	51.4
Loan servicing business		2,786	0.6	8,762	2.0	5,975	214.5
Others		0	0.0	42	0.0	42	—
Other business		7,269	1.7	7,250	1.7	(18)	(0.3)
Rental business		3,527	0.8	3,781	0.9	254	7.2
Others		3,742	0.9	3,469	0.8	(273)	(7.3)
Total		434,968	100.0	433,965	100.0	(1,002)	(0.2)

(2) Other statistics

(A) Receivables outstanding

(millions of yen)

Item	Term	Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)	Amount of change	
				Amount of change	Percentage
Loan business		1,623,154	1,680,184	57,029	3.5%
Credit card business		46,731	49,399	2,668	5.7
Credit card		45,941	48,833	2,892	6.3
Others		789	565	(223)	(28.3)
Installment sales finance business		181,567	127,378	(54,189)	(29.8)
Loan servicing business		6,082	12,723	6,641	109.2
Total		1,857,536	1,869,685	12,149	0.7

(B) Number of customer accounts

Item	Term	Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)	Amount of change	
				Amount of change	Percentage
Loan business		3,161,894	3,406,054	244,160	7.7%
Credit card business		1,071,681	1,197,784	126,103	11.8
Credit card		1,064,492	1,191,975	127,483	12.0
Others		7,189	5,809	(1,380)	(19.2)
Installment sales finance business		886,110	958,768	72,658	8.2
Loan servicing business		31,851	137,808	105,957	332.7
Rental Business		13,038	11,319	(1,719)	(13.2)

Notes: The definition of number of customer accounts is as follows,

- (1) Loan business: The number of loan accounts with loan balance outstanding
- (2) Credit card business: Cardholder of ACOM MasterCard
- (3) Installment sales finance business: Number of contracts with receivables outstanding
- (4) Servicing business: Number of accounts for purchased loans
- (5) Rental business: Number of users during the fiscal year

(C)Others

Item	Term	Prior consolidated fiscal year (As of March 31, 2004)	This consolidated fiscal year (As of March 31, 2005)	Amount of change	
				Amount of change	Percentage
					%
Number of outlets		1,764	1,854	90	5.1
Number of employees		6,161	6,621	460	7.5
Allowance for bad debts (millions of yen)		135,350	130,532	(4,817)	(3.6)
Allowance for loss on guaranteed loans Receivable (millions of yen)		1,865	1,558	(307)	(16.5)
Bad debt write-offs (millions of yen)		116,519	113,566	(2,952)	(2.5)

(TRANSLATION)

Brief Statement of Financial Results  
for the Fiscal Year Ended March 2005 (Non-consolidated)

April 27, 2005

**Forward-looking Statement**

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ended March 2005 (the "Brief Statement") with respect to ACOM's plans and strategies and other statements that are not historical facts but are forward-looking statements about the future performance of ACOM are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties. 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.

Name of the company: ACOM CO., LTD. ("ACOM" or the "Company")

Stock market: Tokyo Stock Exchange

Code No.: 8572

Location of the head office: Tokyo

URL: <http://www.acom.co.jp/ir/english/>

Reference:

Position of the representative: President & Chief Executive Officer

Name: Shigeyoshi Kinoshita

Position of the person in charge: General Manager of Corporate Planning Department

Name: Yoshinori Matsubara

Telephone No.: (03) 5533-0631

Date of the board of directors' meeting for the account settlement: April 27, 2005

Date of the ordinary general meeting of the shareholders: June 23, 2005

Date of the commencement of dividends payment (scheduled): June 24, 2005

Interim-dividend system: Adopted

Unit of share system: Adopted (10 shares for a unit)

Note: All amounts under minimum units appearing in each of the tables have been disregarded, except for per share amounts throughout this Brief Statement (Non-consolidated).

1. Non-Consolidated Business Results for the Fiscal Year Ended March 2005(from April 1, 2004 to March 31, 2005)

(1) Operating Results

(Millions of yen)

	Operating Income		Operating Profit		Income Before Extraordinary Items	
3/05	402,734	(2.2%)	140,234	21.0%	141,695	20.3%
3/04	411,799	(1.8%)	115,880	(18.7%)	117,799	(18.5%)

	Net income (Millions of yen)		Net Income per Share (Yen)	Net Income per Share Diluted (Yen)	Return on Equity	Income Before Extraordinary Items to Total Assets	Income Before Extraordinary Items to Operating Income
3/05	83,001	26.4%	525.54	525.25	10.7%	7.1%	35.2%
3/04	65,648	(15.3%)	455.36	455.29	9.8%	5.7%	28.6%

- Notes: 1. Average number of shares issued: 157,866,942 shares for fiscal year ended March 2005, 144,089,082 shares for fiscal year ended March 2004.  
 2. Change in accounting policies: Applicable  
 3. Regarding operating income, operating profit, income before extraordinary items and net income, the figures in percentages show the growth from the previous fiscal year.

(2) Dividends

	Annual Cash Dividends per Share(Yen)			Total Amount of Annual Cash Dividends (Millions of yen)	Dividends Pay-out Ratio	Ratio of Total Amount of Dividends to Shareholders' Equity
		Interim	Year-end			
3/05	100.00	45.00	55.00	15,829	19.0%	1.8%
3/04	80.00	40.00	40.00	11,484	17.6%	1.7%

(3) Financial Position

(Millions of yen)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share (Yen)
	3/05	1,951,625	862,301	44.2%
3/04	2,019,648	694,082	34.4%	4,834.51

- Notes: 1. Number of shares issued at fiscal year-end: 158,295,574 shares in fiscal year ended March 2005, 143,561,072 shares in fiscal year ended March 2004.  
 2. Number of treasury shares at fiscal year-end: 1,332,706 shares in fiscal year ended March 2005, 2,067,208 shares in fiscal year ended March 2004.

2. Forecast for the Fiscal Year Ending March 2006 (from April 1, 2005 to March 31, 2006)

(Millions of yen)

	Operating Income	Income Before Extraordinary Items	Net Income	Annual Cash Dividends per Share (Yen)		
				Interim Dividends	Year-end Dividends	
Interim	199,200	73,600	43,800	55.00	—	—
Annual	397,000	142,400	84,700	—	55.00	110.00

Reference: Projected net income per share (annual): 534.84 yen.

## 5. Non-Consolidated Financial Statements

### (1) Non-Consolidated Balance Sheets

(Millions of yen)

Subject	Term	Prior fiscal year (As of March 31, 2004)		This fiscal year (As of March 31, 2005)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
(Assets)			%		%		%
I. Current assets		1,870,175	92.6	1,800,655	92.3	(69,520)	(3.7)
Cash and time deposits		69,015		71,785		2,769	4.0
Loans receivable		1,612,799		1,601,773		(11,025)	(0.7)
Installment sales receivables		159,907		118,867		(41,039)	(25.7)
Marketable securities		565		--		(565)	--
Merchandise		5,879		5,721		(157)	(2.7)
Prepaid expenses		5,071		3,749		(1,322)	(26.1)
Deferred tax assets		46,530		37,896		(8,634)	(18.6)
Accrued income		12,110		12,108		(2)	(0.0)
Short-term loans		79,996		59,994		(20,001)	(25.0)
Short-term loans to affiliates		50		983		933	--
Other current assets		5,249		7,396		2,146	40.9
Allowances for bad debts		(127,000)		(119,620)		7,380	(5.8)
II. Fixed assets		149,472	7.4	150,969	7.7	1,496	1.0
Tangible fixed assets		39,190	1.9	38,240	2.0	(950)	(2.4)
Buildings		13,612		13,497		(115)	(0.8)
Structures		3,528		3,637		108	(3.1)
Vehicles and delivery equipment		6		16		10	176.0
Equipment and furniture		14,019		14,030		10	0.1
Land		8,023		7,058		(965)	(12.0)
Intangible fixed assets		1,206	0.1	1,143	0.0	(63)	(5.2)
Leasehold		69		15		(54)	(78.2)
Telephone rights		1,078		1,077		(0)	(0.0)
Other intangible fixed assets		58		50		(8)	(14.5)
Investments and other assets		109,076	5.4	111,585	5.7	2,509	2.3
Investments in securities		28,219		26,392		(1,826)	(6.5)
Investments in affiliates		20,505		35,604		15,098	73.6
Investments in equity other than capital stock		975		129		(845)	(86.7)
Investments in affiliates' equity other than capital stock		1		1		--	--
Long-term loans		1,068		1,034		(34)	(3.2)
Long-term loans to affiliates		37,750		28,834		(8,916)	(23.6)
Claims on bankruptcy and reorganization, etc.		2,843		3,471		627	22.1
Long-term prepaid expenses		1,541		1,147		(393)	(25.5)
Deferred tax assets		857		599		(257)	(30.0)
Guaranty money deposited		10,588		10,434		(154)	(1.5)
Buildings and structures in trust		23		--		(23)	--
Land in trust		95		--		(95)	--
Prepaid pension expenses		1,887		1,542		(344)	(18.3)
Other investments		5,120		5,174		53	1.1
Allowance for bad debts		(2,400)		(2,780)		(380)	15.8
<b>Total Assets</b>		<b>2,019,648</b>	<b>100.0</b>	<b>1,951,625</b>	<b>100.0</b>	<b>(68,023)</b>	<b>(3.4)</b>

(Millions of yen)

Subject	Term	Prior fiscal year (As of March 31, 2004)		This fiscal year (As of March 31, 2005)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
	(Liabilities)		%		%		%
I. Current liabilities		398,005	19.7	403,996	20.7	5,990	1.5
Accounts payable		1,035		1,198		162	15.7
Short-term loans		11,500		2,500		(9,000)	(78.3)
Current portion of long-term loans		285,304		264,581		(20,723)	(7.3)
Commercial paper		--		20,000		20,000	--
Current portion of bonds and notes		40,000		60,000		20,000	50.0
Amount payable		1,402		2,447		1,044	74.5
Accrued expenses		12,716		13,697		981	7.7
Accrued income taxes		26,319		27,029		710	2.7
Deposit received		395		391		(3)	(0.9)
Unearned income		67		73		5	8.2
Allowance for loss on guaranteed loans receivable		1,865		2,880		1,015	54.4
Deferred income on installment sales		17,276		9,122		(8,154)	(47.2)
Other current liabilities		122		75		(46)	(38.2)
II. Fixed liabilities		927,560	45.9	685,327	35.1	(242,233)	(26.1)
Straight bonds		245,000		205,000		(40,000)	(16.3)
Long-term loans		678,285		476,641		(201,644)	(29.7)
Allowance for directors' and corporate auditors' retirement benefits		867		713		(153)	(17.7)
Customers' deposit in trust		44		--		(44)	--
Other fixed liabilities		3,363		2,971		(391)	(11.6)
Total liabilities		1,325,566	65.6	1,089,323	55.8	(236,242)	(17.8)
	(Shareholders' equity)						
I. Common stock		17,282	0.9	63,832	3.3	46,550	269.3
II. Capital surplus		25,772	1.3	76,458	3.9	50,685	196.7
Additional paid-in capital		25,772		72,322		46,550	180.6
Other capital surplus		--		4,135		4,135	--
Net gain on disposal of treasury stock		--		4,135		4,135	--
III. Earned surplus		656,326	32.5	726,426	37.2	70,100	10.7
Legal reserve		4,320		4,320		--	--
Voluntary reserve		570,000		620,000		50,000	8.8
General reserve		570,000		620,000		50,000	8.8
Unappropriated retained earnings		82,006		102,106		20,100	24.5
IV. Securities valuation adjustment		5,799	0.3	6,384	0.3	584	10.1
V. Treasury stock		(11,099)	(0.6)	(10,801)	(0.5)	297	(2.7)
Total shareholders' equity		694,082	34.4	862,301	44.2	168,218	24.2
Total liabilities and shareholders' equity		2,019,648	100.0	1,951,625	100.0	(68,023)	(3.4)

## (2) Non-Consolidated Income Statements

(Millions of yen)

Subject	Term	Prior fiscal year 〔 From April 1, 2003 to March 31, 2004 〕		This fiscal year 〔 From April 1, 2004 to March 31, 2005 〕		Change	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
I. Operating income		411,799	100.0	402,734	100.0	(9,064)	(2.2)
Interest on loans receivable		379,332		372,389		(6,943)	(1.8)
Fees from credit card business		5,714		6,113		399	7.0
Fees from installment sales finance business		13,799		9,255		(4,543)	(32.9)
Fees on guaranteed loans receivables		4,503		6,871		2,367	52.6
Other financial income		18		19		0	3.2
Sales		735		158		(577)	(78.5)
Other operating income		7,695		7,927		232	3.0
II. Operating expenses		295,918	71.9	262,500	65.2	(33,418)	(11.3)
Financial expenses		26,115	6.4	21,591	5.4	(4,524)	(17.3)
Cost of sales		731	0.2	157	0.0	(573)	(78.5)
Other operating expenses		269,072	65.3	240,751	59.8	(28,320)	(10.5)
Operating profit		115,880	28.1	140,234	34.8	24,353	21.0
III. Non-operating income		2,086	0.5	2,083	0.5	(2)	(0.1)
Interest income		755		681		(74)	(9.9)
Interest on securities		70		73		2	3.3
Dividends received		311		324		12	4.1
Gains on sale of securities		67		15		(52)	(77.3)
Insurance payment received		25		42		17	70.8
Rent from Company's residence		471		486		15	3.2
Other non-operating income		385		460		75	19.6
IV. Non-operating expenses		167	0.0	622	0.1	454	271.2
Stock issue expenses		--		474		474	--
Treasury stock acquisition expenses		42		--		(42)	--
Loss on investments in investing business association		67		61		(6)	(9.4)
Other non-operating expenses		56		85		28	50.8
Income before extraordinary items		117,799	28.6	141,695	35.2	23,896	20.3
V. Extraordinary income		3,198	0.8	141	0.0	(3,057)	(95.6)
Gains on sale of fixed assets		0		0		(0)	(58.6)
Gains on sales of investment in marketable securities		379		126		(253)	(66.7)
Gain on maturity of investment trusts		15		14		(0)	(5.4)
Net gain on termination of a welfare pension plan		2,802		--		(2,802)	--

Subject	Term	Prior fiscal year 〔 From April 1, 2003 to March 31, 2004 〕		This fiscal year 〔 From April 1, 2004 to March 31, 2005 〕		Change	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
			%		%		%
VI. Extraordinary Losses		7,861	1.9	2,805	0.7	(5,056)	(64.3)
Loss on sale of fixed assets		292		29		(263)	(90.0)
Loss on disposal of fixed assets		676		1,068		391	57.9
Impairment loss		--		1,094		1,094	--
Loss on sale of investments in securities		--		128		128	--
Loss on revaluation of investments in marketable securities		335		353		18	5.4
Loss on revaluation of investments in affiliates		6,026		--		(6,026)	--
Other extraordinary losses		529		131		(398)	(75.3)
Income before income taxes		113,136	27.5	139,031	34.5	25,894	22.9
Income taxes (corporation tax, inhabitants' tax and enterprise tax)		54,160	11.6	47,540	13.9	(6,620)	18.0
Deferred income taxes		(6,671)		8,490		15,161	
Net income		65,648	15.9	83,001	20.6	17,353	26.4
Retained earnings carried forward from the previous period		25,871		26,228		356	1.4
Retirement of treasury stock		3,771		--		(3,771)	--
Interim dividends		5,742		7,123		1,380	24.0
Unappropriated retained earnings		82,006		102,106		20,100	24.5

(3) Comparative Proposition of Appropriation of Retained Earnings

(Millions of yen)				
Subject	Term	Prior fiscal year (as of March 31, 2004)	This fiscal year (as of March 31, 2005)	Change
		Amount	Amount	Amount
I. Unappropriated retained earnings		82,006	102,106	20,100
II. The above shall be appropriated as follows:				
Dividends		5,742	8,706	2,963
per share		¥40.00	¥55.00	¥15.00
		(Regular dividends:¥40.00)	(Regular dividends:¥55.00)	(Regular dividends:¥15.00)
Bonus to directors		35	36	1
Voluntary reserve		50,000	70,000	20,000
III. Unappropriated retained earnings carried forward		26,228	23,363	(2,864)

Notes: 1. As of December 6, 2004, the Company paid interim dividends of ¥45.00 per share (regular dividends) amounted to ¥7,123,301,415 in total.

2. The dividends for this fiscal year as shown above will not be paid to 1,332,706 shares of treasury stock.

#### (4) Significant Items Relating to the Preparation of Non-Consolidated Financial Statements

- (A) Valuation and computation of marketable securities
- (a) Securities of subsidiaries and affiliates ... Cost as determined by the moving average method
  - (b) Securities held to maturity... Amortized cost method (straight-line method)
  - (c) Other marketable securities
    - Where there is a market price
      - Market value as determined by the quoted price at the end of the fiscal year  
(The difference between the carrying value and the market value is included in equity.)  
(Cost of securities sold is computed using the moving average method.)
    - Where there is no market price
      - Cost determined by the moving average method
      - The equity in limited investment partnership and other similar partnership (deemed as securities by the Article 2, Section 2 of the Securities and Exchange Law) is accounted for by the equity method, based on its latest financial statements available considering the closing dates stipulated by the respective partnership contracts.
- (B) Valuation and computation of derivative transactions
- Option transaction ... Market value
  - Swap transaction ... Market value
- (C) Valuation and computation of the inventories
- Merchandise ... Cost on an individual specified cost basis
- (D) Depreciation of the fixed assets
- (a) Tangible fixed assets and building and structures in trust ... Declining balance method (Depreciable life)
    - Buildings ... 3 to 47 years
    - Structure ... 3 to 40 years
    - Vehicles and delivery equipment ... 4 to 6 years
    - Equipment and furniture ... 2 to 20 years
    - Buildings and structures held in trust ... 8 to 50 years
  - (b) Intangible fixed assets ... Straight-line method
  - (c) Long-term prepaid expenses ... Amortized in equal installments
- (E) Method of treatment of deferred assets
- Stock issue expenses ... Entire amount expensed as incurred
  - Bond issue expenses ... Entire amount expensed as incurred
- (F) Currency translation standards for foreign-currency-denominated assets or liabilities into yen
- Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the accounting date, and differences in currency translation are added up as profit or loss.
- (G) Basis for calculating allowances
- (a) Allowance for bad debts
    - In providing for bad debts, the Company makes an allowance for ordinary bad debts based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis, making an allowance for the amount regarded as irrecoverable.
  - (b) Allowance for loss on guaranteed receivables
    - In providing allowance for loss on guaranteed loans receivable, the Company makes an allowance as necessary having considered the likelihood of losses at the end of the this fiscal year.
  - (c) Allowance for retirement benefits
    - The Company makes provisions for retirement benefits based on projected retirement obligations and pension fund asset at the balance sheet date. Adjustments are made to determine the amounts applicable to the end of this fiscal year.
    - As projected pension fund asset exceeds the adjusted amounts of projected benefit obligation by unrecognized projected past service liabilities and unrecognized actuarial gains or losses, the surplus is included in the balance of prepaid pension expenses.
  - (d) Allowance for directors' and statutory auditors' retirement benefits
    - The Company makes provisions for directors' and statutory auditors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules.

(H) Basis of recognition of income and expenses

(a) Interest on loans receivable

Interest on loans receivable is recognized on an accrual basis.

Accrued interest on loans receivable is recognized at the lower of the interest rate stipulated in the Interest Restriction Law of Japan or the contracted interest rate of the Company.

(b) Income from credit card business

Customer fees ... Recognized mainly by credit balance method.

Merchant fees ... Recognized as fees when treated.

(c) Income from installment sales finance business

Fees from customers and member outlets ... Recognized by sum-of-the months' digits method on a due date basis

(d) Fees on guaranteed loans receivables ... Recognized by credit-balance method

(I) Accounting for lease transactions

The Company accounts for finance leases where ownership of the leased asset is not transferred to the lessee as operating leases.

(J) Accounting for hedging activities

(a) Accounting for hedging activities

Deferred hedge accounting has been adopted.

Interest-rate swaps when meet certain conditions are accounted for according to exceptional treatments.

(b) Hedging instruments and items hedged

Hedging instruments ... Interest-rate swaps agreements and interest-rate caps

Items hedged ... Loans with variable interest rates

(c) Hedging policy

The Company enters into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans.

(d) Evaluating the efficacy of hedging activities

The performance of the hedging instruments and the items hedged is monitored primarily using the same criteria.

As it can be assumed that changes in interest rates are fully offset by changes in cash flows from hedging instruments, further evaluation is not required.

(K) Other significant accounting policies for the preparation of non-consolidated financial statements

(a) Treatment of consumption tax

Consumption tax is treated outside of the financial statements

However, non-deductible consumption tax and others relating to assets are recognized as an expense during the year in which it is incurred.

(5) Changes in accounting policies

(Accounting standards relating to the impairment of fixed assets)

From this consolidated fiscal year we have applied accounting standards relating to the impairment of fixed assets as defined in the "Written Opinion Concerning the Establishment of Accounting Standards Relating to the Impairment of Fixed Assets" (Business Accounting Council, August 9th, 2002) and "Application Guidelines for the Accounting Standards Relating to the Impairment of Fixed Assets" (Accounting Standards Board of Japan, October 31st, 2003). As a consequence, the figure we have reported for income before income taxes is 1,094 million yen lower than it would have been had we not applied these standards. In addition, and further to the provisions of the revised Rules Concerning Consolidated Financial Statements, total impairment losses have been directly deducted from the carrying values of the assets concerned.

(6) Changes in disclosure methods

In accordance with the Article 2, Section 2 of the Securities and Exchange Law, as amended by the Law concerning Partial Amendment to the Securities and Exchange Law (Law No. 97 of 2004), stipulation that the equity in limited investment partnership and other similar partnership should be deemed securities, the equity in investing business association which had been included in "Investments in equity other than capital stock" in the non-consolidated balance sheet up to the prior non-consolidated fiscal year was included in "Investment in securities" in this non-consolidated fiscal year. "Investment in securities" increased by 630 million yen and "Investments in equity other than capital stock" decreased by the same amount due to this change.

Treasury stock acquisition expenses, which was stated in non-operating expenses until prior non-consolidated fiscal year, is included into other non-operating expenses in non-operating expenses from this consolidated fiscal year. In addition, the amount of treasury stock acquisition expenses for this consolidated fiscal year is 7 million yen.

(7) Additional information

The promulgation on March 31st, 2003 of the “Law to Partially Revise Local Enterprise Taxes” (9th law of 2003) has resulted in the introduction, from the business year beginning April 1st, 2004, of a system whereby local enterprise taxes may also be levied on amounts other than the entity’s net revenues or income, a system referred to as “Pro Forma Standard Taxation”. This has led to the introduction of value-added taxes and taxes on capital, and from this consolidated accounting period we have charged these new taxes to “Other Operating Expenses” in accordance with the “Accounting Procedures for the Reporting of the Pro Forma Standard Taxation Components of Local Enterprise Taxes on the Income Statement” (12th Report on Practical Implementation, Accounting Standards Board of Japan, February 13th, 2004). As a consequence, the figure we have reported for other operating expenses is 970 million yen higher than it would have been, while the figures reported for operating profit, income before extraordinary items, and income before income taxes are all 970 million yen lower.

(8) Notes to Non-Consolidated Balance Sheets

Prior fiscal year (As of March 31, 2004)	This fiscal year (As of March 31, 2005)
1. Cumulative depreciation of tangible fixed assets (Millions of yen) 46,313	1. Cumulative depreciation of tangible fixed assets (Millions of yen) 45,264
Cumulative depreciation of buildings and structures in trust which are classified as “Investments” (Millions of yen) 25	
2. Assets pledged as security (Millions of yen)	2. Assets pledged as security (Millions of yen)
(1) Pledged assets	(1) Pledged assets
Loan receivable 598,145 <118,852> [ 32,999]	Loan receivable 472,741 <78,549> [ 31,976]
Buildings 1,005	Buildings 310
Land 934	Land 394
Total 600,086 <118,852> [ 32,999]	Total 473,446 <78,549> [ 31,976]
(2) Secured liabilities	(2) Secured liabilities
Short-term loans 1,000 <1,000>	Short-term loans 1,000 <1,000>
Current portion of Long-term loans 153,979 <43,091> 436,207	Current portion of Long-term loans 137,666 <31,963> 325,851
Long-term loans <74,434> [23,880]	Long-term loans <45,471> [23,880]
Total 591,186 <118,525> [ 23,880]	Total 464,517 <78,434> [ 23,880]
Figures in the brackets “< >” represent amounts engaged in transferring of assignment of claims and figures in the brackets “[ ]” represent amounts relating to securitization.	Figures in the brackets “< >” represent amounts engaged in transferring of assignment of claims and figures in the brackets “[ ]” represent amounts relating to securitization.
3. Authorized shares and issued shares Company’s authorized common share capital is 532,197 thousand shares. Our articles of incorporation authorize us to reduce same number of shares when cancellation of shares occurs. Company’s issued common share capital is 145,628 thousand shares.	3. Authorized shares and issued shares Company’s authorized common share capital is 532,197 thousand shares. Our articles of incorporation authorize us to reduce same number of shares when cancellation of shares occurs. Company’s issued common share capital is 159,628 thousand shares.

Prior fiscal year (As of March 31, 2004)	This fiscal year (As of March 31, 2005)
4. Treasury stock Company holds 2,067,208 shares of common stock.	4. Treasury stock Company holds 1,332,706 shares of common stock.
5. Contingent liabilities (1) Amount of guaranteed loans of guarantee business (Millions of yen) Guaranteed loans 100,971 Allowance for loss on guaranteed loans (1,865) Net 99,106 (2) Amount of guaranteed liabilities of affiliated companies (Millions of yen) JLA INCORPORATED 1,445 ACOM ESTATE CO., LTD. 1,065 JCK CREDIT CO., LTD. 18,182 SIAM A&C CO., LTD. 15,223 CHAILEASE ACOM FINANCE CO., LTD. 864	5. Contingent liabilities (1) Amount of guaranteed loans of guarantee business (Millions of yen) Guaranteed loans 137,261 Allowance for loss on guaranteed loans (2,880) Net 134,381 (2) Amount of guaranteed liabilities of affiliated companies (Millions of yen) JLA INCORPORATED 1,214 ACOM ESTATE CO., LTD. 705 JCK CREDIT CO., LTD. 9,563 IR Loan Servicing, Inc. 1,200 SIAM A&C CO., LTD. 30,746
6. Commitment line contracts for loans receivables Loans extended by the Company primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 706,379 million yen at the end of the accounting period. This included a total of 452,378 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company. Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.	6. Commitment line contracts for loans receivables Loans extended by the Company primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 761,747 million yen at the end of the accounting period. This included a total of 517,947 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit-line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company. Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.
7. Status of bad debts included in loans receivable Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 6,281 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts. In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 24,928 millions of yen. Under the policies stipulated in Japan's tax laws, 12,571 millions of yen of this amount would be classified as loans overdue by three months or more, 3,285 million yen as restructured loans and 9,071 million yen as loans no longer in arrears.	7. Status of bad debts included in loans receivable Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 4,982 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts. In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 23,775 millions of yen. Under the policies stipulated in Japan's tax laws, 11,371 millions of yen of this amount would be classified as loans overdue by three months or more, 5,145 million yen as restructured loans and 7,258 million yen as loans no longer in arrears.

Prior fiscal year (As of March 31, 2004)			This fiscal year (As of March 31, 2005)		
(Millions of yen)			(Millions of yen)		
Category	Amount	Classification criteria	Category	Amount	Classification criteria
Loans to bankrupt parties	(9,280) 9,280	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation, and others	Loans to bankrupt parties	(8,377) 8,377	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation, and others
Loans in arrears	(11,703) 36,632	Other loans stated exclusive of accrued interest, excluding loans on which interest is reduced for the rehabilitation of debtors or support to them.	Loans in arrears	(11,534) 35,310	Other loans stated exclusive of accrued interest, excluding loans on which interest is reduced for the rehabilitation of debtors or support to them.
Loans overdue by three months or more	(14,209) 1,638	Loans other than the above that are overdue by three months or more	Loans overdue by three months or more	(12,717) 1,345	Loans other than the above that are overdue by three months or more
Restructured loans	(35,489) 32,204	Loans on which favorable terms have been granted, such as the waiving of interest to facilitate recovery of the loans other than the above.	Restructured loans	(41,323) 36,177	Loans on which favorable terms have been granted, such as the waiving of interest to facilitate recovery of the loans other than the above.
Total	(70,683) 79,754		Total	(73,952) 81,210	

Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.

8. Financial assets received as freely disposable securities

The Company and some of its subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.

Amount of marketable securities purchased  
(Stated as short-term loans)

79,996 million yen

Market value of marketable securities purchased at the end of the fiscal year.

79,792 million yen

9. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company maintains overdraft contract with one financial institution and designated commitment line contracts with two financial institutions. As of the end of the current non-consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.

(Millions of yen)

Agreed amount of agreement for overdraft and commitment line	276,967
Amount of borrowing	<u>28,880</u>
Unused amount	248,087

10. Limitation on dividend

The amount of net asset is increased by 5,799 million yen due to revaluation of asset into market value which regulated by commercial rule code No. 124-3

8. Financial assets received as freely disposable securities

The Company and some of its subsidiaries entered into "Gensaki" transactions (to purchase debt securities under resale agreements) and received marketable securities as securities for the money repayable from the sellers.

Amount of marketable securities purchased  
(Stated as short-term loans)

59,994 million yen

Market value of marketable securities purchased at the end of the fiscal year.

59,853 million yen

9. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company maintains overdraft contract with one financial institution and designated commitment line contracts with three financial institutions. As of the end of the current non-consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.

(Millions of yen)

Agreed amount of agreement for overdraft and commitment line	277,182
Amount of borrowing	<u>23,880</u>
Unused amount	253,302

10. Limitation on dividend

The amount of net asset is increased by 6,384 million yen due to revaluation of asset into market value which regulated by commercial rule code No. 124-3



## (9)Notes to Non-Consolidated Statements of Income

Prior fiscal year (From April 1, 2003 to March 31, 2004)	This fiscal year (From April 1, 2004 to March 31, 2005)
1. Other principal financial income	1. Other principal financial income
(Millions of yen)	(Millions of yen)
Interest on deposits	Interest on deposits
7	4
Interest on loans	Interest on loans
11	14
2. Principal financial expenses	2. Principal financial expenses
(Millions of yen)	(Millions of yen)
Interest paid	Interest paid
17,469	14,513
Interest on straight bonds	Interest on straight bonds
5,599	4,953
Bond issue expenses	Bond issue expenses
198	142
3. Principal items of operating expenses	3. Principal items of operating expenses
(Millions of yen)	(Millions of yen)
Advertising expenses	Advertising expenses
13,989	16,025
Provision bad debts	Provision bad debts
128,251	99,582
Provision for loss on guaranteed loans receivables	Provision for loss on guaranteed loans receivables
1,865	2,880
Bad debts write-offs	Salaries
5,358	28,485
Salaries	Retirement benefit expenses
27,760	3,100
Retirement benefit expenses	Provision for directors' and corporate auditors' retirement benefits
4,704	57
Provision for directors' and corporate auditors' retirement benefits	Welfare expenses
58	3,564
Welfare expenses	Lease
3,894	12,861
Lease	Depreciation expenses
13,591	4,698
Depreciation expenses	Fees
4,779	27,773
Fees	
24,556	
4. The business operation results with subsidiaries and affiliates are included into non-operating income as follows;	4. The business operation results with subsidiaries and affiliates are included into non-operating income as follows;
(Millions of yen)	(Millions of yen)
Interest income	Interest income
709	636
Dividends received	Dividends received
143	97
<u>Other non-operating income</u>	<u>Other non-operating income</u>
88	75
Total	Total
942	808
5. Breakdown of gains on sales of fixed assets	5. Vehicles and delivery equipment represents gains on sales of fixed assets
(Millions of yen)	
Buildings	
0	
Structures	
0	
<u>Equipment and furniture</u>	
0	
Total	
0	

Prior fiscal year (From April 1, 2003 to March 31, 2004)	This fiscal year (From April 1, 2004 to March 31, 2005)																													
<p>6. Breakdown of loss on sales of fixed assets</p> <p style="text-align: right;">(Millions of yen)</p> <table> <tr> <td>Buildings</td> <td style="text-align: right;">61</td> <td style="text-align: center;">&lt;44&gt;</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">1</td> <td style="text-align: center;">&lt; -- &gt;</td> </tr> <tr> <td>Equipment and fixture</td> <td style="text-align: right;">0</td> <td style="text-align: center;">&lt; -- &gt;</td> </tr> <tr> <td><u>Land</u></td> <td style="text-align: right;"><u>229</u></td> <td style="text-align: center;"><u>&lt;144&gt;</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">292</td> <td style="text-align: center;">&lt;188&gt;</td> </tr> </table> <p>Amount in brackets represent the amount sold to a consolidated subsidiary, ACOM ESTATE CO., LTD.</p>	Buildings	61	<44>	Structures	1	< -- >	Equipment and fixture	0	< -- >	<u>Land</u>	<u>229</u>	<u>&lt;144&gt;</u>	Total	292	<188>	<p>6. Breakdown of loss on sales of fixed assets</p> <p style="text-align: right;">(Millions of yen)</p> <table> <tr> <td>Buildings</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Vehicles and delivery equipment</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Equipment and fixture</td> <td style="text-align: right;">17</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">7</td> </tr> <tr> <td><u>Telephone rights</u></td> <td style="text-align: right;"><u>0</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">29</td> </tr> </table>	Buildings	2	Structures	0	Vehicles and delivery equipment	1	Equipment and fixture	17	Land	7	<u>Telephone rights</u>	<u>0</u>	Total	29
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<p>8. —</p>	<p>8. The Company has reported impairment loss for this accounting period as below:</p> <p>(1) Assets recognized as having suffered impairment</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <tr> <td>Hyogo Sanda City</td> <td>Welfare/ Leisure Facilities</td> <td>Land and Buildings etc.</td> </tr> <tr> <td>Hyogo Kinosaki-gun</td> <td>Welfare/ Leisure Facilities</td> <td>Land and Buildings etc.</td> </tr> <tr> <td>Hokkaido Abuta-gun</td> <td>Welfare/ Leisure Facilities</td> <td>Land and Buildings etc.</td> </tr> <tr> <td>Osaka City Nishiyodogawa-ku</td> <td>Store</td> <td>Buildings and Leasehold</td> </tr> <tr> <td>Iwate Iwate-gun</td> <td>Welfare/ Leisure Facilities</td> <td>Land and Buildings etc.</td> </tr> <tr> <td>Shizuoka Inasa-gun</td> <td>Welfare/ Leisure Facilities</td> <td>Land and Buildings etc.</td> </tr> </tbody> </table> <p>(2) Method of grouping assets</p> <p>The smallest units the Company has adopted for the grouping of fixed assets are as below:</p> <p>(a) For the loan business (part of our financial services business): regional business departments</p> <p>(b) For the installment sales finance business (part of our financial services business): business offices</p> <p>(c) For other financial businesses: department etc.</p> <p>For property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.</p>	Location	Usage	Type	Hyogo Sanda City	Welfare/ Leisure Facilities	Land and Buildings etc.	Hyogo Kinosaki-gun	Welfare/ Leisure Facilities	Land and Buildings etc.	Hokkaido Abuta-gun	Welfare/ Leisure Facilities	Land and Buildings etc.	Osaka City Nishiyodogawa-ku	Store	Buildings and Leasehold	Iwate Iwate-gun	Welfare/ Leisure Facilities	Land and Buildings etc.	Shizuoka Inasa-gun	Welfare/ Leisure Facilities	Land and Buildings etc.								
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Shizuoka Inasa-gun	Welfare/ Leisure Facilities	Land and Buildings etc.																												

Prior fiscal year (From April 1, 2003 to March 31, 2004)	This fiscal year (From April 1, 2004 to March 31, 2005)																								
	<p>(3) Process through which impairment was recognized We recognized impairment loss on property to be sold because the expected sale prices were significantly lower than the assets' book values. No indications of impairment were observed in units comprising groups of assets, such as business departments and business offices.</p> <p>(4) Calculation of recovery price (Millions of yen)</p> <table border="0" data-bbox="836 443 1465 622"> <tr> <td>Buildings</td> <td style="text-align: right;">86</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">945</td> </tr> <tr> <td>Leasehold</td> <td style="text-align: right;">54</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">1,094</td> </tr> </table> <p>(5) Calculation of recovery price The recovery price is estimated by net realizable value and is estimated by, for example, a real estate appraiser.</p>	Buildings	86	Structures	7	Land	945	Leasehold	54	Total	1,094														
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<p>9. Breakdown of loss on revaluation of investments in affiliates</p> <p style="text-align: right;">(Millions of yen)</p> <table border="0" data-bbox="188 869 778 981"> <tr> <td>Tokyo-Mitsubishi Cash One Ltd.</td> <td style="text-align: right;">5,950</td> </tr> <tr> <td>ASCOT CO., LTD.</td> <td style="text-align: right;">76</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">6,026</td> </tr> </table>	Tokyo-Mitsubishi Cash One Ltd.	5,950	ASCOT CO., LTD.	76	Total	6,026	<p>9. —</p>																		
Tokyo-Mitsubishi Cash One Ltd.	5,950																								
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<p>10. Breakdown of other extraordinary losses</p> <p style="text-align: right;">(Millions of yen)</p> <table border="0" data-bbox="188 1061 778 1339"> <tr> <td>Valuation loss of golf club memberships</td> <td style="text-align: right;">43</td> </tr> <tr> <td>Provision for default of golf club memberships</td> <td style="text-align: right;">217</td> </tr> <tr> <td>Loss on liquidation of investment in trusted real property</td> <td style="text-align: right;">241</td> </tr> <tr> <td>Temporary amortization of long-term prepaid expenses</td> <td style="text-align: right;">27</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">529</td> </tr> </table>	Valuation loss of golf club memberships	43	Provision for default of golf club memberships	217	Loss on liquidation of investment in trusted real property	241	Temporary amortization of long-term prepaid expenses	27	Total	529	<p>10. Breakdown of other extraordinary losses</p> <p style="text-align: right;">(Millions of yen)</p> <table border="0" data-bbox="879 1061 1465 1384"> <tr> <td>Valuation loss of golf club memberships</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Provision for default of golf club memberships</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Loss on sales of golf club memberships</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Loss on liquidation of investment in trusted real property</td> <td style="text-align: right;">78</td> </tr> <tr> <td>Loss on sales of long-term prepaid expenses</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Temporary amortization of long-term prepaid expenses</td> <td style="text-align: right;">30</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">131</td> </tr> </table>	Valuation loss of golf club memberships	0	Provision for default of golf club memberships	20	Loss on sales of golf club memberships	0	Loss on liquidation of investment in trusted real property	78	Loss on sales of long-term prepaid expenses	0	Temporary amortization of long-term prepaid expenses	30	Total	131
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<p>11. Basis for classification of financial income and expenditure on the statements of income</p> <p>(1) Financial income stated as operating income Include all financial income excluding dividends and interest related to affiliated companies and excluding dividends and interest, etc., received on investment securities.</p> <p>(2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company engaged in financial services, other than interest payable which has no relationship to operating income.</p>	<p>11. Basis for classification of financial income and expenditure on the statements of income</p> <p>(1) Financial income stated as operating income Include all financial income excluding dividends and interest related to affiliated companies and excluding dividends and interest, etc., received on investment securities.</p> <p>(2) Financial expenditure stated as operating expenses Include all financial expenditure by the Company engaged in financial services, other than interest payable which has no relationship to operating income.</p>																								

## (10) Notes to Lease Transactions

Prior fiscal year (From April 1, 2003 to March 31, 2004)				This fiscal year (From April 1, 2004 to March 31, 2005)			
Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee				Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee			
1. Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets				1. Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets			
(Millions of yen)				(Millions of yen)			
	Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value
Vehicles and delivery equipment	191	120	71	Vehicles and delivery equipment:	176	96	79
Equipment and furniture	7,041	3,935	3,106	Equipment and furniture	4,826	3,100	1,725
Total	7,233	4,055	3,177	Total	5,002	3,197	1,805
2. Equivalent of balance of the unaccrued lease fee				2. Equivalent of balance of the unaccrued lease fee			
(Millions of yen)				(Millions of yen)			
Within 1 year			1,598	Within 1 year			1,023
More than 1 year			1,636	More than 1 year			817
Total			3,235	Total			1,841
3. Lease fee payable, equivalent of depreciation and equivalent of interest payable				3. Lease fee payable, equivalent of depreciation and equivalent of interest payable			
(Millions of yen)				(Millions of yen)			
Lease fee payable			1,966	Lease fee payable			1,686
Equivalent of depreciation			1,860	Equivalent of depreciation			1,605
Equivalent of interest payable			89	Equivalent of interest payable			59
4. Method of calculation of equivalent of depreciation				4. Method of calculation of equivalent of depreciation			
Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.				Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.			
5. Method of calculation of equivalent of interest				5. Method of calculation of equivalent of interest			
The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.				The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.			

## (8) Marketable Securities (Subsidiary and affiliate stock)

Prior non-consolidated fiscal year (from April 1, 2003 to March 31, 2004)

There is no subsidiary and affiliate stock for which market prices are available.

This non-consolidated fiscal year (from April 1, 2004 to March 31, 2005)

There is no subsidiary and affiliate stock for which market prices are available.

## (11) Notes to the Method of Tax Effect Accounting

Prior fiscal year (As of March 31, 2004)	This fiscal year (As of March 31, 2005)
1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities	1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities
(Millions of yen)	(Millions of yen)
Deferred tax assets	Deferred tax assets
Nondeductible write-offs of bad debts	Nondeductible write-offs of bad debts
12,954	12,804
Amount exceeding the tax limit for the provision for bad debt allowance	Amount exceeding the tax limit for the provision for bad debt allowance
26,833	16,954
Allowance for loss on guaranteed loan receivables	Allowance for loss on guaranteed loan receivables
758	1,171
Amount exceeding the tax limit for the provision for accrued bonuses	Amount exceeding the tax limit for the provision for accrued bonuses
1,359	1,749
Allowance for directors' and corporate auditors' retirement benefits	Allowance for directors' and corporate auditors' retirement benefits
352	290
Unrecognized accrued interest income	Unrecognized accrued interest income
514	452
Accrued enterprise tax	Accrued enterprise tax
2,310	2,065
Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures	Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures
100	126
Amount exceeding the tax limit for the amortization of software application	Amount exceeding the tax limit for the amortization of software application
6,446	6,562
Amount exceeding the tax limit for the amortization of deferred consumption tax and other	Amount exceeding the tax limit for the amortization of deferred consumption tax and other
286	303
Nondeductible devaluation of marketable securities	Nondeductible devaluation of marketable securities
135	232
Unrecognized valuation loss on golf club memberships	Unrecognized valuation loss on golf club memberships
181	162
Others	Impairment loss
<u>227</u>	444
Total deferred tax assets	Others
52,463	<u>586</u>
Valuation allowance	Total deferred tax assets
<u>(328)</u>	43,909
Total deferred tax assets	Valuation allowance
52,134	<u>(405)</u>
Deferred tax liabilities	Total deferred tax assets
Change in valuation of other marketable securities	43,504
3,978	Deferred tax liabilities
Charge for prepaid pension expenses	Change in valuation of other marketable securities
<u>768</u>	4,380
Total deferred tax liabilities	Charge for prepaid pension expenses
<u>4,747</u>	<u>627</u>
Balance of deferred tax assets	Total deferred tax liabilities
<u><u>47,387</u></u>	<u>5,008</u>
	Balance of deferred tax assets
	<u><u>38,496</u></u>
2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes	2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes
Omitted as difference between the statutory tax rate and the effective tax rate was less than 5% of the statutory tax rate.	Omitted as difference between the statutory tax rate and the effective tax rate was less than 5% of the statutory tax rate.
3. Amended amount of deferred tax assets and deferred tax liabilities by modification of corporation tax rate	3. —
“Revised Local Tax Law” was proclaimed on March 31, 2003, and “Assessment by Estimation on the Basis of The Size of Business” system will be introduced from fiscal year ending March 31, 2005. This new system will be part of corporation tax, and statutory tax rate for deferred tax assets in current assets and deferred tax liabilities in current liabilities was changed from this fiscal year. As a result, the amount of deferred tax assets (excluding deferred tax liabilities) is decreased by 205 million yen. The amount of deferred income tax and change in valuation of other marketable securities are increased by 205 million yen and 0 million yen respectively.	

## 7. Actual Results

### (1) Operating income by segments

(Millions of yen)

Division	Segment	Term	Prior fiscal year 〔 From April 1, 2003 to March 31, 2004 〕		This fiscal year 〔 From April 1, 2004 to March 31, 2005 〕		Change	
			Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
Financial business	Interest on loans receivable		379,332	92.1	372,389	92.5	(6,943)	(1.8)
	Unsecured loans		370,985	90.1	364,991	90.6	(5,993)	(1.6)
	Consumers		370,894	90.1	364,944	90.6	(5,950)	(1.6)
	Commercials		90	0.0	47	0.0	(43)	(47.7)
	Secured loans		8,347	2.0	7,397	1.9	(949)	(11.4)
	Fees from Installments		19,514	4.7	15,369	3.8	(4,144)	(21.2)
	Credit card		5,714	1.4	6,113	1.5	399	7.0
	Installment sales finance		13,799	3.3	9,255	2.3	(4,543)	(32.9)
	Fees from guarantee business		4,503	1.1	6,871	1.7	2,367	52.6
	Other business	Sales		735	0.2	158	0.0	(577)
Others Segment	Other financial income		18	0.0	19	0.0	0	3.2
	Other operating income		7,695	1.9	7,927	2.0	232	3.0
	Collection of bad debts deducted		6,083	1.5	6,103	1.5	19	0.3
	Others		1,611	0.4	1,824	0.5	212	13.2
Total			411,799	100.0	402,734	100.0	(9,064)	(2.2)

Note: Sales amount of "ACOM MasterCard®" is included in the "credit card."

### (2) Other statistics

#### (a) Receivables outstanding at year-end

(Millions of yen)

Item	Term	Prior fiscal year (As of March 31, 2004)	This fiscal year (As of March 31, 2005)	Amount of change	
				Amount of change	Percentage
Loans receivable outstanding		1,612,799	1,601,773	(11,025)	(0.7)
Unsecured loans		1,548,616	1,545,493	(3,123)	(0.2)
Consumers		1,548,274	1,545,295	(2,978)	(0.2)
Commercials		341	197	(144)	(42.3)
Secured loans		64,183	56,280	(7,902)	(12.3)
Installment receivable outstanding		45,973	48,853	2,880	6.3
Credit Card		45,941	48,833	2,892	6.3
Other		31	19	(11)	(37.2)
Installment sales finance business		113,934	70,014	(43,919)	(38.5)

## (b) Number of customer accounts

Item	Term	Prior fiscal year (As of March 31, 2004)	This fiscal year (As of March 31, 2005)	Amount of change	Percentage
					%
Loan business		2,954,073	2,902,916	(51,157)	(1.7)
	Unsecured loans	2,940,345	2,890,353	(49,992)	(1.7)
	Consumers	2,939,945	2,890,120	(49,825)	(1.7)
	Commercials	400	233	(167)	(41.8)
	Secured loans	13,728	12,563	(1,165)	(8.5)
Credit card business		1,064,699	1,192,175	127,476	12.0
	Credit card	1,064,492	1,191,975	127,483	12.0
	Other	207	200	(7)	(3.4)
Installment sales finance business		387,261	284,782	(102,479)	(26.5)

Note: 1. Loan business: The number of loan accounts with loan balance outstanding  
2. Credit card business: Cardholder of ACOM MasterCard®  
3. Installment sales finance business: Number of contracts with receivables outstanding

## (c) Number of outlets, MUJINKUN, and CD/ATM

Item	Term	Prior fiscal year (As of March 31, 2004)	This fiscal year (As of March 31, 2005)	Amount of change	Percentage
					%
Number of outlets		1,707	1,794	87	5.1
	Loan business outlets	1,699	1,785	86	5.1
	Staffed	381	324	(57)	(15.0)
	Unstaffed	1,318	1,461	143	10.8
	QUICK MUJIN Machines	—	38	38	—
	Installment sales finance business	8	9	1	12.5
Number of MUJINKUN outlets (machines)		1,692 <1,691>	1,745 <1,744>	53	3.1
Number of CD/ATM		76,282	81,736	5,454	7.1
	Proprietary	1,961	1,891	(70)	(3.6)
	Open 365 days / year	1,957	1,888	(69)	(3.5)
	Open 24 hours / day	1,705	1,662	(43)	(2.5)
	Tie-up	74,321	79,845	5,524	7.4
	Others	8,424	8,684	260	3.1

Note: "QUICK MUJIN" is a simple-type automatic loan application machine which enables customers spend less time at MUJINKUN outlets. It is possible to set up QUICK MUJIN by lower cost and more space-saving.

## (d) Others

Item	Term	Prior fiscal year (As of March 31, 2004)	This fiscal year (As of March 31, 2005)	Amount of change	Percentage
					%
Number of employees		4,238	4,096	(142)	(3.4)
Allowance for bad debts (Millions of yen)		129,400	122,400	(7,000)	(5.4)
Allowance for loss on guaranteed loans receivable (Millions of yen)		1,865	2,880	1,015	54.4
Bad debt write-off (Millions of yen)		112,598	108,446	(4,151)	(3.7)

8. Change in Officers

(1) Change in representative directors

Representatives scheduled for retirement (as of June 23, 2005)

Deputy Chairman: Masanao Kato

Scheduled to be Special Advisor of ACOM CO., LTD.

(2) Changes in other officers

Candidates for Directors (as of June 23, 2005)

Director: Yuji Ohashi (Currently: Senior Managing Director of The Mitsubishi Trust and Banking Corporation)

Director: Satoru Tomimatsu (currently: Executive Managing Officer of ACOM CO., LTD.)