

(TRANSLATION)

Brief Statement of Interim Financial Results  
for the Fiscal Year Ending March 2006 (Consolidated)

October 27, 2005

**Forward-looking Statement**

The statements and figures contained in this Brief Statement of Interim Financial Results for the fiscal year ending March 2006 (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 Number: 8572

Location of the head office: Tokyo

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

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 Number: (03) 5533-0631

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

Name of parent and other related companies: Mitsubishi UFJ 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: 15.20%

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 Interim Accounting Period (from April 1, 2005 to September 30, 2005)

## (1) Consolidated Operating Results

(Millions of yen)

	Operating Income		Operating Profit		Income Before Extraordinary Items	
9/05 (Interim)	222,182	2.6%	78,792	0.2%	79,916	2.7%
9/04 (Interim)	216,650	(1.0%)	78,645	30.4%	77,839	30.7%
3/05 (Annual)	433,965		144,361		143,347	

	Net Income (Millions of yen)		Net Income per Share (Yen)	Net Income per Share Diluted (Yen)
9/05 (Interim)	46,351	3.9%	294.29	294.15
9/04 (Interim)	44,606	35.5%	283.32	283.19
3/05 (Annual)	81,533		516.24	515.96

Notes: 1. Gain (loss) on investments in equity-method: 251 million yen in 9/05 (interim), -1,037 million yen in 9/04 (interim), and -1,801 million yen in 3/05 (annual)

2. Average outstanding shares during the period(consolidated): 157,501,805 shares in 9/05 (interim), 157,442,962 shares in 9/04 (interim), and 157,866,942 shares in 3/05 (annual)

3. Change in accounting polices: none

4. Regarding operating income, operating profit, income before extraordinary items and net income above, the figures in percentages show the growth of change from previous interim accounting period.

## (2) Consolidated Financial Status

(Millions of yen)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity	Shareholder's Equity per Share (Yen)
9/05 (Interim)	2,081,360	905,547	43.5%	5,762.61
9/04 (Interim)	2,030,451	832,825	41.0%	5,261.21
3/05 (Annual)	2,077,334	863,760	41.6%	5,456.40

Note: Number of shares issued at the end of the period (consolidated): 157,142,039 shares in 9/05 (interim), 158,295,587 shares in 9/04 (interim), and 158,295,574 shares in 3/05 (annual).

## (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
9/05 (Interim)	41,548	(43,678)	(51,375)	92,661
9/04 (Interim)	68,229	(4,050)	(72,965)	150,131
3/05 (Annual)	141,014	(17,350)	(136,508)	145,920

## (4) Scope of Consolidation and Equity Method

Number of consolidated subsidiaries:	18
Number of unconsolidated subsidiaries accounted for under equity method:	-
Number of unconsolidated affiliates accounted for under equity method:	1

## (5) Change in Scope of Consolidation and Equity Method

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

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

(Millions of yen)

	Operating Income	Income before Extraordinary Items	Net Income
Annual	442,100	146,700	86,300

Reference: Forecasted net income per share (annual): 548.95 yen

[Annexed Materials]

1. State of Business Group

The ACOM Group consists of ACOM CO., LTD., 18 subsidiaries (including investing business association) , and 1 affiliate 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, 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 Name	Business Outline	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.		Equity-method affiliate
		DC Card Co., Ltd.		
		EASY BUY Public Company Limited	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	———
		JCK CREDIT CO., LTD.		Consolidated subsidiary
		EASY BUY Public Company Limited	Hire purchase business in Thailand	
	Guarantee Business	ACOM CO., LTD.	Guarantee business for personal loan of banks, etc.	———
		DC Cash One Ltd.		Consolidated subsidiary
		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)	
	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.	———	
		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 (U.S.A.) INC. and ACOM INTERNATIONAL, INC. suspended their operation; therefore, outlines of their businesses are omitted above.

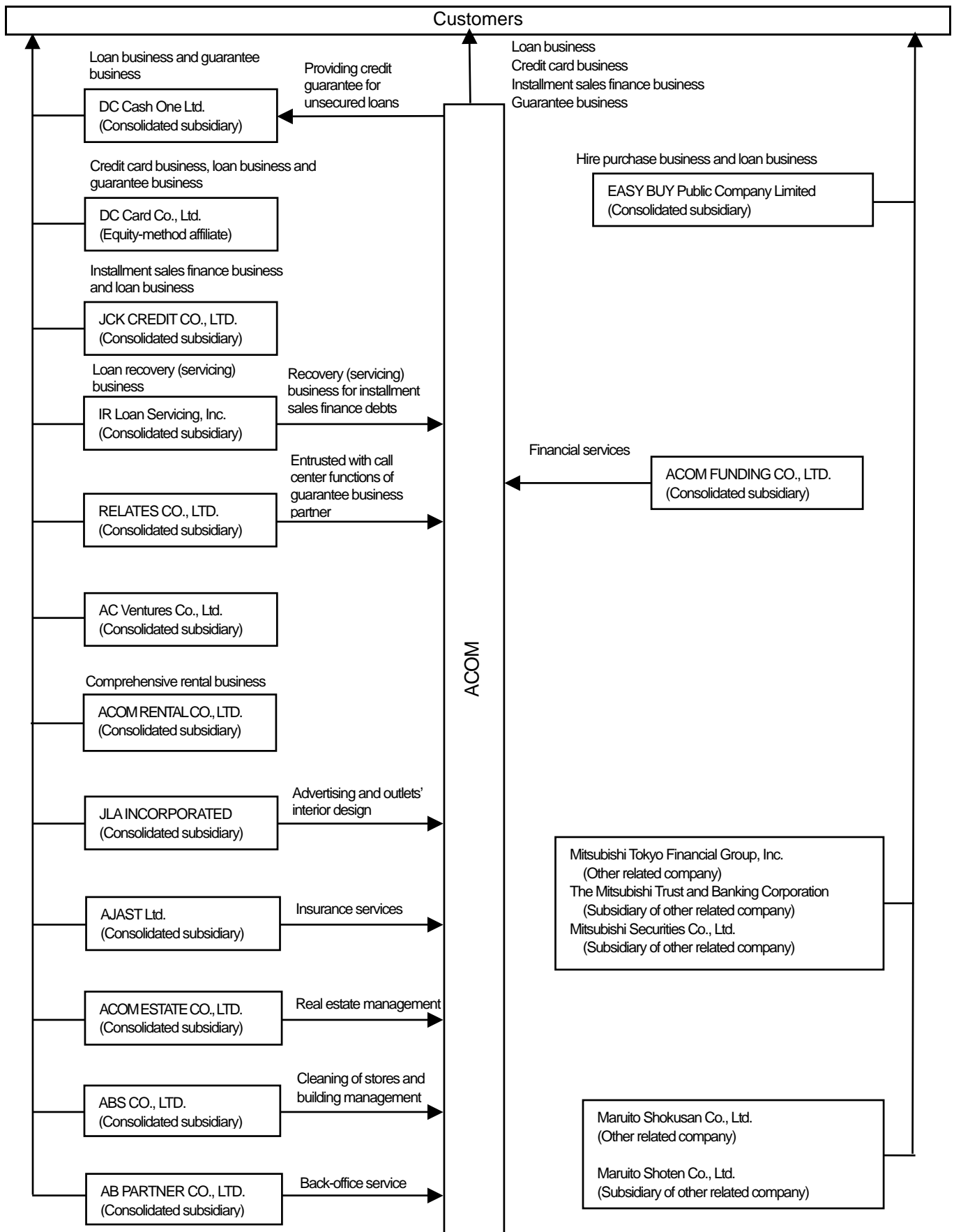
2. ACOM PACIFIC, INC. operated and maintained ACOM's health resorts in Guam (U.S.A.). However, it sold the health resorts on September 7, 2005, and completed its objective, therefore, the business outline is omitted in the table above.

3. SIAMA&C CO., LTD. changed its corporate name to EASY BUY Public Company Limited on April 1, 2005.

4. On September 2, 2005, ACOM sold all of its holding shares of CHILEASE ACOM FINANCE CO., LTD., which was an equity-method affiliated company.

5. Mitsubishi UFJ Financial Group, Inc. was created upon the merger between Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc. on October 1, 2005. Furthermore, The Mitsubishi Trust and Banking Corporation was changed to Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi Securities Co., Ltd. was changed to Mitsubishi UFJ Securities Co., Ltd.

Diagram of Business of ACOM Group



Note: 1.ACOM (USA) INC., ACOM INTERNATIONAL, INC. and ACOM PACIFIC, INC. suspended its operation, therefore, they are eliminated from the diagram.

2.Investing business association is omitted as it operates funds.

3.Mitsubishi UFJ Financial Group., Inc. was created upon the merger between Mitsubishi Tokyo Financial Group, Inc. and UFJ Holdings, Inc. on October 1, 2005. Furthermore, The Mitsubishi Trust and Banking Corporation was changed to The Mitsubishi

## 2. Management Policy

### (1) Basic management policy

We, ACOM Group, were founded with the motto “Extending the feeling of confidence from person to person” 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.

#### (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 Mitsubishi UFJ Financial Group, Inc. (hereafter, “MUFG”) 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 outlet 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 281 group employees succeeded in passing a financial licensing examination, the Financial Business Proficiency Examination for Compliance Officers (Consumer Finance Course: 218 employees, Credit Company Course: 63 employees) administered by the Kinzai Institute for Financial Affairs, Inc. in June 2005. Furthermore, we have received “Excellent Group Result Commendation” in both courses (3 years in a row in Consumer Finance Course).

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

With regard to profit distribution to shareholders, it is our basic policy to attempt aggressive and continuous profit distribution with enhanced dividend, taking into consideration the economic and financial situation and our own performance.

Based on this policy, we paid an interim dividend of 70 yen per share for this interim period ended September 30, 2005. We intend to pay a year-end dividend of 70 yen per share at the end of this fiscal year, making a dividend for the full financial year of 140 yen per share. 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 628,940 shares of our common stock on the Tokyo Stock Exchange in June 2005.

## **(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 management. 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**

In terms of the business environment surrounding ACOM Group, it is the situation where the management effort more than the past is needed. While Domestic business condition somewhat has been increasing brightness, the change of market structure such as the progress of aging society with a falling birthrate, diversification of consumer needs and new entry to our industry from different type of business has been progressing.

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, installment sales finance business, guarantee business and loan servicing 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 MUFG Group and widening our scope of diversified financial 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) Tasks to be tackled**

The business environment surrounding our group is becoming increasingly severe due to intensified competition resulting from widening diversification of consumer needs, full-fledged arrival of an aging society with fewer children and mounting market penetration by new entrants from other business sectors.

To cope with this difficult market situation, our group will strongly promote such measures as "expanding business fields and strengthening the revenue base by aggressively pushing forward business operation based on Group management", "building up business scale by strengthening competitiveness in sales and services", "reinforcing competitive edge by accomplishing drastic operational reforms", "nurturing professional" and "spreading business ethics".

Our group will also try to maximize our corporate value by securing solid management bases and stable revenue bases

through the utmost use of the merits of our business alliance with MUFG Group, including wider market coverage potential, improved credibility and upgraded brand image.

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

(A) Basic idea concerning corporate governance

It is our basic idea of the corporate governance 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. 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.

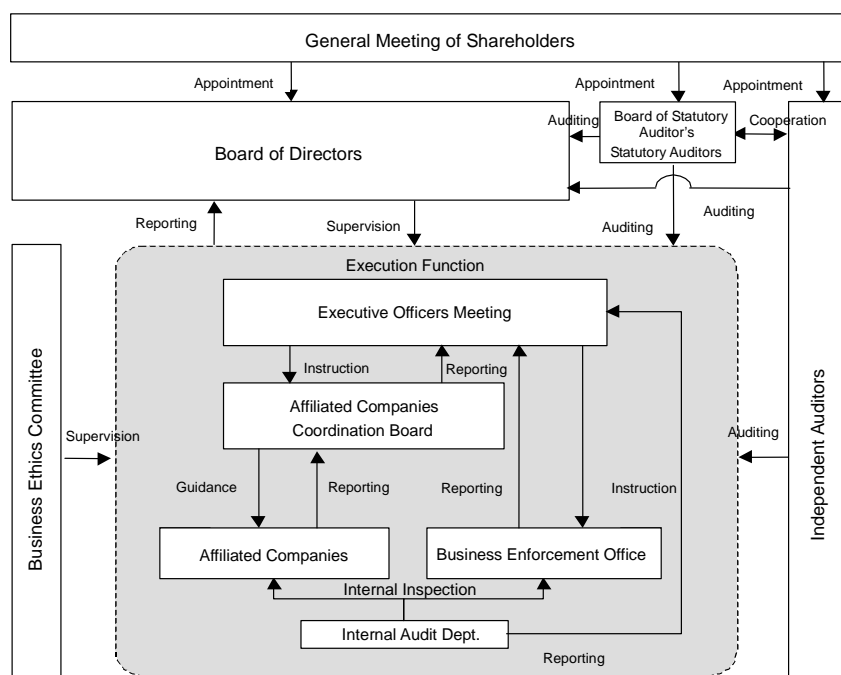
(B) Details of ACOM organization and status of internal control system

(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 11 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. "Statutory 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)

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. ACOM's Internal Audit Department, which consists of 38 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.

(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): 11 years

Engaged partner: Yasuo Matsuura SHIN NIHON & CO.

(Composition of Assistants for ACOM's accounting audit)

Certified Public Accountants: 5 persons

Assistant Certified Public Accountants: 7 persons

Other assistants: 2 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., (Present: Mitsubishi UFJ 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 voting right is 15.20%.
Auditor: Koichi Shimizu	None
Auditor: Satoshi Ito	None
Auditor: Norikatsu Takahashi	None

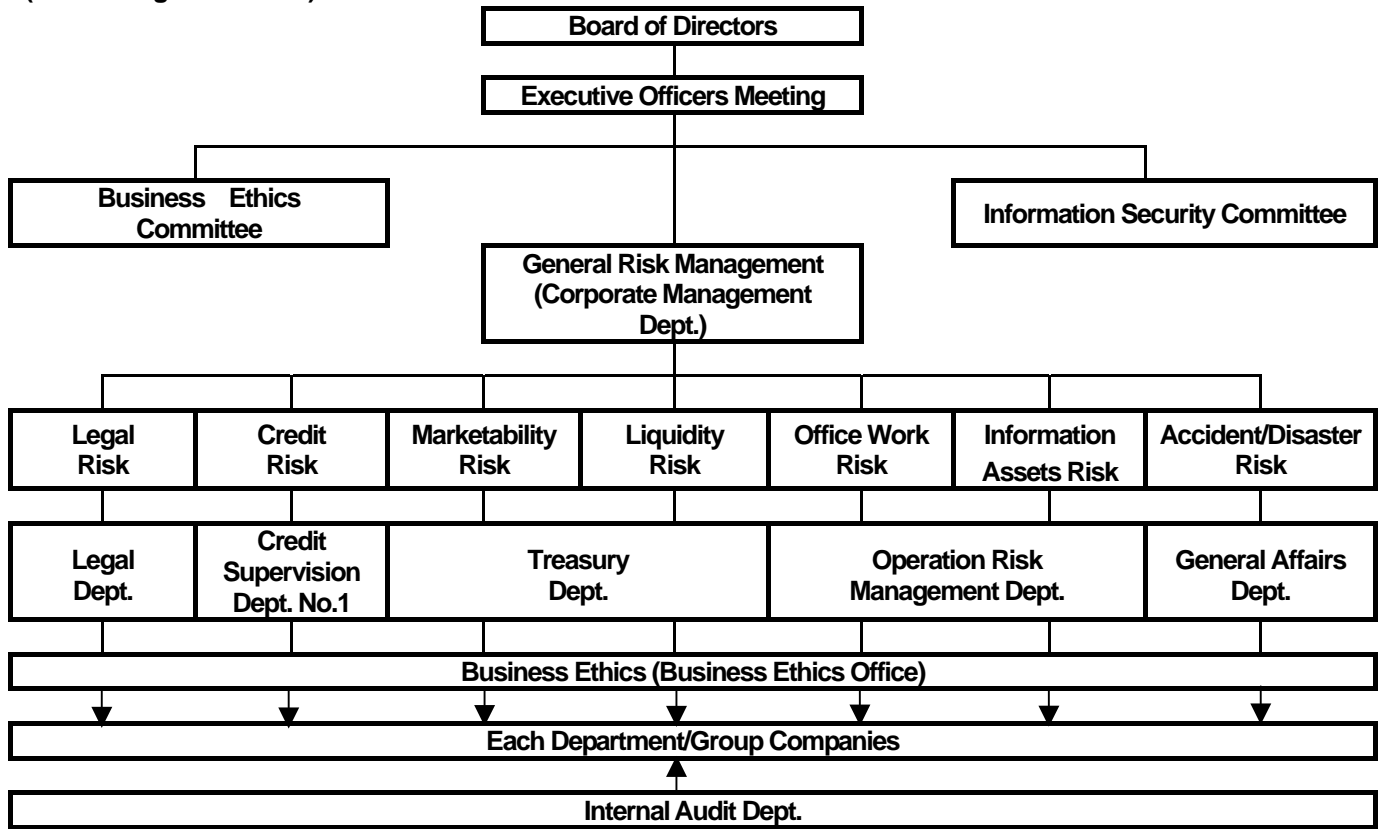
(C) Status on development of risk management system

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)



**(8) 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	19.87 ( 2.46 )	-
Mitsubishi Tokyo Financial Group, Inc. ( Mitsubishi UFJ Financial Group, Inc.)	Same as the above	15.20 ( 2.01 )	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	2.46 ( - )	-
The Mitsubishi Trust and Banking Corporation (Mitsubishi UFJ Trust and Banking Corporation)	Same as the above	2.01 ( - )	-
Mitsubishi Securities Co., Ltd. (Mitsubishi UFJ 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) 1.The percentages in ( ) under the Percentage of ownership of voting rights held by the Parent Company, etc. column indicates that of indirect ownership.  
2.The corporate name in ( ) in Business name or name of Parent Company, etc. Column represents the corporate name as of October 1, 2005.

(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. ( Mitsubishi UFJ 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 15.20% in total, together with percentages of its subsidiaries, The Mitsubishi Trust and Banking Corporation and Mitsubishi Securities Co., Ltd.</li> <li>○ ACOM and Mitsubishi Tokyo Financial Group, Inc. engage in a business alliance in the retail field.</li> <li>○ One of Mitsubishi Tokyo Financial Group, Inc.'s Directors concurrently holds an outside director position at ACOM.</li> </ul>

(Note) The corporate name in ( ) in Business name or name of Parent Company, etc. Column represents the corporate name as of October 1, 2005.

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

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

Mitsubishi UFJ Financial Group, Inc. owns 15.20% of voting rights in ACOM, together with its subsidiaries, Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Securities Co., Ltd. One of MUFG's directors concurrently holds an outside director position at ACOM, and ACOM is an MUFG affiliate in terms of application of the equity method.

The aims of ACOM's business tie-up with MUFG 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 "(7) 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) Other relationships concerning ACOM and the Parent Company

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.

### **3. Business Results and Financial Position**

#### **(1) Business results**

(A) Interim business results for the current fiscal year

Thanks to continuing active capital investment due to the high level of corporate earnings and the steady recovery of consumer expenditure reflecting the improved employment situation and wage levels, our economy as a whole has shown a gradual upturn during the first half of the current consolidated accounting period despite unstable negative factors such as continuing high oil prices and repeated natural disasters hitting the Japanese islands and overseas countries. However, the business environment surrounding our group is becoming increasingly severe due to intensified competition resulting from widening diversification of consumer needs, full-fledged arrival of an aging society with fewer children, and mounting market penetration by new entrants from other business sectors.

In such circumstances, under our medium-term business policy of establishing management bases that enable us to realize sustainable growth parallel with the progress of society and to respond changes of business environment, our group has aimed at expanding our business fields and business scale and amplifying our revenue bases by promoting comprehensive consumer credit services that include loan as our core business, credit card, installment finance, guarantee and loan servicing businesses.

The following are the major strategic measures adopted during the first half of the current consolidated accounting period.

(Reorganization)

To strengthen promotional functions for the development of overseas business as well as for creating domestic and foreign new business opportunities including M & A and new investment projects, the Affiliated Enterprises & Business Development Department was divided into "Affiliated Enterprises & Business Development Department" and "Overseas Business Development Department" in April of this year. In addition, the Inspection Department was reorganized into "Internal Audit Department" to enhance the internal auditing function and amplify the internal management system.

Furthermore, to strengthen promotional, controlling and planning functions in the business field, the Business Promotion Department was divided into "Business Promotion Department" and "Business Planning Department" in July of this year, and, on October 1, 2005, "Advertising Department" was newly established by separating the publicity and advertisement functions from the Business Planning Department so as to enhance and amplify those functions.

(Domestic business development)

In accordance with the basic agreement concluded with the Mitsubishi Tokyo Financial Group Inc. (Present: Mitsubishi UFJ Financial Group Inc.) on October 29, 2004, we had been discussing about making DC Servicer company, Ltd., which is a MUFG's Group company, our consolidated subsidiary.

On October 3, 2005, we acquired all shares of DC Servicer company, Ltd. so as to make it our 100% owned subsidiary. Our Group will proceed to integrate the management of DC Servicer Company, Ltd. and that of IR Loan Servicing, Inc., one of our Group companies, and enhance our loan servicing business by using the business know-how and expertise held by these two companies to the utmost.

In addition, we acquired 31,835,000 shares of OMC Card, Inc. (14.9% of the total number of shares issued) during August to September of this year to establish a friendly business relationship with them.

(Overseas business development)

Under joint capitalization with Peking University, the leading university representing academic institutions in the People's Republic of China, PKU-ACOM Financial Information Research Center (located in the city of Beijing, the People's Republic of China) was set up in September of this year for the purpose of conducting joint research work with respect to consumer finance and financial information systems in China, in which our Group provides comprehensive support for joint management of the institution, including the dispatch of study teams to engage in joint research and study work with the members of Peking University.

In September of this year, we sold all of our stockholding of CHAILEASE ACOM CINANCE CO., LTD., our equity method subsidiary which had been conducting hire-purchase business in Taiwan, to CHAILEASE FINANCE CO., LTD., our joint venture partner.

(Loan business)

In the field of the loan business that constitutes our core financial business, we are exerting our best efforts to realize key objectives such as enhanced new-customer-drawing potential, reinforced profitability by improving asset quality and further improvement in operational procedures with "Conversion to growth" as a slogan.

The strategic measures adopted to enhance our new-customer-drawing potential include full-scale introduction of the "QUICK MUJIN" simplified automatic contract machines that were experimentally introduced in December of last year, extension of operating hours in unstaffed branches, and thorough review of advertising content.

In the field of credit risk management, we continuously maintain a policy of strict credit-screening and actively promote human consulting services by specialized staff, such as customer counseling service and payment advisory service, to improve the quality of our credit portfolio management.

We also exercise thorough reviews of our operational procedures to improve the quality and efficiency of our customer service and reinforce our business competitiveness.

DC Cash One Ltd. (hereinafter referred to as "DC Cash One" ), our consolidated subsidiary, has newly opened dedicated DC Cash One counters in our 24 staffed branch offices and, from August of this year, started to accept new Cash One service applications from our "QUICK MUJIN" simplified automatic loan application machines.

Thus, with expanded reception counter facilities and ATM networks born from the close collaboration with financial institutions, we will continue to exert our best efforts to maximize the convenience of our financial services and synergy effects resulting from our business collaboration with DC Cash One.

Meanwhile, EASY BUY Public Company Limited, which conducts financial service business in Thailand, is steadily expanding.

As a result of the foregoing, loans receivable at the end of the first half of this fiscal year has increased by 17,778 million yen during the semi-annual term to stand at 1,697.962 billion yen (increased by 1.1% compared to the end of previous fiscal year), while interest on loans receivable has amounted to 195.781 billion yen (increased by 2.9% year on year).

(Credit card and installment sales finance businesses)

In the credit card business, efforts put forth in sales of ACOM Master Card® through immediate card issuing machines operative in conjunction with our "MUJINKUN" automatic contract machines and other tie-up cards resulted in an increased number of cardholders, amounting to as many as 1,220 thousand people, at the end of the first half of this fiscal year (increased by 2.4% compared to the end of previous year).

In the installment sales finance business, efforts have been paid primarily in enhancing sales support in favor of existing member stores by mobilizing our nation-wide operation network consisting of 9 branches and 12 representative offices located in the major metropolitan areas, as well as in acquisition of new member stores.

Despite the sales efforts exerted under enhanced collaboration with our 100% owned subsidiary, JCK CREDIT CO., LTD. the balance of installment accounts receivable recorded negative growth at the end of the first half of this fiscal year when compared to the previous year. The installment accounts receivable has decreased by 18,698 million yen during the semiannual period to stand at 158,079 million yen (decreased by 10.6% compared to the end of previous year), while the fees from credit card business for the same period resulted in 3,144 million yen (increased by 2.6% year on year) and fees from installment sales finance resulted in 7,291 million yen (decreased by 14.3% year on year).

(Guarantee business)

Under the close business collaboration with our 100% owned subsidiary, RELATES CO., LTD., which started its business from March of this year, we have been trying to expand our guarantee business by providing active business support to our existing guarantee business partners and by exerting our best efforts to acquire new business partners.

The consolidated balance of guaranteed loans receivable at the end of the first half of the current fiscal year stood at 83,580 million yen, while fees from credit guarantees for the same period amounted to 2,530 million yen (decreased by 20.2% year on year, however increased by 29.8% on the unconsolidated basis) and operating income of the guarantee business which includes consignment fees of guarantee business amounted to 3,013 million yen., (decreased by 14.2% year on year, but increased by 30.9% on the unconsolidated basis), in which the effects of our DC Cash One buy-out transaction brought about decreased credit guarantee income through internal set-off transaction (by setting off our guarantee income against DC Cash One's guarantee expense) was incorporated.

Meanwhile, we entered new respective personal loan guarantee agreements with The Joyo Bank, Ltd. and The Gunma Bank, Ltd. on October 3 of this year.

(Loan servicing business)

We have primarily been promoting the loan servicing business initiated through our capital investment in IR Loan Servicing, Inc. by the purchase of loans and debt collection services. We have also been actively engaged in providing clerical work outsourcing service, temporary staffing service and corporate restructuring support service so as to create synergy effects for the expansion of these business criteria.

The collection of purchased receivables during the first six months of the current fiscal year amounted to 4,936 million yen (increased by 33.4% year on year), and operating income of loan servicing business for the same period stood at 5,323 million yen (increased by 32.0% year on year) including consignment fees.

Meanwhile, in June of this year, IR Loan Servicing, Inc. was granted the "Privacy Mark" authorized by Japan Information Processing Development Corporation (JIPDEC).

As a result of the foregoing, our consolidated operating income for the current interim consolidated accounting period stood at 222,182 million yen (increased by 2.6% year on year), operating expenses amounted to 143,390 million yen (increased by 3.9% year on year), income before extraordinary items amounted to 79,916 million yen (increased by 2.7% year on year), and interim net income stood at 46,351 million yen (increased by 3.9% year on year).

(B) Forecast for this full financial year

The business environment surrounding us is expected to continue to be tough for the coming future. Despite the foregoing, we continuously exert our corporate-wide best efforts to realize "The Best Life Partner," a corporate image capable of acquiring great customer confidence and satisfaction through expansion of our business fields and amplification of our revenue bases.

With respect to forecast for this full financial year, it is estimated that our consolidated operating income will amount to 442.1 billion yen (increased by 1.9% year on year), income before extraordinary items will stand at 146.7 billion yen (increased by 2.3% year on year), and net income for the Year will amount to 86.3 billion yen (increased by 5.8% year on year).

(2) Financial position

(A) Financial position

The financial position of our group at the end of the current interim accounting period showed that the total assets increased by 4,026 million yen and shareholders' equity increased by 41,787 million yen, resulting in an increase of shareholders' equity by 1.9 points to stand at 43.5%.

The details of principal changes in our balance sheet items in respective terms of assets, liabilities and shareholders' equity accounts are as follows:

(Assets)

In terms of the asset account, current assets decreased by 55,681 million yen during the first six-month accounting period of the current fiscal year, while fixed assets showed an increase of 59,707 million yen during the same period.

In the breakdown of our current assets, the loans receivable showed an increase of 17,778 million yen during the first six-month accounting period of the current fiscal year, while installment accounts receivable decreased by 18,698 million yen during the same period. There was a drop of 10,329 million yen in deferred tax assets due to a decrease in our excessive amount of allowance for bad debts, and short-term loans showed a decrease of 50,844 million yen during the aforementioned six-month accounting period.

The increase in fixed assets was principally due to an increase of 65,031 million yen in investments in securities as a result of our share acquisition of OMC Card, Inc.

(Liabilities)

In terms of the liability account, current liabilities increased by 27,036 million yen during the first six-month accounting period of the current fiscal year, while fixed liabilities showed a decrease of 64,883 million yen during the same period. As a result, total liabilities at the end of the first six-month accounting period of the current fiscal year declined by 37,847 million yen.

In the breakdown of our current liabilities, interest-bearing liabilities that include loans and bonds showed an increase of 39,552 million yen during the first six-month accounting period of the current fiscal year, while accrued income taxes declined by 5,879 million yen and deferred income on installment sales showed a drop of 2,035 million yen during the same period.

In the breakdown of our fixed liabilities, the long-term loans declined by 73,515 during the first six-month accounting period of the current fiscal year, while deferred tax liabilities showed an increase of 8,844 million yen during the same period due to an increase in market price of holding securities etc..

(Shareholders' equity)

In the shareholders' equity account, the earned surplus showed an increase of 37,608 million yen during the first six-month accounting period of the current fiscal year and securities valuation adjustment increased by 12,263 million yen during the same period, while the treasury stock showed a decline of 8,076 million yen due to our repurchasing of our own stocks during the same period. As a result of the foregoing, the total shareholders' equity showed an increase of 41,787 million yen at the end of the first six-month accounting period of the current fiscal year.

(B) Situation of our cash flow during the current six-month consolidated accounting period

The cash and cash equivalents (hereinafter collectively referred to as "funds") during the first six-month accounting period of the current fiscal year declined by 53,258 million yen to stand at 92,661 million yen at the end of the same period. The changes in the respective cash flows and the reasons thereof are as follows:

(Cash flows from operating activities)

Cash flow from operating activities showed an increase of 41,548 million yen at the end of the aforementioned period, primarily due to 79,572 million yen in income before tax, a decline of 4,830 million yen in the allowance for bad debts, a decrease in funds resulting from increased disbursement of loans receivable (17,778 million yen), income taxes paid (27,859 million yen), decreased inventories (3,269 million yen), and an increase in funds resulting from the decreased installment accounts receivable (18,698 million yen).

(Cash flow from investing activities)

Funds from investing activities showed a decline of 43,678 million yen at the end of the aforementioned financial period, primarily due to the fact that the payment amount for purchase of investments in securities (45,630 million yen) exceeded the amount of revenue resulting from sales of investments in securities (946 million yen).

(Cash flow from financing activities)

Funds from financing activities showed a 51,375 million yen decline at the end of the aforementioned financial period, primarily due to the fact that the total payment amount for loans repayment and redemption of bonds (318,515 million yen in total) exceeded the total amount of revenues resulting from proceeds from loans and issuance of new bonds (284,359 million yen), as well as to repurchasing of our own stock (9,207 million yen) and dividend payments (8,705 million yen).

(C) Outlook for the full-year cash flow

With respect to the full-year cash flow for the current fiscal year, the annual cash flow from our operating activities is estimated to show an increase of 84.8 billion yen through the current consolidated fiscal year, primarily due to implementation of business strategies that attach preferential importance to the promotion of loans and installment sales finance business, while the annual cash flow from investing activities is estimated to show a decline of 53.8 billion yen due to the scheduled capital investment in the store-related equipment and installation for expanding our operation network. The annual cash flow from our financial activities is estimated to decline by 77 billion yen as a result of decreased Interest-bearing liabilities.

In total, the estimated cash and cash equivalents at the end of the current fiscal year will show a decrease of 46 billion yen when compared to the end of previous fiscal year.

(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 Interim 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 prior 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 interim accounting period, 46.3% 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 interim accounting 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. (Present: Mitsubishi UFJ 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.

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.

In addition, in the case when the stock price of marketable securities which ACOM holds drops substantially, there is a possibility of deteriorating ACOM Group's business results due to generation of loss from holding marketable securities and declining of shareholders' equity ratio.

(J) Significant dispute cases

As of the end of this interim accounting 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 September 30, 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) 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. Interim Consolidated Financial Statements  
(1) Interim Consolidated Balance Sheets

(Millions of yen)

Subject	Term	Prior interim consolidated accounting period (As of September 30, 2004)		This interim consolidated accounting period (As of September 30, 2005)		Prior consolidated fiscal year (As of March 31, 2005)		Changes	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
	(Assets)		%		%		%		%
I. Current assets		1,923,168	94.7	1,904,071	91.5	1,959,752	94.3	(55,681)	(2.8)
Cash and time deposits		120,876		82,676		85,126		(2,449)	(2.9)
Trade notes and accounts receivable		402		438		561		(123)	(21.9)
Loans receivable		1,628,157		1,697,962		1,680,184		17,778	1.1
Installment accounts receivable		194,900		158,079		176,778		(18,698)	(10.6)
Marketable securities		1,091		1,201		525		676	128.9
Inventories		13,579		21,966		18,696		3,269	17.5
Deferred tax assets		36,999		29,445		39,775		(10,329)	(26.0)
Short-term loans		29,298		9,999		60,844		(50,844)	(83.6)
Other current assets		25,236		25,011		25,007		4	0.0
Allowances for bad debts		(127,373)		(122,712)		(127,747)		5,035	(3.9)
II. Fixed assets		107,283	5.3	177,288	8.5	117,581	5.7	59,707	50.8
Tangible fixed assets		53,240	2.6	50,301	2.4	52,037	2.5	(1,735)	(3.3)
Buildings and structures		18,637		18,988		19,538		(549)	(2.8)
Equipment and furniture		16,054		14,298		14,918		(620)	(4.2)
Land		18,528		16,999		17,562		(562)	(3.2)
Other tangible fixed assets		20		14		17		(2)	(15.8)
Intangible fixed assets		1,387	0.1	1,381	0.1	1,385	0.1	(3)	(0.2)
Investments and other assets		52,654	2.6	125,605	6.0	64,158	3.1	61,446	95.8
Investments in securities		30,746		105,527		40,495		65,031	160.6
Deferred tax assets		1,026		1,065		1,061		3	0.4
Guaranty money deposited		10,229		10,389		10,341		47	0.5
Prepaid pension expenses		561		292		1,577		(1,284)	(81.4)
Other investments and assets		12,636		11,095		13,467		(2,372)	(17.6)
Allowance for bad debts		(2,545)		(2,764)		(2,784)		19	(0.7)
<b>Total Assets</b>		<b>2,030,451</b>	<b>100.0</b>	<b>2,081,360</b>	<b>100.0</b>	<b>2,077,334</b>	<b>100.0</b>	<b>4,026</b>	<b>0.2</b>

(Millions of yen)

Subject	Term	Prior interim consolidated accounting period (As of September 30, 2004)		This interim consolidated accounting period (As of September 30, 2005)		Prior consolidated fiscal year (As of March 31, 2005)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
	(Liabilities)		%		%		%		%
I.	Current liabilities	387,494	19.1	497,086	23.9	470,050	22.6	27,036	5.8
	Notes and accounts payable	3,708		4,631		6,080		(1,449)	(23.8)
	Short-term loans	9,708		74,600		36,170		38,429	106.2
	Current portion of long-term loans	273,208		247,672		271,250		(23,577)	(8.7)
	Commercial paper	—		30,000		20,000		10,000	50.0
	Current portion of bonds and notes	45,300		85,340		70,640		14,700	20.8
	Accrued income taxes	21,760		22,712		28,592		(5,879)	(20.6)
	Deferred tax liabilities	0		0		0		(0)	(52.0)
	Allowance for loss on debt guarantees	2,540		1,524		1,558		(34)	(2.2)
	Deferred income on installment sales	19,080		15,796		17,831		(2,035)	(11.4)
	Other current liabilities	12,187		14,809		17,927		(3,118)	(17.4)
II.	Fixed liabilities	808,852	39.8	673,940	32.4	738,824	35.6	(64,883)	(8.8)
	Straight bonds	240,300		205,000		205,000		—	—
	Long-term loans	561,535		451,651		525,166		(73,515)	(14.0)
	Deferred tax liabilities	1,296		11,995		3,151		8,844	280.6
	Allowance for employees' retirement benefits	285		289		257		32	12.5
	Allowance for directors' and corporate auditors' retirement benefits	790		803		847		(44)	(5.2)
	Other fixed liabilities	4,645		4,200		4,401		(200)	(4.6)
	Total liabilities	1,196,347	58.9	1,171,027	56.3	1,208,874	58.2	(37,847)	(3.1)
	(Minority interests in consolidated subsidiaries)								
	Minority interests in consolidated subsidiaries	1,278	0.1	4,785	0.2	4,699	0.2	86	1.8
	(Shareholders' equity)								
I.	Common stock	63,832	3.1	63,832	3.1	63,832	3.1	—	—
II.	Capital surplus	76,458	3.8	76,121	3.6	76,458	3.7	(336)	(0.4)
III.	Earned surplus	700,365	34.5	767,777	36.9	730,168	35.1	37,608	5.2
IV.	Securities valuation adjustment	5,067	0.2	18,655	0.9	6,392	0.3	12,263	191.8
V.	Foreign currency translation adjustments	(2,097)	(0.1)	(1,962)	(0.1)	(2,290)	(0.1)	328	(14.3)
VI.	Treasury stock	(10,801)	(0.5)	(18,877)	(0.9)	(10,801)	(0.5)	(8,076)	74.8
	Total shareholders' equity	832,825	41.0	905,547	43.5	863,760	41.6	41,787	4.8
	Total liabilities, minority interests, and shareholders' equity	2,030,451	100.0	2,081,360	100.0	2,077,334	100.0	4,026	0.2

## (2) Interim Consolidated Income Statements

(Millions of yen)

Subject	Term	Prior interim consolidated accounting period From April 1, 2004 to September 30, 2004		This interim consolidated accounting period From April 1, 2005 to September 30, 2005		Change		Prior consolidated fiscal year From April 1, 2004 to March 31, 2005	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
			%		%		%		%
I. Operating income		216,650	100.00	222,182	100.0	5,532	2.6	433,965	100.0
Interest on loans receivable		190,214		195,781		5,567	2.9	380,272	
Fees from credit card business		3,064		3,144		80	2.6	6,197	
Fees from installment sales finance business		8,508		7,291		(1,217)	(14.3)	15,895	
Fees on guaranteed loans receivable		3,168		2,530		(638)	(20.2)	6,871	
Collection of purchased loans receivable		3,699		4,936		1,236	33.4	7,757	
Other financial income		27		15		(11)	(40.8)	20	
Sales		3,674		3,809		135	3.7	8,256	
Other operating income		4,293		4,673		379	8.8	8,693	
II. Operating expenses		138,004	63.7	143,390	64.5	5,385	3.9	289,604	66.7
Financial expenses		11,753	5.4	10,472	4.7	(1,281)	(10.9)	22,534	5.2
Cost of purchased loans receivable		2,606	1.2	2,732	1.2	125	4.8	5,254	1.2
Cost of sales		2,300	1.1	2,448	1.1	148	6.5	5,220	1.2
Other operating expenses		121,344	56.0	127,736	57.5	6,392	5.3	256,594	59.1
Operating profit		78,645	36.3	78,792	35.5	147	0.2	144,361	33.3
III. Non-operating income		821	0.4	1,246	0.6	424	51.7	1,454	0.3
Interest income		105		139		34	32.7	215	
Dividends received		180		168		(12)	(6.7)	246	
Gains on sale of securities		15		—		(15)	—	15	
Gains on investments in equity-method		—		251		251	—	—	
Income from anonymous association agreement		—		234		234	—	—	
Rent from corporate residence		242		246		4	1.7	486	
Other non-operating income		277		205		(71)	(25.9)	490	
IV. Non-operating expenses		1,626	0.8	123	0.1	(1,503)	(92.4)	2,468	0.6
Interest expenses		8		3		(4)	(55.2)	15	
Stock issue expenses		474		—		(474)	—	477	
Loss on investments in equity-method		1,037		—		(1,037)	—	1,801	
Loss on investments in investing business association		—		77		77	—	61	
Other non-operating expenses		105		41		(63)	(60.4)	112	
Income before extraordinary items		77,839	35.9	79,916	36.0	2,076	2.7	143,347	33.0
V. Extraordinary income		1	0.0	400	0.2	399	—	142	0.1
Gains on sale of fixed assets		1		223		222	—	1	
Gains on sale of investments in securities		—		177		177	—	126	
Gains on maturity of investment trusts		—		—		—	—	14	
VI. Extraordinary losses		1,362	0.6	743	0.4	(619)	(45.4)	3,101	0.7
Loss on sale of fixed assets		18		364		346	—	66	
Loss on disposal of fixed assets		480		345		(134)	(28.1)	1,037	
Impairment loss		456		—		(456)	—	1,383	
Loss on sale of investments in securities		38		—		(38)	—	128	
Loss on revaluation of investments in securities		267		—		(267)	—	353	
Loss on liquidation of investment in trusted real property		78		—		(78)	—	78	
Other extraordinary losses		23		33		10	44.1	53	
Income before income taxes		76,478	35.3	79,572	35.8	3,094	4.0	140,388	32.4
Income taxes (corporation tax, inhabitants' tax and enterprise tax)		21,245	14.5	22,078	14.9	832	5.2	49,777	13.4
Deferred income taxes		10,240		11,057		817		8,367	
Minority interests in earnings of consolidated subsidiaries		385	0.2	86	0.0	(299)	(77.7)	710	0.2
Net income		44,606	20.6	46,351	20.9	1,744	3.9	81,533	18.8

## (3) Interim Consolidated Statements of Surplus

(Millions of yen)

Subject	Term	Prior interim consolidated accounting period From April 1, 2004 to September 30, 2004		This interim consolidated accounting period From April 1, 2005 to September 30, 2005		Prior consolidated fiscal year From April 1, 2004 to March 31, 2005	
		Amount		Amount		Amount	
(Capital Surplus)							
I. Capital surplus at the beginning of the fiscal year			25,772		76,458		25,772
II. Increase in capital surplus							
Increase in capital stock		46,550		—		46,550	
Net gain on disposal of treasury stock		4,135	50,685	—	—	4,135	50,685
III. Decrease in capital surplus							
Net loss on disposal of treasury stock		—	—	336	336	—	—
IV. Capital surplus at the end of the interim accounting period and fiscal year			76,458		76,121		76,458
(Eamed Surplus)							
I. Eamed surplus at the beginning of the fiscal year			661,536		730,168		661,536
II. Increase in eamed surplus							
Net income		44,606	44,606	46,351	46,351	81,533	81,533
III. Decrease in eamed surplus							
Dividends		5,742		8,706		12,865	
Directors' bonus		35	5,778	36	8,743	35	12,901
IV. Eamed surplus at the end of the interim accounting period and fiscal year			700,365		767,777		730,168

## (4) Interim Consolidated Statements of Cash Flows

(Millions of yen)

Subject	Term	Prior interim consolidated accounting period	This interim consolidated accounting period	Change	Prior consolidated fiscal year
		From April 1, 2004 to September 30, 2004	From April 1, 2005 to September 30, 2005		From April 1, 2004 to March 31, 2005
		Amount	Amount	Amount	Amount
I. Cash flows from operating activities					
Income before income taxes		76,478	79,572	3,094	140,388
Depreciation and amortization		2,486	2,277	(209)	5,234
Impairment loss		456	—	(456)	1,383
Amortization of consolidation adjustment account		—	—	—	981
Increase (decrease) in allowance for bad debts		(5,393)	(4,830)	562	(4,785)
Increase (decrease) in allowance for loss on debt guaranteed loans receivable		675	(34)	(709)	(307)
Increase (decrease) in allowance for employees' retirement benefits		6	32	25	(23)
Increase (decrease) in allowance for directors' and statutory auditors' retirement benefits		(187)	(44)	143	(141)
Non-operating interest and dividends income		(285)	(308)	(22)	(462)
Loss (gain) on sales of securities		(15)	—	15	(15)
Non-operating interest expense		8	3	(4)	15
Amortization of bond-issue expenses		—	193	193	142
Amortization of stock issue expenses		474	—	(474)	477
Loss (gain) on foreign currency exchanges		(16)	(9)	6	11
Loss (gain) on investments in equity-method		1,037	(251)	(1,289)	1,801
Loss (gain) on sales of tangible fixed assets		17	141	124	65
Loss on disposal of tangible fixed assets		480	345	(134)	1,037
Loss (gain) on sales of investments in securities		38	(177)	(216)	2
Loss on revaluation of investments in securities		267	—	(267)	353
Loss on liquidation of investments in trusted real property		78	—	(78)	78
Decrease (increase) in notes and accounts receivable		97	123	25	(62)
Decrease (increase) in loans receivable		(5,231)	(17,778)	(12,547)	2,064
Decrease (increase) in installment accounts receivable		33,224	18,698	(14,526)	51,405
Decrease (increase) in inventories		(1,216)	(3,269)	(2,053)	(6,330)
Decrease (increase) in other current assets		(770)	(25)	744	33
Increase (decrease) in notes and accounts payable		(1,505)	(1,449)	55	864
Increase (decrease) in deferred income on installment sales		(6,571)	(2,035)	4,536	(7,826)
Increase (decrease) in other current liabilities		(1,754)	(2,969)	(1,215)	2,362
Bonus paid to directors		(35)	(36)	(1)	(35)
Increase (decrease) in other operating activities		1,634	889	(745)	328
Subtotal		94,479	69,057	(25,422)	189,042
Non-operating interest and dividends received		303	355	51	506
Non-operating interest paid		(8)	(4)	3	(14)
Income taxes paid		(26,545)	(27,859)	(1,313)	(48,520)
Cash used in operating activities		68,229	41,548	(26,680)	141,014

(Millions of yen)

Subject	Term	Prior interim consolidated accounting period	This interim consolidated accounting period	Change	Prior consolidated fiscal year
		From April 1, 2004 to September 30, 2004	From April 1, 2005 to September 30, 2005		From April 1, 2004 to March 31, 2005
		Amount	Amount		Amount
II. Cash flow from investing activities					
Additions to time deposit		(34)	(10)	23	(57)
Maturity of time deposit		43	46	2	78
Proceeds from sale of securities		43	—	(43)	569
Purchase of tangible fixed assets		(3,987)	(1,793)	2,194	(6,819)
Proceeds from sale of tangible fixed assets		5	791	785	20
Purchase of investments in securities		(1)	(45,630)	(45,628)	(9,316)
Proceeds from sale of investments in securities		168	946	777	1,011
Net payments for acquisition of consolidated subsidiaries		—	—	—	(576)
Proceeds from collection of loans		17	34	17	34
Increase in other investments		(2,650)	(289)	2,361	(4,954)
Decrease in other investments		2,345	2,227	(117)	2,659
Increase (decrease) in other investment activities		—	(0)	(0)	—
Net cash provided by (used in) investing activities		(4,050)	(43,678)	(39,627)	(17,350)
III. Cash flow from financing activities					
Proceeds from short-term loans		18,674	140,032	121,357	61,782
Repayments of short-term loans		(30,580)	(101,602)	(71,021)	(71,581)
Proceeds from issue of commercial paper		—	70,000	70,000	20,000
Payments for redemption of commercial paper		—	(60,000)	(60,000)	—
Proceeds from issue of straight bonds		—	29,807	29,807	19,859
Payments for redemption of straight bonds		(10,000)	(15,300)	(5,300)	(40,000)
Proceeds from long-term debt		18,680	44,520	25,839	83,478
Repayments of long-term debt		(160,957)	(141,612)	19,344	(294,099)
Proceeds from stock issue by the Company		92,625	—	(92,625)	92,625
Gain on disposal of treasury stock		11,423	783	(10,640)	11,423
Payments for purchase of treasury stock		(7,007)	(9,207)	(2,199)	(7,007)
Cash dividends paid by the Company		(5,741)	(8,705)	(2,964)	(12,864)
Cash dividends paid to minority shareholders		(27)	—	27	(27)
Increase (decrease) in other financing activities		(56)	(91)	(35)	(97)
Net cash provided by financing activities		(72,965)	(51,375)	21,589	(136,508)
IV. Effect of exchange rate change on cash and cash equivalents		44	246	202	(109)
V. Increase (decrease) in cash and cash equivalents		(8,742)	(53,258)	(44,516)	(12,953)
VI. Cash and cash equivalents at the beginning of the year		158,873	145,920	(12,953)	158,873
VII. Cash and cash equivalents at the end of the interim accounting period and fiscal year		150,131	92,661	(57,470)	145,920

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

(A) Extent of consolidation

Number of consolidated subsidiaries: 18

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

AC Ventures Fourth Investment Partnership and AC Ventures Fifth Investment Partnership became consolidated subsidiaries in this consolidated fiscal year as they were newly composed.

ACOM CAPITAL CO., LTD, which was a consolidated subsidiary until the prior consolidated fiscal year, is excluded from consolidated subsidiaries as it was dissolved during the prior consolidated fiscal year.

(B) Application of the equity method

Number of equity method affiliates: 1

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

CHAILEASE ACOM FINANCE 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 CHAILEASE ACOM FINANCE CO., LTD. on September 2,, 2005. However, it is counted in gain/loss on investments in equity-method as the deemed stock-sale date is June 30, 2005. Furthermore, its interim accounting period ends on June 30, and its financial statements as of this date are used on this financial statement.

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

The interim periods of the following consolidated subsidiaries end on June 30:

ACOM (U.S.A.) INC.

ACOM INTERNATIONAL, INC.

ACOM PACIFIC, INC.

EASY BUY Public Company Limited

ACOM FUNDING CO., LTD.

AC Ventures Fourth Investment Partnership

The interim period of the following consolidated subsidiary ends on August 31:

AC Ventures Fifth Investment Partnership

The interim 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 interim consolidated settlement date are subject to the adjustment necessary for consolidation.

(D) Significant accounting policies

(a) Valuation and computation of assets

(1) 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 interim accounting period

(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) Inventories

Purchased loans receivable ... Cost on an individual specified cost basis

Merchandise

Paintings ... Cost on an individual specified cost basis

Others merchandise ... Cost based on the last purchase price method

Miscellaneous items ... Cost based on the first-in first-out method

(3) Derivative transactions

Option transaction ... Market value

Swap transaction ... Market value

(b) Depreciation of property, plant and equipment

(1) Tangible fixed assets

At the Company and its domestic consolidated subsidiaries ... Declining balance method

At overseas consolidated subsidiaries ... Straight-line method

(Depreciable life)

Buildings and structures ... 3 to 49 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

(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.

Overseas consolidated subsidiaries make an allowance as necessary having considered the likelihood of recovery on an individual basis.

(2) Allowance for loss on debt guarantees

In providing allowance for loss on debt guarantees, the Company makes an allowance as necessary having considered the likelihood of losses at the end of the interim consolidated accounting period.

(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 end of the consolidated fiscal year. Adjustments are made to determine the amounts applicable to the end of interim consolidated accounting period.

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 some of 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 interim accounting period.

(4) Allowance for directors' and statutory auditors' retirement benefits

The Company and some of its domestic consolidated subsidiaries make provisions for directors' and corporate auditors' retirement benefits at the end of the interim accounting period in accordance with the Company's internal rules.

(d) Currency translation standards for significant foreign-currency-denominated assets or liabilities used in preparing the interim financial statements of consolidated companies on which interim consolidated financial statements are based

Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the interim 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 interim 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 some of 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 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) 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 disclosure methods

"Loss on investments in investing business association" was included in "Other non-operating expenses" under "Non-operating expense" until the prior interim consolidated accounting period. Nonetheless, as the amount exceeded 10/100 of total amount of operating expenses, "Loss on investments in investing business association" is separately disclosed. "Loss on investments in investing business association" in the prior interim consolidated accounting period was 52 millions of yen.

## (7) Notes to Interim Consolidated Balance Sheets

Prior interim consolidated accounting period (As of September 30, 2004)	This interim consolidated accounting period (As of September 30, 2005)	Prior consolidated fiscal year (As of March 31, 2005)
1. Cumulative depreciation of tangible fixed assets	1. Cumulative depreciation of tangible fixed assets	1. Cumulative depreciation of tangible fixed assets
45,100 million yen	45,177 million yen	45,813 million yen
2. Assets pledged as security	2. Assets pledged as security	2. Assets pledged as security
(Millions of yen)	(Millions of yen)	(Millions of yen)
(1) Pledged assets	(1) Pledged assets	(1) Pledged assets
Loans receivable	Loans receivable	Loans receivable
523,644	413,416	472,741
<93,219>	<62,002>	<78,549>
[ 34,016]	[ 29,806]	[ 31,976]
Buildings and structures		Buildings and structures
1,974		1,267
Land		Land
5,984		5,444
531,604		479,453
Total	Total	Total
<93,219>	<31,757>	<78,549>
[ 34,016]	[ 11,940]	[ 31,976]
(2) Secured liabilities	(2) Secured liabilities	(2) Secured liabilities
Short-term loans	Short-term loans	Short-term loans
1,000	1,000	1,000
<1,000>	<1,000>	<1,000>
145,702	142,730	145,626
Current portion of long-term loans	Current portion of long-term loans	Current portion of long-term loans
<34,207>	<29,134>	<31,963>
369,172	[7,960]	[7,960]
Long-term loans	Long-term loans	Long-term loans
<57,891>	259,656	317,891
[ 23,880]	<31,757>	<45,471>
515,874	[ 11,940]	[ 15,920]
Total	Total	Total
<93,098>	403,386	464,517
[ 23,880]	<61,891>	<78,434>
	[ 19,900]	[ 23,880]
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.	Figures in brackets represent amounts engaged in transferring assignment of claims and figures in the brackets "[ ]" represent amounts relating to securitization.
3. Contingent liabilities	3. Contingent liabilities	3. Contingent liabilities
(1) Amount of guaranteed loans of guarantee business	(1) Amount of guaranteed loans of guarantee business	(1) Amount of guaranteed loans of guarantee business
(Millions of yen)	(Millions of yen)	(Millions of yen)
Guaranteed loans	Guaranteed loans	Guaranteed loans
121,305	83,580	78,015
Allowance for loss on debt guarantees	Allowance for loss on debt guarantees	Allowance for loss on debt guarantees
2,540	1,524	1,558
Net	Net	Net
118,765	82,056	76,457
(2) Amount of guaranteed liabilities of affiliated companies		
CHAILEASE ACOM FINANCE CO., LTD.		
981 million yen		

Prior interim consolidated accounting period (As of September 30, 2004)	This interim consolidated accounting period (As of September 30, 2005)	Prior consolidated fiscal year (As of March 31, 2005)
<p>4. Commitment line contracts for loans receivables</p> <p>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 730,728 million yen at the end of the interim consolidated accounting period. This included a total of 486,642 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the interim consolidated accounting period.</p> <p>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.</p> <p>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> <p>Note that consolidated subsidiaries do not extend revolving credit-line loans.</p>	<p>4. Commitment line contracts for loans receivables</p> <p>Loans extended by the Company and some of its consolidated subsidiaries 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 842,013 million yen at the end of the interim consolidated accounting period. This included a total of 572,658 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the interim consolidated accounting period.</p> <p>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 and its consolidated subsidiaries.</p> <p>Contracts contain provisions allowing the Company and its consolidated subsidiaries 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>	<p>4. Commitment line contracts for loans receivables</p> <p>Loans extended by the Company and some of its consolidated subsidiaries 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 consolidated fiscal year. 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 consolidated fiscal year.</p> <p>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 and its consolidated subsidiaries.</p> <p>Contracts contain provisions allowing the Company and its consolidated subsidiaries 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 interim consolidated accounting period (As of September 30, 2004)	This interim consolidated accounting period (As of September 30, 2005)	Prior consolidated fiscal year (As of March 31, 2005)																																																						
<p>5. Status of bad debts of loans receivable</p> <p>Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to borrowers in bankruptcy include 5,793 million yen for debtors who have petitioned for bankruptcy as of the end of the interim consolidated accounting period, 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 22,857 million yen. Under the policies stipulated in Japan's tax laws, 12,895 million yen of this amount would be classified as loans overdue by three months or more, 3,939 million yen as restructured loans and 6,022 million yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of domestic 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>5. Status of bad debts of loans receivable</p> <p>Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to borrowers in bankruptcy include 4,499 million yen for debtors who have petitioned for bankruptcy as of the end of the interim consolidated accounting period, 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 26,450 million yen. Under the policies stipulated in Japan's tax laws, 13,051 million yen of this amount would be classified as loans overdue by three months or more, 5,915 million yen as restructured loans and 7,484 million yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of domestic 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>5. Status of bad debts of loans receivable</p> <p>Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to borrowers in bankruptcy include 4,982 million 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 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 domestic consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law, and that of overseas consolidated subsidiaries is added up according to the policies stipulated in accounting standards applicable in countries where they operate.</p>																																																						
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Prior interim consolidated accounting period (As of September 30, 2004)	This interim consolidated accounting period (As of September 30, 2005)	Prior consolidated fiscal year (As of March 31, 2005)																		
<p>6. 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;">29,298 million yen</p> <p>Market value of marketable securities purchased at the end of the interim consolidated accounting period</p> <p style="text-align: right;">29,298 million yen</p>	<p>6. 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;">9,999 million yen</p> <p>Market value of marketable securities purchased at the end of the interim consolidated accounting period</p> <p style="text-align: right;">9,999 million yen</p>	<p>6. 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>																		
<p>8. 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 6 financial institutions and designated commitment line contracts with 15 financial institutions. As of the end of the current interim consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Agreed amount of agreement for overdraft and commitment line</td> <td style="text-align: right;">249,799</td> </tr> <tr> <td><u>Amount of borrowing</u></td> <td style="text-align: right;"><u>35,570</u></td> </tr> <tr> <td>Unused amount</td> <td style="text-align: right;">214,229</td> </tr> </table>	Agreed amount of agreement for overdraft and commitment line	249,799	<u>Amount of borrowing</u>	<u>35,570</u>	Unused amount	214,229	<p>8. 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 7 financial institutions and designated commitment line contracts with 20 financial institutions. As of the end of the current interim consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Agreed amount of agreement for overdraft and commitment line</td> <td style="text-align: right;">311,710</td> </tr> <tr> <td><u>Amount of borrowing</u></td> <td style="text-align: right;"><u>128,797</u></td> </tr> <tr> <td>Unused amount</td> <td style="text-align: right;">182,913</td> </tr> </table>	Agreed amount of agreement for overdraft and commitment line	311,710	<u>Amount of borrowing</u>	<u>128,797</u>	Unused amount	182,913	<p>8. 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 7 financial institutions and designated commitment line contracts with 18 financial institutions. As of the end of the current consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Agreed amount of agreement for overdraft and commitment line</td> <td style="text-align: right;">339,437</td> </tr> <tr> <td><u>Amount of borrowing</u></td> <td style="text-align: right;"><u>70,105</u></td> </tr> <tr> <td>Unused amount</td> <td style="text-align: right;">269,332</td> </tr> </table>	Agreed amount of agreement for overdraft and commitment line	339,437	<u>Amount of borrowing</u>	<u>70,105</u>	Unused amount	269,332
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## (8) Notes to Interim Consolidated Income Statements

Prior interim consolidated accounting period (From April 1, 2004 to September 30, 2004)	This interim consolidated accounting period (From April 1, 2005 to September 30, 2005)	Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)																																																														
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Temporary amortization of long-term prepaid expenses	19																															
Total	23																															
Valuation loss of golf club memberships	12																															
Provision for default of golf club Memberships	5																															
Temporary amortization of long-term prepaid expenses	15																															
Total	33																															
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 sales of long-term prepaid expenses	0																															
Temporary amortization of long-term prepaid expenses	30																															
Total	53																															

Prior interim consolidated accounting period (From April 1, 2004 to September 30, 2004)	This interim consolidated accounting period (From April 1, 2005 to September 30, 2005)	Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)
<p>9. Basis for classification of financial income and expenditure on the interim consolidated income statements</p> <p>(1) Financial income stated as operating income</p> <p>Include all financial income other than dividends and interest on investments in securities made by the Company and subsidiaries engaged in the financial service business.</p> <p>(2) Financial expenditure stated as operating expenses</p> <p>Include all financial expenditure by the Company and subsidiaries engaged in financial services, other than interest payable that has no relationship to operating income.</p>	<p>9. Basis for classification of financial income and expenditure on the interim consolidated income statements</p> <p>(1) Financial income stated as operating income</p> <p>Include all financial income other than dividends and interest on investments in securities made by the Company and subsidiaries engaged in the financial service business.</p> <p>(2) Financial expenditure stated as operating expenses</p> <p>Include all financial expenditure by the Company and subsidiaries engaged in financial services, other than interest payable that has no relationship to operating income.</p>	<p>9. Basis for classification of financial income and expenditure on the consolidated income statements</p> <p>(1) Financial income stated as operating income</p> <p>Include all financial income other than dividends and interest on investments in securities made by the Company and subsidiaries engaged in the financial service business.</p> <p>(2) Financial expenditure stated as operating expenses</p> <p>Include all financial expenditure by the Company and subsidiaries engaged in financial services, other than interest payable which has no relationship to operating income.</p>

### (9) Notes to Interim Consolidated Statements of Cash Flows

Prior interim consolidated accounting period (From April 1, 2004 to September 30, 2004)	This interim consolidated accounting period (From April 1, 2005 to September 30, 2005)	Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)																																				
<p>1. Relationship between cash and cash equivalents at the end of the interim accounting period and interim consolidated balance sheet items as at September 30, 2004.</p> <p style="text-align: right;">(Millions of yen)</p> <table> <tr><td>Cash and time deposits</td><td style="text-align: right;">120,876</td></tr> <tr><td>Marketable securities</td><td style="text-align: right;">1,091</td></tr> <tr><td>Short-term loans</td><td style="text-align: right;">29,298</td></tr> <tr><td>Time deposits and certificates of which term of deposit is more than three months</td><td style="text-align: right;">(63)</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;">(1,071)</td></tr> <tr><td><u>Cash and cash equivalents</u></td><td style="text-align: right;"><u>150,131</u></td></tr> </table>	Cash and time deposits	120,876	Marketable securities	1,091	Short-term loans	29,298	Time deposits and certificates of which term of deposit is more than three months	(63)	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(1,071)	<u>Cash and cash equivalents</u>	<u>150,131</u>	<p>1. Relationship between cash and cash equivalents at the end of the interim accounting period and interim consolidated balance sheet items as at September 30, 2005.</p> <p style="text-align: right;">(Millions of yen)</p> <table> <tr><td>Cash and time deposits</td><td style="text-align: right;">82,676</td></tr> <tr><td>Marketable securities</td><td style="text-align: right;">1,201</td></tr> <tr><td>Short-term loans</td><td style="text-align: right;">9,999</td></tr> <tr><td>Time deposits and certificates of which term of deposit is more than three months</td><td style="text-align: right;">(15)</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;">(1,201)</td></tr> <tr><td><u>Cash and cash equivalents</u></td><td style="text-align: right;"><u>92,661</u></td></tr> </table>	Cash and time deposits	82,676	Marketable securities	1,201	Short-term loans	9,999	Time deposits and certificates of which term of deposit is more than three months	(15)	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(1,201)	<u>Cash and cash equivalents</u>	<u>92,661</u>	<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> <p style="text-align: right;">(Millions of yen)</p> <table> <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><u>Cash and cash equivalents</u></td><td style="text-align: right;"><u>145,920</u></td></tr> </table>	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)	<u>Cash and cash equivalents</u>	<u>145,920</u>
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### (10) Segment Information

#### (A) Business segment information

Prior interim consolidated accounting period (from April 1, 2004 to September 30, 2004)

This interim consolidated accounting period (from April 1, 2005 to September 30, 2005)

Prior 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 and consolidated operating profit across all segments.

#### (B) Geographical segment information

Prior interim consolidated accounting period (from April 1, 2004 to September 30, 2004)

This interim consolidated accounting period (from April 1, 2005 to September 30, 2005)

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

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

#### (C) Overseas sales

Prior interim consolidated accounting period (from April 1, 2004 to September 30, 2004)

This interim consolidated accounting period (from April 1, 2005 to September 30, 2005)

Prior 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.

## (11) Lease Transactions

Prior interim consolidated accounting period (From April 1, 2004 to September 30, 2004)	This interim consolidated accounting period (From April 1, 2005 to September 30, 2005)	Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)																																																
<p>1. 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 (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>178</td> <td>94</td> <td>84</td> </tr> <tr> <td>Equipment and furniture</td> <td>7,045</td> <td>4,601</td> <td>2,443</td> </tr> <tr> <td>Total</td> <td>7,224</td> <td>4,696</td> <td>2,528</td> </tr> </tbody> </table>		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value	Machinery	178	94	84	Equipment and furniture	7,045	4,601	2,443	Total	7,224	4,696	2,528	<p>1. 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 (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>177</td> <td>82</td> <td>94</td> </tr> <tr> <td>Equipment and furniture</td> <td>5,039</td> <td>3,505</td> <td>1,533</td> </tr> <tr> <td>Total</td> <td>5,216</td> <td>3,588</td> <td>1,628</td> </tr> </tbody> </table>		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value	Machinery	177	82	94	Equipment and furniture	5,039	3,505	1,533	Total	5,216	3,588	1,628	<p>1. 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 (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>186</td> <td>101</td> <td>85</td> </tr> <tr> <td>Equipment and furniture</td> <td>5,636</td> <td>3,647</td> <td>1,989</td> </tr> <tr> <td>Total</td> <td>5,823</td> <td>3,748</td> <td>2,075</td> </tr> </tbody> </table>		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value	Machinery	186	101	85	Equipment and furniture	5,636	3,647	1,989	Total	5,823	3,748	2,075
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<p>(2) Equivalent balance of the unaccrued lease fees (Millions of yen)</p> <table> <tbody> <tr> <td>Within a year</td> <td>1,391</td> </tr> <tr> <td>More than one year</td> <td>1,191</td> </tr> <tr> <td>Total</td> <td>2,583</td> </tr> </tbody> </table>	Within a year	1,391	More than one year	1,191	Total	2,583	<p>(2) Equivalent balance of the unaccrued lease fees (Millions of yen)</p> <table> <tbody> <tr> <td>Within a year</td> <td>974</td> </tr> <tr> <td>More than one year</td> <td>690</td> </tr> <tr> <td>Total</td> <td>1,665</td> </tr> </tbody> </table>	Within a year	974	More than one year	690	Total	1,665	<p>(2) Equivalent balance of the unaccrued lease fees (Millions of yen)</p> <table> <tbody> <tr> <td>Within a year</td> <td>1,172</td> </tr> <tr> <td>More than one year</td> <td>950</td> </tr> <tr> <td>Total</td> <td>2,123</td> </tr> </tbody> </table>	Within a year	1,172	More than one year	950	Total	2,123																														
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<p>(3) Lease fee payable, equivalent of depreciation and equivalent of interest payable (Millions of yen)</p> <table> <tbody> <tr> <td>Lease fees payable</td> <td>1,008</td> </tr> <tr> <td>Equivalent of depreciation</td> <td>957</td> </tr> <tr> <td>Equivalent of interest payable</td> <td>39</td> </tr> </tbody> </table>	Lease fees payable	1,008	Equivalent of depreciation	957	Equivalent of interest payable	39	<p>(3) Lease fee payable, equivalent of depreciation and equivalent of interest payable (Millions of yen)</p> <table> <tbody> <tr> <td>Lease fees payable</td> <td>693</td> </tr> <tr> <td>Equivalent of depreciation</td> <td>660</td> </tr> <tr> <td>Equivalent of interest payable</td> <td>22</td> </tr> </tbody> </table>	Lease fees payable	693	Equivalent of depreciation	660	Equivalent of interest payable	22	<p>(3) Lease fee payable, equivalent of depreciation and equivalent of interest payable (Millions of yen)</p> <table> <tbody> <tr> <td>Lease fees payable</td> <td>1,844</td> </tr> <tr> <td>Equivalent of depreciation</td> <td>1,752</td> </tr> <tr> <td>Equivalent of interest payable</td> <td>66</td> </tr> </tbody> </table>	Lease fees payable	1,844	Equivalent of depreciation	1,752	Equivalent of interest payable	66																														
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<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>(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>(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>																																																
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<p>2. Further payments under operating lease transaction Unaccrued lease fees (Millions of yen)</p> <table> <tbody> <tr> <td>Within a year</td> <td>3</td> </tr> <tr> <td>More than one year</td> <td>—</td> </tr> <tr> <td>Total</td> <td>3</td> </tr> </tbody> </table>	Within a year	3	More than one year	—	Total	3	<p>2. Further payments under operating lease transaction Unaccrued lease fees (Millions of yen)</p> <table> <tbody> <tr> <td>Within a year</td> <td>0</td> </tr> <tr> <td>More than one year</td> <td>—</td> </tr> <tr> <td>Total</td> <td>0</td> </tr> </tbody> </table>	Within a year	0	More than one year	—	Total	0	<p>2. Further payments under operating lease transaction Unaccrued lease fees (Millions of yen)</p> <table> <tbody> <tr> <td>Within a year</td> <td>1</td> </tr> <tr> <td>More than one year</td> <td>—</td> </tr> <tr> <td>Total</td> <td>1</td> </tr> </tbody> </table>	Within a year	1	More than one year	—	Total	1																														
Within a year	3																																																	
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Total	1																																																	

## (12) Securities

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

(Millions of yen)

Type \ Term	Prior interim consolidated accounting period (As of September 30, 2004)			This interim consolidated accounting period (As of September 30, 2005)			Prior consolidated fiscal year (As of March 31, 2005)		
	Amount recorded on consolidated balance sheet	Market price	Unrealized gain (loss)	Amount recorded on consolidated balance sheet	Market price	Unrealized gain (loss)	Amount recorded on consolidated balance sheet	Market price	Unrealized gain (loss)
(a) Government/municipal	—	—	—	—	—	—	—	—	—
(b) Corporate	—	—	—	—	—	—	—	—	—
(c) Miscellaneous	4,000	4,114	114	4,000	4,092	92	4,000	4,108	108
Total	4,000	4,114	114	4,000	4,092	92	4,000	4,108	108

## (B) Other marketable securities with market quotation

(Millions of yen)

Type \ Term	Prior interim consolidated accounting period (As of September 30, 2004)			This interim consolidated accounting period (As of September 30, 2005)			Prior consolidated fiscal year (As of March 31, 2005)		
	Original cost	Amount recorded on consolidated balance sheet	Unrealized gain (loss)	Original cost	Amount recorded on consolidated balance sheet	Unrealized gain (loss)	Original cost	Amount recorded on consolidated balance sheet	Unrealized gain (loss)
(a) Stocks	11,876	20,420	8,543	57,215	87,722	30,507	11,585	22,324	10,739
(b) Bonds									
Government/municipal	81	86	4	82	85	3	81	86	4
Corporate	1,665	1,674	8	1,116	1,115	(1)	1,063	1,064	1
Miscellaneous	5	5	(0)	—	—	—	—	—	—
(c) Other	2,100	2,106	5	1,615	1,798	183	1,605	1,636	30
Subtotal	15,729	24,291	8,562	60,029	90,722	30,693	14,335	25,111	10,776

Note: In prior interim consolidated accounting period and this interim consolidated accounting period, no impairment loss was recorded with respect to other securities with market prices.

Impairment loss is recorded when (i) the market price of a given marketable security fell below 50% of its original cost, and is deemed unlikely to recover to the level of the cost, or (ii) the market price fell below 30% to 50% of the cost, and the rate of decline remained 30% or higher during the past one year.

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

Type \ Term	Prior interim consolidated accounting period (As of September 30, 2004)	This interim consolidated accounting period (As of September 30, 2005)	Prior consolidated fiscal year (As of March 31, 2005)
	Amount recorded on interim consolidated balance sheet	Amount recorded on interim consolidated balance sheet	Amount recorded on consolidated balance sheet
Other marketable securities			
Unlisted securities (excluding OTC securities)	—	538	452
Investments in investing business association	—	—	1,054
Investments in anonymous partnership	—	—	1,310

## (12) Derivative Transaction

Prior interim consolidated accounting period (from April 1, 2004 to September 30, 2004)

This Interim consolidated accounting period (from April 1, 2005 to September 30, 2005)

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

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

## 5. Actual results

### (1) Operating income by segment

(Millions of yen)

Item	Term	Prior interim consolidated accounting period		This interim consolidated accounting period		Change		Prior consolidated fiscal year	
		From April 1, 2004 to September 30, 2004		From April 1, 2005 to September 30, 2005				From April 1, 2004 to March 31, 2005	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Finance Service Business		213,294	98.5	218,830	98.5	5,535	2.6	426,714	98.3
Loan business		193,749	89.4	199,358	89.7	5,609	2.9	387,348	89.3
Credit card business		3,123	1.5	3,265	1.5	141	4.5	6,311	1.4
Installment sales finance business		8,877	4.1	7,759	3.5	(1,117)	(12.6)	16,622	3.8
Guarantee business		3,511	1.6	3,013	1.4	(498)	(14.2)	7,627	1.8
Loan servicing business		4,033	1.9	5,323	2.4	1,290	32.0	8,762	2.0
Others		0	0.0	109	0.0	109	—	42	0.0
Other business		3,355	1.5	3,352	1.5	(2)	(0.1)	7,250	1.7
Rental business		1,717	0.8	2,119	0.9	401	23.4	3,781	0.9
Others		1,638	0.7	1,233	0.6	(404)	(24.7)	3,469	0.8
Total		216,650	100.00	222,182	100.0	5,532	2.6	433,965	100.0

### (2) Other statistics

#### (a) Receivables outstanding

(Millions of yen)

Item	Term	Prior interim consolidated accounting period	This interim consolidated accounting period	Prior consolidated fiscal year	Change (YTD)	
		(As of September 30, 2004)	(As of September 30, 2005)	(As of March 31, 2005)	Amount	Percentage
		Amount	Amount	Amount	Amount	Percentage
Loan business		1,628,158	1,697,962	1,680,184	17,778	1.1
Credit card business		148,973	49,129	49,399	(270)	(0.5)
Credit card		48,336	48,579	48,833	(254)	(0.5)
Others		637	549	565	(15)	(2.8)
Installment sales finance		145,927	108,949	127,378	(18,428)	(14.5)
Loan servicing business		7,256	15,930	12,723	3,206	25.2
Total		1,830,314	1,871,972	1,869,685	2,286	0.1

Item	Term	Prior interim consolidated accounting period	This interim consolidated accounting period	Prior consolidated fiscal year	Change (YTD)	
		[From April 1, 2004 to September 30, 2004]	[From April 1, 2005 to September 30, 2005]	[From April 1, 2004 to March 31, 2005]	[From September 30, 2004 to September 30, 2005]	
		(As of September 30, 2004)	(As of September 30, 2005)	(As of March 31, 2005)	Amount	Percentage
Loan business		3,214,903	3,443,070	3,406,054	37,016	1.1
Credit card business		1,196,546	1,226,580	1,197,784	28,796	2.4
Credit card		1,190,132	1,220,853	1,191,975	28,878	2.4
Others		6,414	5,727	5,809	(82)	(1.4)
Installment sales finance business		863,342	924,944	958,768	(33,824)	(3.5)
Loan servicing business		49,097	190,900	137,808	53,092	38.5
Rental business		[ 7,268]	[ 6,261]	[ 11,319]	[ (1,007)]	[ (13.9)]

Note: Number of customer accounts refers to followings:

- (1). Loan business: Number of loan accounts with receivables outstanding
- (2). Credit card business  
Credit card: 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

Item	Term	Prior interim consolidated accounting period (As of September 30, 2004)	This interim consolidated accounting period (As of September 30, 2005)	Prior consolidated fiscal year (As of March 31, 2005)	Change (YTD)	
		Amount	Amount	Amount	Amount	Percentage
Number of outlets		1,767	1,979	1,854	124	6.7
Number of employees		6,318	6,731	6,621	110	1.7
Allowance for bad debts (millions of yen)*		129,918	125,477	130,532	(5,055)	(3.9)
Allowance for loss on guaranteed loans receivable (millions of yen)		2,540	1,524	1,558	(34)	(2.2)
Bad debt write-offs (millions of yen)		[ 56,248]	[ 55,721]	[ 113,566]	[(527)]	[ (0.9)]

Note: .The amount of "Allowance for bad debts" mentioned above is the sum of "Allowance for bad debts" listed in current assets and "Allowance for bad debts" listed in fixed assets on Balance Sheet.

(TRANSLATION)

Brief Statement of Interim Financial Results  
for the Fiscal Year Ending March 2006 (Non-consolidated)

October 27, 2005

**Forward-looking Statement**

The statements and figures contained in this Brief Statement of Interim Financial Results for the fiscal year ending March 2006 (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 number: 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 Number: (03) 5533 - 0631

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

Date of the interim dividend payment: December 05, 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 Interim Accounting Period (from April 1, 2005 to September 30, 2005)

### (1) Operating Results

(Millions of yen)

	Operating Income		Operating Profit		Income Before Extraordinary Items	
9/05 (Interim)	200,312	(0.9%)	76,140	0.0%	77,022	0.4%
9/04 (Interim)	202,207	(2.6%)	76,104	31.2%	76,750	30.0%
3/05 (Annual)	402,734		140,234		141,695	

	Net income (Millions of yen)		Net Income per Share (Yen)
9/05 (Interim)	45,757	1.4%	290.52
9/04 (Interim)	45,115	34.0%	286.55
3/05 (Annual)	83,001		525.54

Notes: 1. Average outstanding shares during the period: 157,501,805 shares in 9/05 (interim), 157,442,962 shares in 9/04 (interim), and 157,866,942 shares in 3/05 (annual).

2. Change in accounting policies: None

3. Regarding operating income, operating profit, income before extraordinary items and net income above, the figures in percentages show growth from the previous interim accounting period.

### (2) Dividends

	Interim Cash Dividends per Share (Yen)	Annual Cash Dividends per Share (Yen)
9/05 (Interim)	70.00	—
9/04 (Interim)	45.00	—
3/05 (Annual)	—	100.00

### (3) Non-Consolidated Financial Position

(Millions of yen)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share (Yen)
9/05 (Interim)	1,945,922	902,728	46.4%	5,744.67
9/04 (Interim)	1,979,128	830,210	41.9%	5,244.69
3/05 (Annual)	1,951,625	862,301	44.2%	5,447.18

Notes: 1. Number of shares issued at the end of the period: 157,142,039 shares in 9/05 (interim), 158,295,587 shares in 9/04 (interim), and 158,295,574 shares in 3/05 (annual).

2. Number of treasury shares at the end of the period: 2,486,241 shares in 9/05 (interim), 1,332,693 shares in 9/04 (interim), and 1,332,706 shares in 3/05 (annual).

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

(Millions of yen)

	Total Operating Income	Income Before Extraordinary Items	Net Income	Annual Cash Dividends per Share	
				Year-end Dividends	(Yen)
Annual	397,000	142,500	84,800	70.00	140.00

Reference: Projected net income per share (annual): 539.40 yen

3. Interim Non-Consolidated Financial Statements  
(1) Interim Non-Consolidated Balance Sheets

(Millions of yen)

Subject	Term	Prior interim accounting period (As of September 30, 2004)		This interim accounting period (As of September 30, 2005)		Prior consolidated fiscal year (As of March 31, 2005)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
			%		%		%		%
(Assets)									
I. Current assets		1,836,509	92.8	1,730,230	88.9	1,800,655	92.3	(70,425)	(3.9)
Cash and time deposits		111,924		67,605		71,785		(4,180)	(5.8)
Loans receivable		1,614,243		1,606,799		1,601,773		5,025	0.3
Installment accounts receivable		137,633		105,374		118,867		(13,493)	(11.4)
Merchandise		5,861		5,721		5,721		—	—
Deferred tax assets		35,645		27,261		37,896		(10,634)	(28.1)
Other current assets		52,361		31,708		84,231		(52,522)	(62.4)
Allowances for bad debts		(121,160)		(114,240)		(119,620)		5,380	(4.5)
II. Fixed assets		142,618	7.2	215,691	11.1	150,969	7.7	64,722	42.9
Tangible fixed assets		39,330		36,595		38,240		(1,644)	(4.3)
Land		7,984		6,550		7,058		(507)	(7.2)
Other tangible fixed assets		31,346		30,044		31,181		(1,137)	(3.6)
Intangible fixed assets		1,147		1,139		1,143		(3)	(0.3)
Investments and other assets		104,679		180,716		114,365		66,350	58.0
Allowance for bad debts		(2,540)		(2,760)		(2,780)		20	(0.7)
Total Assets		1,979,128	100.0	1,945,922	100.0	1,951,625	100.0	(5,702)	(0.3)

(Millions of yen)

Subject	Term	Prior interim accounting period (As of September 30, 2004)		This interim accounting period (As of September 30, 2005)		Prior consolidated fiscal year (As of March 31, 2005)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
			%		%		%		%
(Liabilities)									
I. Current liabilities		359,007	18.2	427,805	22.0	403,996	20.7	23,809	5.9
Accounts payable		1,260		1,151		1,198		(46)	(3.8)
Short-term loans		2,500		37,000		2,500		34,500	—
Current portion of long-term loans		268,071		235,862		264,581		(28,718)	(10.9)
Commercial paper		—		30,000		20,000		10,000	50.0
Current portion of bonds and notes		40,000		80,000		60,000		20,000	33.3
Accrued income taxes		20,899		20,958		27,029		(6,071)	(22.5)
Allowance for loss on debt guarantees		2,540		2,990		2,880		110	3.8
Deferred income on installment sales		12,503		7,007		9,122		(2,114)	(23.2)
Other current liabilities		11,231		12,835		16,685		(3,849)	(23.1)
II. Fixed liabilities		789,909	39.9	615,387	31.6	685,327	35.1	(69,939)	(10.2)
Straight bonds		235,000		205,000		205,000		—	—
Long-term loans		550,975		399,435		476,641		(77,206)	(16.2)
Allowance for directors' and corporate auditors' retirement benefits		688		705		713		(8)	(1.1)
Other fixed liabilities		3,246		10,247		2,971		7,275	244.8
Total liabilities		1,148,917	58.1	1,043,193	53.6	1,089,323	55.8	(46,129)	(4.2)
(Shareholders' equity)									
I. Common stock		63,832	3.2	63,832	3.3	63,832	3.3	—	—
II. Capital surplus		76,458	3.9	76,121	3.9	76,458	3.9	(336)	(0.4)
Additional paid-in capital		72,322		72,322		72,322		—	—
Other capital surplus		4,135		3,799		4,135		(336)	(8.1)
III. Earned surplus		695,663	35.1	763,441	39.2	726,426	37.2	37,014	5.1
Legal reserve		4,320		4,320		4,320		—	—
Voluntary reserve		620,000		690,000		620,000		70,000	11.3
Unappropriated retained earnings		71,343		69,120		102,106		(32,985)	(32.3)
IV. Securities valuation adjustment		5,057	0.3	18,210	1.0	6,384	0.3	11,825	185.2
V. Treasury stock		(10,801)	(0.6)	(18,877)	(1.0)	(10,801)	(0.5)	(8,076)	74.8
Total shareholders' equity		830,210	41.9	902,728	46.4	862,301	44.2	40,427	4.7
Total liabilities and shareholders' equity		1,979,128	100.0	1,945,922	100.0	1,951,625	100.0	(5,702)	(0.3)

## (2) Interim Non-Consolidated Income Statements

(Millions of yen)

Subject	Term	Prior interim accounting period From April 1, 2004 to September 30, 2005		This interim accounting period From April 1, 2005 to September 30, 2005		Change		Prior fiscal year From April 1, 2004 to March 31, 2005	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
			%		%		%		%
I. Operating income		202,207	100.0	200,312	100.0	(1,895)	(0.9)	402,734	100.0
Interest on loans receivable		186,804		185,502		(1,301)	(0.7)	372,389	
Fees from credit card business		3,019		3,109		89	3.0	6,113	
Fees from installment sales finance business		5,221		3,132		(2,089)	(40.0)	9,255	
Fees on guaranteed loans receivables		3,168		4,113		944	29.8	6,871	
Other financial income		26		14		(11)	(44.2)	19	
Sales		18		—		(18)	—	158	
Other operating income		3,948		4,440		491	12.4	7,927	
II. Operating expenses		126,102	62.4	124,171	62.0	(1,930)	(1.5)	262,500	65.2
Financial expenses		11,364	5.6	9,296	4.6	(2,067)	(18.2)	21,591	5.4
Cost of Sales		17	0.0	—	—	(17)	—	157	0.0
Other operating expenses		114,721	56.8	114,875	57.4	154	0.1	240,751	59.8
Operating profit		76,104	37.6	76,140	38.0	35	0.0	140,234	34.8
III. Non-operating income		1,217	0.6	1,030	0.5	(186)	(15.3)	2,083	0.5
IV. Non-operating expenses		571	0.2	148	0.0	(422)	(74.0)	622	0.1
Income before extraordinary items		76,750	38.0	77,022	38.5	272	0.4	141,695	35.2
V. Extraordinary income		0	0.0	487	0.2	487	—	141	0.0
VI. Extraordinary Losses		1,087	0.6	741	0.4	(345)	(31.8)	2,805	0.7
Income before income taxes		75,663	37.4	76,768	38.3	1,105	1.5	139,031	34.5
Income taxes (corporation tax, inhabitants' tax and enterprise tax)		20,400	15.1	20,380	15.5	(20)	1.5	47,540	13.9
Deferred income taxes		10,148		10,631		483		8,490	
Net income		45,115	22.3	45,757	22.8	642	1.4	83,001	20.6
Retained earnings carried forward from the previous period		26,228		23,363		(2,864)	(10.9)	26,228	
Interim dividends		—		—		—	—	7,123	
Unappropriated retained earnings		71,343		69,120		(2,222)	(3.1)	102,106	

(3) Significant Items Relating to the Preparation of Interim Non-Consolidated Financial Statements

(A) Valuation and computation of assets

(a) Valuation and computation of securities

Securities of subsidiaries and affiliates ... Cost as determined by the moving average method

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 interim accounting period

(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 the inventories

Merchandise ... Cost on an individual specified cost basis

(c) Valuation and computation of derivative transactions

Option transaction ... Market value

Swap transaction ... Market value

(B) Depreciation of the fixed assets

(a) Tangible fixed assets ... Declining balance method

(b) Intangible fixed assets ... Straight-line method

(c) Long-term prepaid expenses ... Amortized in equal installments

(C) 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 debt guarantees

In providing allowance for loss on debt guarantees, the Company makes an allowance as necessary having considered the likelihood of losses at the end of the interim accounting period.

(c) Allowance for retirement benefits

The Company makes provisions for retirement benefits based on projected retirement obligations and pension fund asset at the end of fiscal year. Adjustments are made to determine the amounts applicable to the end of interim accounting period.

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.

(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 interim accounting period in accordance with the Company's internal rules.

(D) Currency translation standards for foreign-currency-denominated assets or liabilities

Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the interim accounting date, and differences in currency translation are added up as profit or loss.

(E) 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.

(F) 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.

(G) Other Significant Items Relating to the Preparation of Interim Non-Consolidated Financial Statements

(a) 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

Customer fees ... Recognized by credit balance method.

Merchant fees ... 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 receivables ... Recognized by credit-balance method

(b) Treatment of consumption tax

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.

(4) Notes to Interim Non-Consolidated Balance Sheets

Prior interim accounting period (As of September 30, 2004)	This interim accounting period (As of September 30, 2005)	Prior fiscal year (As of March 31, 2005)
1. Cumulative depreciation of tangible fixed assets	1. Cumulative depreciation of tangible fixed assets	1. Cumulative depreciation of tangible fixed assets
44,962 million yen	44,322 million yen	45,264 million yen
2. Assets pledged as security	2. Assets pledged as security	2. Assets pledged as security
(Millions of yen)	(Millions of yen)	(Millions of yen)
(1) Pledged assets	(1) Pledged assets	(1) Pledged assets
523,644	413,416	472,741
Loans receivable	Loans receivable	Loans receivable
<93,219> [ 34,016]	<62,002> [ 29,806]	<78,549> [ 31,976]
<u>Tangible fixed assets</u>		<u>Tangible fixed assets</u>
1,912		705
Total	Total	Total
525,557 <93,219> [ 34,016]	403,386 <61,891> [ 19,900]	473,446 <78,549> [ 31,976]
(2) Secured liabilities	(2) Secured liabilities	(2) Secured liabilities
1,000	1,000	1,000
Short-term loans	Short-term loans	Short-term loans
<1,000> 145,702	<1,000> 142,730	<1,000> 145,626
Current portion of Long-term loans	Current portion of Long-term loans	Current portion of Long-term loans
<34,207> 369,172	<29,134> [ 7,960]	<31,963> [ 7,960]
Long-term loans	Long-term loans	Long-term loans
<57,891> [ 23,880]	<31,757> [ 11,940]	317,891 [ 15,920]
Total	Total	Total
515,874 <93,098> [ 23,880]	403,386 <61,891> [ 19,900]	464,517 <78,434> [ 23,880]
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.	Figures in brackets represent amounts engaged in transferring assignment of claims and figures in the brackets "[ ]" represent amounts relating to securitization.
3. Contingent liabilities	3. Contingent liabilities	3. Contingent liabilities
(1) Amount of guaranteed loans of guarantee business	(1) Amount of guaranteed loans of guarantee business	(1) Amount of guaranteed loans of guarantee business
(Millions of yen)	(Millions of yen)	(Millions of yen)
Guaranteed loans	Guaranteed loans	Guaranteed loans
121,305	151,684	137,261
Allowance for loss on debt guarantees	Allowance for loss on debt guarantees	Allowance for loss on debt guarantees
2,540	2,990	2,880
<u>Net</u>	<u>Net</u>	<u>Net</u>
118,765	148,694	134,381
(2) Amount of guaranteed liabilities of affiliated companies	(2) Amount of guaranteed liabilities of affiliated companies	(2) Amount of guaranteed liabilities of affiliated companies
(Millions of yen)	(Millions of yen)	(Millions of yen)
JLA INCORPORATED	JLA INCORPORATED	JLA INCORPORATED
1,032	1,096	1,214
ACOM ESTATE CO., LTD.	ACOM ESTATE CO., LTD.	ACOM ESTATE CO., LTD.
885	225	705
JCK CREDIT CO., LTD.	JCK CREDIT CO., LTD.	JCK CREDIT CO., LTD.
11,520	2,750	9,563
SIAMA&C CO., LTD.	IR Loan Servicing, Inc.	IR Loan Servicing, Inc.
23,010	1,200	1,200
CHAILEASE ACOM FINANCE CO., LTD.	DC Cash One Ltd.	SIAMA&C CO., LTD.
981	65,356	30,746
	EASY BUY Public Company Limited	
	33,790	

Prior interim accounting period (As of September 30, 2004)	This interim accounting period (As of September 30, 2005)	Prior fiscal year (As of March 31, 2005)
<p>4. Commitment line contracts for loans receivables</p> <p>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 730,728 million yen at the end of the interim accounting period. This included a total of 486,642 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the interim accounting period.</p> <p>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.</p> <p>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>	<p>4. Commitment line contracts for loans receivables</p> <p>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 799,930 million yen at the end of the interim accounting period. This included a total of 552,210 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the interim accounting period.</p> <p>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.</p> <p>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>	<p>4. Commitment line contracts for loans receivables</p> <p>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 fiscal year. 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 fiscal year.</p> <p>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.</p> <p>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>
<p>5. Status of bad debts included in 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 5,793 million yen for debtors who have petitioned for bankruptcy as of the end of the interim accounting period, 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 22,857 million yen. Under the policies stipulated in Japan's tax laws, 12,895 million yen of this amount would be classified as loans overdue by three months or more, 3,939 million yen as restructured loans and 6,022 million yen as loans no longer in arrears.</p>	<p>5. Status of bad debts included in 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 4,499 million yen for debtors who have petitioned for bankruptcy as of the end of the interim accounting period, 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 24,590 million yen. Under the policies stipulated in Japan's tax laws, 12,481 million yen of this amount would be classified as loans overdue by three months or more, 5,422 million yen as restructured loans and 6,687 million yen as loans no longer in arrears.</p>	<p>5. Status of bad debts included in 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 4,982 million 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 23,775 million yen. Under the policies stipulated in Japan's tax laws, 11,371 million 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.</p>

Prior interim accounting period (As of September 30, 2004)			This interim accounting period (As of September 30, 2005)			Prior fiscal year (As of March 31, 2005)																				
(Millions of yen)			(Millions of yen)			(Millions of yen)																				
Category	Amount	Classification criteria	Category	Amount	Classification criteria	Category	Amount	Classification criteria																		
Loans to bankrupt parties	(9,051) 9,051	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation, and others	Loans to bankrupt parties	(7,924) 7,924	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	(12,525) 35,383	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	(11,352) 35,943	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	(14,988) 2,092	Loans other than the above that are overdue by three months or more	Loans overdue by three months or more	(14,547) 2,066	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	(38,228) 34,288	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	(50,926) 45,504	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	(74,793) 80,815		Total	(84,750) 91,438		Total	(73,952) 81,210																			
<p>Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.</p>			<p>Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.</p>			<p>Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.</p>																				
<p>6. Financial assets received as freely disposable securities</p> <p>The Company 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 Other current assets)</p> <p style="text-align: right;">27,998 million yen</p> <p>Market value of marketable securities purchased at the end of the interim accounting period</p> <p style="text-align: right;">27,998 million yen</p>			<p>6. Financial assets received as freely disposable securities</p> <p>The Company 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 Other current assets)</p> <p style="text-align: right;">7,999 million yen</p> <p>Market value of marketable securities purchased at the end of the interim accounting period</p> <p style="text-align: right;">7,999 million yen</p>			<p>6. Financial assets received as freely disposable securities</p> <p>The Company 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 Other current assets)</p> <p style="text-align: right;">59,994 million yen</p> <p>Market value of marketable securities purchased at the end of the fiscal year</p> <p style="text-align: right;">59,853 million yen</p>																				
<p>7. Agreements for overdraft and commitment facilities</p> <p>For efficient procurement of working capital, the Company maintains overdraft contract with 1 financial institution and designated commitment line contracts with 2 financial institutions. As of the end of the current interim accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Agreed amount of agreement for commitment line</td> <td style="text-align: right;">233,770</td> </tr> <tr> <td><u>Amount of borrowing</u></td> <td style="text-align: right;"><u>23,880</u></td> </tr> <tr> <td>Unused amount</td> <td style="text-align: right;">209,890</td> </tr> </table>			Agreed amount of agreement for commitment line	233,770	<u>Amount of borrowing</u>	<u>23,880</u>	Unused amount	209,890	<p>7. Agreements for overdraft and commitment facilities</p> <p>For efficient procurement of working capital, the Company maintains overdraft contract with 1 financial institution and designated commitment line contracts with 3 financial institutions. As of the end of the current interim accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Agreed amount of agreement for commitment line</td> <td style="text-align: right;">230,820</td> </tr> <tr> <td><u>Amount of borrowing</u></td> <td style="text-align: right;"><u>69,900</u></td> </tr> <tr> <td>Unused amount</td> <td style="text-align: right;">160,920</td> </tr> </table>			Agreed amount of agreement for commitment line	230,820	<u>Amount of borrowing</u>	<u>69,900</u>	Unused amount	160,920	<p>7. Agreements for overdraft and commitment facilities</p> <p>For efficient procurement of working capital, the Company maintains overdraft contract with 1 financial institution and designated commitment line contracts with 3 financial institutions. As of the end of the current fiscal year, the unexercised portion of facilities based on these contracts was as follows.</p> <p style="text-align: right;">(Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Agreed amount of agreement for commitment line</td> <td style="text-align: right;">277,182</td> </tr> <tr> <td><u>Amount of borrowing</u></td> <td style="text-align: right;"><u>23,880</u></td> </tr> <tr> <td>Unused amount</td> <td style="text-align: right;">253,302</td> </tr> </table>			Agreed amount of agreement for commitment line	277,182	<u>Amount of borrowing</u>	<u>23,880</u>	Unused amount	253,302
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<p>8. New shares issue</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Issue form</td> <td style="text-align: right;">Third party allocation</td> </tr> <tr> <td>Number of new shares issued</td> <td style="text-align: right;">14,000,000 common shares</td> </tr> <tr> <td>Issue price</td> <td style="text-align: right;">6,650yen per share</td> </tr> <tr> <td>Amount included in capital</td> <td style="text-align: right;">3,325 yen per share</td> </tr> </table>			Issue form	Third party allocation	Number of new shares issued	14,000,000 common shares	Issue price	6,650yen per share	Amount included in capital	3,325 yen per share	<p>8. —</p>			<p>8. New shares issue</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Issue form</td> <td style="text-align: right;">Third party allocation</td> </tr> <tr> <td>Number of new shares issued</td> <td style="text-align: right;">14,000,000 common shares</td> </tr> <tr> <td>Issue price</td> <td style="text-align: right;">6,650yen per share</td> </tr> <tr> <td>Amount included in capital</td> <td style="text-align: right;">3,325 yen per share</td> </tr> </table>			Issue form	Third party allocation	Number of new shares issued	14,000,000 common shares	Issue price	6,650yen per share	Amount included in capital	3,325 yen per share		
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(5) Notes to Interim Non-Consolidated Statements of Income

Prior interim accounting period (From April 1, 2004 to September 30, 2004)	This interim accounting period (From April 1, 2005 to September 30, 2005)	Prior fiscal year (From April 1, 2004 to March 31, 2005)
1. Other principal financial income (Millions of yen)	1. Other principal financial income (Millions of yen)	1. Other principal financial income (Millions of yen)
Interest on deposits 2	Interest on loans 4	Interest on deposits 4
Interest on loans 7	Effect of currency exchange 9	Interest on loans 14
Effect of currency exchange 16		
2. Principal financial expenses (Millions of yen)	2. Principal financial expenses (Millions of yen)	2. Principal financial expenses (Millions of yen)
Interest paid 7,811	Interest paid 5,765	Interest paid 14,513
Interest on corporate bonds 2,523	Interest on corporate bonds 2,413	Interest on corporate bonds 4,953
	Bond issue expenses 193	Bond issue expenses 142
3. Principal items of non-operating income (Millions of yen)	3. Principal items of non-operating income (Millions of yen)	3. Principal items of non-operating income (Millions of yen)
Interest income 386	Interest income 289	Interest income 681
Interest on securities 37	Interest on securities 41	Interest on securities 73
Dividends received 258	Dividends received 229	Dividends received 324
Gains on sales of securities 15	Insurance payment received 42	Gains on sales of securities 15
Insurance payment received 26	Rent from corporate residence 246	Insurance payment received 42
Rent from corporate residence 242		Rent from corporate residence 486
4. Principle items of non-operating expenses (Millions of yen)	4. Principle items of non-operating expenses (Millions of yen)	4. Principle items of non-operating expenses (Millions of yen)
Stock issue expenses 474	Loss on investments in investing business association 120	Treasury stock acquisition expenses 474
Loss on investments in investing business association 52		Loss on investments in investing business association 61
5. Extraordinary income represents the gains on sales of fixed assets	5. Principle items of extraordinary income (Millions of yen)	5. Principle items of extraordinary income (Millions of yen)
	Gains on sales of fixed assets 201	Gains on sales of investments in securities 126
	Gains on sales of investments in affiliates 286	Gains on maturity of investment trusts 14
6. Principle items of extraordinary losses (Millions of yen)	6. Principle items of extraordinary losses (Millions of yen)	6. Principle items of extraordinary losses (Millions of yen)
Loss on sales of fixed assets 18	Loss on sales of fixed assets 337	Loss on sales of fixed assets 29
Loss on disposal of fixed assets 494	Loss on disposal of fixed assets 371	Loss on disposal of fixed assets 1,068
Impairment loss 167		Impairment loss 1,094
Loss on sales of investments in securities 38		Loss on sales of investments in securities 128
Loss on revaluation of investments in securities 267		Loss on revaluation of investments in securities 353
Loss on liquidation of investments in trusted real property 78		

Prior interim accounting period (From April 1, 2004 to September 30, 2004)	This interim accounting period (From April 1, 2005 to September 30, 2005)	Prior fiscal year (From April 1, 2004 to March 31, 2005)																																														
<p>7. Impairment loss</p> <p>The Company has reported impairment loss for this interim accounting period as below:</p> <p>(1) Assets recognized as having suffered impairment</p> <table border="1" data-bbox="124 405 555 595"> <thead> <tr> <th>Location</th> <th>Usage</th> <th>Type</th> </tr> </thead> <tbody> <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 Lease</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 headquarter and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.</p> <p>(3) Process through which impairment was recognized</p> <p>We recognized impairment loss on property to be sold because the expected sale prices were significantly lower than the assets' book values.</p> <p>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</p> <table data-bbox="124 1603 555 1742"> <tr> <td>Land</td> <td style="text-align: right;">38</td> </tr> <tr> <td>Tangible asset and others</td> <td style="text-align: right;">75</td> </tr> <tr> <td>Intangible asset</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;">167</td> </tr> </table> <p>(5) Calculation of recovery price</p> <p>The recovery price is estimated by net realizable value and is estimated by, for example, a real estate appraiser.</p>	Location	Usage	Type	Hokkaido Abuta-gun	Welfare/Leisure Facilities	Land and buildings etc.	Osaka City Nishiyodogawa-ku	Store	Buildings and Lease	Land	38	Tangible asset and others	75	Intangible asset	54	Total	167	<p>7. —</p>	<p>7. Impairment loss</p> <p>The Company has reported impairment loss for this fiscal year as below:</p> <p>(1) Assets recognized as having suffered impairment</p> <table border="1" data-bbox="1029 405 1460 869"> <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. 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(6) Notes to Lease Transactions

Prior interim accounting period (From April 1, 2004 to September 30, 2004)	This interim accounting period (From April 1, 2005 to September 30, 2005)	Prior fiscal year (From April 1, 2004 to March 31, 2005)																																																
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More than 1 year	817																																																	
Total	1,841																																																	
<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 style="padding-left: 20px;">Lease fee payable</td> <td style="text-align: right;">909</td> </tr> <tr> <td style="padding-left: 20px;">Equivalent of depreciation</td> <td style="text-align: right;">865</td> </tr> <tr> <td style="padding-left: 20px;">Equivalent of interest payable</td> <td style="text-align: right;">34</td> </tr> </tbody> </table>	Lease fee payable	909	Equivalent of depreciation	865	Equivalent of interest payable	34	<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 style="padding-left: 20px;">Lease fee payable</td> <td style="text-align: right;">601</td> </tr> <tr> <td style="padding-left: 20px;">Equivalent of depreciation</td> <td style="text-align: right;">575</td> </tr> <tr> <td style="padding-left: 20px;">Equivalent of interest payable</td> <td style="text-align: right;">17</td> </tr> </tbody> </table>	Lease fee payable	601	Equivalent of depreciation	575	Equivalent of interest payable	17	<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 style="padding-left: 20px;">Lease fee payable</td> <td style="text-align: right;">1,686</td> </tr> <tr> <td style="padding-left: 20px;">Equivalent of depreciation</td> <td style="text-align: right;">1,605</td> </tr> <tr> <td style="padding-left: 20px;">Equivalent of interest payable</td> <td style="text-align: right;">59</td> </tr> </tbody> </table>	Lease fee payable	1,686	Equivalent of depreciation	1,605	Equivalent of interest payable	59																														
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<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>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>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>Obtained by appropriating the differential between the total lease fee payable and the equivalent of acquisition cost of the leased object, for the lease period by interest method.</p>	<p>5. Method of calculation of equivalent of interest</p> <p>Obtained by appropriating the differential between the total lease fee payable and the equivalent of acquisition cost of the leased object, for the lease period by interest method.</p>	<p>5. Method of calculation of equivalent of interest</p> <p>Obtained by appropriating the differential between the total lease fee payable and the equivalent of acquisition cost of the leased object, for the lease period by interest method.</p>																																																

(7) Securities (Subsidiary and affiliate stock)

Prior interim accounting period (from April 1, 2004 to September 30, 2004)

This interim accounting period (from April 1, 2005 to September 30, 2005)

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

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

#### 4. Actual Results

##### (1) Operating income by Category

(Millions of yen)

Division	Category	Term		Prior interim accounting period		This interim accounting period		Change		Prior fiscal year	
		Amount	Composition ratio	From April 1, 2004 to September 30, 2004	From April 1, 2005 to September 30, 2005	Amount	Composition ratio	Amount	Percentage	From April 1, 2004 to March 31, 2005	Composition ratio
Finance Business	Interest on loans receivable	186,804	92.4	185,502	92.6	(1,301)	(0.7)	372,389	92.5		
	Unsecured loans	182,987	90.5	182,063	90.9	(923)	(0.5)	364,991	90.6		
	Consumers	182,960	90.5	182,048	90.9	(912)	(0.5)	364,944	90.6		
	Commercials	26	0.0	15	0.0	(11)	(42.4)	47	0.0		
	Secured loans	3,817	1.9	3,438	1.7	(378)	(9.9)	7,397	1.9		
	Fees from	8,240	4.1	6,241	3.1	(1,999)	(24.3)	15,369	3.8		
	Credit card business	3,019	1.5	3,109	1.5	89	3.0	6,113	1.5		
	Installment sales financing	5,221	2.6	3,132	1.6	(2,089)	(40.0)	9,255	2.3		
	Fees from credit guarantees	3,168	1.6	4,113	2.1	944	29.8	6,871	1.7		
Other Business	Sales	18	0.0	—	—	(18)	—	158	0.0		
Other Category	Other financial income	26	0.0	14	0.0	(11)	(44.2)	19	0.0		
	Other operating income	3,948	1.9	4,440	2.2	491	12.4	7,927	2.0		
	Collection of bad debts deducted	3,072	1.5	3,560	1.8	487	15.9	6,103	1.5		
	Others	876	0.4	880	0.4	4	0.5	1,824	0.5		
	Total	202,207	100.0	200,312	100.0	(1,895)	(0.9)	402,734	100.0		

Note: Operating income of "ACOM MasterCard®" is included in "Fees from credit card business."

##### (2) Other statistics

###### (a) Receivables outstanding at the end of accounting period

(Millions of yen)

Item	Term	Prior interim accounting period	This interim accounting period	Prior fiscal year	Change	
		(As of September 30, 2004)	(As of September 30, 2005)	(As of March 31, 2005)	(YTD)	%
Loans receivable outstanding		1,614,243	1,606,799	1,601,773	5,025	0.3
Unsecured loans		1,554,121	1,551,716	1,545,493	6,223	0.4
Consumers		1,553,851	1,551,549	1,545,295	6,253	0.4
Commercials		269	167	197	(29)	(15.2)
Secured loans		60,121	55,083	56,280	(1,197)	(2.1)
Credit card business		48,353	48,591	48,853	(262)	(0.5)
ACOM MasterCard®		48,336	48,579	48,833	(254)	(0.5)
Other		17	11	19	(8)	(41.2)
Installment sales finance business		89,279	56,783	70,014	(13,230)	(18.9)

## (b) Number of customer accounts

(Millions of yen)

Item	Term	Prior interim accounting period (As of September 30, 2004)	This interim accounting period (As of September 30, 2005)	Prior fiscal year (As of March 31, 2005)	Change (YTD)	
Number of loan customer accounts		2,932,749	2,888,690	2,902,916	(14,226)	(0.5)
	Unsecured loans	2,919,642	2,876,210	2,890,353	(14,143)	(0.5)
	Consumers	2,919,333	2,876,016	2,890,120	(14,104)	(0.5)
	Commercials	309	194	233	(39)	(16.7)
	Secured loans	13,107	12,480	12,563	(83)	(0.7)
Credit card business		1,190,334	1,221,052	1,192,175	28,877	2.4
	ACOM MasterCard®	1,190,132	1,220,853	1,191,975	28,878	2.4
	Other	202	199	200	(1)	(0.5)
Installment sales finance business		332,357	244,575	284,782	(40,207)	(14.1)

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

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

Item	Term	Prior interim accounting period (As of September 30, 2004)	This interim accounting period (As of September 30, 2005)	Prior fiscal year (As of March 31, 2005)	Change (YTD)	
Number of outlets		1,710	1,910	1,794	116	6.5%
	Loan business outlets	1,702	1,901	1,785	116	6.5%
	Staffed	328	299	324	(25)	(7.7%)
	Unstaffed	1,374	1,602	1,461	141	9.7%
	Quick Mujin	—	111	38	73	192.1
	Installment sales finance business	8	9	9	—	—
Number of MUJINKUN outlets (machines)		<1,698> 1,697	<1,788> 1,787	<1,745> 1,744	43	2.5%
Number of CD/ATM		82,125	81,493	81,736	(243)	(0.3%)
	Proprietary	1,844	1,932	1,891	41	2.2%
	Open 365 days / year	1,840	1,931	1,888	43	2.3%
	Open 24 hours / day	1,616	1,705	1,662	43	2.6%
	Tie-up	80,281	79,561	79,845	(284)	0.4%
	Others	8,509	8,814	8,684	130	(1.5%)

## (d) Others

Item	Term	Prior interim accounting period (As of September 30, 2004)	This interim accounting period (As of September 30, 2005)	Prior fiscal year (As of March 31, 2005)	Change (YTD)	
					[From September 30, 2004 to September 30, 2005]	
Number of employees		4,237	4,067	4,096	(29)	(0.7%)
Allowance for bad debts (millions of yen)		123,700	117,000	122,400	(5,400)	(4.4%)
Allowance for loss on guaranteed loans receivable (millions of yen)		2,540	2,990	2,880	110	3.8%
Bad debt write-offs (millions of yen)		[ 54,114]	[ 51,819]	[ 108,446]	[ (2,294)]	[ (4.2%)]

Note: The amount of "Allowance for bad debts" mentioned above is the sum of "Allowance for bad debts listed in current assets and "Allowance for bad debts" listed in fixed assets on Balance Sheet.