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# **The Third Quarter Financial Results for FY Ending March 2007**

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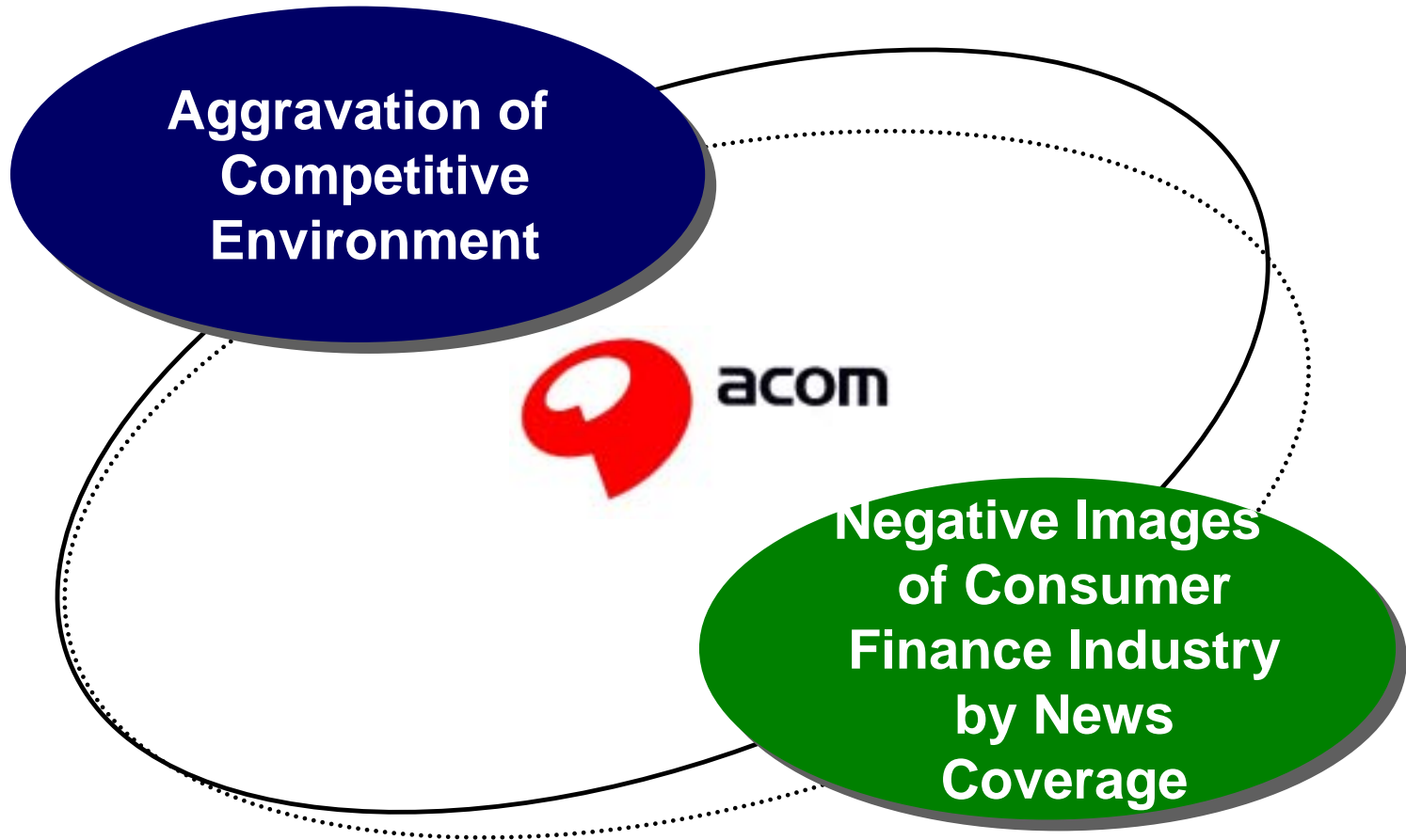
**ACOM CO., LTD.**

**Yoshinori Matsubara  
General Manager  
Corporate Planning Department**

**January 31, 2007**

# ***Business Environment around the ACOM Group***

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# Financial Results Summary

The Third Quarter for FY March 2007	Consolidated			Non-Consolidated (ACOM)		
	Actual Results (Millions of yen)	YOY (%)	2007/03(F) (Millions of yen)	Actual Results (Millions of yen)	YOY (%)	2007/03(F) (Millions of yen)
➤ Operating Income	321,228	- 4.4	425,000	283,075	- 5.8	370,000
➤ Operating Profit	80,533	- 27.4	94,200	78,266	- 26.8	90,000
➤ Income Before Extraordinary Items	83,243	- 26.4	96,700	80,648	- 25.7	92,600
➤ Net Income (loss)	- 261,804	- 499.6	- 257,300	- 262,251	- 507.0	- 258,700

# Interest-repayment-related and Bad-debt-related Expenses (ACOM)



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## ◆ Interest-repayment-related Expenses (Million of yen)

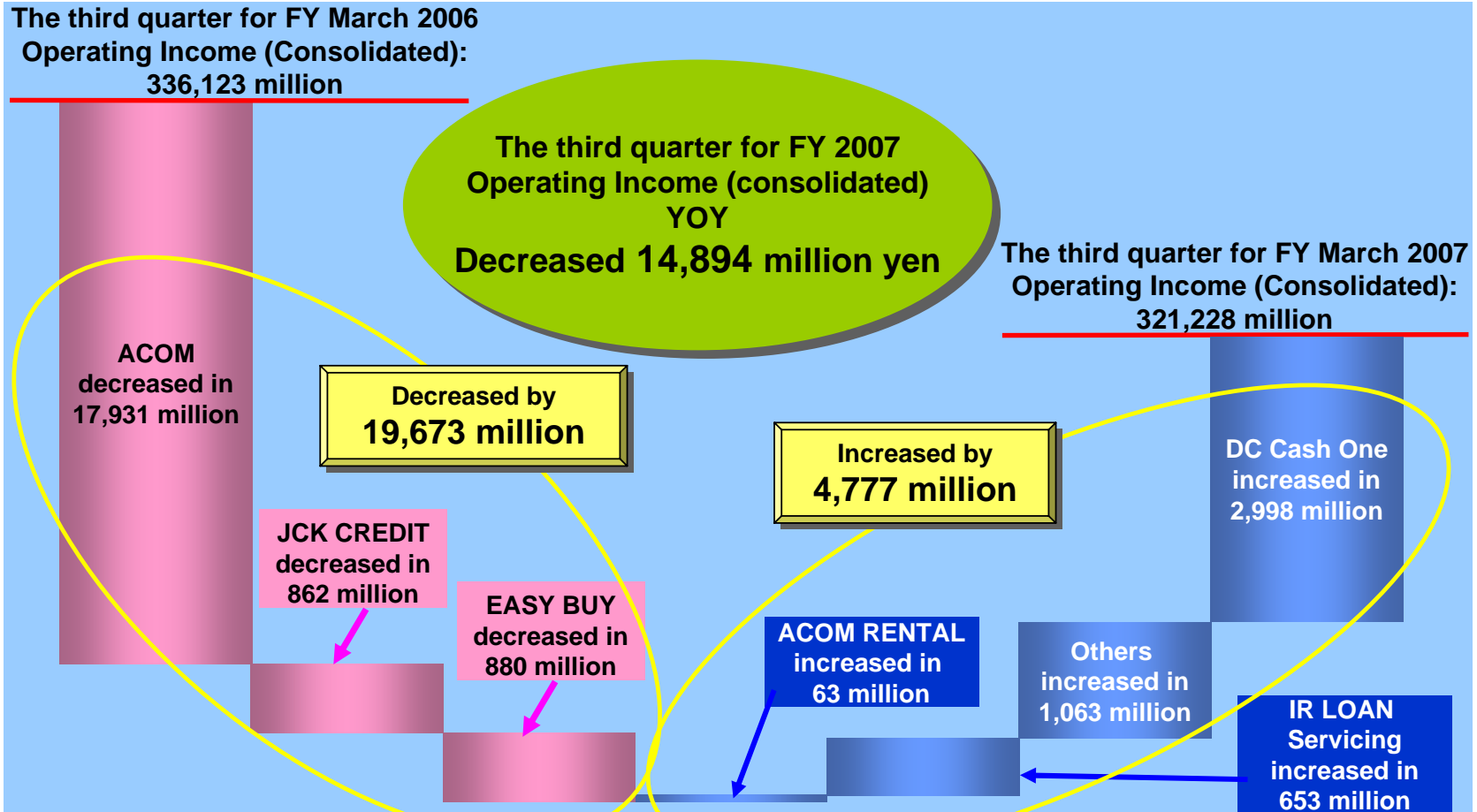
	The Third Quarter			2007/03(F)
	Actual Results (First Half)	Actual Results (Third Quarter)	FY March 2007 (Cumulative)	
<b>Interest-repayment-related Expenses</b>	<b>13,155</b>	<b>0</b>	<b>13,155</b>	<b>13,155</b>
Interest Repayments	13,630	10,430	24,060	31,455
Amount of ACOM's Voluntary Waiver of Repayments	16,024	11,678	27,703	36,800
Additional Allowance for Loss on Interest Repayments	- 16,500	- 22,108	- 38,608	- 55,100
<b>Allowance for Loss on Interest Repayments</b>	<b>357,500</b>	<b>335,391</b>		<b>318,900</b>

## ◆ Bad-debt-related Expenses (Millions of yen)

	The Third Quarter			2007/03(F)
	Actual Results (First Half)	Actual Results (Third Quarter)	FY March 2007 (Cumulative)	
<b>Bad-debt-related Expenses</b>	<b>52,344</b>	<b>39,984</b>	<b>92,328</b>	<b>132,100</b>
Bad Debt Write-offs	42,868	26,002	68,870	94,900
Additional Allowance for Bad Debts	8,996	14,022	23,018	35,700
Additional Allowance for Loss on Debt Guarantees	480	- 40	440	1,500

# Analysis of Income Decrease (Consolidated) DATA BOOK Page 2

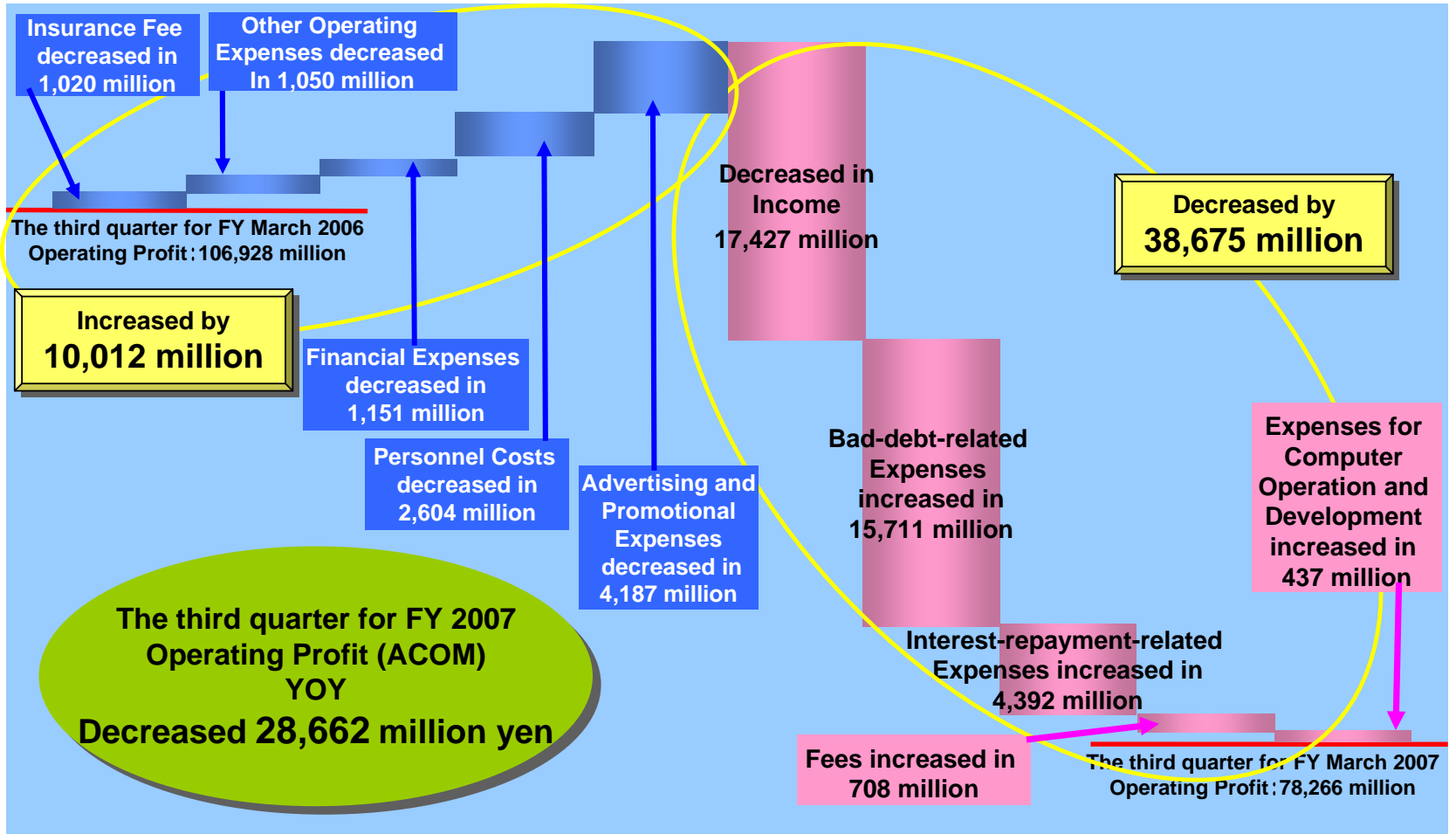
## ◆ Primary factors : Decrease in income of ACOM, JCK, and EASY BUY



(Reference) All amounts less than one million have been truncated in DATA BOOK

# Analysis of Profit Decrease (ACOM)

◆ Primary factors: Increase in Interest-repayment-related and Bad-debt-related Expenses

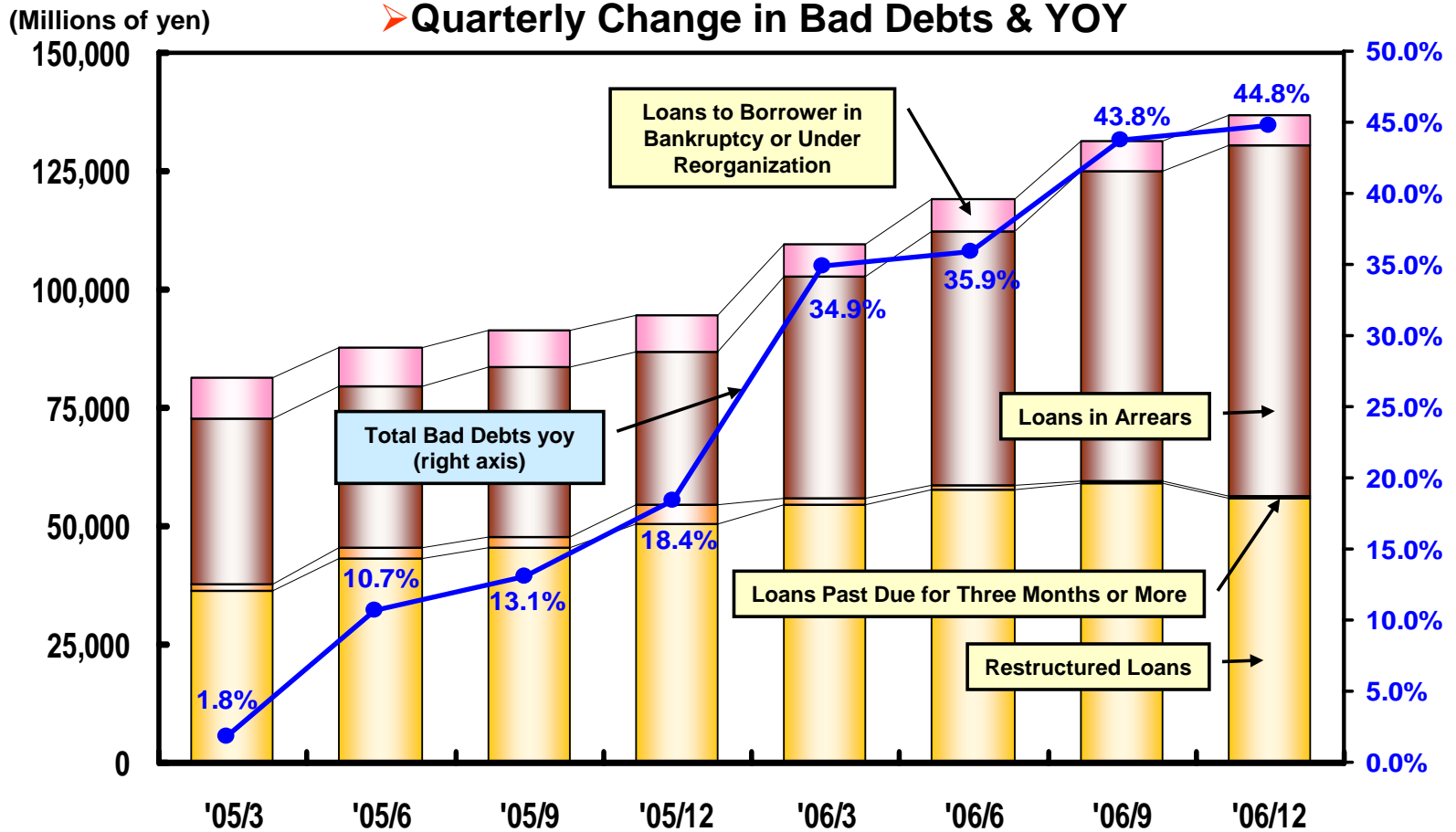


(Reference) All amounts less than one million have been truncated in DATA BOOK

# Unsecured Consumers Loan (ACOM)

The Third Quarter for FY March 2007	Actual Results	YTD (%)	YOY (%)	2007/03 (F)
Receivables Outstanding (Millions of yen)	1,480,983	- 4.0	- 3.8	1,475,700
Number of Customer Accounts	2,733,113	- 4.0	- 4.4	2,697,800
Number of New Loan Customers	210,422	-	- 14.9	270,000
Number of Loan Business Outlets	1,949	- 54 (places)	+ 11 (places)	1,868
Average Loan yield (%)	22.40	- 92 (bp)	- 101 (bp)	22.19

# Bad Debts (ACOM)



# Guarantee / Credit Card / Installment Sales Finance

## Businesses (ACOM)

DATA BOOK Page 10

The Third Quarter for FY March 2007	Actual Results	YTD (%)	YOY (%)	2007/03 (F)
<b>Guarantee Business</b>				
Number of Customer Accounts with Outstanding Balance	406,194	4.9	7.5	396,700
Guaranteed Loan Receivables (Millions of yen)	177,069	8.1	12.9	186,700
<b>Credit Card Business</b>				
Number of Cardholders	1,253,339	0.0	1.5	1,145,000
Tie-up Card	773,495	12.4	20.3	-
Card Shopping Receivables (Millions of yen)	45,725	- 3.8	- 6.2	45,200
Revolving Receivables	41,461	- 3.7	- 4.2	-
<b>Installment Sales Finance Business</b>				
Number of Customer Accounts	159,768	- 22.4	- 29.4	156,500
Installment Receivables (Millions of yen)	35,362	- 22.7	- 31.8	31,900

# DC Cash One Ltd.

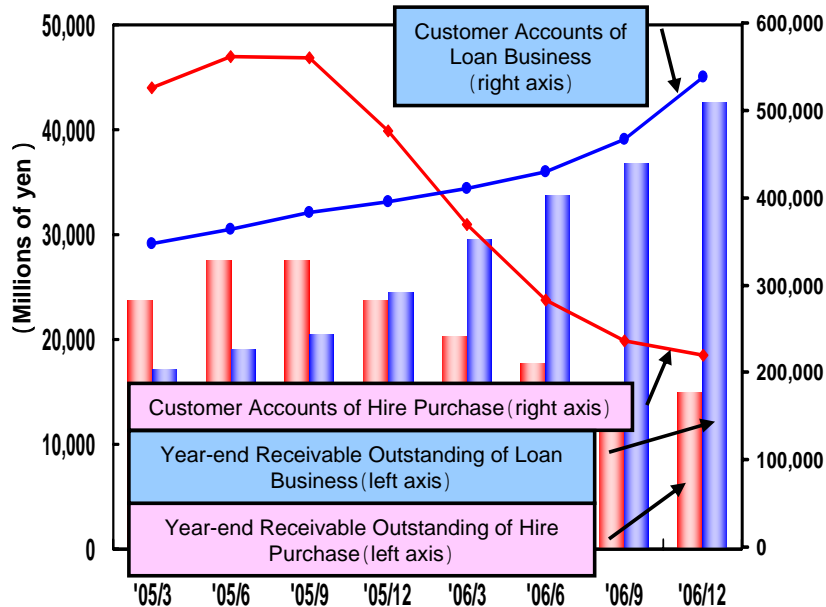
The Third Quarter for FY March 2007	Actual Results	YTD (%)	YOY (%)	2007/03 (F)
Receivables Outstanding (Millions of yen)	81,536	10.0	15.2	84,900
Number of Customer Accounts	181,664	5.5	8.1	189,000
Average Balance of Loans per Account (Thousands of yen)	448	+17 <small>(Thousands of yen)</small>	+27 <small>(Thousands of yen)</small>	449
Number of New Loan Customers	30,544	-	- 8.4	44,600

Guaranteed Receivables (Millions of yen)	7,021	2,664.2	-	26,200
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# Major Subsidiaries

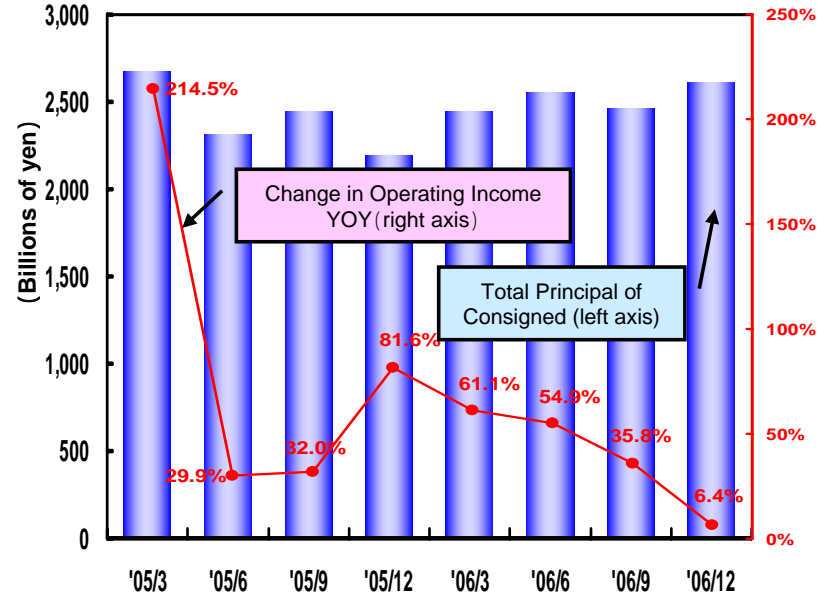
## ◆ EASY BUY Public Company Limited

### ➤ Change in No. of Customer Accounts & Receivables Outstanding (Loan & Hire Purchase)



## ◆ IR Loan Servicing, Inc.

### ➤ Change in Total Principal of Consigned & Operating Income



### ➤ Overseas strategy : Establishment of representative offices

✓ Ho Chi Minh City, the Socialist Republic of Vietnam : July 14, 2006

✓ Beijing, the People's Republic of China : August 1, 2006

## ***Alliance with MUFG***

- **New unsecured consumer loan product of The Bank of Tokyo-Mitsubishi UFJ, Ltd.**

- ✓ **Negotiating the date of start due to the examination in the view of present situation of consumer finance market**

- **Transfer DC Card's guarantee services to ACOM**

- ✓ **Postponement due to same reason mentioned above coordinating to carry out in next fiscal year**

- **Business Expansion in southeast Asia**

- ✓ **Buyout of PT. BANK NUSANTARA PARAHYANGAN Tbk., middle-size bank in Indonesia finish in this fiscal year (scheduled)**

## ***Group Management Reformation: in Progress***

### **➤ Revision of Operational Channels**

**✓ Completion in this fiscal year (as planned)**

### **➤ Integration of JCK CREDIT and Corporate Split-up for Installment Sales Finance Business of ACOM**

### **➤ Merger of Subsidiaries**

**✓ April 1, 2007 (scheduled)**

### **➤ Expenses for Computer Operation and Development**

**✓ Restructure a mainstay computer system (legacy to open system by introducing package software from software company in India)**

### **➤ Voluntary Retirement**

**✓ 14.5 billion yen of Extraordinary Losses is booked for Special Retirement Benefits, etc of 709 employees**

## **Reference**

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- ◆ **For further information and questions regarding this presentation, please contact:**

**Investor Relations Office**

**Tel: +81-3-5533-0631**

**email: [ir@acom.co.jp](mailto:ir@acom.co.jp)**

- ◆ **For updated company information, please refer to our website:**

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

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# Appendix 1

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**~ Allowance for Loss on Interest Repayments ~**

**Extraction from “Earnings Release Conference  
1st Half of Fiscal Year Ending March 2007” (P17 ~ 21)**

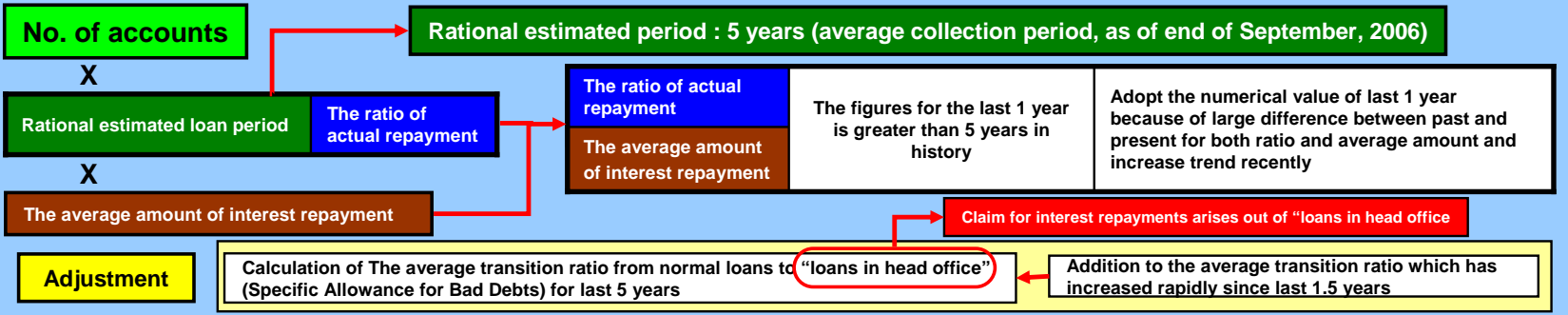
## Calculation of Allowance for Loss in Interest Repayments

- ◆ Under the regulation of “Audit Guidelines on Consumer Finance Companies’ Provisions for Losses on Reimbursement of Interest Repayments” by The Japanese Institute of Certified Public Accountants

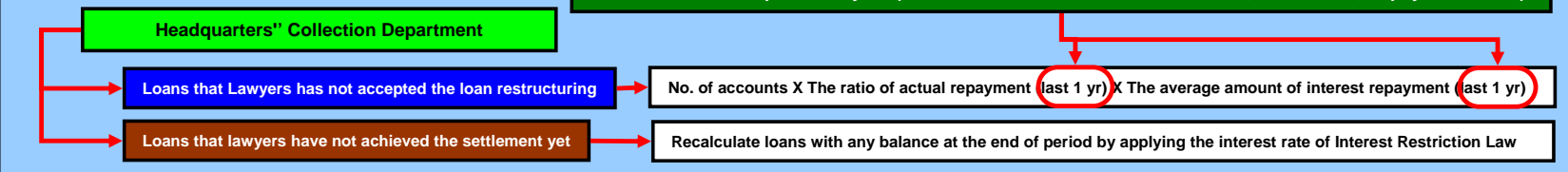
Classification	Category
Loans which have a balance in the term end	✓ Normal Loans
	✓ Loans in Arrears ACOM: Headquarters’ Collection Department.
Loans with no balance due to write-offs or repayment in full	
Waiver of all principal (enough amount to refund to customers)	Same method how to calculate interest repayments
Waiver of a part of principal (not enough amount to refund to customers)	

# Calculation of Allowance for Loss in Interest Repayments

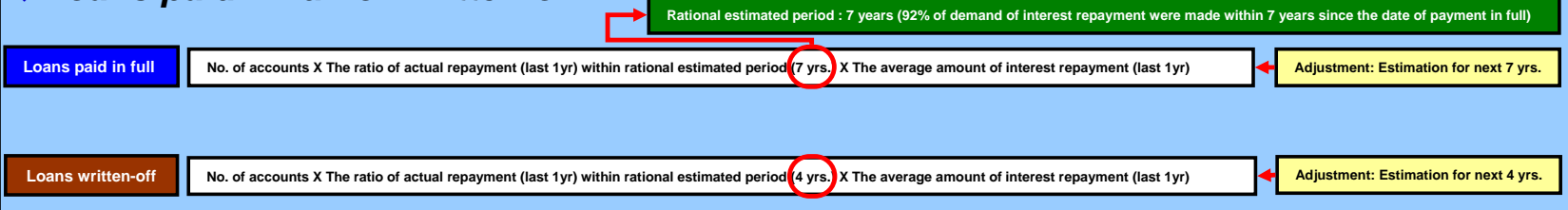
## ◆ Normal Loans



## ◆ Loans in Arrears



## ◆ Loans paid in full or written-off

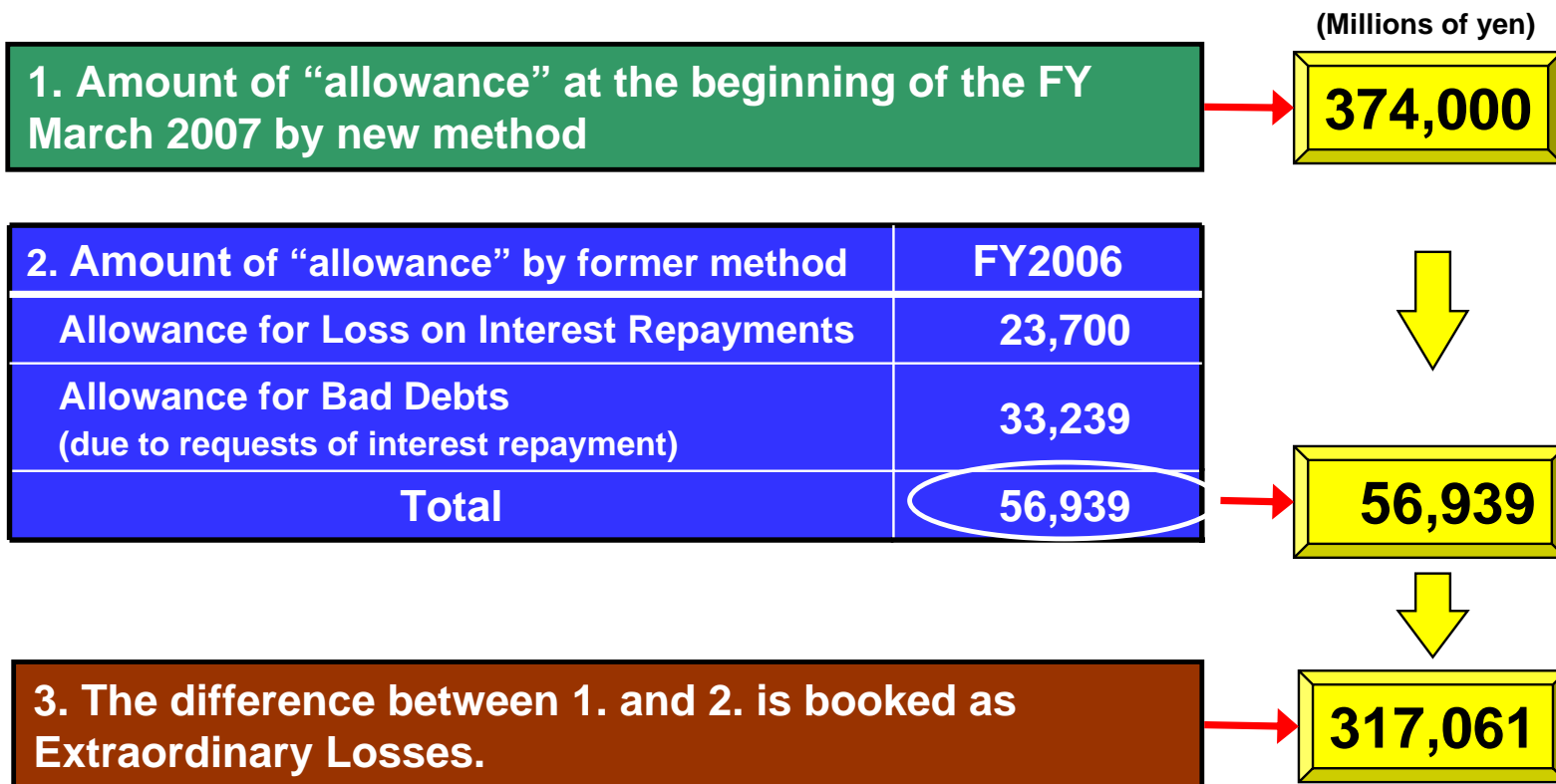


**Allowance for Loss on Interest Repayment (this interim period) : 357.5 billion yens**

**All amount is booked in Fixed Liabilities**

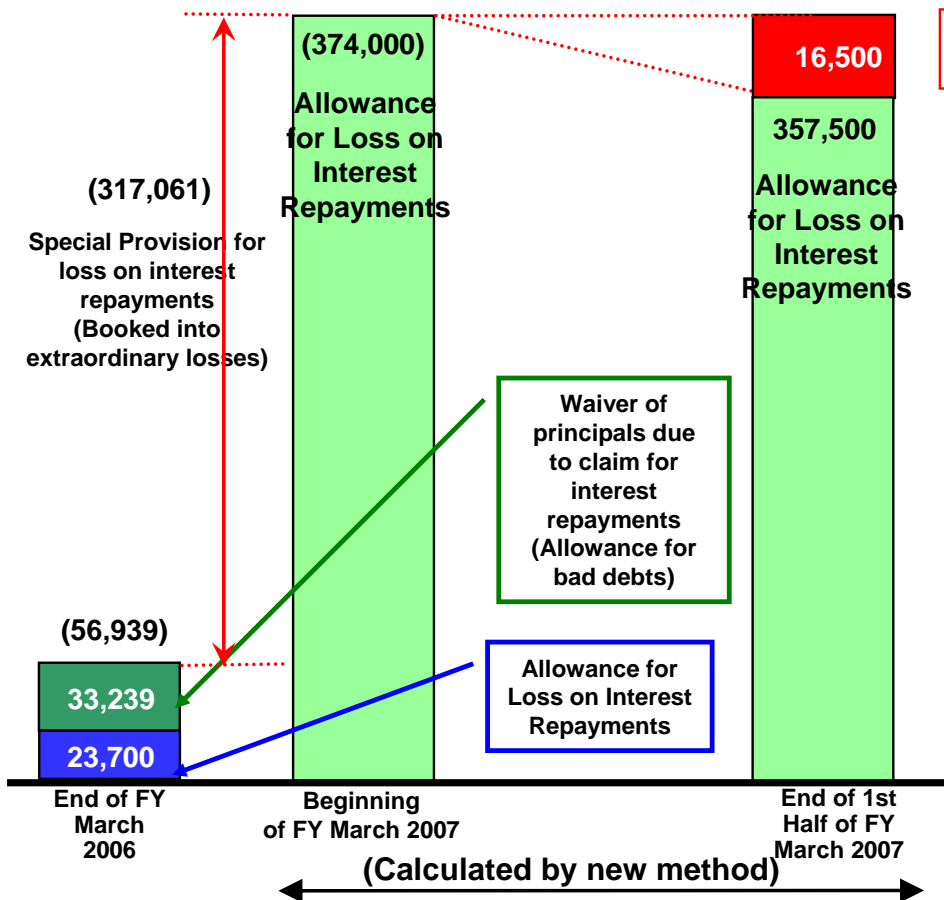
## Accounting Treatment of Allowance for Loss on Interest Repayments 1

◆ The report of Japan Institute of Certified Public Accountants says that it is appropriate audit standards “3. to book the difference as Extraordinary Losses” between “1. Amount of allowance calculated by new method” and “2. Amount of allowance calculated by former method.”



# Accounting Treatment of Allowance for Loss on Interest Repayments 2

## ◆ Allowance for loss on interest repayment (Millions of yen)



Break down

Interest Repayments (Actual)	-13,631
Waiver of Repayments (Actual)	-16,024
Provision for allowance	+13,155

DATA BOOK P7,  
8. Operating Expenses

## ◆ Interest-related-repayment Expenses (FY March 2007)

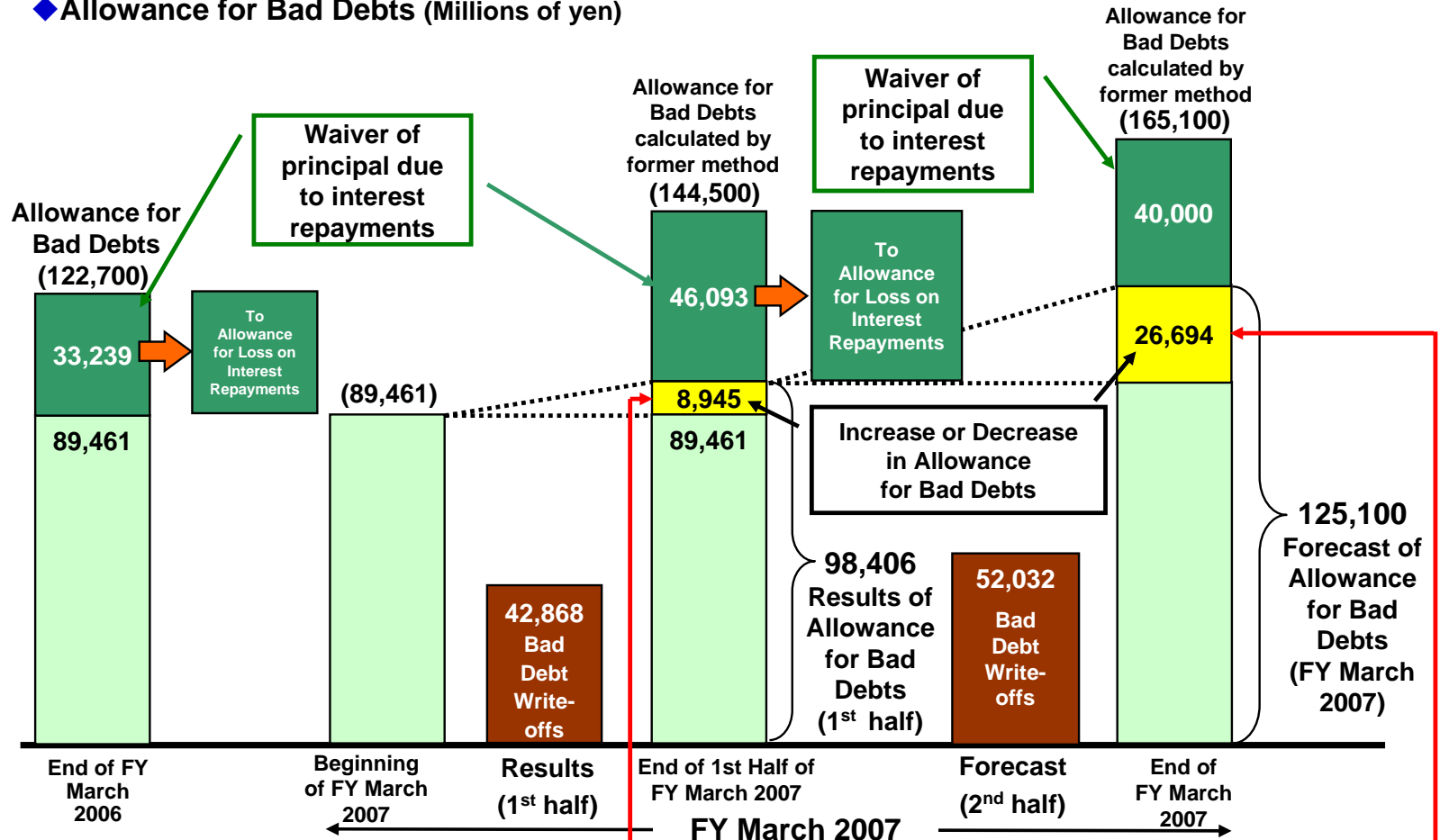
(Millions of yen)

	1 <sup>st</sup> half	2 <sup>nd</sup> half	FY March 2007
Interest-repayment-related Expenses	13,155	0	13,155
Interest Repayments	13,630	17,825	31,455
Bad Debt write-offs (Voluntary Waiver of Repayments)	16,024	20,776	36,800
Increase and Decrease (Allowance)	-16,500	-38,600	-55,100
Allowance for Loss on Interest Repayments	357,500		318,900

(Reference) All amounts less than one million have been truncated in DATA BOOK

# Key Factors of P/L Related to Allowance for Bad Debts

## ◆ Allowance for Bad Debts (Millions of yen)



➤ The amount difference between 8,945 and calculated amount of Operating Expenses of 8,996, -51 million yen, will be booked as amount of increase or decrease in allowance for fixed assets.

➤ The amount difference between 26,694 and calculated amount of Operating Expenses of 26,704, -10 million yen, will be booked as amount of increase or decrease in allowance for fixed assets.

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# Appendix 2

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# **Cabinet Office: Monthly Economic Report**

**November 2006**      **The economy is recovering, despite some weakness in consumption.**

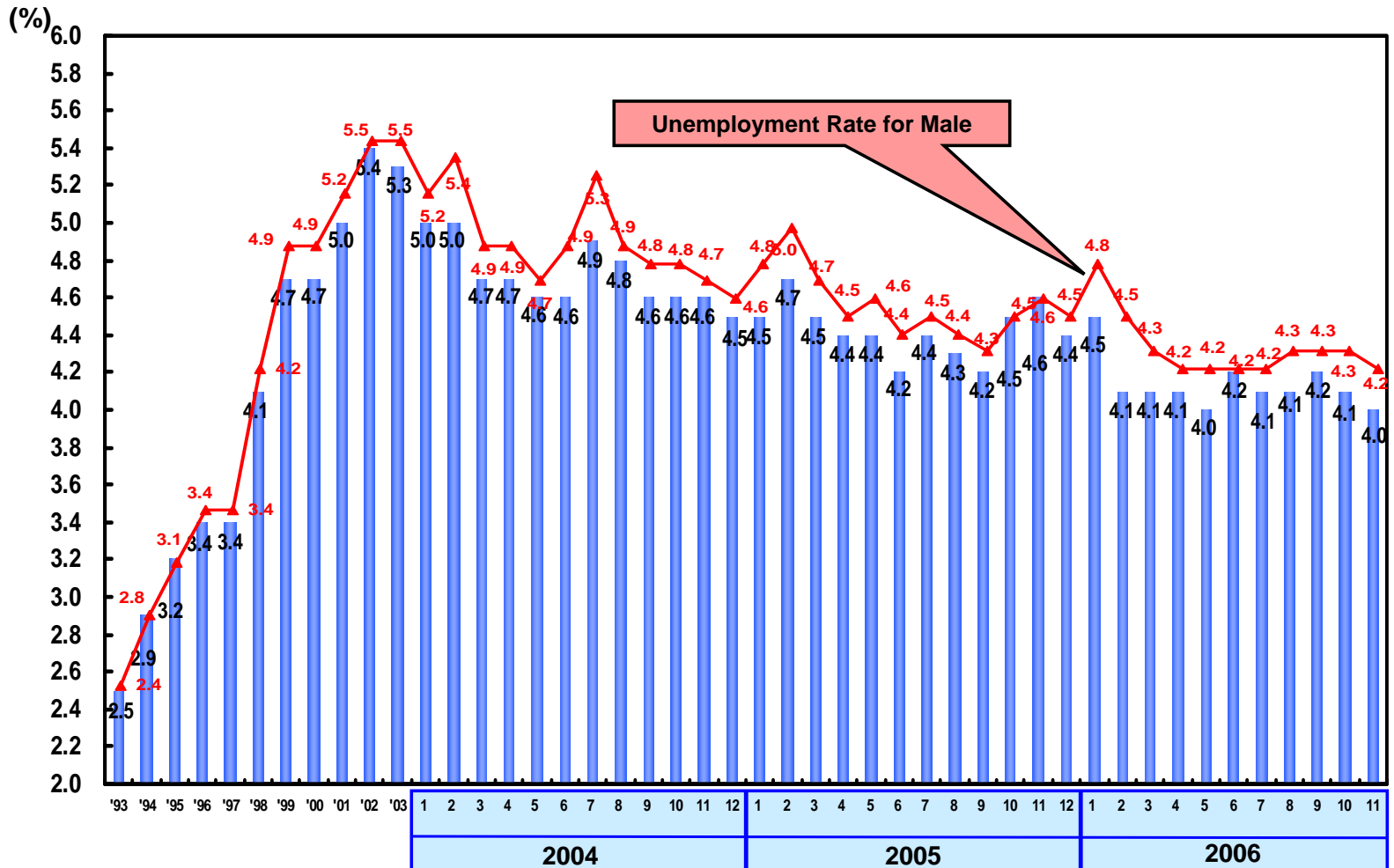
**December 2006**      **The economy is recovering, despite some weakness in consumption.**

**January 2007**      **The economy is recovering, despite some weakness in consumption.**

- **Corporate profits are improving and business investment is increasing.**
- **The employment situation is improving on a broader basis, though some severe aspects remain.**
- **Private consumption is almost flat.**
- **Exports have been flat and industrial production is increasing moderately.**

# Business Environment

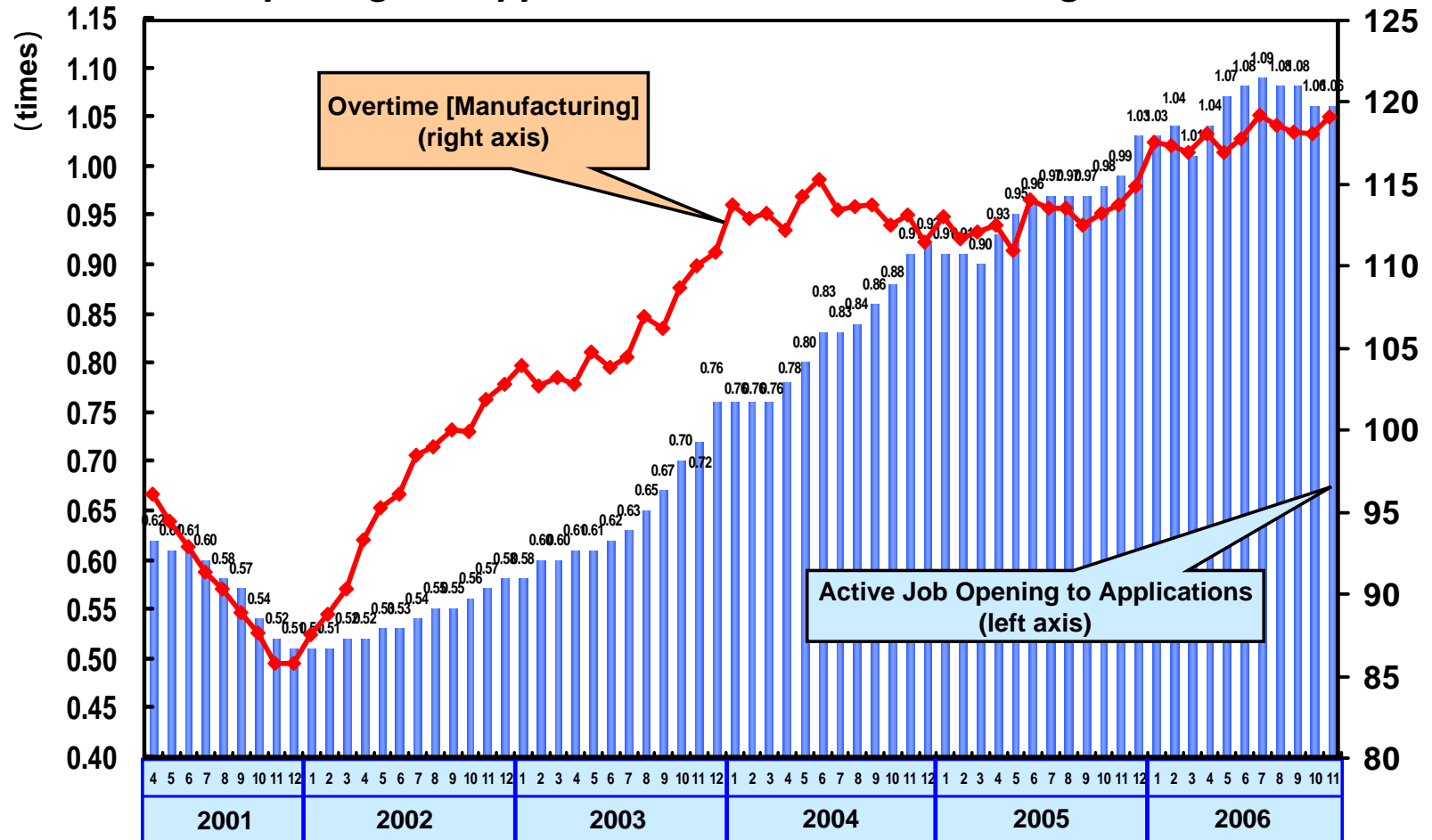
## ◆ Monthly Unemployment Rate in Japan



Source: Statistics Bureau (Seasonally Adjusted)

# Business Environment

## ◆ Active Job Openings to Applications & Overtime Working Hours Y2000=100



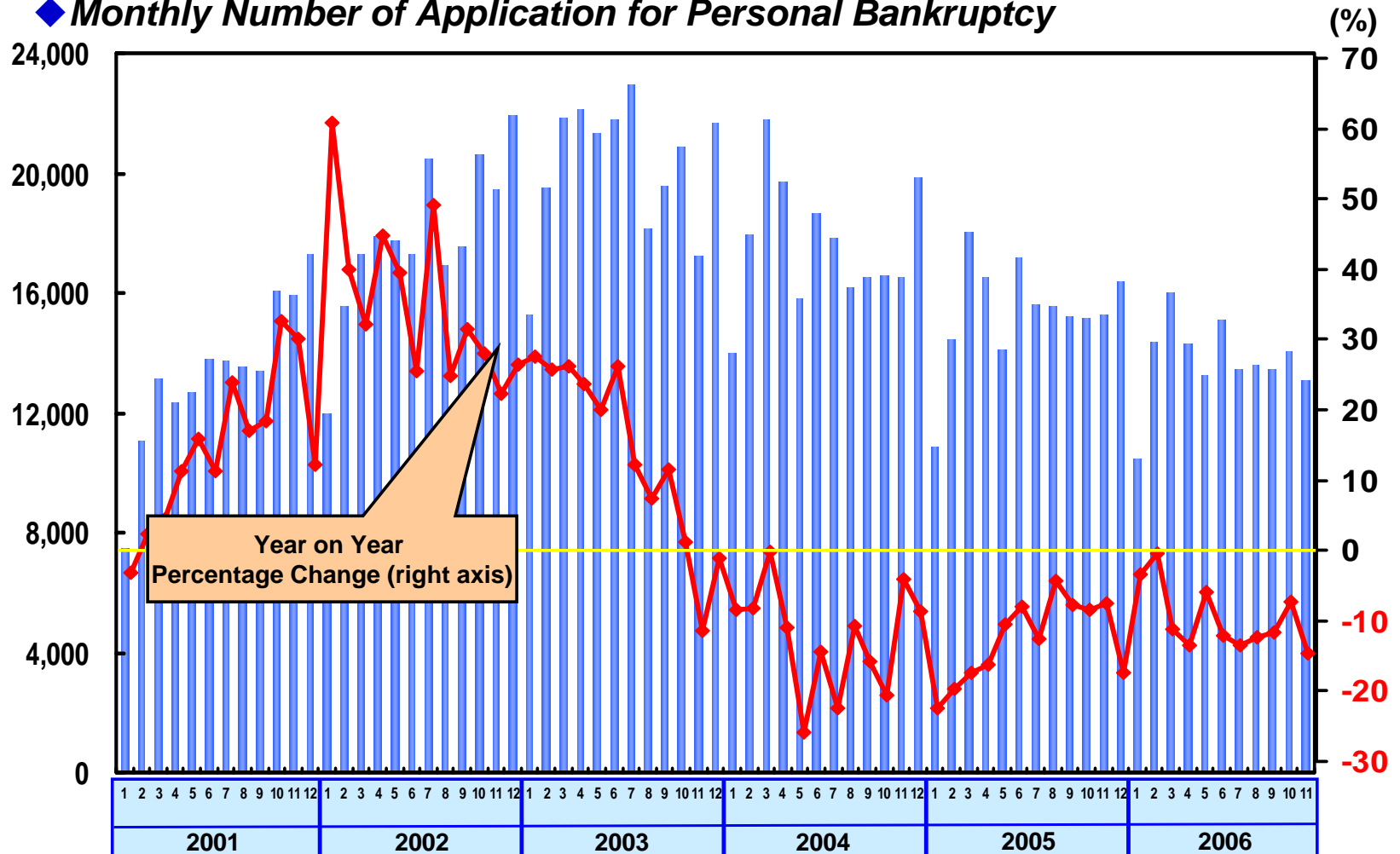
Source: Ministry of Health, Labour and Welfare [Monthly Labour Survey]

Note:1 . Overtime is non-scheduled working hours

Note:2. Seasonally Adjusted

# Business Environment

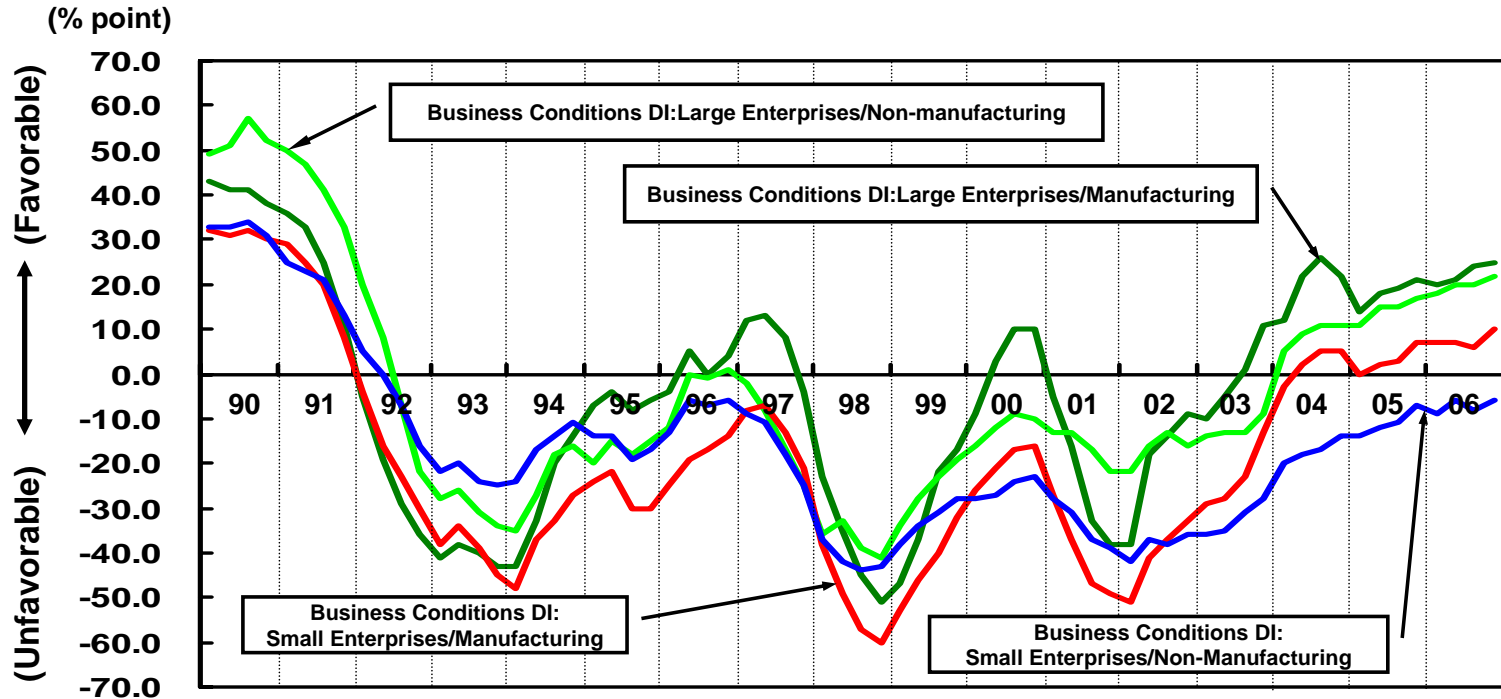
## ◆ Monthly Number of Application for Personal Bankruptcy



Source: Supreme Court

# Business Environment

## ◆ Change of the TANKAN Survey (Quarterly)

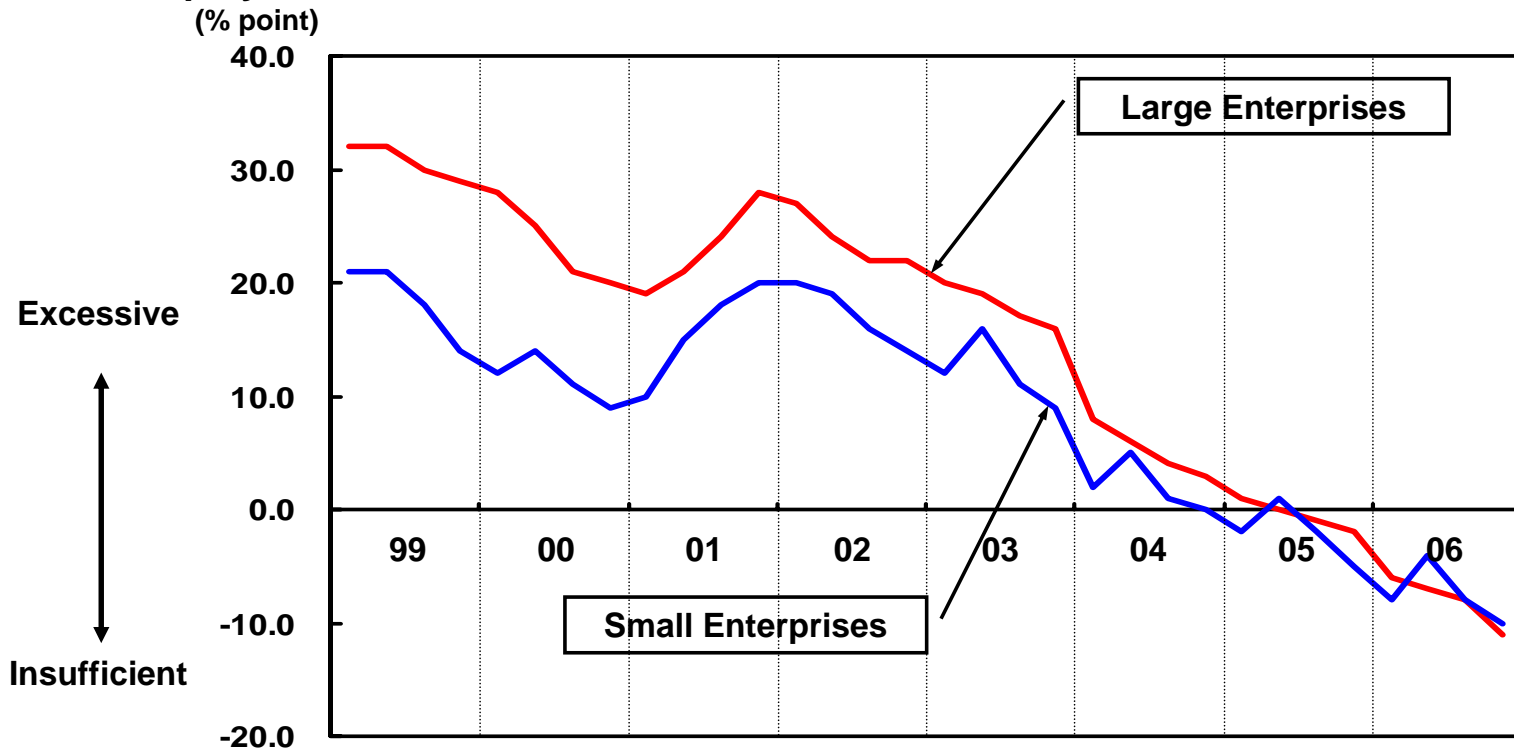


### Industrial Business Conditions as of December 2006

- Large Enterprises/Manufacturing: improved 3 quarters in a row and resulted in +25
- Business conditions are predicted to keep expanding moderately.

# Business Environment

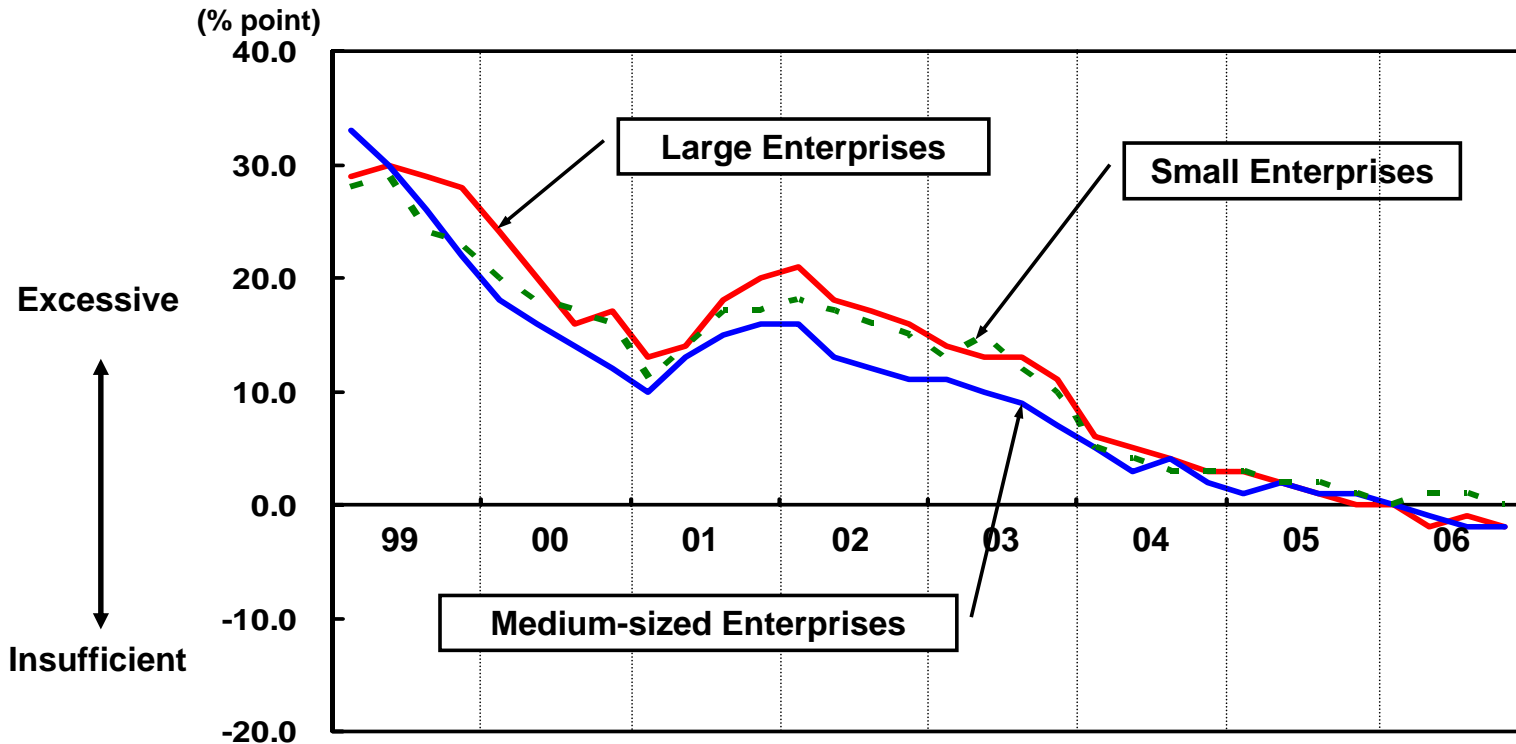
## ◆ Change of the TANKAN Survey (Quarterly) Employment Conditions D.I.



- Excessive/Insufficient extent is resulted in -5% point in Large enterprises/Manufacturing.
- Insufficient extent since the result of February 1992

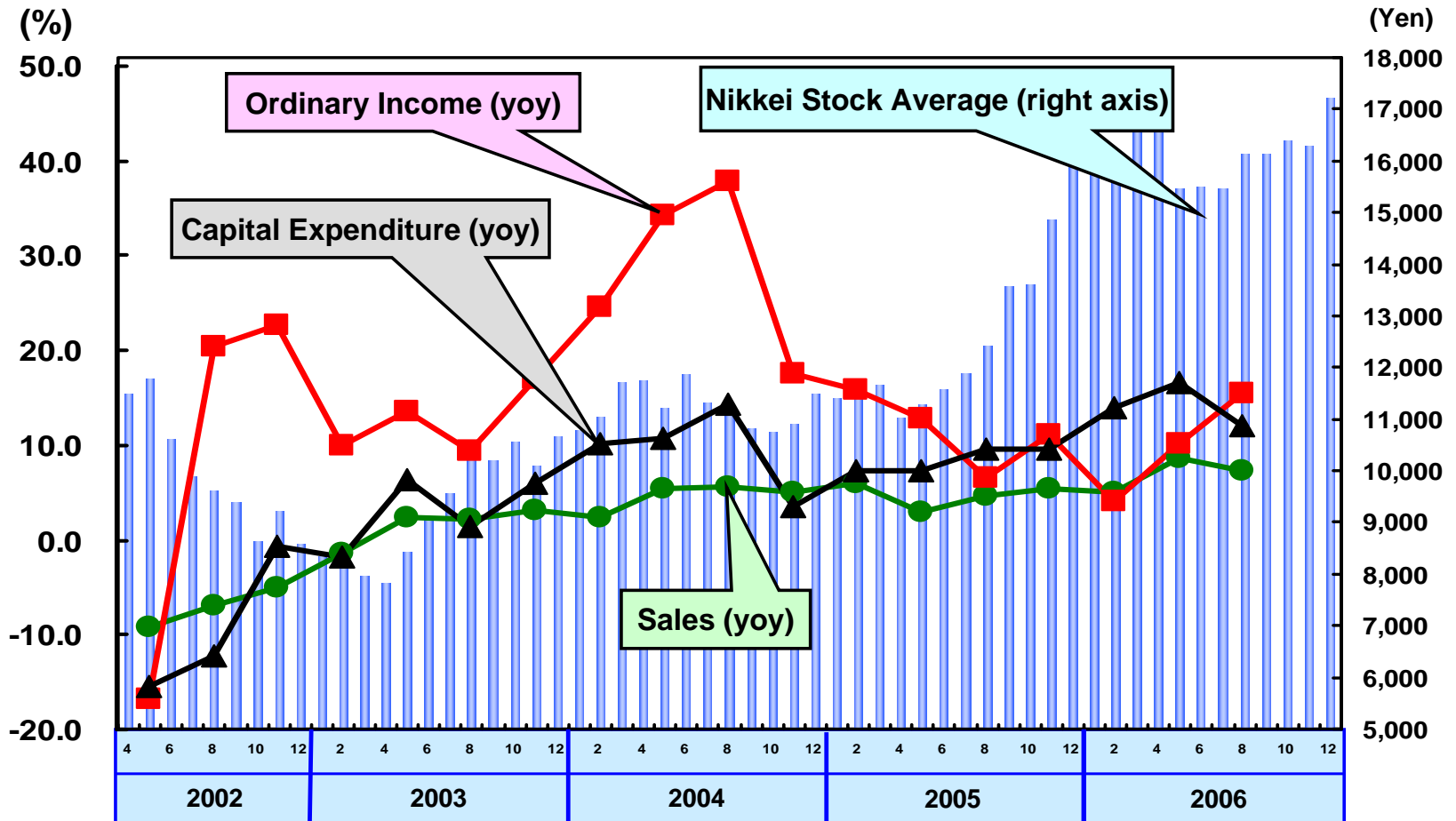
# Business Environment

## ◆ Change of the TANKAN Survey (Quarterly) Production Capacity D.I.



- Plan of capital expenditure as of fiscal 2006 in Large enterprises/All industry is revised 0.8% point upward to 12.4% increase.
- It is kept at a higher level, resulting in 16.5% increase in Large enterprises/Manufacturing and 10.1% increase in Large enterprises/Non-manufacturing.

# Business Environment



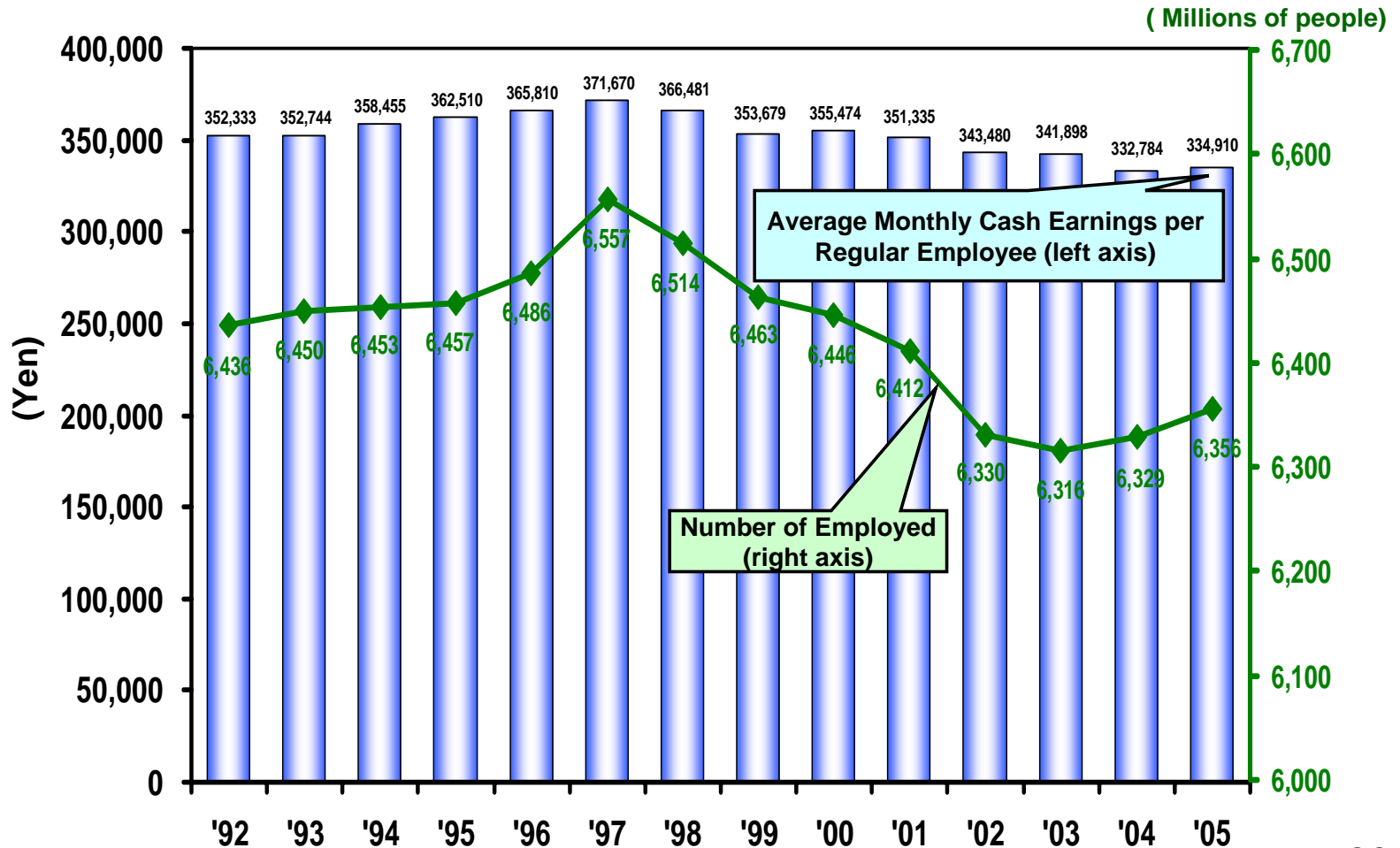
Note1.: The figures of sales, capital expenditure and ordinary income indicate quarterly based year on year percentage point.

Note2.: Capital expenditure includes the software

Source: Ministry of Finance Japan

# Business Environment

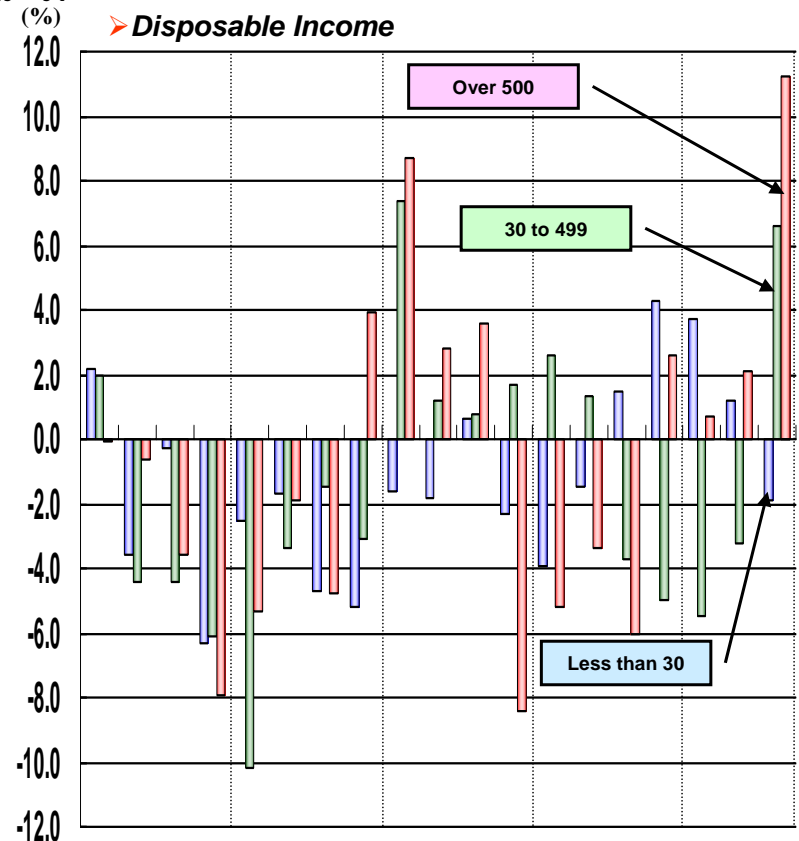
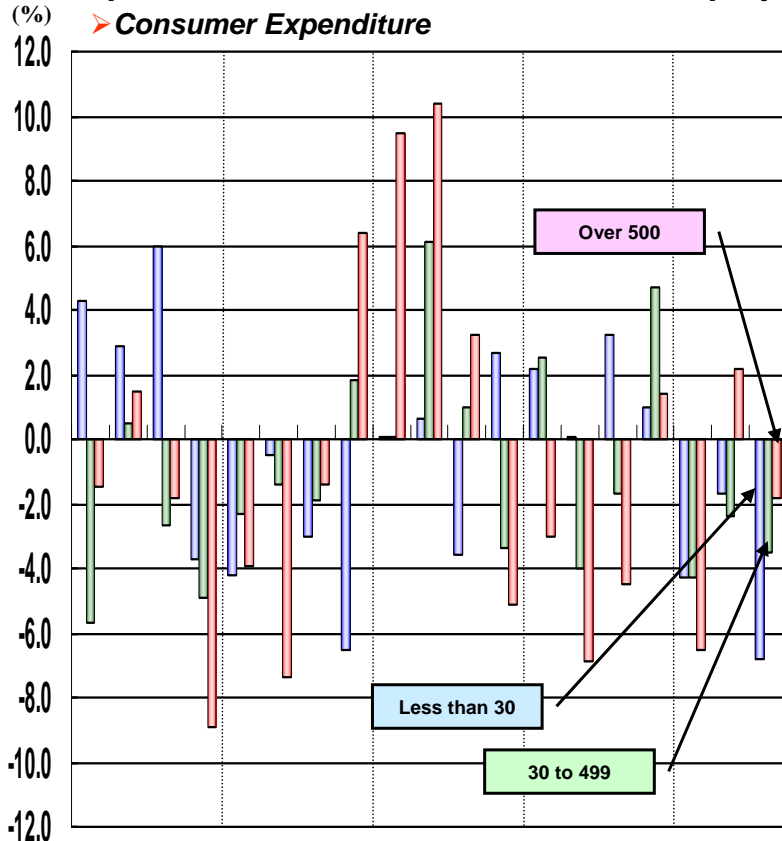
## ◆ Average Monthly Cash Earnings per Regular Employee & Number of Employed



Source: Ministry of Health, Labour and Welfare Statistics Bureau, Labour Force Survey

# Business Environment

## ◆ Consumer Expenditure & Disposable Income per Household by Size of Persons Engaged in the Enterprise in Which Household Head is Employed (yoy)



Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
2002	2002	2002	2002	2003	2003	2003	2003	2004	2004	2004	2004	2005	2005	2005	2005	2006	2006	2006

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
2002	2002	2002	2002	2003	2003	2003	2003	2004	2004	2004	2004	2005	2005	2005	2005	2006	2006	2006

Source: Statistics Bureau (Survey of Household Economy)