

(TRANSLATION)

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

April 27, 2006

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ended 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 No.:	8572
Location of the head office:	Tokyo
URL:	http://www.acom.co.jp/ir/english/
Reference:	
Position of the representative:	President & Chief Executive Officer
Name:	Shigeyoshi Kinoshita
Position of the person in charge:	General Manager of Corporate Planning Department
Name:	Yoshinori Matsubara
Telephone No.:	(03) 5533-0631
Date of the board of directors' meeting for the account settlement:	April 27, 2006
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 Fiscal Year Ended March 2006 (from April 1, 2005 to March 31, 2006)

(1) Consolidated Operating Results

(Millions of yen)

	Operating Income		Operating Profit		Income Before Extraordinary Items	
3/06	445,431	2.6%	110,392	(23.5%)	113,011	(21.2%)
3/05	433,965	(0.2%)	144,361	19.9%	143,347	20.7%

	Net Income (Millions of yen)	Net Income per Share (Yen)	Net Income per Share Diluted (Yen)	Return on Equity	Income Before Extraordinary Items to Total Assets	Income Before Extraordinary Items to Operating Income
3/06	65,595 (19.5%)	416.69	416.50	7.3%	5.4%	25.4%
3/05	81,533 15.9%	516.24	515.96	10.4%	6.9%	33.0%

Notes: 1. Gain/loss on investment in equity-method: 734 million yen in fiscal year ended March 2006 and -1,801 million yen in fiscal year ended March 2005

2. Average outstanding shares (consolidated): 157,337,635 in fiscal year ended March 2006 and 157,866,942 in fiscal year ended March 2005

3. Change in accounting policies: None

4. Regarding operating income, operating profit, income before extraordinary items, and net income, the figures in percentages show the growth of change from previous fiscal year.

(2) Consolidated Financial Status

(Millions of yen)

	Total Assets	Shareholders' Equity	Ratio of Shareholders' Equity	Shareholder's Equity per Share (Yen)
3/06	2,106,681	927,722	44.0%	5,901.70
3/05	2,077,334	863,760	41.6%	5,456.40

Note: Outstanding shares (consolidated) at fiscal year-end were 157,190,055 in fiscal year ended March 2006 and 158,295,574 in fiscal year ended March 2005.

(3) Consolidated Cash Flow Status

(Millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the End of Year
3/06	100,226	(44,973)	(104,389)	97,399
3/05	141,014	(17,350)	(136,508)	145,920

(4) Scope of Consolidation and Equity Method

Number of consolidated subsidiaries:	17
Number of unconsolidated subsidiaries accounted for under equity method:	-
Number of consolidated affiliates accounted for under equity method:	1

(5) Change in Scope of Consolidation and Equity Method

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

2. Forecasts for the Next Fiscal Year Ending March 2007 (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Operating Income	Income before Extraordinary Items	Net Income
Interim	218,100	56,400	33,000
Annual	438,300	113,900	66,600

Reference: The forecasted net income per share (annual): 423.47 yen

[Annexed Materials]

1. State of Business Group

The ACOM Group consists of ACOM CO., LTD., 17 subsidiaries (including investing business associations), 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, loan guarantee business, and loan servicing business. Other business lines include rental business, advertising agency, real estate-related business, and insurance agency business.

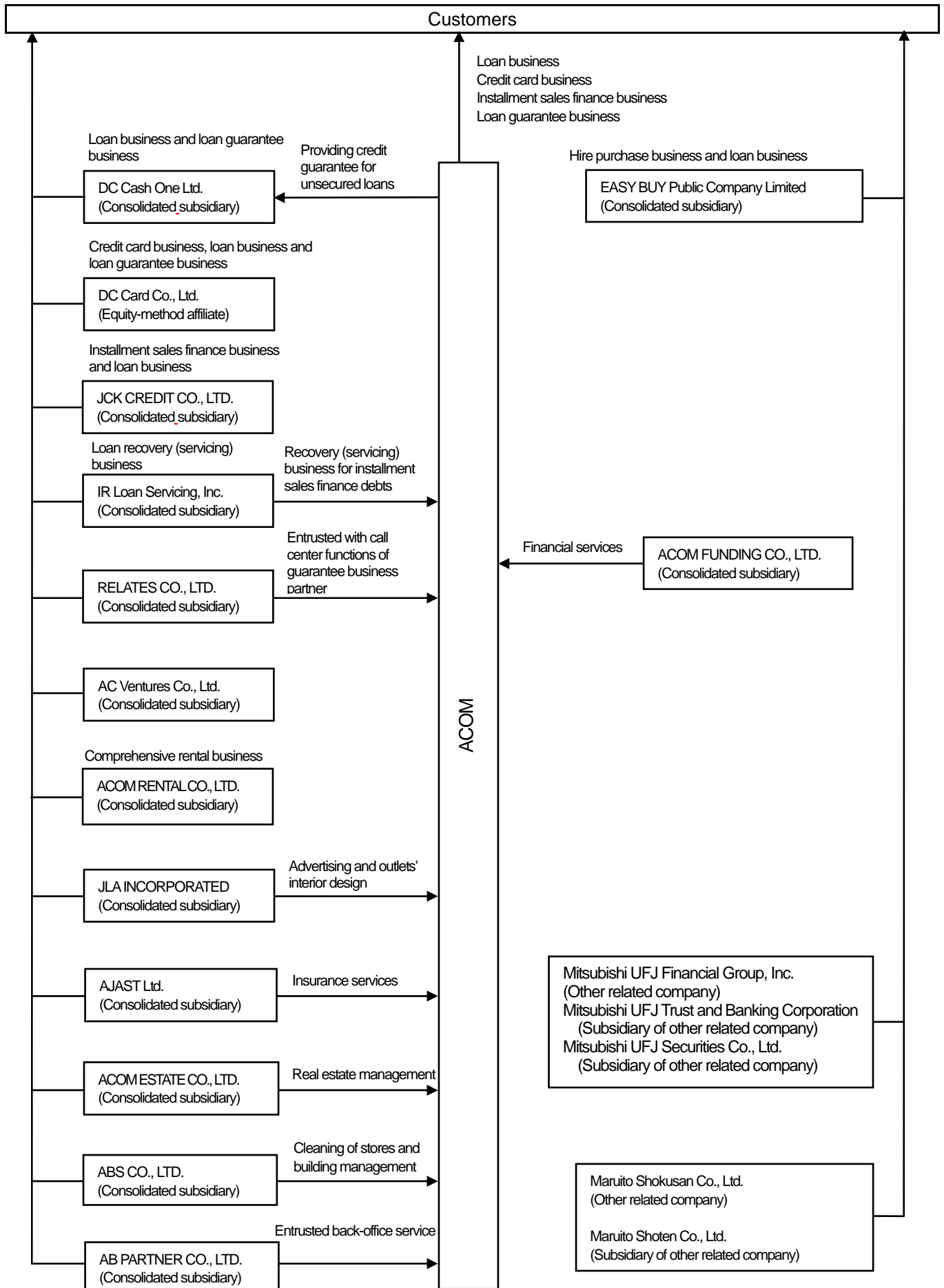
The following table explains the positioning of each group company.

Segment	Company	Business	Classification	
Financial Service Businesses	ACOM CO., LTD.	Loan business including unsecured loan and secured loan	———	
	Loan business	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.	Consolidated subsidiary	
	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.		Entrusted back-office services
		ACOM PACIFIC, INC.		———
ACOM (U.S.A.) INC.				
Other Related Company	Mitsubishi UFJ Financial Group, Inc.	Bank holding company	Other related company	
	Mitsubishi UFJ Trust and Banking Corporation	Trust bank business	Subsidiary of other related company	
	Mitsubishi UFJ 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. suspended their operation, therefore, summaries of their businesses are omitted above.
2. SIAMA&C CO., LTD. changed its corporate name to EASY BUY Public Company Limited on April 1, 2005.
3. On September 2, 2005, ACOM sold all of its holding shares of CHAILEASE ACOM FINANCE CO., LTD., which was an equity-method affiliated company.
4. ACOM PACIFIC, INC. operated and maintained ACOM's health resorts (welfare facilities) in Guam (U.S.A.), however it was dissolved on March 29, 2006 in line with the clearance of the welfare facilities on September 7, 2005.

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.
6. ACOM acquired all shares of DC Servicer company Ltd. on October 3, 2005, and DC Servicer company Ltd. was merged into IR Loan Servicing, Inc. on January 1, 2006.
7. ACOM INTERNATIONAL, INC. was merged into ACOM (U.S.A.) INC. on December 31, 2005.

Diagram of Business of ACOM Group



Note: 1. ACOM (U.S.A.) INC. suspended its operation, therefore, they are eliminated from the diagram.
2. Investing business associations are omitted as they operate funds.

2. Management Policy

(1) Basic management policy

We, ACOM Group, were founded under the motto "Extending the feeling of confidence from person to person" in which we place 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) Spreading business ethics (Compliance)

ACOM Group positions strict compliance with business ethics as one of our most important management challenges and promotes the adoption of business ethics based on the "ACOM Ethical Codes for Business" and "Business Ethics Three-Year Plan." We will further push forward for the deeper permeation of business ethics (compliance) in all departments and staff in order for the ACOM Group to achieve long-term growth and fulfill our social responsibilities into the future.

(B) Expanding business fields and strengthening the revenue base through mobilization of the Group's total management resources

ACOM Group focuses on promoting its group management by enhancing coordination among respective ACOM Group businesses, centered on its financial service companies and taking advantage of the synergy effect created by its tie-up with Mitsubishi UFJ Financial Group, Inc. (hereafter, "MUFG") to the fullest, aiming at expanding the scale of its financial service business. ACOM Group will also proactively push ahead with its efforts to enter new business fields by leveraging the varied business expertise it has cultivated over the years and by strengthening its revenue base and expanding its business fields.

(C) Expanding the scale of business by strengthening competitiveness in service quality

Under the motto of "Putting the customer first," ACOM Group will further strengthen its competitiveness in service quality by restructuring and implementing business strategies that are capable of coping with rapidly changing market trends (customers, regulatory requirements, intensified competition etc.) in order to improve its asset quality and expand its scale of business. We will also try to improve our credit screening techniques by, for example, enhancing our computer credit screening system and clarifying our customer segments into smaller categories.

(D) Reinforcing competitive edge by promoting operational reforms

We have focused on cost-cutting operations and 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 conducting reforms in business operations at all of our group companies, and further promoting low-cost operations in 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.

(E) 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.

(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 dividends, taking into consideration the economic and financial situation and our own performance.

Also, as a goal for returns to shareholders, ACOM Group advocates "a medium term plan which, based on the targeted shareholders' equity ratio, aims at maintaining no less than 30% net income ratio against the total amount of treasury stock purchased, plus the dividend payments thereon, every fiscal year."

Based on this fundamental policy, it paid an interim dividend of 70 yen per share for this interim period ended September 30, 2005. It intends to pay the same amount of dividend at the end of this fiscal year, making a dividend for the full financial year 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, and further development of new businesses.

In addition, we repurchased 1,312,460 shares of our common stock on the Tokyo Stock Exchange from May to June in 2005.

(3) Policy concerning 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, taking into account the trends in the stock market and ACOM's share prices.

(4) Target indicators

ACOM Group has adopted a series of target 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 return on equity (ROE), return on assets (ROA) and shareholders' equity ratio. Similarly, ACOM Group is also intent on improving other indicators such as the ratio of income before extraordinary items to total assets, the ratio of income before extraordinary items to operating income, and net income per share.

(5) Medium-to-long term corporate management strategies

The business environment surrounding ACOM Group will continue to be harsh due to structural changes in our society as represented by the declining birthrate and the aging population, intensifying competition, regulatory revisions etc. Under this business climate, ACOM Group has set up its corporate image for the medium term as the "Best Life Partner", which aims at successfully gaining the highest satisfaction and confidence from its customers through its advanced comprehensive financial services that cover all the consumer credit markets, including loan, credit card, and installment sales finance business.

ACOM Group also intends to broaden and develop its diversified financial business lines, such as new financial business generated from business alliances with MUFG Group, guarantee business, loan servicing business, and call center operation business. Its accumulated technologies and expertise concerning consumer finance, IT technologies for channel development and cost saving methods through centralization of businesses will work as effective weapons for the accomplishment of the aforementioned objectives and will serve for the development of ACOM Group's medium-term growth potential.

(6) Problems to be tackled

In addition to the current harsh market situation, problems affecting its loan business, such as increasing number of legal adjustments to debts, and growing demands for the return of the excess portion of consumer loan interest by customers, have obliged ACOM Group to strongly push forward such corporate strategies that include "Spreading Business Ethics (Compliance)", "Expanding business fields and strengthening the revenue base through mobilization of the group's total management resources", "Expanding the scale of business by strengthening competitiveness in service quality", "Reinforcing competitive edge by promoting operational reforms", and "Nurturing professionals".

For the further improvement of its corporate value, ACOM Group also aims at building up strong management bases and securing stable revenue sources by making the utmost use of business alliance effects with the MUFG group, including expanded business domains, improved credibility, and enhanced brand image.

(A) Voluntary efforts for the establishment of a sound consumer finance market

Under the three voluntary effort themes contained in the joint announcement of "Self-imposed Attempt for Further Improvement of the Soundness of Consumer Finance Market" made by ACOM Group with six other companies in the same industry (comprising "Support for sound family budget management", "Active transmission of information concerning safe use of credit facilities," and "Efforts for constructing effective safety nets"), ACOM Group will promote the following activities:

- *Support for sound family budget management
 - Development and introduction of Consumer Behavior Analysis Service
 - Development and introduction of Diagnostic Consulting Service for Family Budget Management
 - Promotion of planned repayment in revolving credit transactions
- * Active transmission of information concerning safe use of credit facilities
 - Running campaigns to prevent over-borrowing
 - Production and distribution of informational leaflets (User's Manual)
 - Implementation of measures concerning Commercial TV Messages
- * Efforts for constructing effective safety nets
 - Establishing an entity dedicating itself to the early construction of financial safety nets

(B) Efforts for the enhancement and strengthening of the internal control system

In view of the scheduled publication of a draft of the "Guidelines for Evaluating Internal Controls" by the Financial Services Agency, as well as that of the interim report on "Framework for disclosure and evaluation of Corporate Governance, Risk Management and Internal Control" by the Ministry of Economy, Trade and Industry, ACOM Group has organized an internal review system that comprises project teams each dedicated to the study of "Establishment of Evaluation System for Financial Reporting", "Amplification of Corporate Governance", "Establishment of a Sound Risk Management System", and "Improvement of Internal Control System", respectively. ACOM Group will continuously review the progress of these studies for enhancement and strengthening of internal control functions subject to the expected legislative measures.

(C) Growing demands for return of excess portion of consumer loan interest

The maximum interest chargeable in the Consumer Loan Business is regulated under the "Law Concerning Regulation, etc. of Receiving of Capital Subscriptions, Deposits, Interest on Deposits, etc. (hereinafter referred to as the "Investment Law")". Currently all of ACOM Group's Loan Products are offered to customers at interest rates not exceeding the maximum limit regulated under the Investment Law. However, from the viewpoint of the Interest Rate Restriction Law, there do exist excess portions of loan interest (hereinafter referred to as "excess interest portion").

In the event of ACOM Group customer's (including its legal representative) filing applications for Court-mandated Rehabilitation or Voluntary Bankruptcy, there are cases in which such customer refuses to pay the excess interest portion, or demands the return of the same, and ACOM Group has to agreed to debt forgiveness or repayment of the excessive interest portion.

The number of such customers demanding return of the excess interest portion is increasing annually.

Also, in relation to the "Supreme Court Ruling" in the litigation of demand for return of the excess interest portion, amendments to the implementation of the Law concerning Regulation etc. of Money Lending Business (hereinafter referred to as the "Money Lending Control Law") has been enforced as from April 11 of this year (a further part of which became enforceable on July 1).

While responding carefully to such amendments to the regulations under the Money Lending Control Law through stricter evaluations of credit risks and active counseling activities extended to its customers, ACOM Group intends to exert its maximum efforts in maintaining soundness in its receivables, securing reasonable profits from its business activities, and contributing to the recovery and maintenance of normal and sound family budget management by its customers.

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

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

Business name or name of Parent Company, etc.	Attribute	Percentage of ownership of voting rights held by the Parent Company, etc. (%)	Stock Exchange, etc. under which the Parent Company (etc.)'s stock is listed
Maruito Shokusan, Co., Ltd.	Applicable other company where listed company is the affiliate of the other company	19.86 (2.46)	-
Mitsubishi UFJ Financial Group, Inc.	Same as above	15.20 (2.01)	Tokyo Stock Exchange First Section Osaka Stock Exchange First Section Nagoya Stock Exchange First Section New York Stock Exchange (U.S.A) London Stock Exchange (UK)
Maruito Shoten Co., Ltd.	Same as above	2.46 (-)	-
Mitsubishi UFJ Trust and Banking Corporation	Same as above	2.01 (-)	-
Mitsubishi UFJ Securities Co., Ltd.	Same as above	0.00 (-)	Tokyo Stock Exchange First Section Osaka Stock Exchange First Section Nagoya Stock Exchange First Section

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

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

Business name or corporate name	Reason
Mitsubishi UFJ Financial Group, Inc.	<p>*The ownership percentage of voting rights of Mitsubishi UFJ Financial Group, Inc. in ACOM is 15.20% in total, together with percentages of its subsidiaries, Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Securities Co., Ltd.</p> <p>*ACOM and Mitsubishi UFJ Financial Group, Inc. engage in a business alliance in the retail field.</p> <p>*One of Mitsubishi UFJ Financial Group, Inc.'s directors concurrently holds an outside director position at ACOM.</p>

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

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

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 over a long period. As 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., ACOM is now an equity-method affiliate of MUFG.

ACOM secures its management independency in determining its business operations and management judgment. ACOM has a basic concept of establishing sound, transparent and efficient management with focused efforts on "thoroughness of Compliance", "Expansion of Internal Control System", "Strengthening of Risk Management Structure", "Positive Promotion of Disclosure", etc. In addition, ACOM established its "Corporate Governance Structure", which includes several measures. Apart from the functions of the Board of Directors' monitoring and supervision of business execution and the Corporate Auditor's surveillance of business execution, ACOM introduced an executive officer system in June 2003 with the intention of enhancing business execution functions and clearly separate the functions between supervision and business execution. This also enhanced the internal control system through regular discussions by the Board of Directors, Executive Management, Affiliate Firms Adjustment meeting, and the Business Ethics Committee.

(b) Other relationships concerning the listed company and the Parent Company

ACOM started loan business from 1978 through the transfer of loan claims and operational outlets from Maruito Co, Ltd., a company belonging to Maruito Group. Maruito Shoten Co. Ltd. is a subsidiary of Maruito Shokusan Co., Ltd.; both companies do not have a business relationship or transactions with ACOM.

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

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

3. Business Results and Financial Position

(1) Business results

(A) Business results for this 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. However, the business environment surrounding ACOM 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 this environment, ACOM Group continued to pursue our fundamental management policies of enhancing Group management to expand the scope of our business and strengthen our revenue base, expanding the scale of our business by improving the competitiveness in service quality, upgrading our cost competitiveness by implementing sweeping business reforms, fostering a professional staff, and inculcating business ethics (compliance) among our personnel. Maintaining our focus on improving the quality of our assets, augmenting our ability to attract new customers, and constructing an even more efficient sales system, we continued to implement a strategy of forging a solid footing in our loan and consumer credit businesses, while also seeking to expand the scope of the loan business under our own brand and that of our consolidated subsidiary DC Cash One Ltd. (hereinafter, "DC Cash One") In addition, we have given priority in our

credit card and loan servicing businesses to cultivating customer segments untapped by our loan business. We have also been actively expanding our existing businesses overseas, as well as engaging in activities centered on providing operational support in Taiwan and conducting research activities in the Chinese market.

The results for the consolidated accounting period recorded operating income of 445,431 million yen (an increase of 2.6% year-on-year), operating expenses of 335,039 million yen (an increase of 15.7% year-on-year), income before extraordinary items of 113,011 million yen (a decrease of 21.2% year-on-year) and net income of 65,595 million yen (a decrease of 19.5% year-on-year). The major factor behind the increase in operating expenses is a 23,700 million yen of allowances for loss on interest repayments so that we will be able to cope with the risk associated with the reimbursement of the portion of interest in excess of the interest ceiling to customers, given an increase in legal arrangements for debts in the loan business

The following are the major strategic measures adopted during the 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, 2005. In addition, the Inspection Department was reorganized into the "Internal Audit Department" to enhance our internal auditing function and consolidate the internal management system. Furthermore, to strengthen promotional, controlling and planning functions in the business field, the Business Promotion Department was divided into the "Business Promotion Department" and the "Business Planning Department" in July 2005. In October, 2005, the "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. Also, the Business Reorganization Office was set up under the Business Promotion Department to promote business improvement on loan operations.

(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 acquired DC Servicer company, Ltd., a former MUFG Group company, so as to make it our 100% owned subsidiary in October 2005. Then, in January 2006, DC Servicer Company, Ltd. was merged and taken over by IR Loan Servicing, Inc. based on our policy to enhance our loan servicing business.

In addition, we acquired 32,085,000 shares of OMC Card, Inc. (15.02% of the total number of shares issued) 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 2005 for the purpose of conducting joint research work with respect to consumer finance and financial information systems in China. ACOM Group provides comprehensive support for joint management of the institution, including the dispatch of study teams to engage in joint research and study work on Chinese markets with members of Peking University.

In September 2005, we sold all of our stockholding of CHAILEASE ACOM FINANCE CO., LTD., our equity method subsidiary which had been conducting hire-purchase business in Taiwan, to CHAILEASE FINANCE CO., LTD., our joint venture partner. In order to improve efficiency of assets in ACOM Group and strengthen its subsidiaries' financial strength, we merged "ACOM (U.S.A.) INC.," and "ACOM INTERNATIONAL, INC.," both of which are suspending operations in the U.S.A., and dissolved "ACOM PACIFIC, INC.," a subsidiary managing and maintaining our resort facilities (welfare facilities) in Guam, U.S.A., upon the sale of the resort facilities.

(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 our 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 2004, extension of operating hours in unstaffed branches, and a 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 services and payment advisory services, 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 services and reinforce our business competitiveness. Specifically, we integrated four service centers (intensive operational centers for maintaining automatic contract machines) into Nishi Nippon Service Center (Fukuoka City).

DC Cash One, our consolidated subsidiary, has newly opened dedicated DC Cash One counters in our 117 staffed branch offices and, from August 2005, started to accept new DC 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.

Although EASY BUY Public Company Limited, which conducts financial service business in Thailand, has been steadily expanding with an opening of 28 new branch offices, the business results fell short of expectations, due to new regulations regarding maximum interest rates by Thai central bank introduced in July 2005.

As a result of the foregoing, loans receivable at the end of this fiscal year has increased by 22,988 million yen during this fiscal year to stand at 1,703,172 million yen (an increase of 1.4% compared to the end of the previous fiscal year), while interest on loans receivable amounted to 389,387 million yen (an increase of 2.4% year on year).

(Credit card business and installment sales finance business)

In the credit card business, in addition to continuing to promote the ACOM MasterCard, which can be issued instantly through automatic issuing machines linked with our MUJINKUN, we started issuing the credit cards of two new affiliated companies. Our efforts to promote sales of credit cards resulted in an increased number of cardholders, amounting to 1,253 thousand people, at the end of this fiscal year (an increase of 5.2% over 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 nationwide operation network consisting of 9 branches and 11 representative offices located in the major metropolitan areas, as well as in acquisition of new member stores. Consequently, on a non-consolidated basis, the volume of installment sales finance increased 655 million yen from the previous term (an increase of 3.4% year on year), reaching 20,124 million yen. Moreover, we have enhanced collaboration with our 100% owned subsidiary, JCK CREDIT CO., LTD. to cultivate new affiliate members and improve operational efficiency.

On a consolidated basis, the installment receivables dropped by 45,321 million yen during the period to 131,456 million yen (a decrease of 25.6% year on the previous year). The fees from credit card business is 6,211 million yen (an increase of 0.2% year on year) and the fees from installment sales financing is 13,733 million yen (a decrease of 13.6% year on year).

(Guarantee business)

Under the close business collaboration with our 100% owned subsidiary, RELATES CO., LTD., which started its business in March 2005, 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. We entered into new respective personal loan guarantee agreements with The Joyo Bank, Ltd. and The Gunma Bank, Ltd. in October 2005 and with The Bank of Iwate, Ltd. in November 2005. As a result, the number of business partners in guarantee business are 13 banks as at the end of this fiscal year. The consolidated balance of guaranteed receivables at the end of this fiscal year stood at 89,894 million yen, while fees from credit guarantees for the same period amounted to 5,203 million yen (a decrease of 24.3% year on year) and the fees from credit guarantees which includes consignment fees of guarantee business amounted to 6,651 million yen (a decrease of 12.8% year on year), in which the effects of our DC Cash One buy-out transaction brought about decreased credit guarantee income through an internal set-off transaction (by setting off our guarantee income against DC Cash One's guarantee expense) were incorporated.

In addition, DC Cash One commenced guarantee services on Super IC Card "Tokyo-Mitsubishi UFJ-VISA" issued by The Bank of Tokyo-Mitsubishi UFJ, Ltd. in February 2006.

(Loan servicing business)

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

The collection of purchased receivables during the fiscal year amounted to 13,322 million yen (an increase of 71.7% year on year), and operating income of loan servicing business for the same period stood at 14,117 million yen (an increase of 61.1% year on year) including consignment fees.

Meanwhile, in June 2005, IR Loan Servicing, Inc. was granted the "Privacy Mark" authorized by Japan Information Processing Development Corporation (JIPDEC).

(B) Forecast for the next full fiscal year

For the next full financial year, we anticipate facing a continued difficult economic environment. However, ACOM Group is working together and is committed to extending the scope of our operations and to winning the trust and satisfaction of customers as their "Best Life Partner" in accordance with our current year corporate strategy. The surrounding business environment is expected to continue to be tough for the coming future.

For the next full fiscal year, we are forecasting a consolidated operating income of 438.3 billion yen (a decrease of 1.6%

year on year), income before extraordinary items of 113.9 billion yen (an increase of 0.8% year on year) and a net income of 66.6 billion yen (an increase of 1.5% year on year).

(2) Financial situation

At the end of this fiscal year, our total assets had increased by 29,347 million yen compared with the end of the previous consolidated financial year. Shareholders' equity increased by 63,961 million yen and shareholders' equity ratio increased 2.4 points to 44.0%.

(Assets)

In terms of the asset account, current assets decreased by 56,028 million yen during the fiscal year, while fixed assets showed an increase of 85,375 million yen during the same period. In the breakdown of our current assets, loans receivable showed an increase of 22,988 million yen during the fiscal year, while installment receivable decreased by 45,321 million yen due to a decrease of the volume of installment sales finance business, short-term loans decreased by 33,846 million yen, and cash and time deposits decreased by 14,724 million yen during the accounting period. The increase in fixed assets was principally due to an increase of 87,292 million yen in investments in securities as a result of our share acquisition of OMC Card, Inc.

(Liabilities)

Total liabilities declined by 34,788 million yen. Chief factors were a 63,641 million yen drop in interest-bearing liabilities such as loans and bonds, an increase of 18,910 million yen in deferred tax liabilities due mainly to an increase in net unrealized losses on securities and 23,700 million yen of allowances for loss on interest repayments provided at the end of the fiscal year.

(Shareholders' equity)

In the shareholders' equity account, we added 45,852 million yen into earned surplus at the end of the fiscal year and securities valuation adjustment increased by 25,493 million yen during the fiscal year. As a result, total shareholders' equity showed an increase of 63,961 million yen at the end of the fiscal year.

(A) Cash flow for this fiscal year

The cash and cash equivalents (hereinafter collectively referred to as "cash") during this fiscal year declined by 48,520 million yen to stand at 97,399 million yen at the end of the same period. The changes in respective cash flows and the reasons thereof are as follows:

(Cash flow from operating activities)

Cash flow from operating activities showed an increase of 100,226 million yen at the end of the fiscal year, primarily attributable to an increase in cash resulting from decreased installment receivables (47,101 million yen), while partially offset by negative factors, such as income before income taxes (112,059 million yen), an allowance for loss on interest repayments (23,700 million yen), a decrease in cash resulting from increased disbursement of loans receivable (21,697 million yen), and income taxes paid (49,695 million yen).

(Cash flow from investing activities)

Net cash used in investing activities amounted to 44,973 million yen. This principally consists of 46,078 million yen for the purchase of investment securities such as stock in OMC Card, Inc., and 4,227 million yen for the acquisition of tangible fixed assets such as outlets-related equipment.

(Cash flow from financing activities)

Funds from financing activities showed a 104,389 million yen decline at the end of the fiscal year, primarily due to the fact that the total payment amount for loan repayments and redemption of bonds exceeded the total amount of revenue resulting from proceeds from loans and issuance of new bonds by 76,378 million yen, and also due to repurchasing of our own stock (9,207 million yen) and dividend payments (19,694 million yen).

(B) Cash flow forecast for the next fiscal year

We anticipate that our operating activities will generate net cash of 54,100 million yen during the next consolidated fiscal year, reflecting the business plan with its focus on loan business and installment sales finance business. Investing activities are expected to use net cash of 7,500 million yen, reflecting capital expenditure in outlets-related equipment etc. Financing activities are forecasted to use net cash of 49,700 million yen, as a result of decreased Interest-bearing liabilities. We are therefore predicting that our holdings of cash and cash equivalents will end the financial year 2,900 million yen lower than they were a year earlier.

(3) Risks relating to business

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

However, the following risks do not include all 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.

Note, however, that the above forward-looking statements regarding business-related risks is based on our assumptions and views as of the submission date of the financial statements.

(A) Issues related to our business

(a) Maintain the level and growth rate of profitability

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

1. Changes in the overall consumer finance market.
2. Growth rate in the number of customer accounts and average balance.
3. Decrease in the maximum interest rate chargeable by loan business and changes in the legal framework concerning the consumer finance industry.
4. Fluctuations in the average contracted interest rate received from clients in the loan business.
5. Fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest-Rate Restriction Law in the loan business (herein after referred to as "the portion exceeding the interest rate ceiling")
6. Completion among
7. The rate of default by customers.
8. Our credit screening ability with regard to our customers, based on a credit database.
9. Overall Japanese economic conditions.
10. Our maximum amount of borrowing available through financing and our financing costs.
11. 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 within 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 in expanding our business contents.

ACOM Group achieved increases in both sales and profits 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 profits 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 higher write-off expenses. During the previous fiscal year, with the moderate recovery in personal income, we have achieved an increase in profits for the first time in three years, attributed to a drastic decrease in write-off expenses due to decreased personal bankruptcies. However, during this fiscal year, our profits decreased from the previous term due to an increase of losses from reimbursement of the portion exceeding the interest rate ceiling, as well as a provision of allowance for losses from reimbursement of excess interest at the end of the fiscal year in preparation for risks associated with the reimbursement of the portion of interest in excess of the interest ceiling to customers in the future.

We will make our efforts to respond swiftly to changes in the business environment and promote efficiency through cost reduction while strengthening our credit screening and counseling functions. However, our performance may be influenced by factors such as changes in the Japanese economic conditions, the 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: Regulations Governing Money Lending 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

Each company engaged in loan business in ACOM Group shall be registered as an eligible money lender pursuant to Article 3 of RMBL. RMBL stipulates several restrictions on loan business, including prohibition of excessive lending, restrictions on indication of lending conditions, prohibition of excessive advertising, issue and delivery of documents and receipts for each payment of principal and interest on the loan, maintenance of book-keeping, restrictions on receipt of blank power of attorney, restriction on excessive collection activities, and the return of loan certificates to borrowers. RMBL defines administrative punishments (suspension of all or part of operations, or revocation of the money lending license) and penalties for money lenders in violation of these provisions.

In addition, the LCIS requires a description of the terms and conditions of the transaction, the issue of a written document, and prevention of excessive purchasing 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 or new judicial judgments, our loan business and installment sales business and the overall performance may be adversely affected.

(b) Regulations regarding lending rates

The maximum interest rate chargeable by ACOM Group is regulated by ACMI. 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 money lending 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 ACOM 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 ACOM Group, the performance of, and income from, our loan business may be adversely affected.

(c) Increase of losses from reimbursement of the portion of interest in excess of the interest ceiling to customers

Apart from the interest rate ceilings defined by ACMI, Article 1, Section 1 of the Interest Rate Restriction Law (hereinafter referred to as “IRRL”) specifies that, under any loan agreement, the portion of interest that is higher than the interest rate ceiling (If the principal is less than 100,000 yen, the interest is 20% per annum. From 100,000 yen up to 1 million yen, 18% per annum. Over 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 of RMBL, given that a written document is issued at the inception of the contract as prescribed by law and that the payment of interest fulfills the conditions set forth therein, 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 ACOM 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 ACOM Group. In some cases, ACOM Group writes off such debts or reimburses such portion of the interest.

In addition, several consumers have taken legal action against consumer finance companies, including ACOM, calling for a reimbursement of the portion of interest exceeding the interest rate ceiling, asserting that such portion of interest does not meet a part of the requirements set forth in Article 43 of RMBL. Recently, in some of court precedents, plaintiffs' demands were accepted.

Under this situation, customers have been increasingly refusing payment of the portion of interest exceeding the interest rate ceiling and/or calling for reimbursement of such portion already paid year by year, and this trend might be accelerated in the future. The increasing cases of claims might cause a negative effect on ACOM Group's business performance.

(C) Announcement by the Japanese Institute of Certified Public Accountants (JICPA)

Under the increase in number of customers calling for reimbursement of the portion of interest exceeding the interest rate ceiling, the Japanese Institute of Certified Public Accountants (JICPA) announced “Matters to be keep in mind for auditing consumer finance companies on the basis of the Supreme Court decisions concerning the application of constructive repayment rules set forth in “the Law concerning Regulation, etc. of Money Lending Business” in March 2006. Given these guidelines, we provided an allowance for loss on interest repayments at the end of this fiscal year on the consolidated base so that we will be able to cope with the risks associated with the reimbursement of the portion of interest in excess of the interest ceiling to customers.

In addition, JICPA recently indicated the points to notice for the immediate purpose of auditing the latest fiscal year, and JICPA clearly expressed that it plans to formulate and announce a new auditing procedure, where appropriate, in the future, through careful consideration of the auditing issues concerning the reimbursement to customers of the portion of interest in excess of the interest ceiling.

ACOM Group's business performance may be influenced, subject to JICPA's accounting guidelines to be formulated in the future.

(D) Financing

(a) Financing

ACOM Group primarily secures the necessary funds for operations and debt repayments not only through cash provided by operating activities, but also through financing activities such as borrowings from financial institutions—including banks and insurance companies—and direct financing from capital markets, including bond issues. As of the end of this accounting period, 48.1% 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 their 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 always be available as a reliable financing resource in the future.

Our corporate group has not experienced significant difficulties in raising money in recent years, however, if our company's credit rating was to be downgraded by a credit rating agency, this may cause an increase in interest costs and have a negative effect on our fund raising capabilities 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 risks, our corporate group takes various measures, including the use of interest caps and interest rate swap contracts, to mitigate the possible influence of interest-rate fluctuations 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.

(E) 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 accounting period.

An increase of payment delays and uncollected loans receivable might occur due to future changes in economic conditions, the market environment, and the social structure in Japan. There may also be potential increases 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 in our allowance for bad debts may cause a negative effect on the business performance of our corporate group.

(F) 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 content," and "Implementation of disclosure." The group has been taking a serious approach to solving 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 the aim of improving our counseling functions. Moreover, our corporate group has been striving to prevent an increase in 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 determining initial and subsequent credit limits for each individual borrower.

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

(G) Information system

For the purpose of creating new business, supplying 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 new loan customers have opened a loan account through our "MUJINKUN" automatic contract machines, and many prefer to access their loan accounts through ATMs installed by our company and affiliated consumer loan facilities' ATMs to enjoy the services offered.

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. ACOM Group is diversifying its operational risks so that we will be able to avoid the negative impact from potential damage or discontinuation of running communication lines, hardware and software problems arising from errors, natural disasters, power blackouts and similar events, or disruptions to support services from third parties, including telecommunications carriers and Internet providers. However, such disruptions, breakdowns, delays or other interruptions to information or technical systems might affect

consumer reliance through a reduction in the number of new customers opening accounts 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 ACOM Group.

In addition, our company has a backup center for the payment and settlement system, in order 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 an earthquake or flood.

(H) Management of 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, are now regarded as businesses handling personal information as defined by the law. In the management of personal information, including customer information within our corporate group, we have formulated thoroughgoing safety measures for physical security, including controls on entering and leaving the computer center, and for information security, such as controlling access to computer systems. Moreover, we acquired Information Security Management System (ISMS) certification for the operation and maintenance of the Computer Center.

However, when private information is disclosed to other people for any reason whatsoever, the negative effects 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 concerning business handling personal information, our company may be subjected to recommendations, orders, and provisions.

(I) Business and capital alliance with Mitsubishi UFJ 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 the event of future changes in the legal system governing 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.

(J) Investment

Our corporate group has so far increased investments in new businesses, including the establishment of joint ventures in new markets and 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 reviews will make us withdraw from new joint businesses or may require a decrease in 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 event that the stock price of marketable securities which ACOM holds drops substantially, there is a possibility of deteriorating ACOM Group's business results due to the generation of losses from holding marketable securities and a decline in shareholders' equity ratio.

(K) Significant dispute cases

As of the end of this accounting period, our company faces a significant pending litigation in facing accusations 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 could be brought successively and such occurrence could have an impact on the creditworthiness of our corporate group in future.

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

As of March 31, 2006, Kyosuke Kinoshita, Chairman of our company and Shigeyoshi Kinoshita, President & CEO of our company, in conjunction with other 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 the possibility that the stock price of our company may receive a negative effect from an increased supply of our stocks in the market.

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

Since the Kinoshita family and others own or control approximately 40% of the total outstanding shares of our company, they may assert a dominant influence on important decision-making that 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.

(N) Deregulation

As the legal regulations currently governing the consumer loan industry have been further tightened, including the revision of Money Lending 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 to our market share or have an impact on the business performance of our corporate group in the foreseeable future.

However, if the regulations are relaxed in future, a new situation of competition might occur in the consumer loan industry, and this could have an impact on the business performance of our corporate group.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

Subject	Term	Prior consolidated fiscal year (As of March 31, 2005)		This consolidated fiscal year (As of March 31, 2006)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
	(Assets)		%		%		%
I.	Current assets	1,959,752	94.3	1,903,724	90.4	(56,028)	(2.9)
	Cash and time deposits	85,126		70,402		(14,724)	(17.3)
	Trade notes and accounts receivable	561		432		(129)	(23.0)
	Loans receivable	1,680,184		1,703,172		22,988	1.4
	Installment receivables	176,778		131,456		(45,321)	(25.6)
	Marketable securities	525		721		196	37.5
	Operational investment securities	–		1,294		1,294	–
	Inventories	18,696		21,507		2,810	15.0
	Deferred tax assets	39,775		42,591		2,816	7.1
	Short-term loans	60,844		26,997		(33,846)	(55.6)
	Other current assets	25,007		34,233		9,225	36.9
	Allowances for bad debts	(127,747)		(129,084)		(1,337)	1.0
II.	Fixed assets	117,581	5.7	202,956	9.6	85,375	72.6
	Tangible fixed assets	52,037	2.5	52,002	2.5	(35)	(0.1)
	Buildings and structures	19,538		19,204		(334)	(1.7)
	Vehicles and delivery equipment	17		11		(5)	(31.6)
	Equipment and furniture	14,918		15,787		868	5.8
	Land	17,562		16,999		(563)	(3.2)
	Intangible fixed assets	1,385	0.1	1,268	0.0	(116)	(8.4)
	Leasehold	220		216		(4)	(2.0)
	Telephone rights	1,114		1,051		(62)	(5.7)
	Other intangible fixed assets	50		0		(49)	(98.5)
	Investments and other assets	64,158	3.1	149,686	7.1	85,527	133.3
	Investments in securities	40,495		127,787		87,292	215.6
	Long-term loans	1,034		1,000		(34)	(3.3)
	Deferred tax assets	1,061		1,127		66	6.2
	Guaranty money deposited	10,341		10,503		162	1.6
	Prepaid pension expenses	1,577		1,667		89	5.7
	Other investments	12,433		10,135		(2,298)	(18.5)
	Allowance for bad debts	(2,784)		(2,535)		249	(9.0)
	Total Assets	2,077,334	100.0	2,106,681	100.0	29,347	1.4

Subject	Term	Prior consolidated fiscal year (As of March 31, 2005)		This consolidated fiscal year (As of March 31, 2006)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
			%		%		%
	(Liabilities)						
I.	Current liabilities	470,050	22.6	468,670	22.3	(1,379)	(0.3)
	Notes and accounts payable	6,080		4,777		(1,302)	(21.4)
	Short-term loans	36,170		51,729		15,559	43.0
	Current portion of long-term loans	271,250		229,633		(41,616)	(15.3)
	Commercial paper	20,000		50,000		30,000	150.0
	Current portion of bonds and notes	70,640		55,000		(15,640)	(22.1)
	Accrued income taxes	28,592		26,375		(2,216)	(7.8)
	Deferred tax liabilities	0		7		7	--
	Allowance for loss on guaranteed receivables	1,558		1,647		89	5.8
	Allowance for loss on interest repayments	--		23,700		23,700	--
	Deferred income on installment sales	17,831		11,485		(6,346)	(35.6)
	Other current liabilities	17,927		14,313		(3,613)	(20.2)
II.	Fixed liabilities	738,824	35.6	705,415	33.5	(33,408)	(4.5)
	Straight bonds	205,000		210,000		5,000	2.4
	Long-term loans	525,166		468,222		(56,944)	(10.8)
	Deferred tax liabilities	3,151		22,062		18,910	600.0
	Allowance for employees' retirement benefits	257		318		61	23.7
	Allowance for directors' and corporate auditors' retirement benefits	847		851		3	0.5
	Other fixed liabilities	4,401		3,961		(439)	(10.0)
	Total liabilities	1,208,874	58.2	1,174,085	55.8	(34,788)	(2.9)
	(Minority interests in consolidated subsidiaries)						
	Minority interests in consolidated subsidiaries	4,699	0.2	4,873	0.2	174	3.7
	(Shareholders' equity)						
I.	Common stock	63,832	3.1	63,832	3.0	--	--
II.	Capital surplus	76,458	3.7	76,020	3.6	(438)	(0.6)
III.	Earned surplus	730,168	35.1	776,021	36.9	45,852	6.3
IV.	Securities valuation adjustment	6,392	0.3	31,886	1.5	25,493	398.8
V.	Foreign currency translation adjustments	(2,290)	(0.1)	(1,498)	(0.1)	791	(34.6)
VI.	Treasury stock	(10,801)	(0.5)	(18,538)	(0.9)	(7,737)	71.6
	Total shareholders' equity	863,760	41.6	927,722	44.0	63,961	7.4
	Total liabilities, minority interests, and shareholders' equity	2,077,334	100.0	2,106,681	100.0	29,347	1.4

(2) Consolidated Income Statements

(Millions of yen)

Subject	Term	Prior consolidated fiscal year 〔 From April 1, 2004 〕 to March 31, 2005		This consolidated fiscal year 〔 From April 1, 2005 〕 to March 31, 2006		Change	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
			%		%		%
I. Operating income		433,965	100.0	445,431	100.0	11,465	2.6
Interest on loans receivable		380,272		389,387		9,114	2.4
Fees from credit card business		6,197		6,211		14	0.2
Fees from installment sales finance business		15,895		13,733		(2,162)	(13.6)
Fees on guaranteed receivables		6,871		5,203		(1,667)	(24.3)
Collection of purchased receivables		7,757		13,322		5,565	71.7
Other financial income		20		49		28	135.9
Sales		8,256		7,681		(574)	(7.0)
Other operating income		8,693		9,841		1,147	13.2
II. Operating expenses		289,604	66.7	335,039	75.2	45,434	15.7
Financial expenses		22,534	5.2	20,711	4.6	(1,822)	(8.1)
Cost of purchased receivables		5,254	1.2	8,064	1.8	2,809	53.5
Cost of sales		5,220	1.2	5,126	1.2	(93)	(1.8)
Other operating expenses		256,594	59.1	301,136	67.6	44,541	17.4
Operating profit		144,361	33.3	110,392	24.8	(33,968)	(23.5)
III. Non-operating income		1,454	0.3	2,759	0.6	1,304	89.6
Interest income		215		329		114	53.0
Dividends received		246		484		237	96.3
Gains on sale of securities		15		0		(15)	--
Amortization of consolidation adjustment account		--		35		35	--
Net gain in affiliates by the equity method		--		734		734	--
Rent from Company's residence		486		493		6	1.3
Other non-operating income		490		681		191	39.0
IV. Non-operating expenses		2,468	0.6	140	0.0	(2,328)	(94.3)
Interest expenses		15		5		(10)	(67.6)
Stock issue expenses		477		0		(477)	--
Loss on investments in equity-method		1,801		--		(1,801)	--
Loss on investments in investing business association		61		71		9	16.0
Other non-operating expenses		112		64		(48)	(43.0)
Income before extraordinary items		143,347	33.0	113,011	25.4	(30,336)	(21.2)
V. Extraordinary income		142	0.1	411	0.1	269	189.3
Gains on sale of fixed assets		1		224		223	--
Gains on sales of investment in marketable securities		126		177		51	40.3
Gains on maturity of investment trusts		14		--		(14)	--
Other extraordinary income		--		9		9	--
VI. Extraordinary losses		3,101	0.7	1,363	0.3	(1,737)	(56.0)
Loss on sale of fixed assets		66		468		401	603.8
Loss on disposal of fixed assets		1,037		802		(235)	(22.7)
Impairment loss		1,383		4		(1,379)	(99.7)
Loss on sale of investments in securities		128		--		(128)	--
Loss on revaluation of investments in marketable securities		353		--		(353)	--
Loss on liquidation of investment in trusted real property		78		--		(78)	--
Other extraordinary losses		53		88		35	66.5
Income before income taxes		140,388	32.4	112,059	25.2	(28,329)	(20.2)
Income taxes (corporation tax, inhabitants' tax and enterprise tax)		49,777	13.4	47,389	10.5	(2,387)	(20.2)
Deferred income taxes		8,367		(968)		(9,336)	
Gain on minority interests in consolidated subsidiaries		710	0.2	43	0.0	(667)	(93.9)
Net income		81,533	18.8	65,595	14.7	(15,938)	(19.5)

(3) Consolidated Statements of Retained Earnings

(Millions of yen)

Subject	Term	Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)		This consolidated fiscal year (From April 1, 2005 to March 31, 2006)	
		Amount		Amount	
Capital surplus					
I.	Capital surplus at the beginning of the fiscal year		25,772		76,458
II.	Increase in capital surplus				
	Increase in capital stock	46,550		--	
	Net gain on disposal of treasury stock	4,135	50,685	--	--
III.	Decrease in capital surplus				
	Net loss on disposal of treasury stock	--	--	438	438
IV.	Capital surplus at the end of the fiscal year		76,458		76,020
Earned surplus					
I.	Earned surplus at the beginning of the fiscal year		661,536		730,168
II.	Increase in earned surplus				
	Net income	81,533	81,533	65,595	65,595
III.	Decrease in earned surplus				
	Dividends	12,865		19,706	
	Directors' bonus	35	12,901	36	19,742
IV.	Earned surplus at the end of the fiscal year		730,168		776,021

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Subject	Term	Prior consolidated fiscal year	This consolidated fiscal year	Change
		(From April 1, 2004 to March 31, 2005)	(From April 1, 2005 to March 31, 2006)	Amount
		Amount	Amount	Amount
I. Operating activities:				
Income before income taxes		140,388	112,059	(28,329)
Depreciation and amortization		5,234	4,805	(429)
Impairment loss		1,383	4	(1,379)
Amortization of consolidation adjustment account		981	(35)	(1,017)
(Decrease) increase in allowance for bad debts		(4,785)	1,084	5,870
(Decrease) increase in allowance for loss on guaranteed receivables		(307)	89	396
Increase in allowance for loss on interest repayments		--	23,700	23,700
(Decrease) increase in allowance for employees' retirement benefits		(23)	51	75
(Decrease) increase in allowance for directors' and statutory auditors' retirement benefits		(141)	3	145
Non-operating interest and dividends income		(462)	(814)	(351)
Gain on sales of marketable securities		(15)	(0)	15
Non-operating interest expense		15	5	(10)
Amortization of bond issue expenses		142	383	241
Amortization of stock issue expenses		477	0	(477)
(Gain) loss on foreign currency exchanges		11	(36)	(48)
(Gain) loss on investments in equity-method		1,801	(734)	(2,536)
Loss on sales of tangible fixed assets		65	144	79
Loss on disposal of tangible fixed assets		1,037	802	(235)
(Gain) loss on sales of investments in securities		2	(177)	(179)
Loss on revaluation of investments in marketable securities		353	--	(353)
Loss on liquidation of investment in trusted real property		78	--	(78)
Decrease (Increase) in notes and accounts receivable		(62)	129	191
Decrease (increase) in loans outstanding		2,064	(21,697)	(23,761)
Decrease in installment sales receivables		51,405	47,101	(4,303)
Increase in operational investment securities		--	(1,294)	(1,294)
Increase in inventories		(6,330)	(4,803)	1,527
Decrease in other current assets		33	1,025	991
Decrease (increase) in prepaid pension expenses		346	(89)	(436)
(Decrease) increase in notes and accounts payable		864	(1,343)	(2,208)
Decrease in deferred income on installment sales		(7,826)	(6,741)	1,084
(Decrease) increase in other current liabilities		2,362	(3,724)	(6,086)
Bonus paid to directors		(35)	(36)	(1)
Decrease in other operating activities		(17)	(786)	(768)
Subtotal		189,042	149,074	(39,968)
Non-operating interest and dividends received		506	852	345
Non-operating interest paid		(14)	(5)	9
Income taxes paid		(48,520)	(49,695)	(1,174)
Cash used in operating activities		141,014	100,226	(40,787)

(Millions of yen)

Subject	Term	Prior consolidated fiscal year	This consolidated fiscal year	Change
		(From April 1, 2004 to March 31, 2005)	(From April 1, 2005 to March 31, 2006)	
		Amount	Amount	Amount
II. Investing activities:				
Additions to time deposit		(57)	(10)	46
Maturity of time deposit		78	112	33
Proceeds from sale of marketable securities		569	590	20
Purchase of tangible fixed assets		(6,819)	(4,227)	2,591
Proceeds from sale of tangible fixed assets		20	798	778
Purchase of investment securities		(9,316)	(46,078)	(36,761)
Proceeds from sale of investment securities		1,011	1,796	785
Net proceeds (payments) for acquisition of consolidated subsidiaries		(576)	13	589
Proceeds from collection of loans		34	34	-
Increase in other investments		(4,954)	(1,214)	3,740
Decrease in other investments		2,659	3,200	540
Increase in other investment activities		-	11	11
Net cash provided by (used in) investing activities		(17,350)	(44,973)	(27,623)
III. Financing activities:				
Proceeds from short-term loans		61,782	262,945	201,162
Repayments of short-term loans		(71,581)	(248,009)	(176,427)
Proceeds from issue of commercial paper		20,000	160,000	140,000
Payments for redemption of commercial paper		-	(130,000)	(130,000)
Proceeds from issue of straight bonds		19,859	59,615	39,756
Payments for redemption of straight bonds		(40,000)	(71,040)	(31,040)
Payments for deposit on redemption of straight bonds		-	(10,000)	(10,000)
Proceeds from long-term debt		83,478	171,962	88,483
Repayments of long-term debt		(294,099)	(271,851)	22,248
Proceeds from stock issue by the Company		92,625	-	(92,625)
Gains on disposal of treasury stock		11,423	1,020	(10,403)
Payments for purchase of treasury stock		(7,007)	(9,207)	(2,200)
Cash dividends paid by the Company		(12,864)	(19,694)	(6,829)
Cash dividends paid to minority shareholders		(27)	-	27
Decrease in other financing activities		(97)	(130)	(32)
Net cash provided by (used in) financing activities		(136,508)	(104,389)	32,118
IV. Effect of exchange rate change on cash and cash equivalents		(109)	616	725
V. Decrease in cash and cash equivalents		(12,953)	(48,520)	(35,566)
VI. Cash and cash equivalents at the beginning of the year		158,873	145,920	(12,953)
VII. Cash and cash equivalents at the end of the year		145,920	97,399	(48,520)

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

(A) Extent of consolidation

Number of consolidated subsidiaries: 17

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

AC Ventures Fourth Investment Partnership and AC Ventures Fifth Investment Partnership became consolidated subsidiaries in this consolidated fiscal year as they were newly composed on April 25, 2005.

ACOM acquired shares of DC Servicer company Ltd. on October 3, 2005, and DC Servicer company Ltd. was merged into IR Loan Servicing, Inc. on January 1, 2006.

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.

ACOM INTERNATIONAL, INC. which had been a consolidated subsidiary until the prior consolidated fiscal year was merged into ACOM (U.S.A.) INC. on December 31, 2005.

(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.

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

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

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

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

Settlement date of the following consolidated subsidiary ends on February 28:

AC Ventures Fifth Investment Partnership

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

(D) Significant accounting policies

(a) Valuation and computation of significant assets

(1) Marketable securities

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

Other securities

Where there is a market price

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

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

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

Where there is no market price

Cost determined by the moving average method

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

(2) Derivative transactions

Option transaction ... Market value

Swap transaction Market value

(3) Inventories

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

Merchandise

Paintings ... Cost on an individual specified cost basis

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

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

(b) Depreciation of significant property, plant and equipment

- (1) Tangible fixed assets
 - At the Company and its domestic consolidated subsidiaries ... Mainly declining balance method
 - At overseas consolidated subsidiaries ... Straight-line method
(Depreciable life)
 - Buildings and structures ... 3 to 49 years
 - Vehicles and delivery equipment ... 4 to 6 years
 - Equipment and furniture ... 2 to 20 years
 - (2) Intangible fixed assets ... Straight-line method
 - (3) Long-term prepaid expenses ... Amortized in equal installments
 - (4) Deferred assets
 - Stock issue expenses ... Entire amount expensed as incurred
 - Bond issue expenses ... Amortized over the redemption period
- (c) Basis for calculating allowances
- (1) Allowance for bad debts
 - In providing for bad debts, the Company and its domestic consolidated subsidiaries make an allowance for ordinary bad debts based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis, making an allowance for the amount regarded as irrecoverable.
 - (2) Allowance for loss on guaranteed receivables
 - In providing allowance for loss on guaranteed receivables, the Company and its domestic consolidated subsidiaries make an allowance as necessary having considered the likelihood of losses at the end of this consolidated fiscal year.
 - (3) Allowance for loss on interest repayments
 - In order to prepare for potential loss on interest repayments in the future, ACOM Group estimates and provides a reasonable amount of allowance for loss on interest repayments in consideration of the past actual results and the latest conditions of such interest repayments.
 - (Additional information)
 - ACOM Group is determined to establish an allowance for loss on interest repayments at the end of this fiscal year, recognizing the growing importance in society of this issue, due to the announcement of the Supreme Court decisions concerning the application of constructive repayment rules set forth in Article 43 of “the Law concerning Regulation, etc. of Money Lending Business” on January 13, 2006, and on January 19, 2006.
 - Consequently, other operating expenses increased by 23,700 million yen, as compared with those computed in conventional accounting procedures, and operating income, income before extraordinary items, and net income, decreased by the same amount, accordingly.
 - (4) Allowance for retirement benefits
 - The Company and its domestic consolidated subsidiaries make provisions for retirement benefits based on projected retirement obligations and pension fund asset at the balance sheet date. Adjustments are made to determine the amounts applicable to the end of this consolidated fiscal year.
 - Past service liabilities have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employee) from the time of occurrence.
 - Actuarial losses have been recognized evenly over the five years (a period not exceeding the expected average remaining working lives of the employees) following the respective fiscal years when such losses are identified.
 - An Overseas consolidated subsidiary makes provisions for retirement benefits based on projected retirement obligations at the end of the fiscal year. Adjustments are made to determine the amounts applicable to the end of this fiscal year.
 - (5) Allowance for directors' and statutory auditors' retirement benefits
 - The Company and its domestic consolidated subsidiaries make provisions for directors' and corporate auditors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules.
- (d) Currency translation standards for significant foreign-currency-denominated assets or liabilities used in preparing the financial statements of consolidated companies on which consolidated financial statements are based
- Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the consolidated accounting date, and differences in currency translation are added up as profit or loss.
- The assets and liabilities, and profit and expenses of overseas subsidiaries and others are converted into yen using the spot market rate for the consolidated accounting date, and differences in currency translation are added up as minority shareholders' interest and as currency translation adjustment accounts under shareholders' equity.
- (e) Accounting for significant lease transactions
- The Company and its domestic consolidated subsidiaries account for finance leases where ownership of the leased asset is not transferred to the lessee as operating leases.

- (f) Accounting for significant hedging activities
- (1) Accounting for hedging activities

Deferred hedge accounting has been adopted.
Interest-rate swaps and currency swaps when meet certain conditions are accounted for according to exceptional treatments.
 - (2) Hedging instruments and items hedged

Interest related derivatives
Hedging instruments ... Interest-rate swaps agreements and interest-rate caps
Items hedged ... Loans with variable interest rates

Currency related derivatives
Hedging instruments ... Currency swaps agreements
Items hedged ... Loans denominated in foreign currency
 - (3) Hedging policy

The Company and its consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to 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 receivables ... Recognized by credit-balance method
 - (2) Treatment of consumption tax, etc

Consumption tax is treated outside of the financial statements.
However, non-deductible consumption tax and others relating to assets is recognized as an expense during the year in which it is incurred.
- (E) Matters Relating to Evaluation of Consolidated Subsidiaries' Assets and Liabilities
The market value method applies to the evaluation of consolidated subsidiaries' assets and liabilities, over-all.
- (F) Matters Relating to Amortization of Consolidated Adjustment Account
Consolidated adjustment account is amortized in full when occurred because the amount is not significant.
- (G) Matters Relating to Treatment of Profit Appropriation, etc.
Consolidated companies' profit appropriation or loss depositions are subject to those that are settled during the relevant consolidated fiscal year.
- (H) Cash and Cash Equivalents as Stated in Consolidated Statements of Cash Flows
Cash and cash equivalents include cash at hand, highly liquid deposits at banks and short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

(9) Notes to Consolidated Balance Sheets

Prior consolidated fiscal year (As of March 31, 2005)	This consolidated fiscal year (As of March 31, 2006)
1. Cumulative depreciation of tangible fixed assets (Millions of yen) 45,813	1. Cumulative depreciation of tangible fixed assets (Millions of yen) 46,018
2. Value of affiliated company stock in investment securities (Millions of yen) 9,056	2. Value of affiliated company stock in investment securities (Millions of yen) 10,035
3. Assets pledged as security (Millions of yen)	3. Assets pledged as security (Millions of yen)
(1) Pledged assets	(1) Pledged assets
Loan receivable	Loan receivable
472,741	340,716
<78,549>	<46,582>
[31,976]	[27,623]
Buildings and structures	
1,267	
Land	
5,444	
Total	
479,453	
<78,549>	
[31,976]	
(2) Secured liabilities	(2) Secured liabilities
Short-term loans	Short-term loans
1,000	1,000
<1,000>	<1,000>
Current portion of long-term loans	Current portion of long-term loans
137,666	130,508
<31,963>	<24,217>
325,851	[7,960]
Long-term loans	Long-term loans
<45,471>	197,383
[23,880]	<21,254>
Total	Total
464,517	328,891
<78,434>	<46,471>
[23,880]	[15,920]
Figures in brackets represent amounts engaged in transferring assignment of claims and figures in the brackets "[]" represent amounts relating to securitization.	Figures in brackets represent amounts engaged in transferring assignment of claims and figures in the brackets "[]" represent amounts relating to securitization.
4. Contingent liabilities	4. Contingent liabilities
(1) Amount of guaranteed receivables of guarantee business	(1) Amount of guaranteed receivables of guarantee business
 (Millions of yen)	 (Millions of yen)
Guaranteed receivables	Guaranteed receivables
78,015	89,894
Allowance for loss on guaranteed receivables	Allowance for loss on guaranteed receivables
(1,558)	(1,647)
Net	Net
76,457	88,246

Prior consolidated fiscal year (As of March 31, 2005)	This consolidated fiscal year (As of March 31, 2006)
<p>5. Shares Issued The number of common stocks issued at the end of this fiscal year is 159,628 thousands.</p>	<p>5. Shares Issued The number of common stocks issued at the end of this fiscal year is 159,628 thousands.</p>
<p>6. Treasury Stock The number of common stocks for treasury is 1,332,706.</p>	<p>6. Treasury Stock The number of common stocks for treasury is 2,438,225.</p>
<p>7. Commitment line contracts for loans receivables Loans extended by the Company and some of 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 accounting period. This included a total of 517,964 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and consolidated subsidiaries. Contracts contain provisions allowing the Company and 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>7. Commitment line contracts for loans receivables Loans extended by the Company and some of 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 880,903 million yen at the end of the accounting period. This included a total of 611,480 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period. A certain portion of revolving credit line contracts lapse without ever being used. Therefore, the amount itself of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and consolidated subsidiaries. Contracts contain provisions allowing the Company and 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 consolidated fiscal year (As of March 31, 2005)	This consolidated fiscal year (As of March 31, 2006)																																				
<p>8. Status of bad debts of loans receivable</p> <p>Losses on unsecured consumer loans to bankrupt parties are written off at the time bankrupt is declared. For this reason, loans to borrowers in bankruptcy include 4,982 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</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 millions yen as restructured loans and 7,895 millions yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law. That of overseas consolidated subsidiaries is added up according to the policies stipulated in accounting standards applicable in countries where they operate.</p> <p style="text-align: right;">(Millions of yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Category</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Classification criteria</th> </tr> </thead> <tbody> <tr> <td>Loans to bankrupt parties</td> <td style="text-align: center;">(8,906) 8,906</td> <td>Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.</td> </tr> <tr> <td>Loans in arrears</td> <td style="text-align: center;">(11,910) 37,077</td> <td>Other loans stated exclusive of accrued interest, excluding loans that have been restructured or on which interest is reduced in the interest of rehabilitating the debtor.</td> </tr> <tr> <td>Loans overdue by three months or more</td> <td style="text-align: center;">(13,550) 1,781</td> <td>Loans other than the above that are overdue by three months or more.</td> </tr> <tr> <td>Restructured loans</td> <td style="text-align: center;">(41,698) 36,196</td> <td>Loans other than above on which favorable terms have been granted, such as the waiving of interest.</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">(76,065) 83,961</td> <td></td> </tr> </tbody> </table> <p>Figures in brackets refer to the balance of delinquent loans computed according to the policies set forth in Japanese tax laws.</p>	Category	Amount	Classification criteria	Loans to bankrupt parties	(8,906) 8,906	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation and reorganization, and others.	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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 37,382 million yen. Under the policies stipulated in Japan's tax laws, 12,635 million yen of this amount would be classified as loans overdue by three months or more, 7,205 million yen as restructured loans and 17,541 million yen as loans no longer in arrears.</p> <p>Accrued interest on the loans of consolidated subsidiaries is added up according to the policies stipulated in Japan's corporation tax law. 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<p>9. Financial assets received as freely disposable securities</p> <p>The Company and some of its consolidated 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>9. Financial assets received as freely disposable securities</p> <p>The Company and some of its consolidated 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;">26,997 million yen</p> <p>Market value of marketable securities purchased at the end of the consolidated accounting period</p> <p style="text-align: right;">26,972 million yen</p>																																				

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<p>10. 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 this consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>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>		(Millions of yen)	Agreed amount of agreement for overdraft and commitment line	339,437	<u>Amount of borrowing</u>	<u>70,105</u>	Unused amount	269,332	<p>10. 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 22 financial institutions. As of the end of this consolidated accounting period, the unexercised portion of facilities based on these contracts was as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td>Agreed amount of agreement for overdraft and commitment line</td> <td style="text-align: right;">331,853</td> </tr> <tr> <td><u>Amount of borrowing</u></td> <td style="text-align: right;"><u>99,004</u></td> </tr> <tr> <td>Unused amount</td> <td style="text-align: right;">232,849</td> </tr> </table>		(Millions of yen)	Agreed amount of agreement for overdraft and commitment line	331,853	<u>Amount of borrowing</u>	<u>99,004</u>	Unused amount	232,849
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(10) Notes to Consolidated Financial Statements of Income

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<p>(3) Process through which impairment loss was recognized</p> <p>We recognized impairment loss on some of leasehold estate where there had been a significant decline in the asset's current value or profitability. We also recognized impairment loss on property to be sold because the expected sale prices were significantly lower than the assets' carrying values. No indications of impairment were observed in units comprising groups of assets, such as business departments and business offices.</p>	<p>(3) Process through which impairment loss was recognized</p> <p>We recognized impairment loss on property to be sold because the sale prices were significantly lower than the assets' carrying values. No indications of impairment were observed in units comprising groups of assets, such as business departments and business offices.</p>																										
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(11) Notes to Consolidated Statements of Cash Flows

Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)	This consolidated fiscal year (From April 1, 2005 to March 31, 2006)																										
<p>1. Relationship between cash and cash equivalents at the end of the year and consolidated balance sheet items as at March 31, 2005.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td style="width: 80%;">Cash and time deposits</td> <td style="text-align: right;">85,126</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">525</td> </tr> <tr> <td>Short-term loans</td> <td style="text-align: right;">60,844</td> </tr> <tr> <td>Time deposits and certificates of which term of deposit is more than three months</td> <td style="text-align: right;">(50)</td> </tr> <tr> <td>Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase</td> <td style="text-align: right;">(525)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">145,920</td> </tr> </table>	(Millions of yen)		Cash and time deposits	85,126	Marketable securities	525	Short-term loans	60,844	Time deposits and certificates of which term of deposit is more than three months	(50)	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(525)	Cash and cash equivalents	145,920	<p>1. Relationship between cash and cash equivalents at the end of the year and consolidated balance sheet items as at March 31, 2006.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: right;">(Millions of yen)</td> </tr> <tr> <td style="width: 80%;">Cash and time deposits</td> <td style="text-align: right;">70,402</td> </tr> <tr> <td>Marketable securities</td> <td style="text-align: right;">721</td> </tr> <tr> <td>Short-term loans</td> <td style="text-align: right;">26,997</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;">(721)</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">97,399</td> </tr> </table>	(Millions of yen)		Cash and time deposits	70,402	Marketable securities	721	Short-term loans	26,997	Shares, bonds and stock investment trusts, maturing more than three months after the date of purchase	(721)	Cash and cash equivalents	97,399
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Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)	This consolidated fiscal year (From April 1, 2005 to March 31, 2006)
2. Breakdown of assets and liabilities of new consolidated subsidiaries by acquisition of stocks	2. Breakdown of assets and liabilities of new consolidated subsidiaries by acquisition of stocks
DC Cash One Ltd. (Millions of yen) (As of March 31, 2005)	DC Servicer company, Ltd. (Millions of yen) (As of September 30, 2006)
Current assets 62,261	Current assets 112
Fixed assets 491	Fixed assets 15
Consolidation adjustment account 1,074	Consolidation adjustment account (35)
Current liabilities (25,913)	Current liabilities (36)
Fixed liabilities (30,012)	Minority interests in consolidated subsidiaries (18)
Minority interests in consolidated subsidiaries (3,090)	Acquisition price of stocks 37
Revaluation of Investments in equity-method (1,897)	Cash and cash equivalents (51)
Acquisition price of stocks 2,914	Balance: Net payments for acquisition (13)
Cash and cash equivalents (2,425)	
Balance: Net payments for acquisition 488	
AC Ventures Co., Ltd. (Millions of yen) (As of March 31, 2005)	
Current assets 260	
Fixed assets 436	
Current liabilities (248)	
Fixed liabilities (8)	
Consolidation adjustment account (93)	
Acquisition price of stocks 348	
Cash and cash equivalents (260)	
Balance: Net payments for acquisition 87	

(12) Segment Information

(A) Business segment information

Prior consolidated fiscal year (from April 1, 2004 to March 31, 2005) and this consolidated fiscal year (from April 1, 2005 to March 31, 2006)

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

(B) Geographical segment information

Prior consolidated fiscal year (from April 1, 2004 to March 31, 2005) and this consolidated fiscal year (from April 1, 2005 to March 31, 2006)

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

(C) Overseas sales

Prior consolidated fiscal year (from April 1, 2004 to March 31, 2005) and this consolidated fiscal year (from April 1, 2005 to March 31, 2006)

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

(13) Lease Transactions

Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)	This consolidated fiscal year (From April 1, 2005 to March 31, 2006)																																																								
<p>1. 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The interest method is used to calculate the portion applicable to each accounting period.</p>		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value	Vehicles and delivery equipment	186	101	85	Equipment and furniture	5,636	3,647	1,989	Total	5,823	3,748	2,075	Within a year	1,172	More than one year	950	<u>Total</u>	<u>2,123</u>	Lease fees payable	1,844	Equivalent of depreciation	1,752	Equivalent of interest payable	66	<p>1. 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(14) Transactions between related parties

This consolidated fiscal year (from April 1, 2005 to March 31, 2006)

(A) Directors and primary individual shareholders, etc.

(Millions of yen)

Attribute	Director	Company owned by the directors and their close relative holding the majority of ratio of voting rights	
Name	Kyosuke Kinoshita	Itoko Co., Ltd.	
Address	—	Osaka City, Kita-ku	
Paid-in capital	—	400	
Business outline/Occupation	Chairman of the Company and also chief director of The Institute for Research on Household Economics	Rental of real estates	
Ratio of voting rights holding (held)	—	Direct (1.20%)	
Relationship	Directors involved in other business	—	—
	Business	—	Rental of real estates
Summary of transactions	Donation	Guaranty money deposited for premises	Rent Payment
Amount transacted	200	—	6
Subject	—	Guaranty money deposited	—
Outstanding amount at the end of the fiscal year	—	6	—

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

2. Terms and conditions of the transaction and its policies

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

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

(B)Subsidiaries of parent and other related companies

(Millions of yen)

Attribute		Subsidiary of other related company			
Name		Mitsubishi UFJ Trust and Banking Corporation		Mitsubishi UFJ Securities Co., Ltd.	
Address		Chiyoda-ku, Tokyo		Chiyoda-ku, Tokyo	
Paid-in capital		324,279		65,518	
Business outline		Trust bank business		Securities business	
Ratio of voting rights holding (held)		Direct (1.99%)		Direct (0.00%)	
Relationship	Directors involved in other business	—		—	
	Business	Borrowing		Securities transactions	
Summary of transactions		Borrowing of the capital		Payment of interest	
Amount transacted		Borrowing: 21,700 Repayment: 39,921		2,426	
Subject		Current portion of long-term loans	Long-term loans	Other current assets	Other current liabilities
Outstanding amount at the end of the fiscal year		59,230	141,642	375	33

Note: 1. On October 1, 2005, Mitsubishi UFJ Trust and Banking Corporation was created upon the merger between The Mitsubishi Trust and Banking Corporation and UFJ Trust Bank Limited, and Mitsubishi UFJ Securities Co., Ltd. was created upon the merger between Mitsubishi Securities Co., Ltd. and UFJ Tsubasa Securities Co., Ltd.

2. Terms and conditions of the transaction and its policies

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

Purchase unit price of market securities from Mitsubishi UFJ Securities Co., Ltd. is the price discounted by 1% from the closing price at date of record.

(15) Notes to the Method of Tax Effect Accounting

Prior consolidated fiscal year (As of March 31, 2005)	This consolidated fiscal year (As of March 31, 2006)																																																																																																								
<p>1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities</p> <p style="text-align: right;">(Millions of yen)</p> <p>Deferred tax assets:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Nondeductible write-offs of bad debts</td><td style="text-align: right;">12,804</td></tr> <tr><td>Amount exceeding the tax limit for the provision for bad debt allowance</td><td style="text-align: right;">18,668</td></tr> <tr><td>Allowance for loss on guaranteed receivables</td><td style="text-align: right;">1,171</td></tr> <tr><td>Amount exceeding the tax limit for the provision for accrued bonuses</td><td style="text-align: right;">1,901</td></tr> <tr><td>Allowance for directors' and corporate auditors' retirement benefits</td><td style="text-align: right;">345</td></tr> <tr><td>Unrecognized accrued interest income</td><td style="text-align: right;">452</td></tr> <tr><td>Accrued enterprise tax</td><td style="text-align: right;">2,132</td></tr> <tr><td>Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures</td><td style="text-align: right;">163</td></tr> <tr><td>Amount exceeding the tax limit for the amortization of software application</td><td style="text-align: right;">6,651</td></tr> <tr><td>Amount exceeding the tax limit for the amortization of deferred consumption tax and other</td><td style="text-align: right;">324</td></tr> <tr><td>Nondeductible devaluation of marketable securities</td><td style="text-align: right;">232</td></tr> <tr><td>Unrecognized valuation loss on golf club memberships</td><td style="text-align: right;">167</td></tr> <tr><td>Amount exceeding the tax limit for depreciation</td><td style="text-align: right;">106</td></tr> <tr><td>Impairment loss</td><td style="text-align: right;">489</td></tr> <tr><td>Elimination of unrealized inter-company profit</td><td style="text-align: right;">1,237</td></tr> <tr><td>Tax loss carryforwards of subsidiaries</td><td style="text-align: right;">10,195</td></tr> <tr><td>Others</td><td style="text-align: right;"><u>1,116</u></td></tr> <tr><td>Sub total deferred tax assets</td><td style="text-align: right;">58,162</td></tr> <tr><td>Valuation allowance</td><td style="text-align: right;"><u>(11,130)</u></td></tr> <tr><td>Total deferred tax assets</td><td style="text-align: right;"><u><u>47,032</u></u></td></tr> </table> <p>Deferred tax liabilities:</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td>Retained earnings of subsidiaries</td><td style="text-align: right;">4,142</td></tr> <tr><td>Charge for prepaid pension expenses</td><td style="text-align: right;">641</td></tr> <tr><td>Change in valuation of other marketable securities</td><td style="text-align: right;">4,392</td></tr> <tr><td>Others</td><td style="text-align: right;"><u>170</u></td></tr> <tr><td>Total deferred tax liabilities</td><td style="text-align: right;"><u>9,347</u></td></tr> <tr><td>Balance of deferred tax assets</td><td style="text-align: right;"><u><u>37,685</u></u></td></tr> </table>	Nondeductible write-offs of bad debts	12,804	Amount exceeding the tax limit for the provision for bad debt allowance	18,668	Allowance for loss on guaranteed receivables	1,171	Amount exceeding the tax limit for the provision for accrued bonuses	1,901	Allowance for directors' and corporate auditors' retirement benefits	345	Unrecognized accrued interest income	452	Accrued enterprise tax	2,132	Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures	163	Amount exceeding the tax limit for the amortization of software application	6,651	Amount exceeding the tax limit for the amortization of deferred consumption tax and other	324	Nondeductible devaluation of marketable securities	232	Unrecognized valuation loss on golf club memberships	167	Amount exceeding the tax limit for depreciation	106	Impairment loss	489	Elimination of unrealized inter-company profit	1,237	Tax loss carryforwards of subsidiaries	10,195	Others	<u>1,116</u>	Sub total deferred tax assets	58,162	Valuation allowance	<u>(11,130)</u>	Total deferred tax assets	<u><u>47,032</u></u>	Retained earnings of subsidiaries	4,142	Charge for prepaid pension expenses	641	Change in valuation of other marketable securities	4,392	Others	<u>170</u>	Total deferred tax liabilities	<u>9,347</u>	Balance of deferred tax assets	<u><u>37,685</u></u>	<p>1. 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(16) Marketable Securities

(A) Bonds held to maturity with market quotations

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2005)			This consolidated fiscal year (As of March 31, 2006)		
	Book value	Market price	Unrealized gain (loss)	Book value	Market price	Unrealized gain (loss)
Market price greater than book value						
(a) Government/municipal	—	—	—	—	—	—
(b) Corporate	—	—	—	—	—	—
(c) Miscellaneous	4,000	4,108	108	4,000	4,071	71
Subtotal	4,000	4,108	108	4,000	4,071	71
Book value greater than market price						
(a) Government/municipal	—	—	—	—	—	—
(b) Corporate	—	—	—	—	—	—
(c) Miscellaneous	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	4,000	4,108	108	4,000	4,071	71

(B) Other marketable securities with market quotation

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2005)			This consolidated fiscal year (As of March 31, 2006)		
	Original cost	Book value	Unrealized gain (loss)	Original cost	Book value	Unrealized gain (loss)
Market price greater than book value						
(a) Stocks	9,733	20,694	10,961	56,895	109,369	52,473
(b) Bonds						
Government/municipal	81	86	4	82	84	2
Corporate	535	539	4	590	591	1
Miscellaneous	—	—	—	—	—	—
(c) Other	1,161	1,231	70	967	1,339	372
Subtotal	11,511	22,552	11,040	58,535	111,385	52,849
Book value greater than market price						
(a) Stocks	1,851	1,630	(221)	762	654	(108)
(b) Bonds						
Government/municipal	—	—	—	—	—	—
Corporate	527	525	(2)	—	—	—
Miscellaneous	—	—	—	—	—	—
(c) Other	443	404	(39)	670	644	(26)
Subtotal	2,823	2,559	(263)	1,433	1,299	(134)
Total	14,335	25,111	10,776	59,968	112,684	52,715

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

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

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

(Millions of yen)

Type	Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)	This consolidated fiscal year (From April 1, 2005 to March 31, 2006)
Amount of sales	455	592
Total gains on sales	141	0
Total losses on sales	128	-

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

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2005)	This consolidated fiscal year (As of March 31, 2006)
	Amount recorded on consolidated balance sheet	Amount recorded on consolidated balance sheet
Other marketable securities		
Unlisted securities (excluding OTC securities)	452	456
Investments in investing business association	1,054	666
Anonymous association agreement	1,310	631

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

(Millions of yen)

Type	Prior consolidated fiscal year (As of March 31, 2005)				This consolidated fiscal year (As of March 31, 2006)			
	Up to 1 year	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years	Up to 1 year	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years
(a) Bonds								
Government/municipal, etc.	—	86	—	—	—	84	—	—
Corporate	525	574	—	—	591	35	—	—
Miscellaneous	—	—	4,000	—	—	—	4,000	—
(b) Other	—	612	7	—	129	509	9	—
Total	525	1,274	4,007	—	721	629	4,009	—

(17) Derivative Transaction
(A) Transaction information

<p>Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)</p>	<p>This consolidated fiscal year (From April 1, 2005 to March 31, 2006)</p>
<p>1. Derivative transactions The Company and its consolidated subsidiaries enter into derivative transactions for interest-rate swap, interest-rate caps, and currency swaps.</p> <p>2. Derivative transaction principles The Company and its consolidated subsidiaries are not intended to use derivative transactions for investment or trading purposes.</p> <p>3. Purpose for using derivative transactions The Company and its consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest-rates relating to fixed interest payments and floating interest receivables, and currency swaps agreements in order to hedge against the risk of fluctuation in currencies relating to payments made in Japanese Yen and receivables in foreign currency. The Companies hold only long positions in interest rate caps in order to hedge against the risk of fluctuation in market interest rates. The Companies' derivative transactions are accounted for as hedging transactions.</p> <p>(1) Hedging instruments and items hedged Interest related derivatives Hedging instruments Derivative transaction (Interest-rate swaps agreements and interest-rate caps) Items hedged Loans with variable interest rates</p> <p>Currency related derivatives Hedging instruments Currency swaps agreements Items hedged Loans denominated in foreign currency</p> <p>(2) Hedging policy The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements, etc. in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans, and currency swaps agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its loans denominated in foreign currency. Derivative transactions are entered into in compliance with the Companies' internal rules.</p> <p>(3) Evaluating the efficacy of hedging activities In regard to interest related derivatives, the performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and cash flows are fully offset by hedging instruments, further evaluation is not required.</p>	<p>1. Derivative transactions The Company and its consolidated subsidiaries enter into derivative transactions for interest-rate swap, interest-rate caps, and currency swaps.</p> <p>2. Derivative transaction principles The Company and its consolidated subsidiaries are not intended to use derivative transactions for investment or trading purposes.</p> <p>3. Purpose for using derivative transactions The Company and its consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest-rates relating to fixed interest payments and floating interest receivables, and currency swaps agreements in order to hedge against the risk of fluctuation in currencies relating to payments made in Japanese Yen and receivables in foreign currency. The Companies hold only long positions in interest rate caps in order to hedge against the risk of fluctuation in market interest rates. The Companies' derivative transactions are accounted for as hedging transactions.</p> <p>(1) Hedging instruments and items hedged Interest related derivatives Hedging instruments Derivative transaction (Interest-rate swaps agreements and interest-rate caps) Items hedged Loans with variable interest rates</p> <p>Currency related derivatives Hedging instruments Currency swaps agreements Items hedged Loans denominated in foreign currency</p> <p>(2) Hedging policy The Company and consolidated subsidiaries enter into derivative contracts such as interest-rate swap agreements, etc. in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans, and currency swaps agreements in order to hedge against the risk of fluctuations in foreign currency exchange rates relating to its loans denominated in foreign currency. Derivative transactions are entered into in compliance with the Companies' internal rules.</p> <p>(3) Evaluating the efficacy of hedging activities In regard to interest related derivatives, the performance of the hedging instruments and the items hedged is monitored primarily using the same criteria. As it can be assumed that changes in interest rates and cash flows are fully offset by hedging instruments, further evaluation is not required.</p>

Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)	This consolidated fiscal year (From April 1, 2005 to March 31, 2006)
<p>4. Risk relating to transactions</p> <p>(1) Market risk Although the Company and its consolidated subsidiaries are engaged in interest rate swap and currency swap agreements, no market risk is anticipated as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate swap and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates. In addition, the Companies are not exposed to risk on interest rate caps, as the maximum interest rate is capped at the cap rates.</p> <p>(2) Credit risk The Company and its consolidated subsidiaries do not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.</p> <p>5. Management of risk relating to transactions The Company and its consolidated subsidiaries have established rules for the authorization of derivative transactions and related risk management rules which stipulate the limits on derivative transactions. All derivative transactions have been entered into in compliance with these rules.</p> <p>Risk management for derivative transactions has been under the control of the Treasury Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive managing directors' meeting when the Company's annual business plan is established. In addition, same criteria are used to monitor consolidated subsidiaries, and important transactions have been under the control of the Treasury Department of the Company.</p>	<p>4. Risk relating to transactions</p> <p>(1) Market risk Although the Company and its consolidated subsidiaries are engaged in interest rate swap and currency swap agreements, no market risk is anticipated as such derivatives have been entered into in order to offset or mitigate gains or losses resulting from the hedged loan transactions, even though interest rate swap and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates. In addition, the Companies are not exposed to risk on interest rate caps, as the maximum interest rate is capped at the cap rates.</p> <p>(2) Credit risk The Company and its consolidated subsidiaries do not anticipate nonperformance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.</p> <p>5. Management of risk relating to transactions The Company and its consolidated subsidiaries have established rules for the authorization of derivative transactions and related risk management rules which stipulate the limits on derivative transactions. All derivative transactions have been entered into in compliance with these rules.</p> <p>Risk management for derivative transactions has been under the control of the Treasury Department of the Company which establishes the position limit for each derivative transaction and monitors the limits. The position limit permissible for each derivative transaction is authorized at the executive managing directors' meeting when the Company's annual business plan is established. In addition, same criteria are used to monitor consolidated subsidiaries, and important transactions have been under the control of the Treasury Department of the Company.</p>

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

Prior consolidated fiscal year (from April 1, 2004 to March 31, 2005) and this consolidated fiscal year (from April 1, 2005 to March 31, 2006)

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

(18) Retirement Benefits Accounting

Prior consolidated fiscal year (From April 1, 2004 to March 31, 2005)	This consolidated fiscal year (From April 1, 2005 to March 31, 2006)																																								
<p>1. Overview of retirement benefit plans The Company and domestic consolidated subsidiaries have three types of defined-benefits retirement plans: prepaid retirement pension plan, tax-qualified retirement annuity plan, and lump-sum severance payment plan. There are also cases when an employee is given a severance pay premium on leaving the company.</p> <p>5 companies within the consolidated ACOM Group have lump-sum severance payment plans. As to the employees' pension fund, the Group also has a jointly established fund and a multi-employer fund. In addition, as to the tax-qualified retirement annuity plan, the Group has a jointly managed annuity plan and 1 consolidated subsidiary has a separately managed plan.</p> <p>2. 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5. Actual Results

(1) Operating income by segment

(Millions of yen)

Item	Term	Prior consolidated fiscal year 〔 From April 1, 2004 to March 31, 2005 〕		This consolidated fiscal year 〔 From April 1, 2005 to March 31, 2006 〕		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
Financial business		426,714	98.3%	438,886	98.5%	12,171	2.9%
Loan business		387,348	89.3%	396,485	89.0%	9,137	2.4%
Credit card business		6,311	1.4%	6,462	1.4%	150	2.4%
Installment sales finance business		16,622	3.8%	14,839	3.3%	(1,782)	(10.7)%
Guarantee business		7,627	1.8%	6,651	1.5%	(976)	(12.8)%
Loan servicing business		8,762	2.0%	14,117	3.2%	5,355	61.1%
Others		42	0.0%	331	0.1%	288	676.0%
Other business		7,250	1.7%	6,544	1.5%	(706)	(9.7)%
Rental business		3,781	0.9%	4,318	1.0%	536	14.2%
Others		3,469	0.8%	2,226	0.5%	(1,242)	(35.8)%
Total		433,965	100.0%	445,431	100.0%	11,465	2.6%

(2) Other statistics

(A) Receivables outstanding

(Millions of yen)

Item	Term	Prior consolidated fiscal year (As of March 31, 2005)	This consolidated fiscal year (As of March 31, 2006)	Amount of change	
				Amount of change	Percentage
Loan business		1,680,184	1,703,172	22,988	1.4%
Credit card business		49,399	48,120	(1,279)	(2.6)%
Credit card		48,833	47,537	(1,296)	(2.7)%
Others		565	583	17	3.1%
Installment sales finance business		127,378	83,335	(44,042)	(34.6)%
Loan servicing business		12,723	17,423	4,700	36.9%
Total		1,869,685	1,852,053	(17,632)	(0.9)%

(B) Number of customer accounts

Item	Term	Prior consolidated fiscal year (As of March 31, 2005)	This consolidated fiscal year (As of March 31, 2006)	Amount of change	
				Amount of change	Percentage
Loan business		3,406,054	3,450,636	44,582	1.3%
Credit card business		1,197,784	1,259,509	61,725	5.2%
Credit card		1,191,975	1,253,603	61,628	5.2%
Others		5,809	5,906	97	1.7%
Installment sales finance business		958,768	671,742	(287,026)	(29.9)%
Loan servicing business		137,808	200,662	62,854	45.6%
Rental Business		11,319	9,268	(2,051)	(18.1)%

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

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

(C)Others

(Millions of yen)

Item	Term	Prior consolidated fiscal year (As of March 31, 2005)	This consolidated fiscal year (As of March 31, 2006)	Amount of change	
				Amount of change	Percentage
Number of outlets		1,854	2,102	248	13.4
Number of employees		6,621	6,796	175	2.6
Allowance for bad debts		130,532	131,620	1,088	0.8
Allowance for loss on guaranteed Receivables		1,558	1,647	89	5.8
Allowance for loss on interest repayments		—	23,700	23,700	—
Bad debt write-offs		113,566	115,981	2,414	2.1

(TRANSLATION)

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

April 27, 2006

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ended 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 No.: 8572

Location of the head office: Tokyo

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

Reference:

Position of the representative: President & Chief Executive Officer

Name: Shigeyoshi Kinoshita

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

Name: Yoshinori Matsubara

Telephone No.: (03) 5533-0631

Date of the board of directors' meeting for the account settlement: April 27, 2006

Date of the ordinary general meeting of the shareholders: June 22, 2006

Date of the commencement of dividends payment (scheduled): June 23, 2006

Interim-dividend system: Adopted

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

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

1. Non-Consolidated Business Results for the Fiscal Year Ended March 2006(from April 1, 2005 to March 31, 2006)

(1) Operating Results

(Millions of yen)

	Operating Income		Operating Profit		Income Before Extraordinary Items	
3/06	396,637	(1.5%)	106,124	(24.3%)	108,174	(23.7%)
3/05	402,734	(2.2%)	140,234	21.0%	141,695	20.3%

	Net income (Millions of yen)		Net Income per Share (Yen)	Net Income per Share Diluted (Yen)	Return on Equity	Income Before Extraordinary Items to Total Assets	Income Before Extraordinary Items to Operating Income
3/06	64,152	(22.7%)	407.52	407.34	7.2%	5.5%	27.3%
3/05	83,001	26.4%	525.54	525.25	10.7%	7.1%	35.2%

- Notes: 1. Average number of shares issued: 157,337,635 shares for fiscal year ended March 2006, 157,866,942 shares for fiscal year ended March 2005.
 2. Change in accounting policies: None
 3. Regarding operating income, operating profit, income before extraordinary items and net income, the figures in percentages show the growth from the previous fiscal year.

(2) Dividends

	Annual Cash Dividends per Share(Yen)			Total Amount of Annual Cash Dividends (Millions of yen)	Dividends Pay-out Ratio	Ratio of Total Amount of Dividends to Shareholders' Equity
		Interim	Year-end			
3/06	140.00	70.00	70.00	22,003	34.4%	2.4%
3/05	100.00	45.00	55.00	15,829	19.0%	1.8%

(3) Financial Position

(Millions of yen)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share (Yen)
	3/06	1,961,462	923,408	47.1%
3/05	1,951,625	862,301	44.2%	5,447.18

- Notes: 1. Number of shares issued at fiscal year-end: 157,190,055 shares in fiscal year ended March 2006, 158,295,574 shares in fiscal year ended March 2005.
 2. Number of treasury shares at fiscal year-end: 2,438,225 shares in fiscal year ended March 2006, 1,332,706 shares in fiscal year ended March 2005.

2. Forecast for the Fiscal Year Ending March 2007 (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Operating Income	Income Before Extraordinary Items	Net Income	Annual Cash Dividends per Share (Yen)		
				Interim Dividends	Year-end Dividends	
Interim	193,400	55,500	32,700	70.00	—	—
Annual	385,700	109,600	64,900	—	70.00	140.00

Reference: Projected net income per share (annual): 412.66 yen.

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

Subject	Term	Prior fiscal year (As of March 31, 2005)		This fiscal year (As of March 31, 2006)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
(Assets)			%		%		%
I. Current assets		1,800,655	92.3	1,725,542	88.0	(75,113)	(4.2)
Cash and time deposits		71,785		53,981		(17,803)	(24.8)
Loans receivable		1,601,773		1,596,276		(5,496)	(0.3)
Installment sales receivables		118,867		93,321		(25,545)	(21.5)
Marketable securities		--		129		129	--
Merchandise		5,721		3,721		(2,000)	(35.0)
Prepaid expenses		3,749		2,588		(1,160)	(31.0)
Deferred tax assets		37,896		40,244		2,348	6.2
Accrued income		12,108		11,892		(215)	(1.8)
Short-term loans		59,994		24,997		(34,996)	(58.3)
Short-term loans to affiliates		983		--		(983)	--
Other current assets		7,396		18,556		11,160	150.9
Allowances for bad debts		(119,620)		(120,170)		(550)	0.5
II. Fixed assets		150,969	7.7	235,920	12.0	84,951	56.3
Tangible fixed assets		38,240	2.0	38,488	2.0	248	0.6
Buildings		13,497		13,301		(195)	(1.5)
Structures		3,637		3,775		138	3.8
Vehicles and delivery equipment		16		11		(5)	(31.7)
Equipment and furniture		14,030		14,849		819	5.8
Land		7,058		6,550		(508)	(7.2)
Intangible fixed assets		1,143	0.0	1,019	0.0	(123)	(10.8)
Leasehold		15		4		(10)	(71.8)
Telephone rights		1,077		1,014		(63)	(5.9)
Other intangible fixed assets		50		0		(49)	(98.5)
Investments and other assets		111,585	5.7	196,412	10.0	84,826	76.0
Investments in securities		26,392		110,815		84,422	319.9
Investments in shares of affiliates		35,604		38,580		2,976	8.4
Other investments in affiliates		--		2,197		2,197	--
Investments in equity other than capital stock		129		104		(24)	(19.2)
Investments in affiliates' equity other than capital stock		1		1		--	--
Long-term loans		1,034		1,000		(34)	(3.3)
Long-term loans to affiliates		28,834		24,660		(4,174)	(14.5)
Claims on bankruptcy and reorganization, etc.		3,471		3,489		18	0.5
Long-term prepaid expenses		1,147		876		(271)	(23.6)
Deferred tax assets		599		--		(599)	--
Guaranty money deposited		10,434		10,587		152	1.5
Prepaid pension expenses		1,542		1,627		84	5.5
Other investments		5,174		5,002		(171)	(3.3)
Allowance for bad debts		(2,780)		(2,530)		250	(9.0)
Total Assets		1,951,625	100.0	1,961,462	100.0	9,837	0.5

(Millions of yen)

Subject	Term	Prior fiscal year (As of March 31, 2005)		This fiscal year (As of March 31, 2006)		Change	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
	(Liabilities)		%		%		%
I. Current liabilities		403,996	20.7	385,572	19.6	(18,423)	(4.6)
Accounts payable		1,198		1,187		(10)	(0.9)
Short-term loans		2,500		1,000		(1,500)	(60.0)
Current portion of long-term loans		264,581		207,221		(57,359)	(21.7)
Commercial paper		20,000		50,000		30,000	150.0
Current portion of bonds and notes		60,000		55,000		(5,000)	(8.3)
Amount payable		2,447		1,406		(1,040)	(42.5)
Accrued expenses		13,697		11,594		(2,102)	(15.3)
Accrued income taxes		27,029		24,937		(2,091)	(7.7)
Deposit received		391		433		41	10.7
Unearned income		73		84		11	15.5
Allowance for loss on guaranteed receivables		2,880		3,330		450	15.6
Allowance for loss on interest repayments		--		23,700		23,700	--
Deferred income on installment sales		9,122		5,515		(3,606)	(39.5)
Other current liabilities		75		161		85	112.5
II. Fixed liabilities		685,327	35.1	652,481	33.3	(32,846)	(4.8)
Straight bonds		205,000		210,000		5,000	2.4
Long-term loans		476,641		421,987		(54,654)	(11.5)
Deferred tax liabilities		--		17,130		17,130	--
Allowance for directors' and corporate auditors' retirement benefits		713		736		22	3.2
Other fixed liabilities		2,971		2,627		(344)	(11.6)
Total liabilities		1,089,323	55.8	1,038,053	52.9	(51,269)	(4.7)
	(Shareholders' equity)						
I. Common stock		63,832	3.3	63,832	3.3	--	--
II. Capital surplus		76,458	3.9	76,020	3.9	(438)	(0.6)
Additional paid-in capital		72,322		72,322		--	--
Other capital surplus		4,135		3,697		(438)	(10.6)
Net gain on disposal of treasury stock		4,135		3,697		(438)	(10.6)
III. Earned surplus		726,426	37.2	770,836	39.3	44,409	6.1
Legal reserve		4,320		4,320		--	--
Voluntary reserve		620,000		690,000		70,000	11.3
General reserve		620,000		690,000		70,000	11.3
Unappropriated retained earnings		102,106		76,515		(25,590)	(25.1)
IV. Securities valuation adjustment		6,384	0.3	31,258	1.6	24,873	389.6
V. Treasury stock		(10,801)	(0.5)	(18,538)	(1.0)	(7,737)	71.6
Total shareholders' equity		862,301	44.2	923,408	47.1	61,107	7.1
Total liabilities and shareholders' equity		1,951,625	100.0	1,961,462	100.0	9,837	0.5

(2) Non-Consolidated Income Statements

(Millions of yen)

Subject	Term	Prior fiscal year 〔 From April 1, 2004 to March 31, 2005 〕		This fiscal year 〔 From April 1, 2005 to March 31, 2006 〕		Change	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
I. Operating income		402,734	100.0	396,637	100.0	(6,097)	(1.5)
Interest on loans receivable		372,389		367,619		(4,769)	(1.3)
Fees from credit card business		6,113		6,139		25	0.4
Fees from installment sales finance business		9,255		5,550		(3,704)	(40.0)
Fees on guaranteed receivables		6,871		8,549		1,677	24.4
Other financial income		19		46		26	139.8
Sales		158		--		(158)	--
Other operating income		7,927		8,732		804	10.1
II. Operating expenses		262,500	65.2	290,512	73.2	28,011	10.7
Financial expenses		21,591	5.4	18,186	4.6	(3,404)	(15.8)
Cost of sales		157	0.0	--	--	(157)	--
Other operating expenses		240,751	59.8	272,325	68.6	31,573	13.1
Operating profit		140,234	34.8	106,124	26.8	(34,109)	(24.3)
III. Non-operating income		2,083	0.5	2,215	0.6	132	6.3
Interest income		681		572		(108)	(16.0)
Interest on securities		73		97		24	33.1
Dividends received		324		544		220	68.0
Gains on sale of securities		15		0		(15)	--
Insurance payment received		42		50		7	18.7
Rent from Company's residence		486		492		5	1.2
Other non-operating income		460		458		(2)	(0.5)
IV. Non-operating expenses		622	0.1	165	0.1	(456)	(73.3)
Stock issue expenses		474		--		(474)	--
Loss on investments in investing business association		61		124		62	101.9
Other non-operating expenses		85		41		(43)	(51.3)
Income before extraordinary items		141,695	35.2	108,174	27.3	(33,521)	(23.7)
V. Extraordinary income		141	0.0	489	0.1	347	245.7
Gains on sale of fixed assets		0		201		201	--
Gains on sales of investment in marketable securities		126		--		(126)	--
Gains on sales of investments in affiliates		--		286		286	--
Gain on maturity of investment trusts		14		--		(14)	--
Other extraordinary income		--		1		1	--

Subject	Term	Prior fiscal year (From April 1, 2004) (to March 31, 2005)		This fiscal year (From April 1, 2005) (to March 31, 2006)		Change	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
VI. Extraordinary Losses		2,805	0.7	1,424	0.4	(1,381)	(49.2)
Loss on sale of fixed assets		29		436		407	--
Loss on disposal of fixed assets		1,068		871		(196)	(18.4)
Impairment loss		1,094		4		(1,090)	(99.6)
Loss on sale of investments in securities		128		--		(128)	--
Loss on revaluation of investments in marketable securities		353		--		(353)	--
Loss on settlement of affiliated companies		--		22		22	--
Other extraordinary losses		131		88		(42)	(32.3)
Income before income taxes		139,031	34.5	107,239	27.0	(31,792)	(22.9)
Income taxes (corporation tax, inhabitants' tax and enterprise tax)		47,540	13.9	44,770	10.8	(2,770)	(23.1)
Deferred income taxes		8,490		(1,682)		(10,173)	
Net income		83,001	20.6	64,152	16.2	(18,848)	(22.7)
Retained earnings carried forward from the previous period		26,228		23,363		(2,864)	(10.9)
Interim dividends		7,123		10,999		3,876	54.4
Unappropriated retained earnings		102,106		76,515		(25,590)	(25.1)

(3) Comparative Proposition of Appropriation of Retained Earnings

(Millions of yen)

Subject	Term	Prior fiscal year (as of March 31, 2005)	This fiscal year (as of March 31, 2006)	Change
		Amount	Amount	Amount
I. Unappropriated retained earnings		102,106	76,515	(25,590)
II. The above shall be appropriated as follows:				
Dividends		8,706	11,003	2,297
per share		¥55.00	¥70.00	¥15.00
		(Regular dividends:¥55.00)	(Regular dividends:¥70.00)	(Regular dividends:¥15.00)
Bonus to directors		36	34	(2)
Voluntary reserve		70,000	30,000	(40,000)
III. Unappropriated retained earnings carried forward		23,363	35,478	12,115

Notes: 1. As of December 5, 2005, the Company paid interim dividends of ¥70.00 per share (regular dividends) amounted to ¥10,999,942,730 in total.

2. The dividends for this fiscal year as shown above will not be paid to 2,438,225 shares of treasury stock.

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

- (A) Valuation and computation of marketable securities
- (a) Securities of subsidiaries and affiliates ... Cost as determined by the moving average method
 - (b) Securities held to maturity...Amortized cost method (straight-line method)
 - (c) Other marketable securities
 - Where there is a market price
 - Market value as determined by the quoted price at the end of the fiscal year
(The difference between the carrying value and the market value is included in equity.)
(Cost of securities sold is computed using the moving average method.)
 - Where there is no market price
 - Cost determined by the moving average method
 - The equity in limited investment partnership and other similar partnership (deemed as securities by the Article 2, Section 2 of the Securities and Exchange Law) is accounted for by the equity method, based on its latest financial statements available considering the closing dates stipulated by the respective partnership contracts.
- (B) Valuation and computation of derivative transactions
- Option transaction ... Market value
 - Swap transaction ... Market value
- (C) Valuation and computation of the inventories
- Merchandise ... Cost on an individual specified cost basis
- (D) Depreciation of the fixed assets
- (a) Tangible fixed assets and building and structures in trust ... Declining balance method (Depreciable life)
 - Buildings ... 3 to 47 years
 - Structure ... 3 to 45 years
 - Vehicles and delivery equipment ... 4 to 6 years
 - Equipment and furniture ... 2 to 20 years
 - (b) Intangible fixed assets ... Straight-line method
 - (c) Long-term prepaid expenses ... Amortized in equal installments
- (E) Method of treatment of deferred assets
- Stock issue expenses ... Entire amount expensed as incurred
 - Bond issue expenses ... Entire amount expensed as incurred
- (F) Currency translation standards for foreign-currency-denominated assets or liabilities into yen
- Foreign-currency-denominated monetary claims and liabilities are converted into yen using the spot market rate for the accounting date, and differences in currency translation are added up as profit or loss.
- (G) Basis for calculating allowances
- (a) Allowance for bad debts
 - In providing for bad debts, the Company makes an allowance for ordinary bad debts based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis, making an allowance for the amount regarded as irrecoverable.
 - (b) Allowance for loss on guaranteed receivables
 - In providing allowance for loss on guaranteed receivables, the Company makes an allowance as necessary having considered the likelihood of losses at the end of the this fiscal year.
 - (c) Allowance for loss on interest repayments
 - In order to prepare for potential loss on interest repayments in the future, ACOM Group estimates and provides a reasonable amount of allowance for loss on interest repayments in consideration of the past actual results and the latest conditions of such interest repayments.
(Additional information)
ACOM Group is determined to establish an allowance for loss on interest repayments at the end of this fiscal year, recognizing the growing importance in society of this issue, due to the announcement of the Supreme Court decisions concerning the application of constructive repayment rules set forth in Article 43 of "the Law concerning Regulation, etc. of Money Lending Business" on January 13, 2006, and on January 19, 2006.
Consequently, other operating expenses increased by 23,700 million yen, as compared with those computed in conventional accounting procedures, and operating income, income before extraordinary items, and net income, decreased by the same amount, accordingly.
 - (d) Allowance for retirement benefits

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

As projected pension fund asset exceeds the adjusted amounts of projected benefit obligation by unrecognized projected past service liabilities and unrecognized actuarial gains or losses, the surplus is included in the balance of prepaid pension expenses.

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

The Company makes provisions for directors' and statutory auditors' retirement benefits at the end of the fiscal year in accordance with the Company's internal rules.

- (H) Basis of recognition of income and expenses
- (a) Interest on loans receivable
Interest on loans receivable is recognized on an accrual basis.
Accrued interest on loans receivable is recognized at the lower of the interest rate stipulated in the Interest Restriction Law of Japan or the contracted interest rate of the Company.
 - (b) Income from credit card business
Customer fees ... Recognized mainly by credit balance method.
Merchant fees ... Recognized as fees when treated.
 - (c) Income from installment sales finance business
Fees from customers and member outlets ... Recognized by sum-of-the months' digits method on a due date basis
 - (d) Fees on guaranteed receivables ... Recognized by credit-balance method
- (I) Accounting for lease transactions
The Company accounts for finance leases where ownership of the leased asset is not transferred to the lessee as operating leases.
- (J) Accounting for hedging activities
- (a) Accounting for hedging activities
Deferred hedge accounting has been adopted.
Interest-rate swaps when meet certain conditions are accounted for according to exceptional treatments.
 - (b) Hedging instruments and items hedged
Hedging instruments ... Interest-rate swaps agreements and interest-rate caps
Items hedged ... Loans with variable interest rates
 - (c) Hedging policy
The Company enters into derivative contracts such as interest-rate swap agreements in order to hedge against the risk of fluctuations in interest rates relating to its variable-rate loans.
 - (d) Evaluating the efficacy of hedging activities
The performance of the hedging instruments and the items hedged is monitored primarily using the same criteria.
As it can be assumed that changes in interest rates are fully offset by changes in cash flows from hedging instruments, further evaluation is not required.
- (K) Other significant accounting policies for the preparation of non-consolidated financial statements
- (a) Treatment of consumption tax
Consumption tax is treated outside of the financial statements
However, non-deductible consumption tax and others relating to assets are recognized as an expense during the year in which it is incurred.

(8) Notes to Non-Consolidated Balance Sheets

Prior fiscal year (As of March 31, 2005)	This fiscal year (As of March 31, 2006)
1. Cumulative depreciation of tangible fixed assets (Millions of yen) 45,264	1. Cumulative depreciation of tangible fixed assets (Millions of yen) 44,719
2. Assets pledged as security (Millions of yen)	2. Assets pledged as security (Millions of yen)
(1) Pledged assets	(1) Pledged assets
Loan receivable	Loan receivable
Buildings	Buildings
Land	Land
Total	Total
(2) Secured liabilities	(2) Secured liabilities
Short-term loans	Short-term loans
Current portion of Long-term loans	Current portion of Long-term loans
Long-term loans	Long-term loans
Total	Total
Figures in the brackets "< >" represent amounts engaged in transferring of assignment of claims and figures in the brackets "[]" represent amounts relating to securitization.	Figures in the brackets "< >" represent amounts engaged in transferring of assignment of claims and figures in the brackets "[]" represent amounts relating to securitization.
3. Authorized shares and issued shares Company's authorized common share capital is 532,197 thousand shares. Our articles of incorporation authorize us to reduce same number of shares when cancellation of shares occurs. Company's issued common share capital is 159,628 thousand shares.	3. Authorized shares and issued shares Company's authorized common share capital is 532,197 thousand shares. Our articles of incorporation authorize us to reduce same number of shares when cancellation of shares occurs. Company's issued common share capital is 159,628 thousand shares.
4. Treasury stock Company holds 1,332,706 shares of common stock.	4. Treasury stock Company holds 2,438,225 shares of common stock.
5. Contingent liabilities	5. Contingent liabilities
(1) Amount of guaranteed receivables of guarantee business (Millions of yen)	(1) Amount of guaranteed receivables of guarantee business (Millions of yen)
Guaranteed receivables	Guaranteed receivables
<u>Allowance for loss on guaranteed receivables (2,880)</u>	<u>Allowance for loss on guaranteed receivables (3,330)</u>
Net	Net
(2) Amount of guaranteed liabilities of affiliated companies (Millions of yen)	(2) Amount of guaranteed liabilities of affiliated companies (Millions of yen)
JLA INCORPORATED	JLA INCORPORATED
ACOM ESTATE CO., LTD.	ACOM ESTATE CO., LTD.
JCK CREDIT CO., LTD.	JCK CREDIT CO., LTD.
IR Loan Servicing, Inc.	IR Loan Servicing, Inc.
SIAM A&C CO., LTD.	DC Cash One Ltd.
	EASY BUY Public Company Limited

Prior fiscal year (As of March 31, 2005)	This fiscal year (As of March 31, 2006)
<p>6. 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 accounting period. This included a total of 517,947 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the accounting period.</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>7. 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 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 23,775 millions of yen. Under the policies stipulated in Japan's tax laws, 11,371 millions of yen of this amount would be classified as loans overdue by three months or more, 5,145 million yen as restructured loans and 7,258 million yen as loans no longer in arrears.</p>	<p>6. 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 834,762 million yen at the end of the accounting period. This included a total of 587,092 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the 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>7. 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 3,852 millions of yen for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is charged to the allowance for bad debts.</p> <p>In addition, from the point of view of maintaining the soundness of the Company's assets, loans where repayment is doubtful are stated exclusive of accrued interest, and the loans in question are classified as loans in arrears. The Company's policy differs from that set forth in Japan's tax laws, under which accrued interest is charged on loans less than six months in arrears. As a result of the Company's policy, loans in arrears included additional 35,090 millions of yen. Under the policies stipulated in Japan's tax laws, 11,969 millions of yen of this amount would be classified as loans overdue by three months or more, 6,559 million yen as restructured loans and 16,560 million yen as loans no longer in arrears.</p>

Prior fiscal year (As of March 31, 2005)			This fiscal year (As of March 31, 2006)		
(Millions of yen)			(Millions of yen)		
Category	Amount	Classification criteria	Category	Amount	Classification criteria
Loans to bankrupt parties	(8,377) 8,377	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation, and others	Loans to bankrupt parties	(7,000) 7,000	Loans exclusive of accrued interest to bankrupt parties, parties in rehabilitation, and others
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 in arrears	(11,619) 46,709	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	(12,717) 1,345	Loans other than the above that are overdue by three months or more	Loans overdue by three months or more	(13,080) 1,110	Loans other than the above that are overdue by three months or more
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.	Restructured loans	(61,312) 54,752	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	(73,952) 81,210		Total	(93,012) 109,573	

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

8. Financial assets received as freely disposable securities

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

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

59,994 million yen

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

59,853 million yen

9. Agreements for overdraft and commitment facilities

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

(Millions of yen)

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

10. Limitation on dividend

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

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

8. Financial assets received as freely disposable securities

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

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

24,997 million yen

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

24,972 million yen

9. Agreements for overdraft and commitment facilities

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

(Millions of yen)

Agreed amount of agreement for overdraft and commitment line	236,462
Amount of borrowing	<u>30,920</u>
Unused amount	205,542

10. Limitation on dividend

The amount of net asset is increased by 31,258 million yen due to revaluation of asset into market value which regulated by commercial rule code No. 124-3

Prior fiscal year (As of March 31, 2005)	This fiscal year (As of March 31, 2006)
11. New shares issue Issue form Third party allocation Number of new shares issued 14,000,000 common shares Issue price 6,650 yen per share Amount included in capital 3,325 yen per share	11. —

(9)Notes to Non-Consolidated Statements of Income

Prior fiscal year (From April 1, 2003 to March 31, 2005)	This fiscal year (From April 1, 2004 to March 31, 2006)
1. Other principal financial income	1. Other principal financial income
(Millions of yen)	(Millions of yen)
Interest on deposits	Interest on deposits
4	1
Interest on loans	Interest on loans
14	8
	Effect of currency exchange
	36
2. Principal financial expenses	2. Principal financial expenses
(Millions of yen)	(Millions of yen)
Interest paid	Interest paid
14,513	11,142
Interest on straight bonds	Interest on straight bonds
4,953	4,892
Bond issue expenses	Bond issue expenses
142	383
3. Principal items of operating expenses	3. Principal items of operating expenses
(Millions of yen)	(Millions of yen)
Advertising expenses	Advertising expenses
16,025	16,087
Provision for bad debts	Provision for bad debts
99,582	104,853
Provision for loss on guaranteed receivables	Provision for loss on guaranteed receivables
2,880	3,330
Salaries	Provision for loss on interest repayments
28,485	23,700
Retirement benefit expenses	Salaries
3,100	27,258
Provision for directors' and corporate auditors' retirement benefits	Retirement benefit expenses
57	3,031
Welfare expenses	Provision for directors' and corporate auditors' retirement benefits
3,564	63
Lease	Welfare expenses
12,861	3,604
Depreciation expenses	Lease
4,698	12,581
Fees	Depreciation expenses
27,773	4,100
	Fees
	28,951
4. The business operation results with subsidiaries and affiliates are included into non-operating income as follows;	4. The business operation results with subsidiaries and affiliates are included into non-operating income as follows;
(Millions of yen)	(Millions of yen)
Interest income	Interest income
636	531
Dividends received	Dividends received
97	88
<u>Other non-operating income</u>	<u>Other non-operating income</u>
<u>75</u>	<u>209</u>
Total	Total
808	829
5. —	5. The business operation results with subsidiaries and affiliates are included into non-operating expenses as follows;
	(Millions of yen)
	Loss on investments in investing business association
	52
	<u>Other non-operating expenses</u>
	<u>4</u>
	Total
	57
6. Vehicles and delivery equipment represents gains on sales of fixed assets	6. Breakdown of gains on sales of fixed assets
	(Millions of yen)
	Buildings
	0
	Equipment and furniture
	0
	<u>Land</u>
	<u>201</u>
	Total
	201

Prior fiscal year (From April 1, 2004 to March 31, 2005)	This fiscal year (From April 1, 2005 to March 31, 2006)																											
7. —	7. Gains on sales of investments in shares in affiliates results from sales of shares of CHALEASE ACOM FINANCE CO., LTD.																											
8. —	8. Other extraordinary income results from sales of golf club memberships																											
9. Breakdown of loss on sales of fixed assets <p style="text-align: right;">(Millions of yen)</p>	9. Breakdown of loss on sales of fixed assets <p style="text-align: right;">(Millions of yen)</p>																											
Buildings	Buildings																											
Structures	Structures																											
Vehicles and delivery equipment	Equipment and fixture																											
Equipment and fixture	Land																											
Land	Leasehold																											
Telephone rights	Telephone rights																											
Total	Other intangible assets																											
2	270																											
0	5																											
1	7																											
17	54																											
7	4																											
0	60																											
29	34																											
	Total																											
	436																											
10. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below <p style="text-align: right;">(Millions of yen)</p>	10. Loss on disposal of fixed assets mainly consists of transfer of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below <p style="text-align: right;">(Millions of yen)</p>																											
Buildings	Buildings																											
Structures	Structures																											
Equipment and fixture	Equipment and fixture																											
Total	Total																											
549	420																											
224	267																											
294	184																											
1,068	871																											
11. The Company has reported impairment loss for this accounting period as below:	11. The Company has reported impairment loss for this accounting period as below:																											
(1) Assets recognized as having suffered impairment	(1) Assets recognized as having suffered impairment																											
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Mie Toba City	Welfare/ Leisure Facilities	Land and Buildings etc.																										
(2) Method of grouping assets The smallest units the Company has adopted for the grouping of fixed assets are as below:	(2) Method of grouping assets The smallest units the Company has adopted for the grouping of fixed assets are as below:																											
(a) For the loan business (part of our financial services business): regional business departments	(a) For the loan business (part of our financial services business): regional business departments																											
(b) For the installment sales finance business (part of our financial services business): business offices	(b) For the installment sales finance business (part of our financial services business): business offices																											
(c) For other financial businesses: department etc.	(c) For other financial businesses: department etc.																											
For property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.	For property to be sold, the smallest units are the individual assets themselves. Our head office and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.																											

Prior fiscal year (From April 1, 2004 to March 31, 2005)	This fiscal year (From April 1, 2005 to March 31, 2006)																								
<p>(3) Process through which impairment was recognized</p> <p>We recognized impairment loss on property to be sold because the evaluated prices or 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>(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 (Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">86</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">945</td> </tr> <tr> <td>Leasehold</td> <td style="text-align: right;">54</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">1,094</td> </tr> </table>	Buildings	86	Structures	7	Land	945	Leasehold	54	Total	1,094	<p>(4) Calculation of recovery price (Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">3</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">0</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">4</td> </tr> </table>	Buildings	3	Land	0	Total	4								
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<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>	<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>																								
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<p>13. Breakdown of other extraordinary losses (Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Valuation loss of golf club memberships</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Provision for default of golf club memberships</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Loss on sales of golf club memberships</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Loss on liquidation of investment in trusted real property</td> <td style="text-align: right;">78</td> </tr> <tr> <td>Loss on sales of long-term prepaid expenses</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Temporary amortization of long-term prepaid expenses</td> <td style="text-align: right;">30</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">131</td> </tr> </table>	Valuation loss of golf club memberships	0	Provision for default of golf club memberships	20	Loss on sales of golf club memberships	0	Loss on liquidation of investment in trusted real property	78	Loss on sales of long-term prepaid expenses	0	Temporary amortization of long-term prepaid expenses	30	Total	131	<p>13. Breakdown of other extraordinary losses (Millions of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Valuation loss of golf club memberships</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Provision for default of golf club memberships</td> <td style="text-align: right;">30</td> </tr> <tr> <td>Loss on maturity of golf club memberships</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Temporary amortization of long-term prepaid expenses</td> <td style="text-align: right;">27</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">88</td> </tr> </table>	Valuation loss of golf club memberships	15	Provision for default of golf club memberships	30	Loss on maturity of golf club memberships	15	Temporary amortization of long-term prepaid expenses	27	Total	88
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<p>14. Basis for classification of financial income and expenditure on the statements of income</p> <p>(1) Financial income stated as operating income</p> <p>Include all financial income excluding dividends and interest related to affiliated companies and excluding dividends and interest, etc., received on investment securities.</p> <p>(2) Financial expenditure stated as operating expenses</p> <p>Include all financial expenditure by the Company engaged in financial services, other than interest payable which has no relationship to operating income.</p>	<p>14. Basis for classification of financial income and expenditure on the statements of income</p> <p>(1) Financial income stated as operating income</p> <p>Include all financial income excluding dividends and interest related to affiliated companies and excluding dividends and interest, etc., received on investment securities.</p> <p>(2) Financial expenditure stated as operating expenses</p> <p>Include all financial expenditure by the Company engaged in financial services, other than interest payable which has no relationship to operating income.</p>																								

(10) Notes to Lease Transactions

Prior fiscal year (From April 1, 2004 to March 31, 2005)				This fiscal year (From April 1, 2005 to March 31, 2006)			
Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee				Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee			
1. Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets				1. Equivalent of acquisition cost, accumulated depreciation and residual value of the leased assets			
(Millions of yen)				(Millions of yen)			
	Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value		Equivalent of acquisition cost	Equivalent of depreciation	Equivalent of residual value
Vehicles and delivery equipment	176	96	79	Vehicles and delivery equipment:	151	79	71
Equipment and furniture	4,826	3,100	1,725	Equipment and furniture	3,181	2,237	943
Total	5,002	3,197	1,805	Total	3,333	2,317	1,015
2. Equivalent of balance of the unaccrued lease fee				2. Equivalent of balance of the unaccrued lease fee			
(Millions of yen)				(Millions of yen)			
			1,023				625
Within 1 year			817	Within 1 year			409
More than 1 year			1,841	More than 1 year			1,035
Total				Total			
3. Lease fee payable, equivalent of depreciation and equivalent of interest payable				3. Lease fee payable, equivalent of depreciation and equivalent of interest payable			
(Millions of yen)				(Millions of yen)			
			1,686				1,099
Lease fee payable			1,605	Lease fee payable			1,052
Equivalent of depreciation			59	Equivalent of depreciation			30
Equivalent of interest payable				Equivalent of interest payable			
4. Method of calculation of equivalent of depreciation				4. Method of calculation of equivalent of depreciation			
Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.				Calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and a residual value of zero.			
5. Method of calculation of equivalent of interest				5. Method of calculation of equivalent of interest			
The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.				The equivalent of interest is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.			

(8) Marketable Securities (Subsidiary and affiliate stock)

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

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

This non-consolidated fiscal year (from April 1, 2005 to March 31, 2006)

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

(11) Notes to the Method of Tax Effect Accounting

Prior fiscal year (As of March 31, 2005)	This fiscal year (As of March 31, 2006)
1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities	1. The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities
(Millions of yen)	(Millions of yen)
Deferred tax assets	Deferred tax assets
Nondeductible write-offs of bad debts	Nondeductible write-offs of bad debts
12,804	11,800
Amount exceeding the tax limit for the provision for bad debt allowance	Amount exceeding the tax limit for the provision for bad debt allowance
16,954	11,047
Allowance for loss on guaranteed receivables	Allowance for loss on guaranteed receivables
1,171	1,354
Amount exceeding the tax limit for the provision for accrued bonuses	Allowance for loss on interest repayments
1,749	9,643
Allowance for directors' and corporate auditors' retirement benefits	Amount exceeding the tax limit for the provision for accrued bonuses
290	1,346
Unrecognized accrued interest income	Allowance for directors' and corporate auditors' retirement benefits
452	299
Accrued enterprise tax	Unrecognized accrued interest income
2,065	571
Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures	Accrued enterprise tax
126	1,898
Amount exceeding the tax limit for the amortization of software application	Nondeductible depreciation exceeding the tax limit for depreciation of small capital expenditures
6,562	120
Amount exceeding the tax limit for the amortization of deferred consumption tax and other	Amount exceeding the tax limit for the amortization of software application
303	6,147
Nondeductible devaluation of marketable securities	Amount exceeding the tax limit for the amortization of deferred consumption tax and other
232	280
Unrecognized valuation loss on golf club memberships	Nondeductible devaluation of marketable securities
162	232
Impairment loss	Unrecognized valuation loss on golf club memberships
444	150
Others	Others
586	721
Total deferred tax assets	Total deferred tax assets
43,909	45,614
Valuation allowance	Valuation allowance
(405)	(392)
Total deferred tax assets	Total deferred tax assets
43,504	45,221
Deferred tax liabilities	Deferred tax liabilities
Change in valuation of other marketable securities	Change in valuation of other marketable securities
4,380	21,444
Charge for prepaid pension expenses	Charge for prepaid pension expenses
627	662
Total deferred tax liabilities	Total deferred tax liabilities
5,008	22,107
Balance of deferred tax assets	Balance of deferred tax assets
38,496	23,114
2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes	2. Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes
Omitted as difference between the statutory tax rate and the effective tax rate was less than 5% of the statutory tax rate.	Omitted as difference between the statutory tax rate and the effective tax rate was less than 5% of the statutory tax rate.

7. Actual Results

(1) Operating income by segments

(Millions of yen)

Division	Segment	Term	Prior fiscal year 〔 From April 1, 2004 to March 31, 2005 〕		This fiscal year 〔 From April 1, 2005 to March 31, 2006 〕		Change	
			Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage
Financial business	Interest on loans receivable		372,389	92.5	367,619	92.7	(4,769)	(1.3)
	Unsecured loans		364,991	90.6	360,812	91.0	(4,178)	(1.1)
	Consumers		364,944	90.6	360,784	91.0	(4,159)	(1.1)
	Commercials		47	0.0	27	0.0	(19)	(41.2)
	Secured loans		7,397	1.9	6,806	1.7	(590)	(8.0)
	Fees from Installments		15,369	3.8	11,690	2.9	(3,678)	(23.9)
	Credit card		6,113	1.5	6,139	1.5	25	0.4
	Installment sales finance		9,255	2.3	5,550	1.4	(3,704)	(40.0)
	Fees from guarantee business		6,871	1.7	8,549	2.2	1,677	24.4
	Other business	Sales		158	0.0	--	--	(158)
Others Segment	Other financial income		19	0.0	46	0.0	26	139.8
	Other operating income		7,927	2.0	8,732	2.2	804	10.1
	Collection of bad debts deducted		6,103	1.5	6,922	1.7	819	13.4
	Others		1,824	0.5	1,809	0.5	(14)	(0.8)
Total			402,734	100.0	396,637	100.0	(6,097)	(1.5)

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

(2) Other statistics

(a) Receivables outstanding at year-end

(Millions of yen)

Item	Term	Prior fiscal year (As of March 31, 2005)	This fiscal year (As of March 31, 2006)	Amount of change	
				Amount of change	Percentage
Loans receivable outstanding		1,601,773	1,596,276	(5,496)	(0.3)
Unsecured loans		1,545,493	1,542,256	(3,236)	(0.2)
Consumers		1,545,295	1,542,121	(3,174)	(0.2)
Commercials		197	134	(62)	(31.5)
Secured loans		56,280	54,020	(2,260)	(4.0)
Installment receivable outstanding		48,853	47,551	(1,301)	(2.7)
Credit Card		48,833	47,537	(1,296)	(2.7)
Other		19	14	(4)	(24.5)
Installment sales finance business		70,014	45,769	(24,244)	(34.6)

(b) Number of customer accounts

Item	Term	Prior fiscal year (As of March 31, 2005)	This fiscal year (As of March 31, 2006)	Amount of change	Percentage
					%
Loan business		2,902,916	2,859,176	(43,740)	(1.5)
	Unsecured loans	2,890,353	2,846,796	(43,557)	(1.5)
	Consumers	2,890,120	2,846,643	(43,477)	(1.5)
	Commercials	233	153	(80)	(34.3)
	Secured loans	12,563	12,380	(183)	(1.5)
Credit card business		1,192,175	1,253,800	61,625	5.2
	Credit card	1,191,975	1,253,603	61,628	5.2
	Other	200	197	(3)	(1.5)
Installment sales finance business		284,782	205,783	(78,999)	(27.7)

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

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

Item	Term	Prior fiscal year (As of March 31, 2005)	This fiscal year (As of March 31, 2006)	Amount of change	Percentage
					%
Number of outlets		1,794	2,012	218	12.2
	Loan business outlets	1,785	2,003	218	12.2
	Staffed	324	277	(47)	(14.5)
	Unstaffed	1,461	1,726	265	18.1
	QUICK MUJIN Machines	38	194	156	410.5
	Installment sales finance business	9	9	--	--
Number of MUJINKUN outlets (machines)		<1,783> 1,782	<2,008> 2,007	225	12.6
	QUICK MUJIN Machines	<38> 38	<201> 201	163	428.9
Number of CD/ATM		81,736	83,868	2,132	2.6
	Proprietary	1,891	1,952	61	3.2
	Open 365 days / year	1,888	1,951	63	3.3
	Open 24 hours / day	1,662	1,727	65	3.9
	Tie-up	79,845	81,916	2,071	2.6
	Others	8,684	8,903	219	2.5

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

(d) Others

(Millions of yen)

Item	Term	Prior fiscal year (As of March 31, 2005)	This fiscal year (As of March 31, 2006)	Amount of change	Percentage
					%
Number of employees		4,096	3,911	(185)	(4.5)
Allowance for bad debts		122,400	122,700	300	0.2
Allowance for loss on guaranteed receivables		2,880	3,330	450	15.6
Allowance for loss on interest repayments		--	23,700	23,700	--
Bad debt write-off		108,446	107,239	(1,207)	(1.1)

8. Change in Officers

(1) Change in representative directors

None

(2) Changes in other officers

(A) Candidates for Directors (as of June 22, 2006)

Director: Kiyoshi Tachiki (Currently: Executive Officer and Chief Officer of Retail Strategy Planning Office of ACOM CO., LTD.)

Director: Katsunori Nagayasu (Currently: Deputy President of The bank of Tokyo-Mitsubishi UFJ Bank)

(B) Directors scheduled for retirement (as of June 22, 2006)

Senior Managing Director: Shigeo Mikami (scheduled to be appointed as Chairman of IR Loan Servicing, Inc.)

Director: Tatsunori Imagawa (Currently: Deputy President of Mitsubishi UFJ Financial Group, Inc., Director of Mitsubishi UFJ Securities Co., Ltd.)