

ACOM CO., LTD.



Annual Report 2017

Year ended March 31, 2017

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Consolidated Financial Highlights

	2013/3	2014/3	2015/3	2016/3	2017/3
Profit and Loss Related: (Millions of Yen)					
Operating Revenue	193,028	202,240	219,289	237,683	245,148
Operating Profit	20,961	14,333	14,073	15,516	(70,166)
Profit (loss) Attributable to Owners of Parent	20,839	10,632	12,864	14,598	(72,187)

	2013/3	2014/3	2015/3	2016/3	2017/3
Balance Sheet Related: (Millions of Yen)					
Total Assets	1,165,576	1,155,203	1,190,368	1,175,063	1,228,930
Interest-bearing Debt ¹	632,523	619,966	646,854	648,568	705,874
Net Assets	286,710	306,726	328,315	338,132	267,226

	2013/3	2014/3	2015/3	2016/3	2017/3
Per Share²: (Yen)					
Net Income (Loss), Basis	13.30	6.79	8.21	9.32	(46.08)
Net Assets	178.59	187.92	199.53	206.42	159.58
Cash Dividends	0	0	0	0	0

	2013/3	2014/3	2015/3	2016/3	2017/3
Financial Ratios: (%)					
ROE	7.8	3.7	4.2	4.6	(25.2)
ROA (Net Income to total assets)	1.8	0.9	1.1	1.2	(6.0)
Shareholders' Equity Ratio	24.0	25.5	26.3	27.5	20.3
Shareholders' Equity Ratio (shareholders' equity ratio computed using the sum of total assets and guaranteed receivables)	16.0	15.4	15.2	15.0	10.6

Notes: 1. Interest-bearing Debt = Short-term loans payable + Commercial papers + Current portion of long-term loans payable + Current portion of bonds + Bonds payable + Long-term loans payable

2. As of October 1, 2013, ACOM executed a stock split where each share of its common stock was split into 10 shares. In association therewith, "Net Income, Basic" and "Net Assets" were calculated supposing that the stock split was conducted at the beginning of the year ended March 2013.

1. Forward-Looking Statements

The figures contained in this annual report with respect to ACOM's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to it and involve risks and uncertainties and actual result may differ from those in the forward-looking statements as a result of various facts. 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 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, the level of interest rates paid on the ACOM's debt and legal limits on interest rates charged by ACOM.

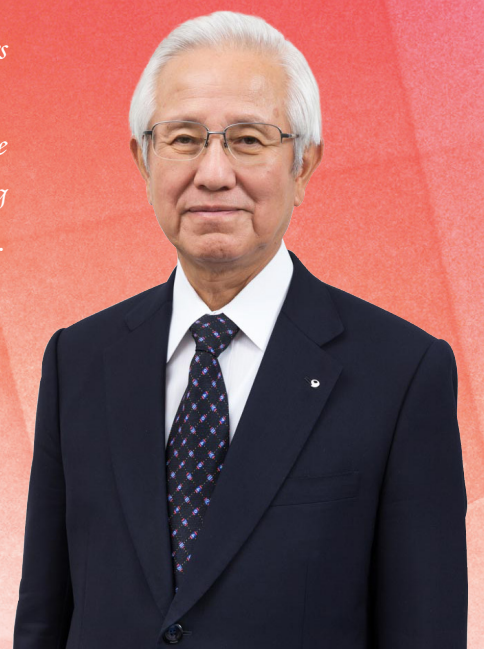
2. All amounts are truncated to the nearest expressed unit.

3. Percentage figures are a result of rounding.

Letter to Shareholders

I would like to express my sincere gratitude to all ACOM stakeholders for your continuous patronage to the Group.

Please let me give following reports on outline of financial results for the fiscal year ended March 2017, the current environment surrounding the Group and annual forecasts for the fiscal year ending March 2018.



Shigeyoshi Kinoshita

Chairman, President & Chief Executive Officer

The Outline of Financial Results for the Fiscal Year Ended March 2017

Operating revenue in the loan & credit card business grew by 2.1%. This was largely because the loan yield contraction was offset by growth of receivables in both the businesses. Operating revenue in the guarantee business increased by 15.4% owing mainly to growth of guaranteed receivables. Operating revenue of our overseas financial businesses decreased by 5.5% due to an adverse currency impact despite steady growth of EASY BUY's receivables. As a result, the total operating revenue increased by 3.1% to 245.1 billion yen.

Consolidated operating expenses increased by 41.9% to 315.3 billion yen. While financial expenses dropped thanks to a further improvement of ACOM's funding environment and exchange impact, provision for bad debt grew due to the expansion of the core businesses. On top of that, there was addition of 143.7 billion yen for provision for loss on interest repayment, which was not initially planned due to higher-than-expected claims for interest repayment.

As a result, consolidated operating loss was 70.1 billion yen, ordinary loss was 69.5 billion yen and net loss was 72.1 billion yen.

It is with my sincere regret to inform you I decided not to make year-end dividend after I had taken duly consideration on

present circumstances.

I have formerly announced that we plan to resume dividend payment as soon as we can conclude that we are free of uncertainty of requests for interest repayment in the future, in addition to indisputable continuous and stable growths in three core businesses. However, the requests for interest repayment far exceeded what we have initially estimated. Moreover, addition made to provision for loss on interest repayment significantly impaired our shareholders' equity.

I believe that it is our duty with the top priority to increase shareholders' equity from management stability and security perspective. While focusing on the value of shareholders' equity ratio, we will closely monitor difference between estimated and actually requested amount of request for interest repayment. We will resume dividend payment as soon as future concern on requests for interest repayment is solved. I would like to humbly request your understanding on the matter.

We will endeavor to meet stakeholders' expectations and become a corporate group that contributes to society as we keep close cooperation with MUFG Group.

I humbly ask for your ongoing support as we embrace the challenges for the future.

Current Environment Surrounding ACOM Group

The Japanese economy showed signs of gradual improvement in corporate earnings and the employment and income environment, as well as hints of ongoing recovery in consumer spending, due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained due to uncertainty in overseas economies and the impact of fluctuations in the financial and capital markets, though economic recovery is expected to continue in the future.

In the consumer finance industry, business conditions continued to be severe due to factors such as persistent requests for interest repayment with no foreseeable prospect of ending,

although there are some signs that the market is in a gradual increasing trend.

In such an environment, under its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return,” the Company Group has positioned its loan & credit card business, guarantee business and overseas financial business as the three core business categories and has strived to increase market shares in the consumer loan market, while making efforts to contribute to sound growth of the market.

Annual Forecasts for the Fiscal Year Ending March 2018

As for consolidated receivables outstanding, we project a 7.3% increase in our combined consolidated receivables to 2 trillion and 312.6 billion yen with the loan & credit card business growing by 3.3%, the guarantee business growing by 9.8% and the overseas financial business growing by 9.6%.

As for consolidated operating revenue, we project a 4.8% increase in our combined consolidated operating revenue to 257 billion yen with the loan & credit card business growing by 1.3%, the guarantee business growing by 11.9% and the overseas

financial business growing by 9 %.

On the cost front, we expect financial expenses to drop by 6.8%. We, on the other hand, project provision for bad debt and other operating expenses to increase 11.5% and 8% respectively with the growth of the 3 core businesses. We expect no additional provision for loss on interest repayment and forecast the total operating expenses to decrease by 41.1% to 185.7 billion yen.

On the profitability front, we project 71.3 billion yen of consolidated operating profit and 64.2 billion yen of net income.

ACOM Group’s Vision

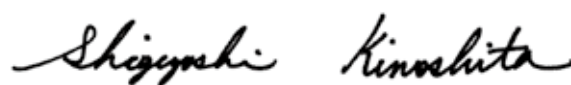
Under management vision of “becoming the `leading company` which provides prime satisfactions to utmost number of customers and win their trust in return,” and in close cooperation with MUFG Group, ACOM Group is going to promote

optimum distribution of resources for stable management basis and future growth while growing loan & credit card business in steady manner. The Group will also strive to increase guaranteed receivables and further promote overseas financial business.

3 components emphasized in the management vision

1. Customers first, which is the basis of our business and a constituent of our corporate philosophy. This also reflects each and every member of ACOM’s intention to provide prime satisfactions to as many customers as possible.	2. Concentrate our management resources to “personal loan market” regardless of the nature of business segment.	3. Establish a solid brand image of “leading company which win trust from the market” by further strengthening the brand of “safety and trust.”
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I humbly ask for your ongoing support as we embrace the challenges for the future.



Shigeyoshi Kinoshita
Chairman, President & Chief Executive Officer

ACOM in the New Stage

The domestic personal card loan market continued to grow in the fiscal year ended March 2017. However, the competitive nature of environment is going through changes. It now involves different players from diverse sectors beyond traditional bank and nonbank sectors. Non-bank market still faces adversities represented by the number of requests for interest repayment remaining at a high level. Nonetheless, market volume of consumer finance industry made a turnover in June 2015 and is making a gradual recovery.

At ACOM on non-consolidated basis, loan business made a good progress; its receivables outstanding continued to increase for four consecutive years. Guarantee business, on the other hand, is also enjoying as steady scale expansion.

Under its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to utmost number of customers and win their trust in return,” ACOM has positioned its loan & credit card business, guarantee business and overseas financial business as the three core business categories and strives to increase market shares in the consumer loan market.

Issue of Interest Repayment

The number of requests for interest repayment decreased by 15.9% to 60,700 in the fiscal year ended March 2017.

During the fiscal year ended March 2017, we drew down a total of 68.8 billion yen from a reserve of 90.0 billion yen from the end of the prior fiscal year before. This amount consisted of 58.8 billion yen in cash out and 9.9 billion yen in principal write-offs associated with interest repayment,

As the number of requests for interest repayment of year under review was far above our initial estimate, we reassessed provision for loss on interest repayment at the year-end.

Reassessment showed that we still need 164.9 billion yen of provision. Therefore, we made additional provision for shortage, 129.3 billion yen, in the fourth quarter. In annual basis, 143.7 billion yen was added to provision: 14.4 billion yen in the third quarter and 129.3 billion yen in the fourth quarter.

Although we do not plan to make any addition to the provision in the fiscal year ending March 2018, we are aware that the requests for interest repayment in particular is highly uncertain, due to its sensitivity to changes in external environmental changes. Therefore, we plan to conduct comparative analysis on our estimate and actual amount requested every quarter to assess validity and sufficiency of the provision.

TV Commercials: Broadcasted New Commercials on “Miru” Concert Monogatari, Emphases on Our Services and Customer Friendliness

We have been featuring actress Hiromi Nagasaku for TV commercials since August 2013. For the period from April 2015 to March 2017, we broadcasted several versions of TV commercials that emphasize our services and customer friendliness. We have now newly featured Ms. Atsuko Maeda on TV commercials on “Miru” Concert Monogatari, our key social contribution activity.

“‘Miru’ Concert Monogatari Version”

This version demonstrates “Miru” Concert Monogatari, our historical social contribution activity which we have performed over 200 times since its first performance in 1996. Ms. Atsuko Maeda explains to viewers that measures such as sign language interpretation are in place to welcome all kinds of audiences.

“Bowling Version (Emphasis on Speediness)”

At a bowling center, Ms. Hiromi Nagasaku throws a fast ball, faster than the eye. She also eats a gigantic hamburger at lightning speed. These speediness links to those of our service provision.

“Announcer Version (Interest-free service)”

Ms. Hiromi Nagasaku makes an announcement at a rugby playground.

Rugger men huddle up and form “zero” shape which hints to viewers our “Interest-free service”.



Business Highlights

The ACOM Group has garnered highly sophisticated expertise in credit screening and loan collection from loan & credit card business. Fully utilizing such expertise, the Group also operates guarantee business, overseas financial business and loan servicing business.

Loan and Credit Card Business

In the domestic loan & credit card business, we made efforts to improve product/service functions, gather and acquire new customers, promote sales of credit cards (AC MasterCard) and maintain the soundness of loan portfolios.

As for the improvement of product/service functions and gathering and acquiring of new customers, we have revised the lowest interest rate from 4.7% to 3.0% in July 2016 in order to strengthen operating competitiveness and respond to customer needs. Recognizing the recent increases in the use of the internet, we completed the full renewal of our website in March 2017 to realize improved online content that will allow us to meet customer expectations more than ever.

At the same time, we continued airing commercials featuring the actress “Hiromi Nagasaki” and the sound logo of “Hajimete-no (First time at) ACOM,” as both have earned positive public reception and contributed to increasing the number of new customers.

As for the sales promotion of credit cards, the total number of card members increased to 314 thousand (up 23.5% year-on-year) and the annual transaction volume increased to 31,644

million yen (up 35.3% year-on-year), as we promoted the installation of instant issue credit card machines.

In addition to the abovementioned marketing activities, we have endeavored to maintain the soundness of our loan portfolio and improve the customer-reception quality of our employees by reinforcing the development of human resources through training for credit control, and customer reception including the improvement of the accuracy of credit screenings. As a result, accounts receivable - operating loans at the end of the current fiscal year increased to 784,806 million yen (up 2.3% year-on-year) and accounts receivable - installment increased to 38,109 million yen (up 36.8% year-on-year).

As a result, the business segment’s operating revenue was 135,971 million yen (up 2.1% year-on-year) mainly due to increases in interest on operating loans and revenue from credit card business in accordance with our business expansion. However, the business segment posted an operating loss of 93,373 million yen mainly due to an increase in provision for loss on interest repayment under operating expenses (operating loss of 11,841 million yen for the prior fiscal year).

Guarantee Business

In the guarantee business, the Company and MU Credit Guarantee Co., LTD. worked on the promotion of new guarantee tie-ups and measures to enhance partnerships with existing partners amid the growth of the bank card loan market.

The Company formed a new guarantee alliance with Bank of The Ryukyus, Limited. MU Credit Guarantee Co., LTD. formed new guarantee alliances with Momiji Bank, Ltd. and CHIKUHO BANK Ltd. As a result, the combined number of business partners of the Company and MU Credit Guarantee Co., LTD. increased to 50 banks at the end of the current fiscal year. To enhance partnerships with existing partners, the Company continued appropriate screening, provided various support for

existing partners with a view to enhancing their business results, and shared positive examples.

As a result, the total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. was 1,129,773 million yen (up 14.4% year-on-year). The business segment’s operating revenue was 56,411 million yen (up 15.4% year-on-year) mainly due to an increase in revenue from credit guarantee, while operating profit was 9,614 million yen (operating profit of 14,466 million yen in prior fiscal year) due primarily to an increase in provision of allowance for doubtful accounts.

Overseas Financial Businesses

In the overseas financial business, business operations were carried out in the pursuit of expanding the relevant businesses in parallel with efforts to improve the companies’ loan portfolios.

The loan business of EASY BUY Public Company Limited in the Kingdom of Thailand actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers, in spite of the current political instabilities in that country. As a result, the

number of new contracts and accounts receivable - operating loans have increased steadily, thereby building the top-brand position in Thailand.

The banking business of PT. Bank Nusantara Parahyangan, Tbk. in the Republic of Indonesia worked to strengthen its internal control structure and improve its loan portfolio amid lingering future uncertainty about the domestic economy.

In the Socialist Republic of Vietnam, where the Company

has established a representative office, the Company applied for a license to operate as a finance company in May 2014. The Company has continued surveys on various local laws/regulations and risks, and market analysis for future business development, while awaiting the results of the licensing examination. The Company also continues with necessary surveys in other Asian countries to explore the feasibility of business development.

We had reached an agreement with Itochu to establish a joint venture in the Philippines to start retail loan business in that country. We have chosen the Philippines since the country, with

Loan Servicing Business

In the loan servicing business, IR Loan Servicing, Inc. has endeavored to acquire new business partners and increase profitability amid intensified competition in the purchased receivables market.

As a result, the business segment's operating revenue was 7,159 million yen (up 8.8% year-on-year), mainly due to an increase in

the second largest population in the ASEAN region, has a future prospect for continued strong growth. On top of that, it has an expanding middle class, the main target segment of this business, whose loan demand is likely to continue to grow.

As a result, the business segment's operating revenue amounted to 45,618 million yen (down 5.5% year-on-year), while operating profit was 12,640 million yen (operating profit of 11,138 million yen in prior fiscal year), mainly due to decreases in both operating revenue and operating expenses affected by foreign exchange rate fluctuations attributable to the stronger yen.

the amount of collection from purchased receivables. However, operating profit was 544 million yen (operating profit of 1,071 million yen in prior fiscal year) due primarily to an increase in provision of allowance for doubtful accounts under operating expenses.

Social Contribution Activity

ACOM's Social Contribution Activity Policy

Guided by the basic principle of the "Circle of Trust" spirit on which it was founded, ACOM Group embraces a corporate philosophy emphasizing contribution to enriched cultural lifestyles.

In line with this philosophy, ACOM aims to build good relations with local communities and become the "company next door" and a "corporate citizen in harmony with society" through

its wide range of social activities comprising of social welfare, regional contribution, and other.

As for spirit of a corporate citizen, ACOM also encourages and supports its employees' voluntary participation while it addresses various activities such as customer awareness and money management programs.

Culture and Arts

Barrier-free Concerts Enjoyable by Everyone Regardless of Age and Handicaps Helping with Smiles, "ACOM 'Miru' Concert Monogatari"

We are proud to announce we welcomed more than 200 thousand audiences!

◆ Three wishes

"ACOM 'Miru' Concert Monogatari" contains our three wishes to: "do something for others", "see other people's smiling faces" and "establish a harmonious relationship with society."

◆ Integrating "harmony", "shadow pictures" and "narration"

"ACOM 'Miru' Concert Monogatari" is a creative form of art performance which creates a fantastic world by integrating "shadow pictures" that give shapes to light, "harmony" made by live performance and "narration" that gives lives to shadow pictures. Performers and audiences can share emotions and feel heart-to-heart exchanges by enjoying the presence of handmade stages.

◆ Unique features of these performances

As a part of its social contribution activities, ACOM began to hold "ACOM 'Miru' Concert Monogatari" performances all over

Japan since 1994. The first intended audiences were parents and their children. However, as we wished to extend the joy to more diverse audience, we made the performances barrier-free event through means of on-stage sign language interpretation, expanded reserved seats for wheelchair users, etc.

Since the first performance in 1994, we held over 213 performances, inviting over 200 thousand audiences.



Social Welfare

ACOM encourages active involvements of its employees in social contribution activities in order to materialize its foundation spirit of the "Circle of Trust."

Since its foundation in 1984 from proposals by employees, the ACOM Bluebird Fund continues to operate today. This fund is

raised via donation boxes placed at all workplaces and deduction from employees' salaries. Collected funds are then donated to welfare groups and disaster relief programs. The Company makes matching donations of same amount to support employees' initiative.

Environment Conservation Activities

As a part of initiatives to prevent global warming, energy saving models and/or modes are used at ATMs installed at outlets. Moreover, some of our illumination signboards have installed LED. Therefore, we attempt to reduce CO₂ emission and

electricity consumption. Furthermore, we prioritize energy efficiency when we consider and implement replacement and/or introduction of air conditioners and office equipments.

Investor Information as of March 31, 2017

Stock Listing

First Section of Tokyo Stock Exchange

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation

General Shareholders' Meeting

June 22, 2017

Authorized Shares: 5,321,974,000

Outstanding Shares: 1,596,282,800

Number of Shareholders: 14,749

ADR (American Depositary Receipts) Information

Type: Sponsored Level-1 Program

ADR Ratio: 2ADRs : 5 Ordinary Shares

Symbol: ACMUY

CUSIP: 004845202

Market: The U.S. Market for OTC (Over-the-Counter)

Depository Bank: The Bank of New York Mellon

101 Barclay Street, 22W, NEW YORK, NY 10286, U.S.A.

Toll Free # for Domestic Calls:

1-888-BNY-ADRS

Number for International Calls: 201-680-6825

URL: <http://www.adrbnymellon.com/>

For further information, please contact:

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