Regaining Growth Power

—Strategic Expansion for Winning over the Competition—

Annual Report 2005

Year ended March 31, 2005

acom

Corporate Philosophy

Based on our twin mottos of "respecting other people" and "putting the customer first," we will continue to pursue an innovative and creative style of corporate management aimed at helping our customers realize happier and more fulfilling personal lives.

In 1936, ACOM was founded on the ideal of "extending the feeling of confidence from people to people." Since then, we have always sought to develop our business by establishing an unshakable mutual trust between us and our customers.

acom

ACOM is an acronym created from the following three words:

Moderation

We are hard-working and humble as we carry out our business of helping our customers achieve satisfying lives.

Confidence

We strive to establish an unshakable mutual trust between us and our customers.

Affection

We constantly attempt to have heart-warming relations with our customers that are based on their interests.

Contents

Notes:

1. Forward-Looking Statements

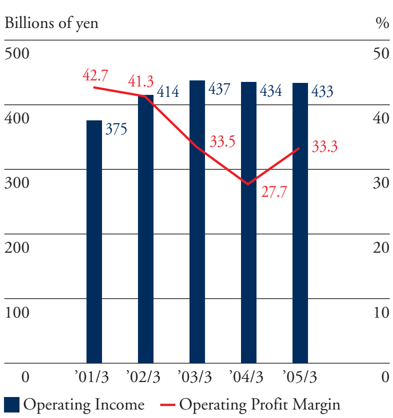
   The figures contained in this annual report with respect to ACOM's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of ACOM which are based on management's assumptions and belief in light of the information currently available to management and involve risks and uncertainties and actual results 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 level of interest rates paid on 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.

Financial Highlights

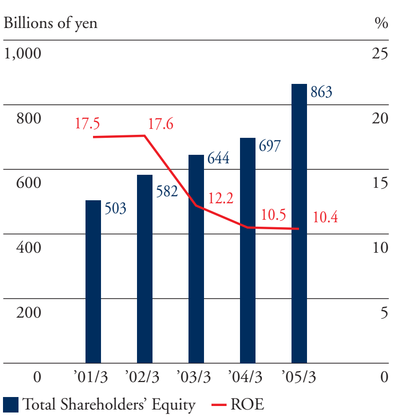
ACOM CO., LTD. and Subsidiaries

Years ended March 31	Millions of yen 2002	2003	2004	**2005**
For the year:				
Profit and loss related				
Operating income	414,918	437,572	434,968	**433,965**
Operating expenses	243,669	290,877	314,577	**289,604**
Bad-debt-related expenses *1	72,047	115,671	140,505	**108,453**
Operating expenses excluding bad-debt-related expenses	171,622	175,206	174,072	**181,151**
Operating profit	171,248	146,695	120,391	**144,361**
Net income	95,637	75,096	70,319	**81,533**
Cash flow related				
Net cash provided by (used in) operating activities	(46,554)	47,550	164,158	**141,014**
Net cash provided by (used in) investing activities	(5,590)	(8,191)	(5,398)	**(17,350)**
Net cash provided by (used in) financing activities	67,639	7,906	(166,105)	**(136,508)**
Free cash flow	(52,144)	39,359	158,760	**123,664**
At year-end:				
Total assets	2,166,865	2,183,414	2,075,389	**2,077,334**
Receivables outstanding *2	1,888,265	1,940,055	1,851,454	**1,856,962**
Total amount of bad debts	44,516	60,791	80,259	**83,961**
Allowance for bad debts	81,064	112,549	135,350	**130,532**
Total shareholders' equity	582,737	644,431	697,166	**863,760**

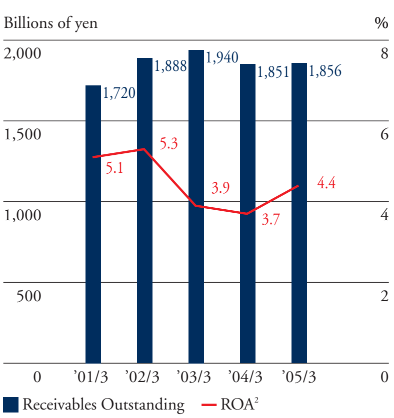
Operating Income and Operating Profit Margin



Total Shareholders' Equity and ROE



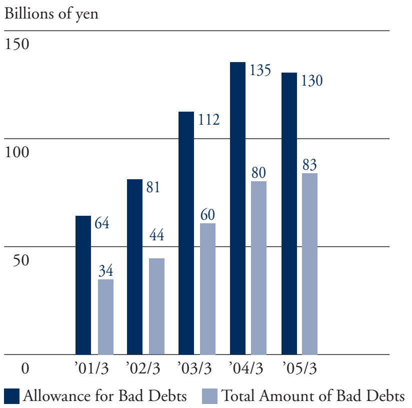
Receivables Outstanding and ROA²



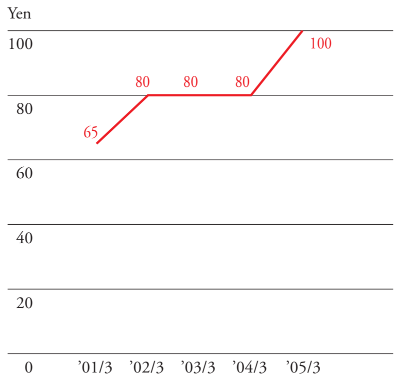
Years ended March 31	2002	2003	2004	2005
	Yen (Unless otherwise specified)			
Per share:				
Net income, basic	653.18	513.08	487.77	**516.23**
Total shareholders' equity	3,983.61	4,405.08	4,855.98	**5,456.39**
Cash dividends	80	80	80	**100**
Financial ratios:				
Profitability				
Operating profit margin	41.3%	33.5%	27.7%	**33.3%**
ROE *4	17.6%	12.2%	10.5%	**10.4%**
Efficiency				
Operating efficiency *3	9.5%	9.2%	9.2%	**9.8%**
ROA1(Net income to total assets) *4	4.7%	3.5%	3.3%	**3.9%**
ROA2(Net income to receivables outstanding) *4	5.3%	3.9%	3.7%	**4.4%**
Stability (non-consolidated)				
Bad debt ratio (Gross basis) *5	2.7%	3.7%	4.9%	**5.1%**
Bad debt coverage ratio *6	177.8%	178.0%	162.2%	**150.7%**

Notes: 1. The amount of bad-debt-related expenses is the sum of bad debt write-offs, additional allowance for bad debts, and additional allowance for loss on debt guarantees.
2. Receivables outstanding indicates the sum of receivables outstanding of loan business, credit card business, and installment sales finance business.
3. Operating efficiency = Operating expenses excluding bad-debt-related expenses/Average of beginning and end of term receivables outstanding
4. ROE and ROA are calculated using the simple average of beginning and end of term balance sheet figures.
5. Bad debt ratio (Gross basis) = Total amount of bad debts / Receivables outstanding plus Loans to borrowers in bankruptcy or under reorganization
6. Bad debt coverage ratio = Allowance for bad debts / Total amount of bad debts

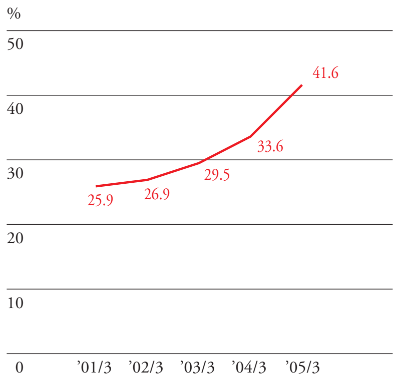
Allowance for Bad Debts and Total Amount of Bad Debts



Cash Dividends per Share



Shareholders' Equity Ratio



This is the ACOM Group

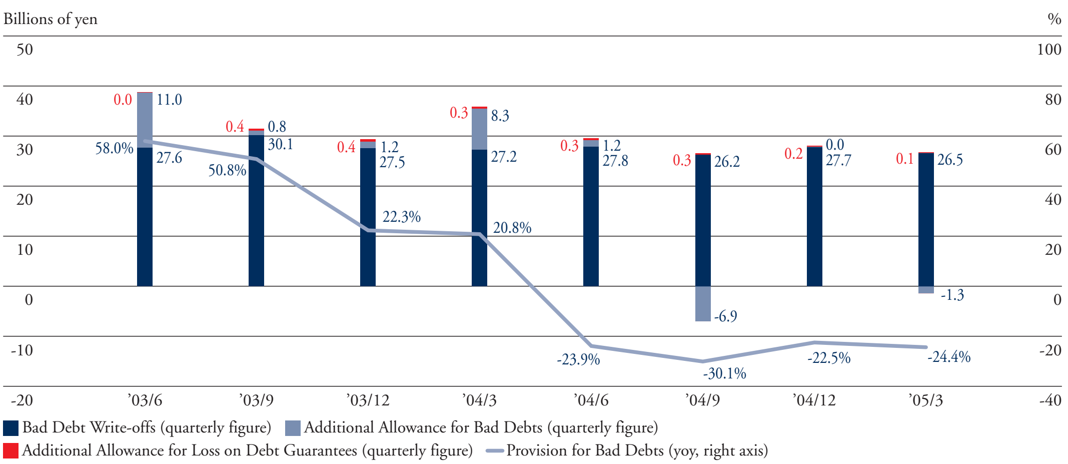
Preeminence in Our Core Loan Business

Unsecured loans handled by ACOM accounted for 84% of consolidated operating income (fiscal 2004, ended March 2005) and are the Group's core business.

ACOM's share among domestic consumer finance companies is around 16%, which makes ACOM not only one of the leading players in this market but also an industry leader with respect to "credit quality" and "building a foundation for low-cost operations."

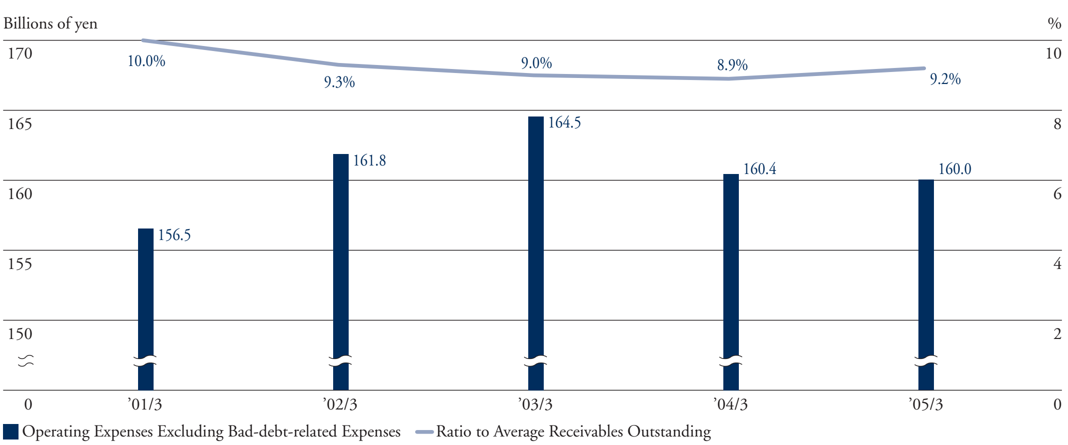
—We continue to improve credit quality

Change in Trend of Bad Debts Disposition (ACOM)



—The foundation for low-cost operations has been increasingly strengthened

Improvement in Operating Efficiency (ACOM)

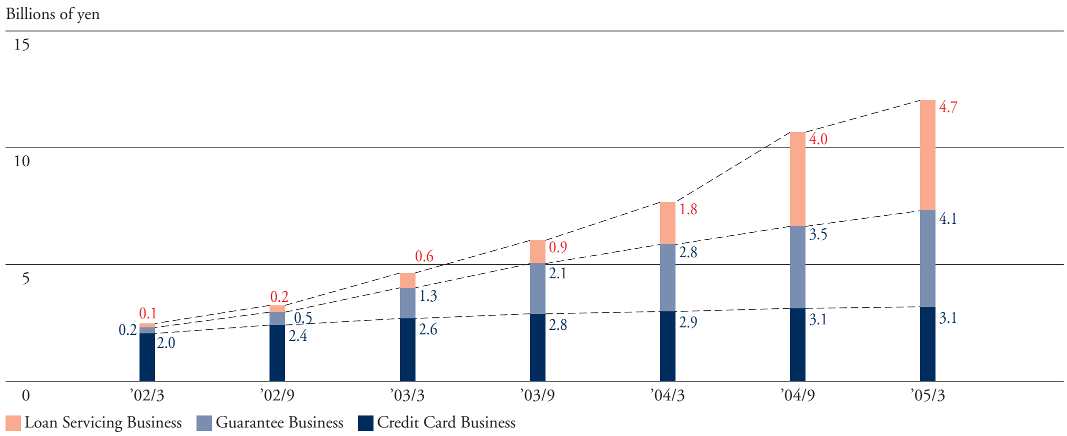


Rapid Expansion of Our Diversified Financial Services

ACOM is fully using the know-how and skills amassed through its core business in loans to rapidly expand diversified financial services such as the credit card business, guarantee business, and loan servicing business. Especially in the credit card and guarantee businesses, synergies are being produced by blending the ACOM Group's strength in the credit screening and management with the customer base of our alliance partners.

This expansion of win-win alliances with the high-quality brands of other companies is now gaining momentum in our alliance with MTFG as well.

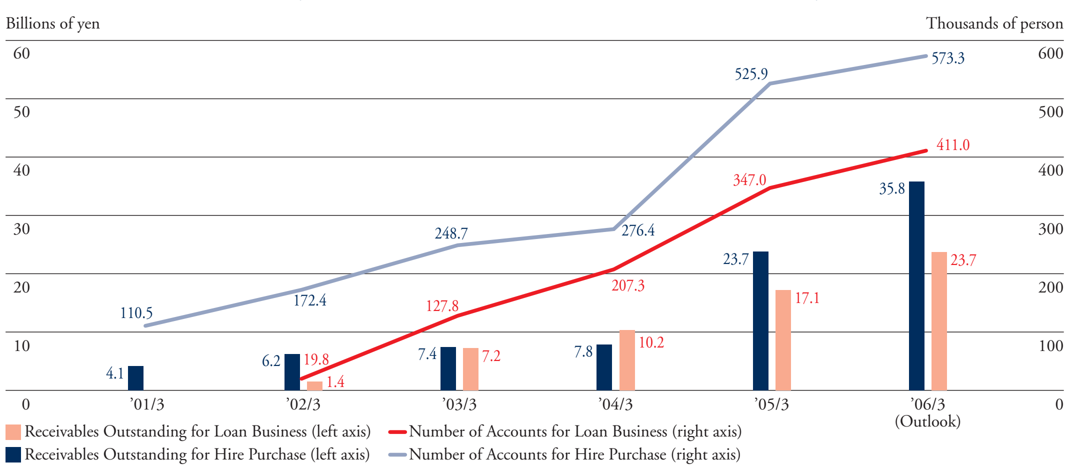
Operating Income by Segment



Our Overseas Development is Now Sprouting

Though still a small part of our consolidated operating income, the loan and installment sales finance businesses in Thailand have begun to grow rapidly. The consumer loan market in Asia has enormous growth potential and we have entered into a comprehensive business support contract with the largest private bank in Taiwan.

EASY BUY Public Company Limited in Thailand (Consolidated Subsidiary)



Message from the Management

From confidence to belief: The path to full-scale recovery—both in revenues and earnings—is now in our sights.

Fiscal 2004 in Review

Slow But Firm Growth in the Japanese Economy

The domestic economy in the second half of fiscal 2004, ended March 31, 2005, stalled despite posting accelerated growth in the previous fiscal year. Real GDP growth edged down to 1.9%, from 2.0% in fiscal 2003. In other words, capital investments, which underpinned economic recovery in the preceding fiscal year, had a weaker impact in fiscal 2004. The situation was further affected by major inventory adjustments by manufacturers of digital home appliances and semiconductor-related products. Nevertheless, we have overcome the peak of the “three excesses” that have stunted the economy since the end of the “bubble” era—excessive capital equipment, employees and debt—and for this reason we can look forward to economic expansion over the medium and long terms. Meanwhile, the recovery in personal consumption and employment continues. The share of household consumption expenditures in real GDP jumped from 0.5% in fiscal 2003 to 1.2% in fiscal 2004, while the active job opening ratio reached the highest level since 1993.

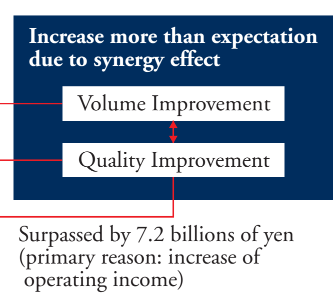
A Year of Dramatic Turnaround

In this climate, the ACOM Group reported a favorable performance. Although operating income edged down 0.2%, to ¥433.9 billion, operating profit surged 19.9%, to ¥144.3 billion, and net income climbed 15.9%, to ¥81.5 billion—putting an end to two consecutive years of earnings declines. In addition to earnings (bottom line), one of the highlights of fiscal 2004 was the Group’s ability to exceed its forecast in terms of operating income (top line). Indeed, operating income for the fiscal year was 3.1% higher than our initial projection, and operating profit was 11.8% higher. Even after an interim revision of our forecasts, operating income and operating profit exceeded our projections by 1.2% and 4.5%, respectively. The negative trends that prevailed until fiscal 2003—declining earnings and failure to reach targets—clearly ended in fiscal 2004. Indeed, the Group has now changed course and is headed in a positive direction.

Actual Results vs. Outlooks (Non-consolidated)

Fiscal 2004 — Millions of yen

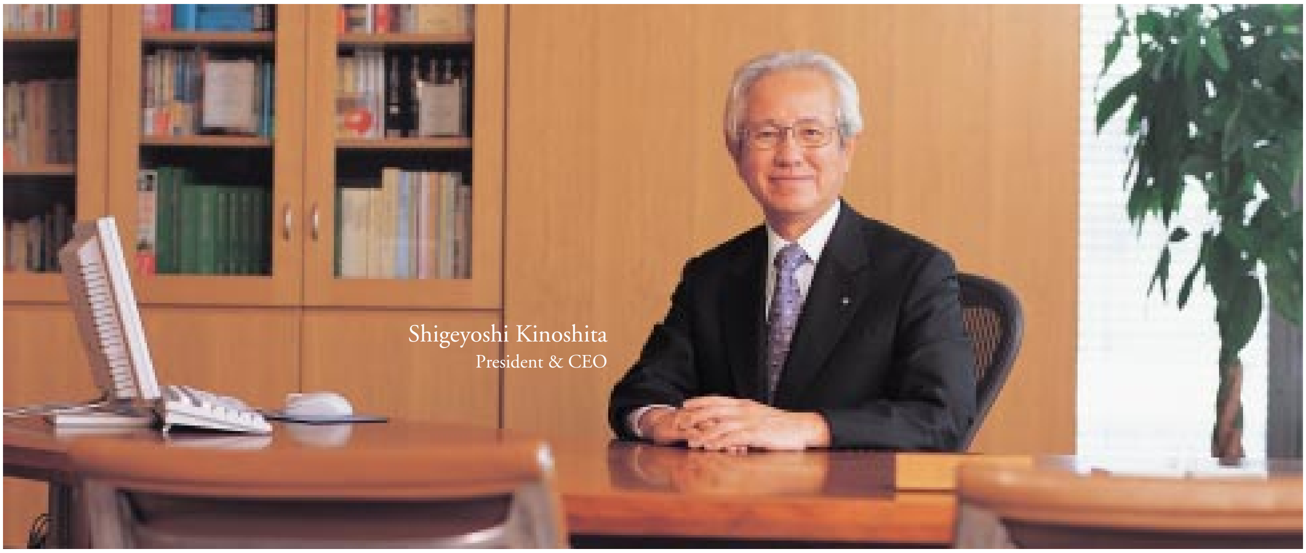
Non-consolidated	Actual	Outlook	Difference
Operating Income	**402,734**	**398,700**	**4,034**
Operating Expenses	**262,500**	**265,700**	**-3,200**
Operating Profit	**140,234**	**133,000**	**7,234**



Successful Strategies: Solidifying Our Base and Reinforcing Our Strengths

Our success in raising earnings and exceeding targets is not attributable to macroeconomic factors alone. Rather, it powerfully demonstrates the correctness of two initiatives that we have emphasized to date: (1) upgrading credit quality, and (2) rigorously pursuing low-cost operations. In these two areas, the ACOM Group already had a competitive advantage over others in the industry, but in fiscal 2004 we were able to further highlight these strengths.

In upgrading credit quality, we reinforced our industry-leading credit screening capabilities, using IT to analyze customer segments more meticulously. We also extensively improved our after-sales follow-up systems, including more customer-friendly consulting services. As a result, the fiscal 2004 year-end balance of bad debts (broad defini-

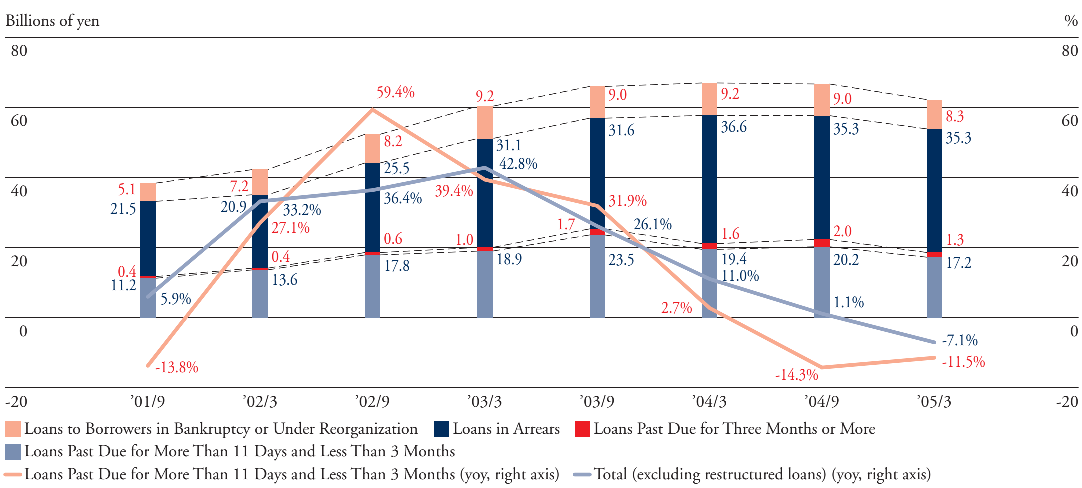


Shigeyoshi Kinoshita
President & CEO

tion: bad debts plus loans in arrears for less than 3 months of the parent company), declined for the first time in four fiscal years. Though down only 0.8% from a year earlier, the balance was a full 2.5% lower than the end of the first half of fiscal 2004.

With respect to pursuing low-cost operations, we promoted unstaffed operations, and the share of unstaffed outlets in our total network increased to 81.8% at fiscal year-end, up from 77.6% a year earlier. At the same time, we stepped up the use of our contact centers to accelerate the pace of business streamlining. The term “streamlining” does not simply mean realizing cost benefits. Rather, by making our organizations and systems more efficient, we can use freed-up personnel to enhance our consumer loan services or improve the quality of credit. By also shifting some employees to our rapidly growing diversified financial services, we are also demonstrating our “offense-related” strategies.

Change in Trend of Bad Debts Disposition



In the financial services industry, it is important for ACOM to achieve quantitative recovery while maintaining and reinforcing its strengths in credit quality and operating efficiency.

The Seeds of Recovery in "Top-Line" Growth are Now Sprouting

Despite a slight revenue decline in fiscal 2004, beneath the surface lies evidence that we are on the path to top-line growth in fiscal 2005 and beyond.

Changing Composition of Receivables Outstanding

The decline in consolidated operating income was slight, but it was a decline all the same. However, the Group's balance of receivables outstanding—the source for generating top-line operating income—increased in fiscal 2004 for the first time in two years, up 0.7% from March 31, 2004, and 2.2% from September 30, 2004. Numerically speaking, this may seem little more than a minor turnaround producing minimal progress. Beneath the surface, however, are three key trend changes. First, our base of high-quality customers is steadily expanding. Second, we have maintained solid growth in diversified financial services such as the credit card, guarantee, and loan servicing businesses. And third, our consumer loan and installment sales finance businesses in Thailand are expanding rapidly.

(1) Broader base of high-quality customers

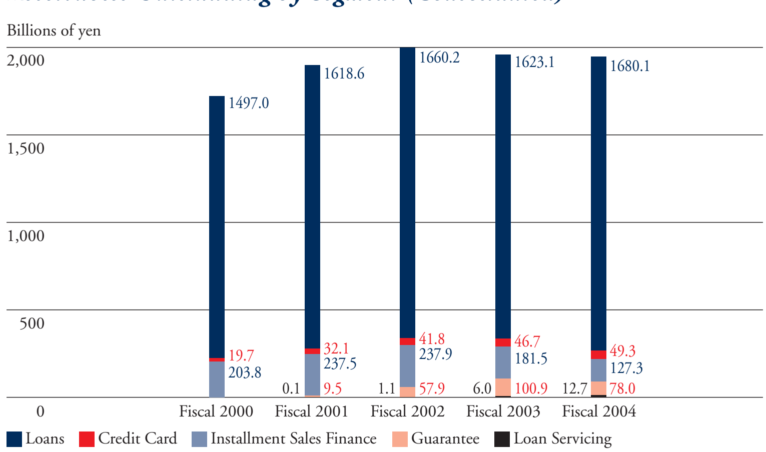
A detailed analysis of our overall balance of receivables outstanding reveals a number of segments that declined in the year under review. The most obvious are unsecured loan receivables, which slipped 0.2% (parent only basis), and installment sales finance receivables, which dropped 38.5% (parent only basis). Our policy has been to suppress growth of receivables outstanding in these areas in line with our priority on quality of credit.

At the beginning of this message, I mentioned that the employment situation in Japan was turning around, but discrepancies remain between regions, industrial sectors, and income levels. We have concluded, therefore, that it is still too early to pursue quantitative expansion of our consumer loan business in Japan. Also, ACOM is a relative newcomer to the installment sales finance business, and so its customer base is comparatively weak. For this reason, we have concentrated on cultivating new, high-quality partners, centering on large retailers, to replace those with declining profitability. This has boosted the quality of credit and helped us rebuild and reinforce our base of strong, quality customers. We believe that this improved quality of credit will become one of the driving forces for top-line growth in the future.

(2) Strong growth continues for diversified financial services

Perhaps somewhat inconspicuous amid the declines in ACOM's unsecured loan and installment sales finance businesses, there has been solid and sustained growth in receivables outstanding in diversified financial services, namely the credit card, guarantee, and loan servicing businesses (guaranteed loans receivable in the case of guarantee business). At fiscal 2004 year-end, the balance of card shopping receivables in ACOM's credit card business (parent

Receivables Outstanding by Segment (Consolidated)



company) was 6.3% higher than a year earlier. For its guarantee business, the balance of loan guarantee receivables was 35.9% higher. However, the year-end balance of the Group's loan servicing business, handled by IR Loan Servicing, Inc., a consolidated subsidiary, was 109.2% higher than a year earlier. Moreover, the quantitative expansion of the credit card business has also led to qualitative improvements as the Group builds a base of high-quality customers. By increasing the number of credit cards issued jointly with mass merchandisers and other "winning partners" with customer-drawing power, we have also succeeded in raising our overall balance of receivables outstanding.

(3) Rapid growth in consumer loan and installment sales finance businesses in Thailand

In Thailand, the Group's consumer loan and installment sales finance businesses are handled by SIAM A&C CO., LTD., a consolidated subsidiary. At fiscal year-end, the balances of consumer loan and installment sales finance receivables outstanding were up 66.8% and 202.7%, respectively, from a year earlier. This was a reflection of strong economic growth in the Asian region.

Solid growth in three areas—high-quality customer base, diversified financial services, and operations in Thailand—will lead to top-line growth in fiscal 2005 and beyond.

Two New Impetuses to Boost Top-Line Growth

To ensure that the aforementioned seedlings of top-line growth are brought to full bloom and drive sustained growth for the ACOM Group, we initiated two new strategies in the fiscal year under review.

(1) Alliance with Mitsubishi Tokyo Financial Group, Inc. (MTFG)

In the Special Feature section of this report, we will explain in detail the scheme and benefits of our alliance with MTFG. We believe that the alliance will provide a major boost to the ACOM Group's top-line growth in the medium and long terms, especially in the guarantee and unsecured loan businesses. For example, at fiscal 2004 year-end, the ACOM Group's consolidated balance of receivables outstanding was ¥1,947.7 billion (sum of receivables outstanding and guaranteed loans receivable). In the next three years, we intend to raise this balance by between ¥500 billion and ¥600 billion as a result of the MTFG alliance. Two central players in this alliance scheme are DC Cash One Ltd. (formerly Tokyo-Mitsubishi Cash One Ltd., hereinafter DC Cash One) and DC Card Co., Ltd. (hereinafter DC Card). To take full advantage of the benefits of the alliance, ACOM increased its equity stake in DC Cash One, which consequently became a subsidiary, and purchased equity in DC Card, which became an equity-method affiliate. These actions demonstrate ACOM's effective use of its capital power, a key strength that complements its credit screening and management skills. We expect that our alliance with MTFG will start making a full-scale contribution to operating income (our top line) from the latter half of fiscal 2005, as it will require some time to get the alliance scheme into full swing.

(2) Expansion of business in Asia

In Thailand, we changed the name of SIAM A&C CO., LTD. to EASY BUY Public Company Limited, to identify it as an easily recognizable, service-oriented brand, and thus help boost growth in that nation. Meanwhile, we also entered a business alliance with Chinatrust Commercial Bank, Co., Ltd. one of the largest private-sector banks in Taiwan, in the area of unsecured consumer loans. Please refer to the Special Feature of this report for more details of our Asian business expansion plans.

Our overwhelming strength will facilitate access to other companies' customer bases and expansion of overseas businesses.

Accelerated Growth in Sight: Time to Take Action is Now

Maintaining the Momentum

The ACOM Group will take the seedlings of top-line growth, which became apparent in fiscal 2004, and nurture them into full-fledged plants in the second half of fiscal 2005 and beyond. Our ability to access the customer bases of major players in other industries—symbolized by the credit card business and the MTFG alliance—and our renewed expansion overseas have all become possible thanks to our overwhelming strengths in two areas: expertise in credit screening and management, and our capital power. Over the past several years, we have focused on improving credit quality and business efficiency while solidifying our financial position. These strategies have been necessary, not only to strengthen our defenses but also in our shift to a more aggressive stance. By steadily implementing each and every strategy, we will target both quantitative and qualitative growth in the future.

Stability and Sustainability Also Crucial

We must not overlook the increased risks associated with faster growth. For this reason, we will proactively reinforce our management systems in the areas of governance and compliance. This will enable us to increase the transparency and soundness of management. By using outside resources, we can also improve our checks-and-balances system and incorporate the opinions of outside experts into our business strategies. In these ways, we can alleviate the risks that always come with high-speed growth.

Rapid growth alone does not increase corporate value. We must also upgrade our checks-and-balances system by reinforcing risk controls and soliciting the opinions of outside experts.

A Good Balance between "Investing in Growth" and "Providing Returns to Shareholders"

ACOM's policy is to provide continuous and stable returns to shareholders while closely monitoring its business performance and financial situation. In fiscal 2004, the Company declared an annual dividend of ¥100.00 per share, up ¥20.00 from fiscal 2003. We plan to raise the dividend a further ¥10.00 per share in fiscal 2005. Under our share buyback program, we bought 2.72 million shares in fiscal 2003 and 980 thousand shares in fiscal 2004. To ensure proactive returns to shareholders, however, we must retain ample earnings for investment in business expansion—now that recovery in top-line growth is in our sights. We firmly believe that this policy will bring effective benefits to our shareholders.

We look forward to significant growth in our guarantee business. Despite its relatively low profitability compared with unsecured loans, this business is a non-asset, fee-based business, which is significant in terms of raising asset efficiency. In our consumer loan business, as well, we will use DC Cash One to broaden our customer base while also benefiting from the attractive profitability of that company's unsecured loan business. Meanwhile, we look forward to further growth in our consumer loan and installment sales finance businesses in Thailand, which is important to the ACOM Group. In addition, our ability to form an alliance with MTFG stems not only from our expertise in unsecured loans, but also our capital prowess. By maintaining our strengths in these areas, we will create additional business opportunities, which we will seize in a timely and accurate manner.

On behalf of the ACOM Group, I look forward to your ongoing understanding and support as well tackle the challenges ahead.

Shigeyoshi Kinoshita
President & Chief Executive Officer
ACOM CO., LTD.

New Forces Driving ACOM's Top-Line Growth

ACOM has continued to reinforce its competitive advantage in three key areas: credit quality, business efficiency, and financial position. However, our motives have not been purely defensive in nature. By building an overwhelming edge in these three areas, we have made progress in the "offensive" sense as we look forward to a recovery in top-line growth from fiscal 2005, ending March 31, 2006. We will further hone these strengths so that we can open the doors to exciting opportunities related to (1) the huge customer bases of Japan's prominent "megabanks" and (2) the tremendous potential for growth in Asian markets.

Chapter 1. Alliance with MTFG

Background and Significance of the Alliance

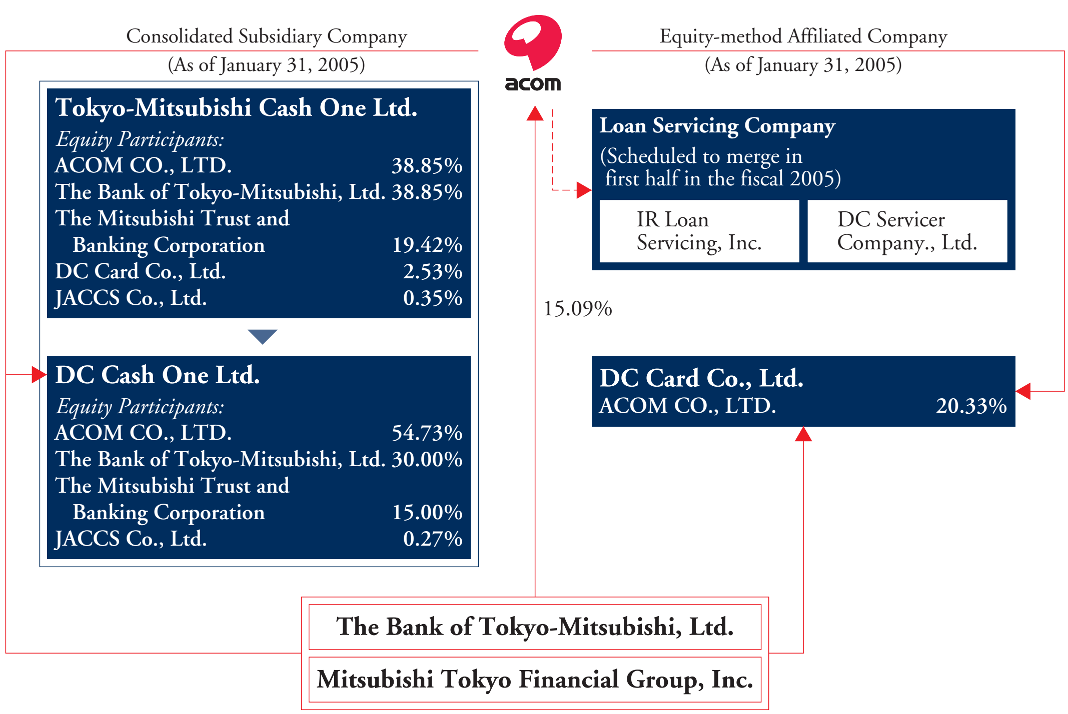
A "Functional Alliance" of Two Winning Partners

Mitsubishi Tokyo Financial Group, Inc. (hereinafter MTFG) has the strongest brand power among Japan's financial groups and is also a dominant player in the domestic banking industry. The ACOM Group, meanwhile, is one of the nation's leading providers of unsecured loans, with top-class credentials in (1) business know-how accumulated through many years in the industry, (2) meticulous credit screening and management capabilities using advanced information technology, and (3) strong capital power derived from a solid financial position. In ACOM's unsecured loan business, however, competition continues to intensify as a result of the low birthrate, the aging society, as well as the increase in part-time workers and the entry of companies from other sectors into the industry.

An "Ideal Alliance" for the Shareholders of Both Parties

In March 2004, ACOM and MTFG agreed to form a strategic and capital alliance covering the retail finance sector. ACOM's intention was to enable both parties to exploit each other's strengths and thus build the most powerful retail finance business in terms of profitability, growth potential, and stability. Previous reorganizations and alliances in the industry mostly pursued merits of scale, with large companies absorbing small ones. In the ACOM–MTFG alliance, however, both parties maintain complete management freedom. Rather than pursuing scale alone, ACOM and MTFG are able to complement each other's capabilities in the course of doing business—and both parties will emerge stronger as a result of this "function-oriented" alliance. Most importantly, both parties are leading participants in their respective and non-overlapping fields. In other words, it is truly a "win-win alliance of top players"—the ideal business and capital tie-up for the shareholders of both parties as well.

Alliance Scheme with MTFG: Capital Diagram



Alliance Scheme in Detail

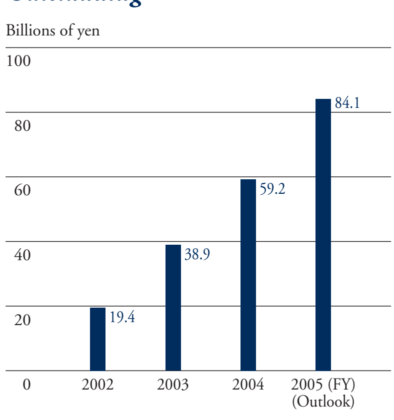
1. Tie-Up with DC Cash One

MTFG has a 15.09% equity stake in ACOM. Before the alliance, MTFG and ACOM each had a 38.85% share of Tokyo-Mitsubishi Cash One Ltd. (hereinafter Tokyo-Mitsubishi Cash One), a non-bank jointly operated by both partners. On January 31, 2005, ACOM increased its stake to 54.73%, making Tokyo-Mitsubishi Cash One into a consolidated subsidiary. The latter subsequently changed its name to DC Cash One Ltd. (hereinafter DC Cash One). As a result, DC Cash One can look forward to accelerated growth because it now has a stronger capital base and can benefit directly from ACOM's advanced credit screening and management know-how as a consolidated subsidiary. Moreover, DC Cash One plans to take on the guarantee services for the cashing of comprehensive cards issued by The Bank of Tokyo-Mitsubishi, Ltd. (hereinafter BTM), as well as guarantees for lump-sum payments and revolving payments on those credit card accounts.

2. Tie-Up with DC Card

On January 31, 2005, ACOM purchased a 20.33% stake in DC Card Co., Ltd. (hereinafter DC Card), a credit card subsidiary of MTFG. DC Card, now an equity-method affiliate of ACOM, will transfer activities such as its guarantee business and call center operations to DC Cash One. As a result of this arrangement, DC Cash One will benefit from ACOM's know-how in unsecured loans, as well as DC Card's expertise in the credit card business. By integrating the strengths of the two companies, ACOM should be able to build an unprecedented level of competitiveness among the credit card and installment sales finance companies.

DC Cash One's Loan Receivables Outstanding



3. Tie-Ups by the Parent Company

Under the arrangement between ACOM and MTFG, the two parties will collaborate in approaching regional banks with close ties to BTM, with the aim of having ACOM take on the guarantee business for those banks' unsecured loans. To date, ACOM has independently formed alliances with regional banks in the guarantee business. At the fiscal 2004 year-end, we had agreements with 10 banks. We hope to raise this figure to 15 or 16 over the current fiscal year, ending March 2006, with the help of BTM, and plan to add further banks at the rate of about five per year thereafter.

Furthermore, BTM plans to launch a series of dedicated unsecured loan products in the future. ACOM is scheduled to undertake guarantees for these products.

4. Tie-Up in the Loan Servicing Business

In the current fiscal year, the operations of IR Loan Servicing, Inc., a loan servicing company belonging to the ACOM Group, will be integrated with DC Servicer Company., Ltd., the corresponding company at the DC Card Group. This integration is aimed at enhancing administrative efficiency and raising the profitability of the Group's loan servicing business.

5. Other Tie-Ups (Including Secondary Effects)

BTM plans to launch videophone-style "MTFG Comprehensive ACMs (automated loan application machines)" at its branches on a full-scale basis in the future. Automated contracting for consumer loans offered by DC Cash One, a consolidated subsidiary of ACOM, will be added to the menu of functions handled by the machines.

Benefits of the Alliance over Time

Consolidated Receivables Outstanding and Guaranteed Loans Receivable Forecast to Grow by at Least ¥500-600 Billion in Three Years

The alliance with MTFG will not only benefit ACOM (the parent company) but will also have a major positive impact on the entire ACOM Group. These benefits will be felt in various ways, including through the activities of consolidated subsidiary DC Cash One, the equity-method affiliate DC Card, and the Company's loan servicing subsidiary.

At the fiscal 2004 year-end, the ACOM Group's consolidated balance of receivables outstanding was ¥1,947.7 billion (sum of receivables outstanding and guaranteed loans receivable). Over the next three years, we expect the balance to rise by at least ¥500-600 billion as a result of the MTFG alliance. This calculation is based on our current forecasts for the alliance scheme, as well as MTFG's present customer base. However, we also anticipate added benefits from the tie-up with DC Card, which is a prominent credit card brand. This tie-up is expected to have a positive effect on the credit card business of ACOM (the parent company) over and above the aforementioned predicted rise stemming from the MTFG alliance.

Looking only at the current fiscal year, ending March 2006, the MTFG alliance should boost operating income by ¥10 billion or more, while net income may decline slightly. The MTFG alliance will have a relatively weak effect on our results in the current fiscal year stems since much of the alliance scheme will be launched in the latter half of the current fiscal year and thereafter. The scheme will have a major and growing impact on earnings from the next fiscal year, ending March 2007.

Alliance Scheme with MTFG: Scheduling and Expected Benefits

Tie-Up Business Outline	Expected Benefits (To Fiscal 2007)	Commencement Date (Scheduled)
ACOM		
1. Guarantee business of BTM's new unsecured loan products	¥100-200 billion	In the 1H in 2006
2. Guarantee business for BTM's closely related regional banks based on joint proposal by ACOM & BTM	¥50-100 billion	Joint proposal: Ongoing Starts in September 2005
DC Cash One		
3. Comprehensive card guarantee business of BTM	About ¥300 billion	In the early 2H in the fiscal 2005
4. Entrusted with DC Card's processing and guarantee services and call center function	–	Study in 1H in 2005 Starts in 2H (Forecast)
5. Increasing unsecured loans receivables from the effect of installation of MTFG Group's comprehensive ACMs etc.	Over ¥100 billion	ACM: Early 1H in 2006 Others: Upon request
Loan Servicing Business		
6. Aiming further optimization of operations and maximization of profits by the integration of IR Loan Servicing, Inc. and DC Servicer Company., Ltd.	–	In the 1H in the fiscal 2005 (Forecast)

Chapter 2. Expanding Our Business in Asia

Why Asia Now?

The consumer loan and installment sales finance businesses are entering a stage of relative maturity in Japan, and securing a base of new customers is a major issue for all participants. Overseas, however, there are some regions with enormous growth potential for these business segments. Specifically, cultivating markets in the economic growth region of Asia will provide a formidable boost to our top-line growth. Recognizing the opportunities in Asia, the ACOM Group has developed consumer loan and installment sales finance businesses in Thailand, and is now one of the leading players in the region.

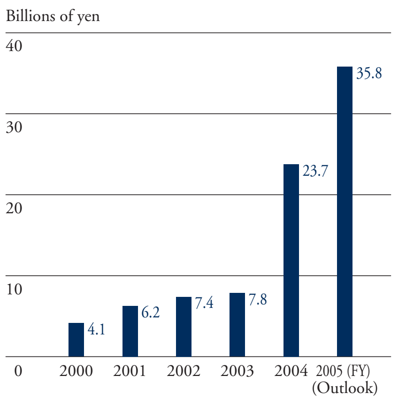
Developing Our Businesses in Thailand

In 1996, the ACOM Group established SIAM A&C CO., LTD. (hereinafter SIAM A&C), a consolidated subsidiary, in Thailand, initially to set up a hire purchase business. In April 2005, SIAM A&C changed its name to EASY BUY Public Company Limited.(hereinafter EASY BUY). Its equity owners include ACOM (49.0%), Thailand Equity Fund (25.5%), and Itochu Management (Thailand) Co., Ltd. (19.0%), a local subsidiary of Japan-based Itochu Corporation. Since 1998, this company has promoted its business under the EASY BUY service brand, and the balance of installment sales finance receivables outstanding has shown excellent growth, up 3.8 times in the past three years. It has a diverse lineup of products for hire purchase, including mobile phones, home electronic equipment, and personal computers.

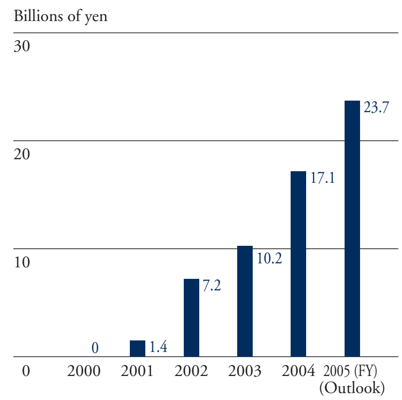
EASY BUY has formed a tie-up in Thailand with the local authorized Honda dealer, which boasts an overwhelming 70%-plus market share. With the support of Honda, it is now providing installment sales services. Marketing its services in cooperation with Honda-affiliated operators, EASY BUY has built a meticulous service system and now handles motorcycle loans worth around 300 million baht per month.

In 2001, EASY BUY expanded into the consumer loan business. In the past three years, the balance of receivables outstanding in this business has surged 11.5 fold, to 6.4 billion baht at the fiscal 2004 year-end. We attribute this success to four factors: (1) EASY BUY's formidable brand power; (2) ACOM's sophisticated operational know-how in the loan business; (3) the fund-raising capability backed by ACOM; and (4) a widespread network which includes 29 branches in Bangkok and surrounding four provinces and 15 in regional areas, as well as automated cashing facilities at railway stations and other places where people congregate.

Receivables Outstanding of EASY BUY Installment Sales Finance Business



Receivables Outstanding of EASY BUY Loan Business



Thailand posted GDP growth of 6.9% in fiscal 2003 and 6.1% in fiscal 2004. This GDP growth represents a major turnaround since the currency crisis of 1997 and is even high by Southeast Asian standards. Thailand's economy is benefiting from the entry of the production bases of foreign-affiliated companies and the economic expansion in China, and the living standards of the Thai people are improving remarkably. Keeping closely abreast of rising demand for funds among individuals, ACOM will utilize its distinctive strengths of diversified fund-raising and meticulous credit screening and management in the local market to ensure sustained growth in the future. EASY BUY's share of the local hire purchase market is approximately 15%, and its share of the consumer loan market is around 20%.

Expansion into Taiwan

Alliance with a Top-End Taiwanese Bank

In December 2004, ACOM formed an alliance with the Taiwanese "megabank" Chinatrust Commercial Bank, Co., Ltd. (hereinafter Chinatrust Commercial) in the area of unsecured consumer loans. Chinatrust Commercial is Taiwan's largest private-sector bank in terms of assets and is ranked No. 1 among both private and public banks in terms of after-tax income.

Entering the Consulting Business

Under the alliance, ACOM will provide support to Chinatrust Commercial's unsecured consumer loan business in the areas of product design, sales channel development, the establishment of credit screening and management techniques, and peripheral activities. ACOM will collect fees by using its special skills and know-how related to unsecured loans. Our reputation for having formed an alliance with Taiwan's most prominent bank is expected to have a positive influence on our future business development plans in the Asian region.

Signing Ceremony with Chinatrust Commercial Bank, Co., Ltd.

ACOM's Management System

The ACOM Group has entered an exciting new stage as it prepares for recovery in top-line growth and accelerated business expansion. To ensure the sustainability of this growth path, we are stepping up efforts to reinforce our management systems and fulfill our social responsibilities. These efforts are essential to earning the unwavering trust of all stakeholders.

Corporate Governance

When a company experiences accelerated growth, its capabilities in two areas become more important than ever. First, it must swiftly address changes in the business environment and, second, it must upgrade the checking and auditing functions of its internal systems. At ACOM, the Board of Directors and Statutory Auditors undertake meticulous monitoring and supervision to ensure proper execution of business. In fiscal 2003, we introduced an executive officer system, thus further upgrading the business execution function and clarifying the distinction between the supervisory and executive roles. With a small team of top management, we are able to address changes in the operating environment in a speedy manner.

Board of Directors

We have a relatively small Board of Directors, consisting of 10 members, including one outside director. The Board decides important matters related to business management, mutually monitors the job performance of fellow directors, and supervises the business execution progress of executive officers.

Board of Statutory Auditors

The Board of Statutory Auditors consists of four auditors, including three independent ones. It receives reports concerning important audit-related matters, holds discussions, and passes resolutions. Its members participate in all key meetings, including those of the Board of Directors. Working in cooperation with ACOM's Internal Audit Department and accounting auditors, the Board of Statutory Auditors keeps closely abreast of the Company's operating status. It also audits the job performance of directors and executive officers through investigations of ACOM's business progress and financial position.

Executive Managing Officers' Meeting

The Executive Managing Officers' Meeting, which consists of senior-level executive officers, discusses important matters and makes decisions concerning the management of ACOM and its affiliated companies, in accordance with basic policies determined by the Board of Directors. It also coordinates key matters related to business execution at the Company's departments and divisions.

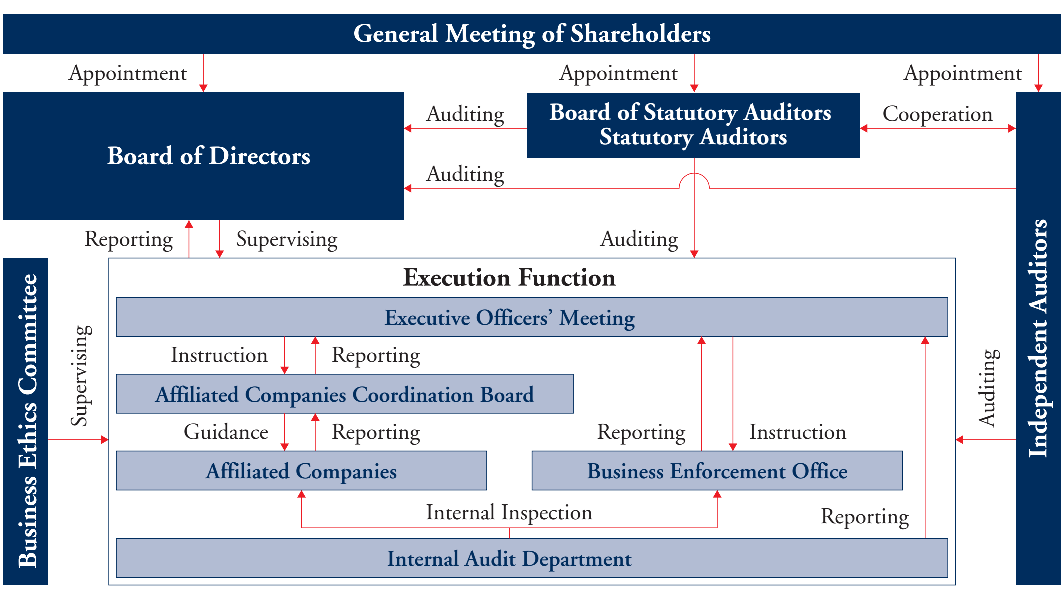
Affiliated Companies Coordination Board

The Affiliated Companies Coordination Board comprises senior-level executive managing officers and representatives of other ACOM Group companies. It discusses important matters concerning the management of affiliated companies, coordinates important matters pertaining to the execution of their business, and communicates and reports as appropriate.

Business Ethics Committee

The Business Ethics Committee, which is made up of pre-appointed senior-level executive managing officers, discusses and verifies basic policies on the practice of business ethics (compliance), with the aim of improving ethical awareness among directors and employees. It also makes recommendations on ways to entrench ethical practices, educate employees, and correct ethical violations, as well as to improve compliance systems.

Corporate Governance Chart



Compliance and IR Strategies

Observance of laws and regulations is the most crucial prerequisite for companies in the financial services industry, which would not exist without the trust of society. By disclosing information in a timely and accurate manner, we strive to solicit diversified opinions and judgments from the capital markets. This is essential to improving the quality of our management.

Compliance

The ACOM Group regards strict legal and ethical compliance as an important priority. To this end, we promote ethical business practices based on the "ACOM Ethical Codes for Business," as well as our "Three-Year Business Ethics Execution Plan," formulated in fiscal 2003.

We have always maintained strict controls with respect to handling personal information. In line with the April 2005 enactment of the Law Concerning Protection of Personal Information, we are working rigorously and continuously to set up appropriate processes and information management systems and to ensure intensive employee education. These initiatives and our corporate stance with respect to personal information have earned acclaim. In June 2004, we received Privacy Mark certification, bestowed by the Japan Information Processing Development Corporation (JIPDEC) on companies with effective systems in place for managing personal information.

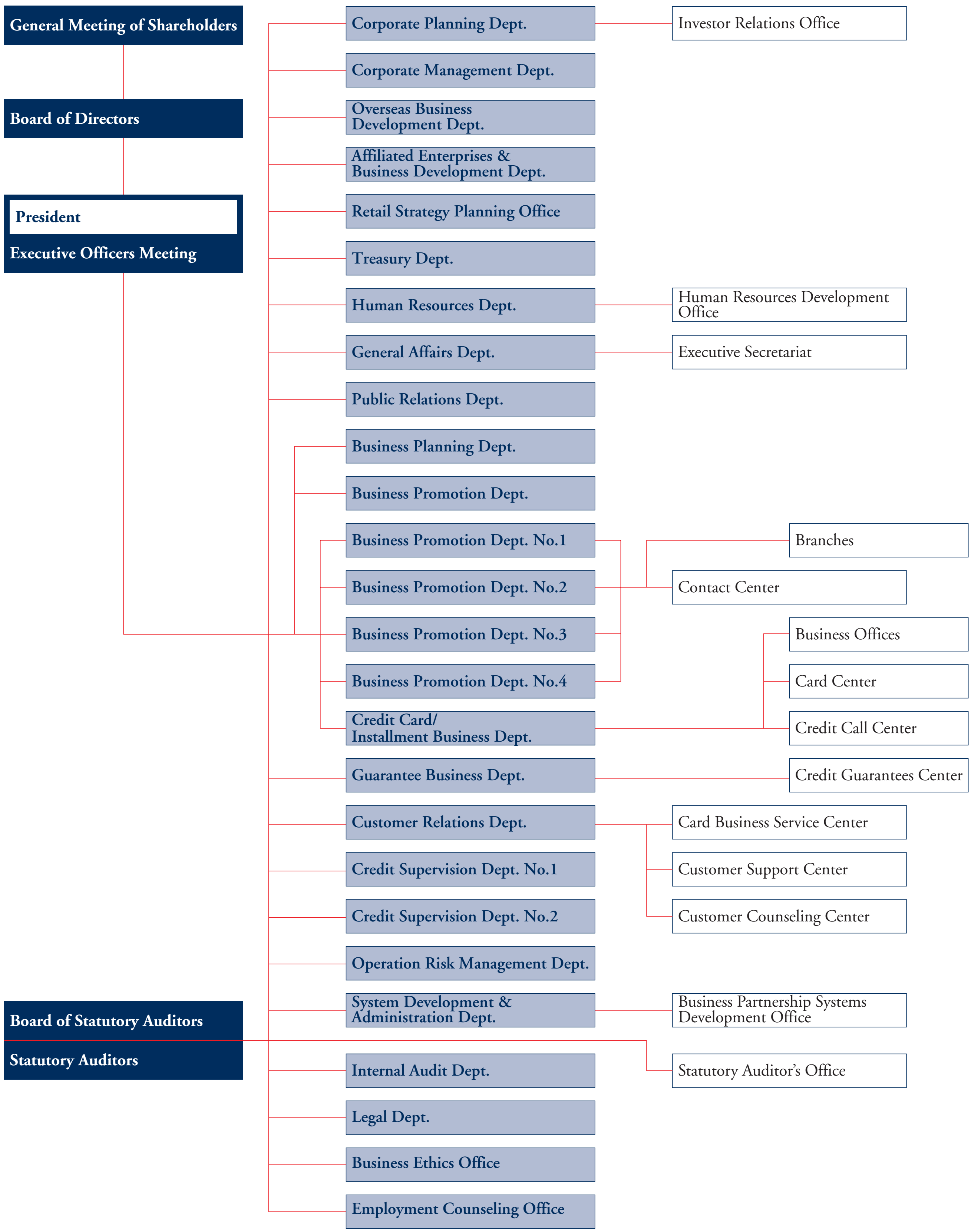
In addition, a total of 1,051 ACOM Group employees have became authorized Compliance Officers (Consumer Finance Course) after successfully completing financial business proficiency examinations administered by the Kinzai Institute for Financial Affairs, Inc. in 2003 and 2004. In both years, we also received the "Excellent Group Results Award" from the Institute. Moreover, 34 of our employees have authorized at the Credit Company Course, which commenced in 2004.

IR Strategies

ACOM works hard to maintain transparency of management from the perspective of stakeholders by actively disclosing information to investors and securities analysts, both in Japan and overseas. In addition to earnings release conferences for domestic analysts and investors, we hold one-on-one meetings and visit investors. For overseas investors, we conduct telephone and video conferences, as well as Investor Relations' road shows.

In fiscal 2004, we held numerous IR meetings with institutional investors in three continents—visiting 42 companies in 10 North American cities, 36 companies in nine European cities, and 17 companies in four Asian cities. Because we provided detailed information in advance, including through the IR section of our website and distribution of our Data Book, we were able to field many questions and receive valuable advice, not only about our figures but also our future outlook and strategies related to the MTFG alliance.

Organization Chart (As of July 1, 2005)



Board of Directors (As of July 1, 2005)

Directors

Chairman
Kyosuke Kinoshita

Deputy Chairman
Yuji Ohashi

President
Shigeyoshi Kinoshita

Senior Managing Director
Masayoshi Tatsuta
Shigeo Mikami

Managing Director
Kazuhiro Shimada
Shigeru Akaki
Junya Fukuda
Osamu Moriya
Satoru Tomimatsu

Director
Tatsunori Imagawa Outside

Statutory Auditors

Koichi Shimizu Independent
Tatsuaki Murata
Satoshi Ito Independent
Norikatsu Takahashi Independent

Executive Officer

President & Chief Executive Officer
Shigeyoshi Kinoshita

Senior Executive Managing Officer
Masayoshi Tatsuta
General Affairs Department
Credit Supervision Department No.1
Credit Supervision Department No.2

Shigeo Mikami
Treasury Department
Public Relations Department

Executive Managing Officer
Kazuhiro Shimada
Corporate Planning Department
Corporate Management Department
Affiliated Enterprises & Business Development Department
Overseas Business Development Department
Retail Strategy Planning Office
Guarantee Business Department

Shigeru Akaki
Human Resources Department
Customer Relations Department
Business Ethics Office
Employment Counseling Office

Junya Fukuda
Operation Risk Management Department
System Development & Administration Department

Osamu Moriya
Internal Audit Department
Legal Department

Satoru Tomimatsu
Business Planning Department
Business Promotion Department
Business Promotion Department No.1
Business Promotion Department No.2
Business Promotion Department No.3
Business Promotion Department No.4
Credit Card/Installment Business Department

Executive Officer
Kouichi Izumimoto
Zenichi Hioki
Syozo Tanaka
Kiyoshi Tachiki
Kenji Ando
Shigeru Sato
Shinichi Yoshizawa
Masahiko Shinshita

The ACOM Group

Consolidated Subsidiaries

DC Cash One Ltd. Nihonbashi Plaza Bldg. 3-4 Nihonbashi 2-chome Chuo-ku, Tokyo, Japan Telephone : (03) 5299-6600	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Unsecured loan business Aug.2001 ¥14,341million 54.73% ¥8,351 million
JCK CREDIT CO., LTD. Nishi-Shinjuku Kimuraya Bldg. 5-25, Nishi-Shinjuku 7-chome Shinjuku-ku, Tokyo, Japan Telephone : (03) 5338-1321	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Installment sales finance and loan business Oct.1984 ¥500 million 100.00% ¥4,427 million
IR Loan Servicing, Inc. Trusty Koujimachi Bldg. 4 Koujimachi 3-chome, Chiyoda-ku, Tokyo, Japan Telephone : (03) 5215-6511	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Loan servicing business Jun.2000 ¥500 million 80.00% ¥8,839 million
RELATES CO., LTD. *1 Tokyo Dia Building No.3 28-25, Shinkawa 1-chome Chuo-ku, Tokyo, Japan Telephone : (03) 3523-6641	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Entrusted call center functions business from banks Jan.2005 ¥300 million 100.00% ¥61 million
AC Ventures Co., Ltd. 1-1, Marunouchi 2-chome Chiyoda-ku, Tokyo, Japan Telephone : (03) 3834-2121 (Ueno office)	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Development, investment, promotion and support of venture companies Mar.2005 ¥100 million 100.00% –
ACOM RENTAL CO., LTD. ACOM Shinbashi Bldg. 11-1, Shinbashi 3-chome, Minato-ku, Tokyo, Japan Telephone: (03) 5401-0044	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Comprehensive rental business Oct.1999 ¥320 million 100.00% ¥3,786 million
JLA INCORPORATED Osaka Ekimae Dai 4 Bldg. 11-4, Umeda 1-chome, Kita-ku, Osaka, Japan Telephone: (06) 6347-1281	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Advertising agency, interior design and construction of service outlets May 1972 ¥45 million 100.00% ¥21,839 million
AJAST Ltd. ACOM Fujimi Bldg. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3221-9408	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Insurance agency business Feb.1992 ¥4 million 25.0%, (75.0%) *2 ¥112 million
ACOM ESTATE CO., LTD. Iidabashi Bldg. 10-10, Iidabashi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3221-6950	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Real estate management business Mar.1996 ¥7,540 million 100.00% ¥1,280 million
ABS CO., LTD. Wizem Bldg, 3-3, Ueno 3-chome Taito-ku, Tokyo, Japan Telephone: (03) 3834-9215	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Maintenance of buildings and other properties Oct.1997 ¥30 million 0.0% (100.0%) *2 ¥1,676 million
AB PARTNER CO., LTD. ACOM Fujimi Bldg. 15-11, Fujimi 2-chome, Chiyoda-ku, Tokyo, Japan Telephone: (03) 3234-9301	Principal Business: Incorporated: Paid-in Capital: Equity Owned by the Company: FY04 Operating Income:	Entrusted back-office (clerical work) services Nov.2000 ¥300 million 100.00% ¥4,310 million

SIAM A&C CO., LTD. *3	Principal Business:	Hire purchase and unsecured loan business in Thailand
952 Ramaland Building, 11th,13th Floor,	Incorporated:	Sep.1996
Rama IV Road, Kwaeng	Paid-in Capital:	THB 200 million
Suriyawongse, Khet Bangrak, Bangkok,	Equity Owned by the Company:	49.00%
Thailand.	FY04 Operating Income:	THB 4,087 million *4,8

ACOM FUNDING CO.,LTD.	Principal Business:	Financial services for ACOM (Special Purpose Company)
c/o M&C Corporate Services Limited	Incorporated:	Jul.2002
PO BOX 309GT, Ugland House,	Paid-in Capital:	US$1,000
South Church Street, Grand Cayman,	Equity Owned by the Company:	100.00%
Cayman Islands, British West Indies	FY04 Operating Income:	¥3 million *8

ACOM CAPITAL CO., LTD. *5	Principal Business:	—
Ugland House, South Church Street,	Incorporated:	Aug.2000
George Town, Grand Cayman,	Paid-in Capital:	US$1,000
Cayman Islands, British West Indies	Equity Owned by the Company:	100.00%
	FY04 Operating Income:	— *8

ACOM PACIFIC, INC.	Principal Business:	Lease of health resorts in Guam (U.S.A.)
1008 Pacific New Building,	Incorporated:	Jul.1993
238 Archbishop F.C. Flores Street,	Paid-in Capital:	US$10 thousand
Hagatna, Guam	Equity Owned by the Company:	100.00%
	FY04 Operating Income:	US$27 thousand *8

ACOM (U.S.A.) INC.	Principal Business:	— *6
229 South State Street,	Incorporated:	Dec.1986
Dover, Kent County	Paid-in Capital:	US$17 million
DE, U.S.A.	Equity Owned by the Company:	100.00%
	FY03 Operating Income:	—*8

ACOM INTERNATIONAL, INC.	Principal Business:	— *6
229 South State Street,	Incorporated:	Dec.1986
Dover, Kent County	Paid-in Capital:	US$17 million
DE, U.S.A.	Equity Owned by the Company:	100.00%
	FY03 Operating Income:	—*8

Equity-Method Affiliates

DC Card Co., Ltd. *7	Principal Business:	Credit card, loan, loan guarantee, and contraction for automated fund transfer, etc.
Shibuya Mitsubishi Bldg. 3-2, Dougenzaka 1-chome	Incorporated:	Dec.1967
Shibuya-ku, Tokyo, Japan	Paid-in Capital:	¥7,600 million
Telephone: (03) 3464-6611	Equity Owned by the Company:	20.33%
	FY04 Operating Income:	¥86,303 million

CHAILEASE ACOM FINANCE CO., LTD.	Principal Business:	Hire purchase business in Taiwan
4F, 102 TUN HWA North Road,	Incorporated:	Jun.2000
Taipei, Taiwan R.O.C.	Paid-in Capital:	165 million yuan
	Equity Owned by the Company:	40.00%
	FY04 Operating Income:	217 million yuan *8

*Notes:
1. AVRS CO., LTD. changed its corporate name to RELATES CO., LTD. on January 18, 2005.
2. Figures in parentheses indicate indirect ownership by ACOM CO., LTD.
3. SIAM A&C CO., LTD. changed its corporate name to EASY BUY Public Company Limited on April 1, 2005.
4. The Company treated any entity deemed as being substantially controlled by the Company as a consolidated subsidiary, even if it is less-than-majority owned.
5. ACOM CAPITAL CO., LTD. was liquidated on January 4, 2005.
6. ACOM (U.S.A.) INC. and ACOM INTERNATIONAL, INC. suspended their operation, therefore, summaries of their businesses are omitted, and further business scheme is under consideration.
7. ACOM CO., LTD. acquired shares of DC Card Co., Ltd. on January 31, 2005.
8. Year ended December 2004.

Social Contribution

Based on its long-held slogan of "extending the feeling of confidence from people to people," the ACOM Group works hard to build close relationships with local communities. We believe such an approach is essential to our sustained corporate growth

Barrier-Free Concert: "Miru Concert Monogatari"

Since 1994, we have hosted public performances throughout Japan of "Miru Concert Monogatari," an innovative artistic event featuring full-color presentations of ancient Japanese silhouettes, live performances of piano, violin, and cello, and expression-filled storytelling. With such familiar titles as Peter Pan—as well as old Japanese favorites, including Gauche the Cellist, The Cat Who Lived a Million Times, and The Tale of the Bamboo Cutter—the events provide enjoyment for both children and adults alike. These are "barrier-free" concerts, with sign-language interpreters on stage, special space set aside for people in wheelchairs, and other facilities to maximize the enjoyment of all visitors. ACOM is in charge of event operation, but is helped by local volunteers and people from regional government agencies. In fiscal 2004, we held 12 such concerts, bringing the cumulative total to 88.

Aiding Disaster-Stricken Areas

In December 2004, a huge earthquake off the coast of Sumatra, Indonesia, caused a major tsunami disaster that affected many countries, including the Phuket region of Thailand. EASY BUY Public Company Limited, our subsidiary in Thailand, donated one million baht to the local Red Cross (including 300,000 baht from the parent company), and provided 1,000 face masks for relief workers. Our Thai employees also individually raised 73,000 baht, which was donated to a local television station, and the Phuket branch donated 100,000 baht to local hospitals. In addition, ACOM made a donation via Nippon Keidanren (The Japan Business Federation).


"Miru Concert Monogatari"

In Japan, a strong earthquake hit the central region of Niigata Prefecture in October 2004, and another affected the western part of Fukuoka Prefecture in March 2005. ACOM provided relief contributions for both disasters and also made donations via the ACOM Bluebird Fund. We sincerely hope that our efforts will help expedite the recovery of disaster-affected communities.

Volunteer Activities by Employees

1. ACOM Bluebird Fund

The ACOM Bluebird Fund was set up in 1984 at the suggestion of employees. Donation boxes are placed at all workplaces around Japan to allow employees to make contributions. Funds thus raised are used to help children orphaned by road accidents.

2. Collection of Used Stamps etc.

At each of our workplaces, employees collect used stamps, prepaid cards, and incorrectly filled-out postcards, which are sent to volunteer centers and ultimately used to support welfare and medical activities.

Sporting Events

1. ACOM Track & Field Team

The ACOM Track & Field Team was formed in October 2001 as part of ACOM's endeavor to benefit society by supporting sports. The slogan of the team is to "foster world-class athletes, from middle-distance to marathon runners," and we aim to create a team that conveys dreams and inspiration to people involved in track and field.

2. ACOM Marathon Sapporo

For more than ten years, we have been special sponsors of the ACOM Marathon Sapporo, which is widely supported in the local community as a traditional event with close ties to the region.

3. ACOM International Golf Tournament

Since 1983, the annual ACOM International Golf Tournament has been a representative Japanese event, attracting numerous highly talented players. Many winners have gone on to achieve world recognition. We have upgraded gallery services for the enjoyment of family spectators, and we hold charity drives during the event. Funds raised are donated to welfare organizations in order to "give something back" to local communities.

Review of Operations

Business Highlights

Segment	Business Overview and Market Position

Loan Business

Our loan business, centering on unsecured loans for consumers, accounted for 89.3% of the Group's consolidated operating income in fiscal 2004. According to the 2005 edition of Consumer Credit Statistics of Japan (published by the Japan Consumer Credit Industry Association), the domestic consumer loan market is currently worth ¥10 trillion in terms of loan receivables outstanding, and with a share of around 16%, ACOM is one of the leading players in this market.

ACOM has established an advanced credit screening model based on data from the 8 million customers we have served in the past and is utilizing this know-how through its various loan application channels, including our branch offices, automated loan application machines, the Internet and mobile phones. Furthermore, one of the distinguishing features of the loan business is our low ratio of bad debt write-offs and operating expenses, excluding those related to bad debt, to receivables outstanding.

Diversified Financial Services

Credit Card Business

In 1998, ACOM acquired principal membership of MasterCard International and entered the credit card business in April of the following year with the issue of the ACOM MasterCard®.

According to the Consumer Credit Statistics of Japan, the Japanese credit card market is worth around ¥26.5 trillion in terms of total credit extended. Although our share of the market is only 0.2%, we are able to offer original services unavailable with other cards. Utilizing our accumulated know-how in unsecured consumer loans and existing infrastructure, for example, we are able to complete the process from initial application to issue of card within 30 minutes. In addition, cardholders can obtain transaction statements at any of our ATMs around the clock, 365 days a year. Moreover, cardholders can choose among several repayment options. Thanks to these original services, our credit card business is growing steadily.

Installment Sales Finance Business

In this segment, ACOM specializes in installment sales services to facilitate the purchase of individual items. Under our system, we have agreements with affiliated retailers. When a customer wishes to purchase a high-priced item, we pay the retailer in advance, and the customer reimburses us in subsequent installments. According to the Consumer Credit Statistics of Japan, the Japanese market is estimated to be worth around ¥10 trillion, and the ACOM Group's share is just over 1%.

Guarantee Business

ACOM provides guarantees on unsecured personal loans via alliances with financial institutions, centering on prominent regional banks. By combining the loyalty and sales channels offered by banks with ACOM's credit screening and collection know-how related to unsecured consumer loans, we are able to provide guarantee arrangements tailored to the needs of alliance partners, covering everything from product planning to loan collection. At the end of fiscal 2004, we had tie-ups with 10 banks and one corporation.

Loan Servicing Business

ACOM entered the loan servicing business in July 2001 by taking an equity stake in IR Loan Servicing, Inc. Despite being a latecomer—the 51st entrant into the industry—our total principal of consigned and purchased receivables surpassed ¥2 trillion after only three years and two months in the business. With such remarkable growth, we are now cementing a presence as a mainstay player in the industry. According to the Ministry of Justice, the national balance of receivables in this business at the end of calendar 2003 was ¥102 trillion. At fiscal 2004 year-end, IR Loan Servicing's total principal of consigned and purchased receivables stood at ¥2,676.7 billion, reflecting a steady growth trend.

Other Businesses

Rental Business

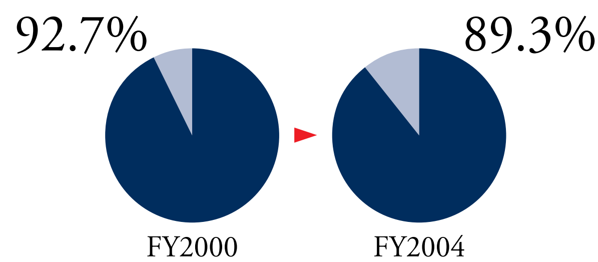
ACOM's wholly-owned subsidiary ACOM RENTAL CO., LTD. operates a business renting out goods used in daily life and leisure equipment. It also provides support for event planning.

Other Businesses

ACOM is also developing business activities including the Advertising Agency, the Insurance Agency Business, and the Real Estate-Related Business, etc.

Major Group Companies	Composition of Operating Income

- ACOM CO., LTD.
- DC Cash One Ltd.
- JCK CREDIT CO., LTD.
- EASY BUY Public Company Limited

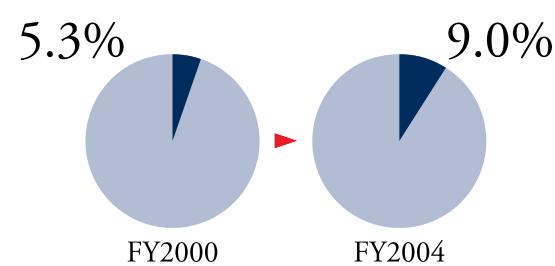


- ACOM CO., LTD.

- ACOM CO., LTD.
- JCK CREDIT CO., LTD.
- EASY BUY Public Company Limited

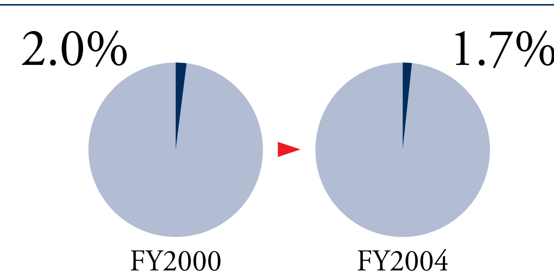
- ACOM CO., LTD.
- DC Cash One Ltd.

- IR Loan Servicing, Inc.



- ACOM RENTAL CO., LTD.

- RELATES CO., LTD.
- AC Ventures Co., Ltd
- ACOM FUNDING CO., LTD.
- JLA INCORPORATED
- AJAST Ltd.
- ACOM ESTATE CO., LTD.
- ABS CO., LTD.
- AB PARTNER CO., LTD.
- ACOM PACIFIC, INC.
- ACOM (U.S.A.) INC.
- ACOM INTERNATIONAL, INC.



Operations by Business Segment

Loan Business

Profitability

The ACOM Group does not disclose segment-specific profits. For reference, however, the average yield on unsecured loans provided by the parent company was 23.55% in fiscal 2004, ended March 2005. The ratio of bad debt write-offs for such loans was 6.23%. For other detailed information, including data on customer attributes, please refer to ACOM in Figures.

Core Strategies and Initiatives

Upgrade the Quality of Credit

Despite overall improvements in employment and personal consumption, significant discrepancies remain between customers depending on region, type of work, and annual income. In this context, the ACOM Group is seeking to further improve the quality of its credit, which is already strong, as a core strategy. Specifically, we have fortified our credit screening capabilities by analyzing customer segments more meticulously, and by providing more extensive and friendlier follow-up and consulting services for customers. These efforts, which were also complemented by a favorable external environment, enabled ACOM (the parent company) to lower its ratio of bad debt write-offs for unsecured loans by 0.27 percentage point, as well as to reduce the year-end balance of bad debt (sum of bad debt and loans in arrears for less than 3 months) by ¥780 million in fiscal 2004.

Raise Operating Efficiency

All of the back-office functions—such as answering telephone calls, credit screening, and credit management—are centralized at our four contact centers around Japan. This system enables our staffed outlets to specialize in face-to-face meetings with customers. In addition, we have continued to expand our network of unstaffed outlets and automated loan application machines, called MUJINKUN, to raise operating efficiency. At the end of fiscal 2004, ACOM (the parent company) had 324 staffed outlets, down 15% from a year earlier, as well as 1,461 unstaffed outlets, up 10.8%, and 1,745 MUJINKUN machines, up 3.1%.

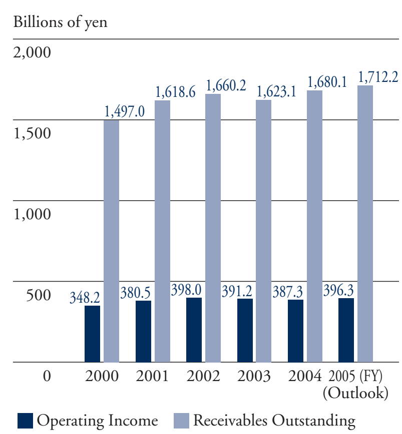
In December 2004, we introduced more compact versions of MUJINKUN, called QUICK MUJIN, of which 38 machines were in operation by fiscal year-end. Requiring only one-third of the cost of setting up MUJINKUN facilities, the adoption of QUICK MUJIN enables us to save space and also suppress costs. They also represent a new customer-drawing channel that will allow us to further improve our services. We plan to add another 171 machines by the end of fiscal 2005, ending March 2006.

DC Cash One

In January 2005, Tokyo-Mitsubishi Cash One Ltd. became a consolidated subsidiary of ACOM and changed its name to DC Cash One Ltd. That company's balance of receivables outstanding has grown favorably, from ¥38.9 billion in fiscal 2003, ended March 2004, to ¥59.2 billion in fiscal 2004. Its transformation into a consolidated subsidiary will expedite the integration of the Mitsubishi Tokyo Financial Group's brand power and ACOM's know-how in credit screening and loan collection—and we expect this to have a favorable impact on our results.

QUICK MUJIN

Operating Income and Receivables Outstanding



Performance and Outlook

In fiscal 2004, operating income in this segment totaled ¥387.3 billion, down 1.0% from the previous fiscal year. The rate of decline was 0.7 point lower than in fiscal 2003, and the addition of DC Cash One boosted the Group's year-end balance of loan receivables outstanding by 3.5%.

In fiscal 2005, we project a 2.3% rise in operating income, to ¥396.3 billion—the first increase in three fiscal years. Several factors will play a part in this turnaround. They include qualitative improvements in the parent company's credit, the aforementioned expansion of DC Cash One, and rapid growth of EASY BUY Public Company Limited, formerly SIAM A&C CO., LTD., our subsidiary in Thailand.

Credit Card Business

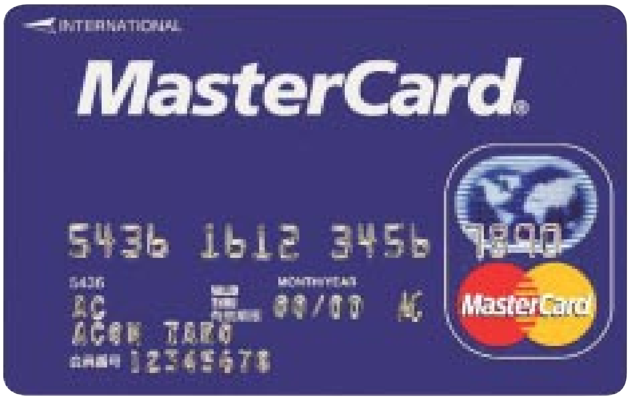
Profitability

With respect to profitability, the credit card business falls short of the loan business, but there are major synergies between the two. We have been actively expanding credit card alliances with large-scale retail chains and other companies with strong customer-attraction power. Through cross-selling, these alliances are also helping us expand income from our installment sales finance business. Moreover, we also increased the balances of credit-card-based revolving payments and cashing, which generate relatively high profits. In fiscal 2004, the ratio of bad debt write-offs for this segment was 8.98%, a substantial 1.34 point improvement from fiscal 2003.

Core Strategies and Initiatives

Alliance Card Strategy: Upgrading Our Customer Base

Under our arrangement with MasterCard®, we provide value-added services for unsecured loan customers, and also enter agreements with mass merchandisers to issue alliance cards. The Group is currently concentrating on the latter activity. A huge 95.8% of alliance cardholders have never used consumer finance companies, and the ACOM Group is effectively using this advantage as part of its strategy to upgrade its credit quality. By encouraging these new customers to also access our cashing services, we hope to broaden the scope of our business, both quantitatively and qualitatively. The current cashing usage rate among alliance cardholders is 4.3%, and we expect this to improve in the future.



ACOM MasterCard®

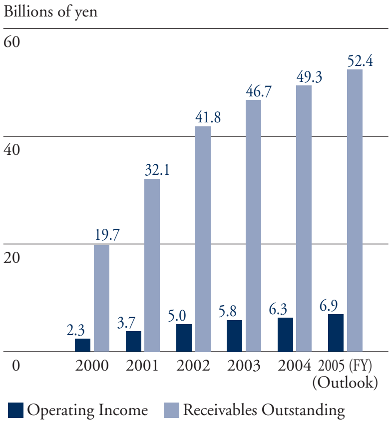
Successive Issue of Alliance Cards

In the year under review, we issued a succession of alliance cards with prominent companies. These included a wedding service provider, a mobile phone shop, a mobile phone sales company, a seller of PC peripherals, and a cable television broadcasting company. At the end of fiscal 2004, ACOM had 29 cards issued via alliances with 29 partners.

Performance and Outlook

This segment continued to grow in fiscal 2004. Operating income rose 7.4%, to ¥6.3 billion, and the year-end balance of receivables outstanding increased 5.7%, to ¥49.3 billion. In fiscal 2005, we forecast a further 10.3% jump in operating income, to ¥6.9 billion.

Operating Income and Receivables Outstanding



Installment Sales Finance Business

Profitability

ACOM is working to boost profitability by generating synergies between its installment sales finance and credit card businesses. We are also striving to upgrade the quality of credit by meticulously controlling our portfolio of affiliated retailers, adding and replacing companies as necessary. The ratio of bad debt write-offs in this segment in fiscal 2004 was 4.39%, up 1.85 points from fiscal 2003.

Core Strategies and Initiatives

Build a Powerful Client Base

Being a relative newcomer to this business, the ACOM Group initially targeted affiliated retailers in niche markets that other companies had failed to develop. While the economy was growing, this strategy had a positive effect on earnings, but it was lacking in stability. For this reason, from fiscal 2003 the Group shifted to a strategy based on rigorously pursuing improvements in the quality of credit. Now, we carefully screen potential alliance partners and cancel contracts with those deemed to be high-risk. In these ways, we are working swiftly to restructure this business, with a view to building a powerful base of clients. This restructuring program will be completed in fiscal 2005, and our plan is to start increasing the balance of receivables outstanding from fiscal 2006, ending March 2007.

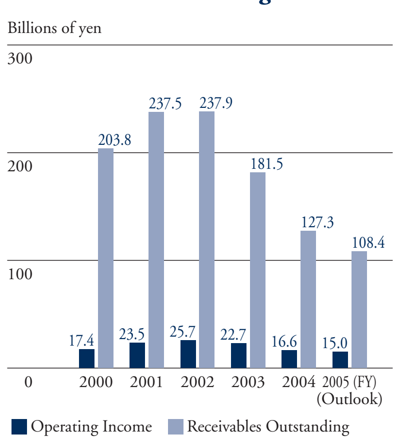
Expand Cross-Selling Activities with the Credit Card Business

At ACOM, we have arrangements with some card alliance partners, whereby we issue credit cards to customers seeking to enter installment sales finance agreements for individual products. With conventional installment sales finance arrangements, our relationship with the customer ends with payment of the final installment. By issuing credit cards to these customers, however, we are better positioned to offer a variety of account settlement services over a long period of time. Similarly, we plan to cross-sell our installment sales finance services to credit cardholders, further raising our earnings power.

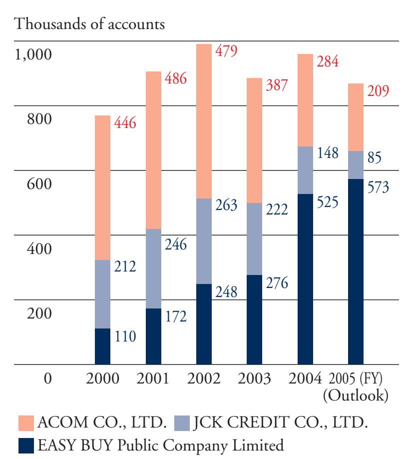
Performance and Outlook

In fiscal 2004, due to our ongoing restructuring program, consolidated operating income in this segment fell 26.9% year-on-year, to ¥16.6 billion, and the year-end balance of receivables outstanding was down 29.8%, to ¥127.3 billion. Although we have not finished our restructuring program in Japan, we have maintained solid growth overseas. For example, EASY BUY Public Company Limited, our loan and installment sales finance subsidiary in Thailand, reported a huge 202.7% jump in receivables outstanding of installment sales finance, to ¥23.7 billion at fiscal 2004 year-end. In fiscal 2005, we will enter the final stages of our domestic restructuring program. For the year, we forecast a 9.9% decline in segment operating income, to ¥15.0 billion.

Operating Income and Receivables Outstanding



Number of Customer Accounts of Installment Sales Finance



Guarantee Business

Profitability

Compared with our loan business, the guarantee business is less profitable, but it enables us to use our accumulated expertise in credit screening and management. Another feature of this business is its relatively low level of bad debts risk. The ratio of bad debt write-offs in fiscal 2004 was 2.68%.

Core Strategies and Initiatives

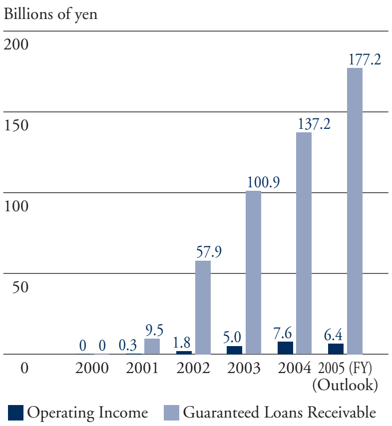
MTFG Alliance: Major Increase in Guaranteed Loans Receivable

We expect our alliance with MTFG to have a very positive impact on our guarantee business. For a start, ACOM (the parent company) is scheduled to handle guarantees for unsecured loan cards newly issued by The Bank of Tokyo-Mitsubishi, Ltd. (BTM). Also, we will collaborate with BTM in approaching regional banks, with the aim of further broadening our base of alliance partners in the guarantee business. At fiscal 2004 year-end, we had agreements with 10 banks, and we hope to add five or six banks per year in fiscal 2005 and beyond. In addition, DC Cash One, now an ACOM subsidiary, plans to take over guarantee services for the cashing of cards issued by BTM and also for lump-sum payments and revolving payments on purchases.

Performance and Outlook

Consolidated operating income from our guarantee business surged 51.4%, to ¥7.6 billion, and the year-end balance of guaranteed loans receivable rose 35.9%, to ¥137.2 billion. In fiscal 2005, we forecast segment operating income of ¥6.4 billion, after offsetting the consolidation of DC Cash One.

Operating Income and Guaranteed Loans Receivable



Loan Servicing Business

Profitability

One of key strengths of IR Loan Servicing, Inc., our loan servicing subsidiary, is its standing in the eyes of credit rating agencies. Indeed, only nine months after commencing operations, it received a rating from Fitch Ratings Ltd., a globally renowned agency. Fitch gave IR Loan Servicing a commercial mortgage special servicer rating of CSS3+(JPN) and an asset-backed special servicer rating of ABSS3+(JPN). Those ratings have been upgraded on December 29, 2004, and now stand at CSS2–(JPN) and ABSS2–(JPN), respectively.

Core Strategies and Initiatives

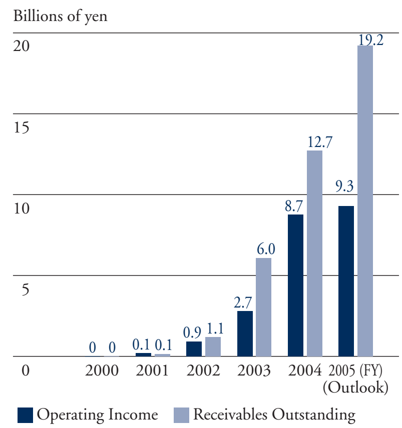
Comprehensive Business Expansion, from Corporate to Individual Debt

The other equity partner in IR Loan Servicing is RISA Partners, Inc. By fusing ACOM's expertise in consumer loan screening and servicing with RISA Partners' know-how in corporate loan management, as well as securitization business know-how, we are developing a comprehensive business covering all types of debt. With traditional expertise in corporate loan, IR Loan Servicing is using ACOM's skills to provide collection services for consumer loans and other small-lot debts. In addition, it provides payment guidance services for accounts receivable, such as payments for direct mail purchases, where there is growing demand. Taking advantage of RISA Partners' expertise, it has entered the market for "corporate restructuring support services," including processing of excess debt, restructuring of non-performing businesses, and reinforcement of marketing capabilities. Covering a diversity of areas, this business model is quite unusual in the industry, and we expect it to generate significant growth in the future.

Performance and Outlook

In fiscal 2004, operating income in the servicing segment jumped more than three-fold, to ¥8.7 billion. In diversified financial services, therefore, this segment now exceeds ACOM's credit card and guarantee businesses in terms of income generated. The year-end balance of receivables outstanding was ¥12.7 billion, around twice the previous year's level. For fiscal 2005, we project a 6.4% increase in operating income, to ¥9.3 billion.

Operating Income and Receivables Outstanding



Other Businesses

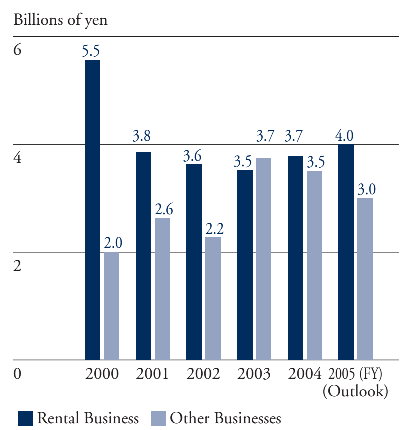
Core Strategies and Initiatives

To strengthen our capabilities in the guarantee business and persuade our alliance partners in that business to entrust their call center operations to us, we established a wholly owned subsidiary, RELATES CO., LTD., formerly AVRS CO., LTD. (changed its name on January 18, 2005), which began operations in March 2005. That company will work in collaboration with the parent company's guarantee business department to offer administrative support to alliance partners and undertake consignment work from new partners. In these ways, we will work to improve our services and expand our business.

Performance and Outlook

Consolidated operating income from rental business rose 7.2% year-on-year, to ¥3.7 billion, and from other services declined 6.2%, to ¥3.5 billion. In fiscal 2005, we forecast a 5.6% increase in income from rental services, to ¥4.0 billion, and a 14.6% fall in income from other businesses, to ¥3.0 billion.

Operating Income



ACOM in Figures

Related Macroeconomic Data (Yearly and Quarterly)

	2000/3	2001/3	2002/3	2003/3
1.Employment-Related Statistics				
The number of unemployed people (Millions)	3.20	3.20	3.48	3.59
The ratio of unemployed people (%)	4.7	4.7	5.2	5.4
The ratio of job offers to job seekers (Times)	0.49	0.62	0.56	0.55
The total cash wage amount (yoy %)	-0.8	0.5	-2.1	-2.6
Regular employment index (yoy %)	-0.2	-0.3	-0.4	-0.7
2. Consumption-Related Statistics				
Consumer spending (yoy %)	-1.8	-1.2	-3.4	-0.6
Retail sales (yoy %)	-2.0	-0.8	-3.3	-3.2
3. Financial-Related Statistics, etc.				
Ten-year government bond yield (%)	1.770	1.270	1.400	0.700
Nikkei 225 (Yen)	18,049	15,616	11,468	9,611

Source: Nihon Keizai Shimbun, Inc.

Related Macroeconomic Data (Monthly)

	2003	2004				
	December	January	February	March	April	May
Unemployment Rate (%)	4.9	5.0	5.0	4.7	4.7	4.6
Personal Bankruptcy Applications	21,682	14,000	17,926	21,818	19,723	15,800

Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications (Unemployment Rate)
Source: Supreme Court of Japan (Personal Bankruptcy Applications)

Operating Income by Segment (Consolidated)

	Millions of yen					
	2001/3		2002/3		2003/3	
		yoy %		yoy %		yoy %
Operating Income	375,674	9.3	414,918	10.4	437,572	5.5
Loan Business	348,295	7.7	380,553	9.3	398,057	4.6
Credit Card Business	2,353	407.3	3,771	60.2	5,096	35.1
Installment Sales Finance Business	17,446	48.5	23,595	35.2	25,725	9.0
Guarantee Business	—	—	319	—	1,866	483.8
Loan Servicing Business	—	—	191	—	925	383.9
Collection of purchased receivables	—	—	—	—	436	192.1
Rental Business	5,569	-17.1	3,853	-30.8	3,629	-5.8
Others	2,009	42.8	2,634	31.1	2,271	-13.8

2004/3	2005/3				
	full term	1st quarter	2nd quarter	3rd quarter	4th quarter
3.42	3.08	3.10	3.16	3.01	3.03
5.1	4.6	4.6	4.8	4.6	4.6
0.69	0.86	0.80	0.85	0.90	0.91
-0.9	-0.3	-0.8	-0.4	0.3	-0.03
-0.3	0.7	0.6	0.7	0.7	0.6
-0.2	-0.2	1.9	0.1	-1.8	-1.1
-1.4	-0.7	-1.9	-0.3	-0.4	0.0
1.435	1.320	1.613	1.608	1.457	1.370
9,939	11,321	11,509	11,152	11,016	11,583

							2005		
June	July	August	September	October	November	December	January	February	March
4.6	4.9	4.8	4.6	4.6	4.6	4.5	4.5	4.7	4.5
18,675	17,840	16,206	16,517	16,555	16,522	19,820	10,856	14,415	18,002

Millions of yen								
2004/3		2005/3					2006/3(E)	
	yoy %	1st quarter	2nd quarter	3rd quarter	4th quarter full term	yoy %		yoy %
434,968	-0.6	107,558	216,650	326,025	433,965	-0.2	440,900	1.6
391,259	-1.7	96,419	193,749	291,926	387,348	-1.0	396,300	2.3
5,876	15.3	1,514	3,123	4,730	6,311	7.4	6,900	10.3
22,738	-11.6	4,622	8,877	12,783	16,622	-26.9	15,000	-9.9
5,037	169.8	1,666	3,511	5,406	7,627	51.4	6,400	-16.0
2,786	201.2	1,899	4,033	5,633	8,762	214.5	9,300	6.4
2,088	377.9	—	—	—	7,757	271.5	—	—
3,527	-2.8	841	1,717	2,841	3,781	7.2	4,000	5.6
3,742	64.8	595	1,638	2,704	3,511	-6.2	3,000	-14.6

Receivables Outstanding by Segment (Consolidated)

	Millions of yen					
	2001/3		2002/3		2003/3	
		yoy %		yoy %		yoy %
Receivables Outstanding	1,720,616	16.4	1,888,413	9.8	1,941,244	2.8
Loan Business	1,497,045	11.1	1,618,660	8.1	1,660,256	2.6
ACOM CO., LTD.	1,496,237	11.0	1,616,837	8.1	1,652,890	2.2
JCK CREDIT CO., LTD.	808	—	327	-59.5	153	-53.1
SIAM A&C CO., LTD.	—	—	1,495	—	7,212	382.3
DC Cash One Ltd	—	—	—	—	—	—
Credit Card Business	19,735	210.3	32,102	62.7	41,850	30.4
ACOM MasterCard®	19,157	210.6	31,388	63.8	41,114	31.0
JCK CREDIT CO., LTD.	405	—	624	54.1	684	9.6
SIAM A&C CO., LTD.	—	—	—	—	—	—
Installment Sales Finance Business	203,834	63.6	237,502	16.5	237,948	0.2
ACOM CO., LTD.	150,581	23.5	161,247	7.1	153,203	-5.0
JCK CREDIT CO., LTD.	49,112	—	69,996	42.5	77,338	10.5
SIAM A&C CO., LTD.	4,140	56.1	6,258	51.1	7,406	18.3
Loan Servicing Business	—	—	147	—	1,189	706.5

Number of Customer Accounts by Segment (Consolidated)

	2001/3		2002/3		2003/3	
		yoy %		yoy %		yoy %
Loan Business *1	2,898,760	8.6	3,058,274	5.5	3,161,304	3.4
ACOM CO., LTD.	2,893,789	8.4	3,035,706	4.9	3,032,330	-0.1
JCK CREDIT CO., LTD.	4,971	—	2,719	-45.3	1,122	-58.7
SIAM A&C CO., LTD.	—	—	19,849	—	127,852	544.1
DC Cash One Ltd	—	—	—	—	—	—
Credit Card Business *2	781,590	93.0	1,016,544	30.1	1,021,131	0.5
ACOM MasterCard®	752,509	97.8	1,004,118	33.4	1,014,845	1.1
JCK CREDIT CO., LTD.	3,238	—	4,952	52.9	6,004	21.2
SIAM A&C CO., LTD.	—	—	—	—	—	—
Installment Sales Finance Business *3	768,882	85.2	905,725	17.8	991,162	9.4
ACOM CO., LTD.	446,217	24.5	486,532	9.0	479,182	-1.5
JCK CREDIT CO., LTD.	212,068	—	246,786	16.4	263,202	6.7
SIAM A&C CO., LTD.	110,597	95.2	172,407	55.9	248,778	44.3
Loan Servicing Business *4	—	—	1,468	—	10,540	618.0

Notes: 1. Loan Business: Number of customer accounts with outstanding that includes non-interest bearing balance.
2. Credit Card Business: Number of cardholders.
3. Installment Sales Finance Business: Number of contracts with receivables outstanding.
4. Loan Servicing Business: Number of accounts for purchased loans.

Millions of yen

2004/3		2005/3					2006/3(E)	
	yoy %	1st quarter	2nd quarter	3rd quarter	4th quarter full term	yoy %		yoy %
1,857,536	-4.3	1,842,057	1,830,314	1,812,245	1,869,685	0.7	1,892,200	1.2
1,623,154	-2.2	1,623,535	1,628,157	1,618,590	1,680,184	3.5	1,712,200	1.9
1,612,799	-2.4	1,611,833	1,614,243	1,602,794	1,601,773	-0.7	1,601,800	0.0
66	-56.8	57	49	40	33	-49.8	20	-30.3
10,289	42.7	11,644	13,864	15,756	17,163	66.8	23,700	38.0
—	—	—	—	—	59,246	—	84,100	42.0
46,731	11.7	47,747	48,973	49,527	49,399	5.7	52,400	6.0
45,941	11.7	47,016	48,336	48,923	48,833	6.3	51,900	6.3
758	10.8	707	619	587	546	-27.9	500	-11.9
—	—	—	—	—	—	—	—	—
181,567	-23.7	165,534	145,927	136,455	127,378	-29.8	108,400	-14.9
113,934	-25.6	102,355	89,279	80,111	70,014	-38.5	52,500	-25.0
59,785	-22.7	53,685	45,596	39,855	33,607	-43.8	20,100	-40.2
7,847	6.0	9,493	11,051	16,488	23,756	202.7	35,800	50.8
6,082	411.1	5,239	7,256	7,671	12,723	109.2	19,200	50.9

2004/3		2005/3					2006/3(E)	
	yoy %	1st quarter	2nd quarter	3rd quarter	4th quarter full term	yoy %		yoy %
3,161,894	0.0	3,177,508	3,214,903	3,231,801	3,406,054	7.7	3,450,800	1.3
2,954,073	-2.6	2,941,271	2,932,749	2,914,385	2,902,916	-1.7	2,861,000	-1.4
422	-62.4	303	246	198	167	-60.4	100	-40.1
207,399	62.2	235,934	281,908	317,218	347,003	67.3	411,000	18.4
—	—	—	—	—	150,074	—	171,200	14.1
1,071,681	5.0	1,074,324	1,196,546	1,202,542	1,197,784	11.8	1,253,700	4.7
1,064,492	4.9	1,067,382	1,190,132	1,196,353	1,191,975	12.0	1,249,000	4.8
6,982	16.3	6,740	6,212	5,989	5,609	-19.7	4,500	-19.8
—	—	—	—	—	—	—	—	—
886,110	-10.6	874,657	863,342	915,165	958,768	8.2	868,000	-9.5
387,261	-19.2	360,113	332,357	309,185	284,782	-26.5	209,000	-26.6
222,424	-15.5	205,681	183,190	165,395	148,059	-33.4	85,700	-42.1
276,425	11.1	308,863	347,795	440,585	525,927	90.3	573,300	9.0
31,851	202.2	33,864	49,097	87,334	137,808	332.7	—	—

Six-Year Financial Summary (Consolidated)

Years ended March 31

	Millions of yen
	2000
1. For the year:	
Operating income	343,644
Operating expenses	198,155
Bad-debt-related expenses	47,532
Operating profit	145,488
Net income	74,352
2. At year-end:	
Total assets	1,708,030
Receivables outstanding *1	1,478,702
Total amount of bad debts	34,077
Loans to borrowers in bankruptcy or under reorganization	3,776
Loans in arrears	13,408
Loans past due for three months or more	498
Restructured loans	16,394
Allowance for bad debts	54,345
Total shareholders' equity	429,195
Interest-bearing debts	1,196,882
3. Per shares:	Yen
Net income, basic	507.07
Total shareholders' equity	2,927.04
Cash dividends	55.00
4. Key financial ratios:	%
Operating profit margin	42.3
ROE *2	—
ROA *2	—

Notes: 1. Receivables outstanding indicates the total amount of Loan Business, Credit Card Business and Installment Sales Finance Business.
2. ROE and ROA are calculated using the simple average of beginning and end of term balance sheet figures.

Millions of yen				
2001	2002	2003	2004	2005
375,674	414,918	437,572	434,968	433,965
215,363	243,669	290,877	314,577	289,604
52,420	72,047	115,671	140,505	108,453
160,310	171,248	146,695	120,391	144,361
81,369	95,637	75,096	70,319	81,533
1,943,836	2,166,865	2,183,414	2,075,389	2,077,334
1,720,616	1,888,265	1,940,055	1,851,454	1,856,962
34,819	44,516	60,791	80,259	83,961
3,650	7,204	9,227	9,280	8,906
16,897	21,751	31,302	36,966	37,077
684	519	1,139	1,787	1,781
13,587	15,041	19,122	32,225	36,196
64,360	81,064	112,549	135,350	130,532
503,335	582,737	644,431	697,166	863,760
1,333,568	1,470,366	1,439,905	1,294,571	1,128,226
Yen				
554.92	653.18	513.08	487.77	516.23
3,432.67	3,983.61	4,405.08	4,855.98	5,456.39
65.00	80.00	80.00	80.00	100.00
%				
42.7	41.3	33.5	27.7	33.3
17.5	17.6	12.2	10.5	10.4
4.5	4.7	3.5	3.3	3.9

Seven-Year Financial Summary (Non-Consolidated)

Years ended March 31

	Millions of yen	
	1999	2000
1. For the year:		
Operating income	310,521	341,767
Operating expenses	183,412	197,392
Bad-debt-related expenses *1	39,755	47,461
Operating profit	127,109	144,374
Net income	56,499	74,038
2. At year-end:		
Total assets	1,602,641	1,700,322
Receivables outstanding *2	1,297,689	1,476,050
Total amount of bad debts	—	34,077
Loans to borrowers in bankruptcy or under reorganization	—	3,776
Loans in arrears	—	13,408
Loans past due for three months or more	—	498
Restructured loans	—	16,394
Allowance for bad debts	44,300	54,300
Total shareholders' equity	343,349	427,716
Interest-bearing debts	1,191,700	1,192,926
3. Per shares:	Yen	
Net income, basic	385.31	504.93
Total shareholders' equity	2,341.59	2,916.96
Cash dividends	45.00	55.00
4. Key financial ratios:	%	
Operating profit margin	40.9	42.2
ROE *3	17.8	19.2
ROA *3	3.7	4.5
Ratio of bad debt write-offs	2.6	2.7
Bad debt ratio (Gross basis) *4	—	2.5
Bad debt ratio (Net basis) *5	—	-1.5

Notes: 1. The amount of bad debts related expenses is the sum of bad debt expenses, provision for bad debts, and provision for loss on debt guarantees.
2. Receivables outstanding indicates the total amount of Loan Business, Credit Card Business and Installment Sales Finance Business.
3. ROE and ROA are calculated using the simple average of beginning and end of term balance sheet figures.
4. Bad debt ratio (Gross basis) = Total amount of bad debt / Receivables outstanding plus Loans to borrowers in bankruptcy or under reorganization.
5. Bad debt ratio (Net basis) = (Bad debts - Allowance for bad debts) / Receivables outstanding plus Loans to borrowers in bankruptcy or under reorganization.

		Millions of yen		
2001	2002	2003	2004	2005
366,712	400,818	419,258	411,799	402,734
208,205	231,857	276,677	295,918	262,500
51,654	69,997	112,108	135,474	102,462
158,507	168,961	142,581	115,880	140,234
80,757	94,777	77,489	65,648	83,001
1,876,210	2,095,251	2,110,009	2,019,648	1,951,625
1,666,149	1,809,564	1,847,259	1,772,706	1,720,641
34,596	43,691	60,491	79,754	81,210
3,650	7,204	9,227	9,280	8,377
16,866	20,972	31,128	36,632	35,310
518	497	1,036	1,638	1,345
13,561	15,016	19,099	32,204	36,177
61,900	77,700	107,700	129,400	122,400
502,833	580,716	645,386	694,082	862,301
1,283,167	1,417,966	1,384,848	1,260,090	1,028,722
		Yen		
550.75	647.31	529.45	455.36	525.53
3,429.24	3,969.80	4,411.62	4,834.50	5,447.18
65.00	80.00	80.00	80.00	100.00
		%		
43.2	42.2	34.0	28.1	34.8
17.4	17.5	12.6	9.8	10.7
4.5	4.8	3.7	3.2	4.2
2.9	3.2	4.6	6.4	6.1
2.3	2.7	3.7	4.9	5.1
-1.8	-2.1	-2.9	-3.1	-2.6

Receivables Outstanding (Non-Consolidated)

	Millions of yen					
	2002/3		2003/3		2004/3	
		yoy %		yoy %		yoy %
Receivables Outstanding	1,809,564	8.6	1,847,259	2.1	1,772,706	-4.0
Loan Business	1,616,837	8.1	1,652,890	2.2	1,612,799	-2.4
Unsecured Loans	1,548,894	8.5	1,582,751	2.2	1,548,616	-2.2
Consumers	1,547,850	8.5	1,582,125	2.2	1,548,274	-2.1
Commercials	1,043	-30.4	625	-40.1	341	-45.4
Secured Loans	67,942	-0.1	70,139	3.2	64,183	-8.5
Real Estate Card Loan	53,509	7.7	56,852	6.2	52,781	-7.2
Credit Card Business	31,478	62.8	41,166	30.8	45,973	11.7
ACOM MasterCard®	31,388	63.8	41,114	31.0	45,941	11.7
Installment Sales Finance Business	161,247	7.1	153,203	-5.0	113,934	-25.6
Average Balance of Unsecured Loans for Consumers per Account (Thousands of yen)	512	3.2	524	2.3	527	0.6
	(541)*1	(5.5)	—	—	—	—
<Reference>						
Guaranteed Loans Receivable	9,539	—	57,926	—	100,971	74.3

Note: 1. The figures in brackets represent the amounts of loans exclusive of non-interest-bearing balance.

Number of Customer Accounts (Non-Consolidated)

	2002/3		2003/3		2004/3	
		yoy %		yoy %		yoy %
Loan Business *1,4	3,035,706	4.9	3,032,330	-0.1	2,954,073	-2.6
	(2,873,888)	(2.8)	—	—	—	—
Unsecured Loans	3,021,780	4.9	3,017,837	-0.1	2,940,345	-2.6
	(2,860,021)	(2.8)	—	—	—	—
Consumers	3,020,908	4.9	3,017,176	-0.1	2,939,945	-2.6
	(2,859,149)	(2.8)	—	—	—	—
Commercials	872	-13.7	661	-24.2	400	-39.5
Secured Loans	13,926	3.3	14,493	4.1	13,728	-5.3
Credit Card Business *2	1,011,592	30.0	1,015,127	0.3	1,064,699	4.9
ACOM MasterCard®	1,004,118	33.4	1,014,845	1.1	1,064,492	4.9
Installment Sales Finance Business *3	486,532	9.0	479,182	-1.5	387,261	-19.2

Notes: 1. Loan Business: Number of customer accounts with outstanding balance.
2. Credit Card Business: Number of cardholders.
3. Installment Sales Finance Business: Number of contracts with receivables outstanding.
4. The figures in brackets represent the number of loan customer accounts exclusive of non-interest-bearing balance.

Millions of yen									
2005/3								2006/3(E)	
1st quarter	yoy %	2nd quarter	yoy %	3rd quarter	yoy %	4th quarter full term	yoy %		yoy %
1,761,229	-3.9	1,751,876	-3.5	1,731,846	-3.2	1,720,641	-2.9	1,706,200	-0.8
1,611,833	-1.8	1,614,243	-1.2	1,602,794	-0.8	1,601,773	-0.7	1,601,800	0.0
1,550,063	-1.4	1,554,121	-0.7	1,545,079	-0.3	1,545,493	-0.2	1,548,100	0.2
1,549,761	-1.4	1,553,851	-0.7	1,544,840	-0.3	1,545,295	-0.2	1,547,900	0.2
302	-43.9	269	-39.4	238	-38.9	197	-42.3	200	1.4
61,769	-11.7	60,121	-12.9	57,714	-13.8	56,280	-12.3	53,700	-4.6
—	—	—	—	—	—	47,135	-10.7	—	—
47,040	9.7	48,353	9.6	48,940	8.5	48,853	6.3	51,900	6.2
47,016	9.7	48,336	9.6	48,923	8.6	48,833	6.3	51,900	6.3
102,355	-30.9	89,279	-34.9	80,111	-37.4	70,014	-38.5	52,500	-25.0
529	1.0	532	1.3	532	1.5	535	1.5	543	1.5
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	137,261	35.9	177,200	29.1

2005/3								2006/3(E)	
1st quarter	yoy %	2nd quarter	yoy %	3rd quarter	yoy %	4th quarter full term	yoy %		yoy %
2,941,271	-2.3	2,932,749	-2.0	2,914,385	-1.9	2,902,916	-1.7	2,861,000	-1.4
—	—	—	—	—	—	—	—	—	—
2,927,931	-2.3	2,919,642	-2.0	2,901,621	-1.9	2,890,353	-1.7	2,849,400	-1.4
—	—	—	—	—	—	—	—	—	—
2,927,581	-2.3	2,919,333	-2.0	2,901,345	-1.9	2,890,120	-1.7	2,849,200	-1.4
—	—	—	—	—	—	—	—	—	—
350	-41.1	309	-39.1	276	-38.3	233	-41.8	200	-14.2
13,340	-8.3	13,107	-9.0	12,764	-9.4	12,563	-8.5	11,600	-7.7
1,067,584	7.2	1,190,334	22.0	1,196,553	23.9	1,192,175	12.0	1,249,200	4.8
1,067,382	7.2	1,190,132	22.0	1,196,353	23.9	1,191,975	12.0	1,249,000	4.8
360,113	-22.1	332,357	-23.9	309,185	-25.8	284,782	-26.5	209,000	-26.6

Number of New Loan Customers (Non-Consolidated)

	2002/3	yoy %	2003/3	yoy %	2004/3	yoy %
Number of New Loan Customers	443,538	0.1	408,146	-8.0	359,311	-12.0
Unsecured Loans	442,184	0.0	406,693	-8.0	358,570	-11.8
Consumers	442,165	0.0	406,685	-8.0	358,570	-11.8
Commercials	19	5.6	8	-57.9	0	-100.0
Secured Loans	1,354	36.8	1,453	7.3	741	-49.0

Number of Loan Business Outlets (Non-Consolidated)

	2002/3	yoy	2003/3	yoy	2004/3	yoy
Number of Loan Business Outlets	1,761	20	1,716	-45	1,699	-17
Staffed	521	0	468	-53	381	-87
Unstaffed	1,240	20	1,248	8	1,318	70
QUICK MUJIN Machine	—	—	—	—	—	—

MUJINKUN (Non-Consolidated)

	2002/3	yoy	2003/3	yoy	2004/3	yoy
Number of MUJINKUN Outlets	1,749	16	1,705	-44	1,691	-14
Number of MUJINKUN Machines	1,751	16	1,706	-45	1,692	-14

Cash Dispensers and ATMs (Non-Consolidated)

	2002/3	yoy	2003/3	yoy	2004/3	yoy
Number of Cash Dispensers and ATMs	49,777	18,958	69,215	19,438	76,282	7,067
Proprietary	2,068	15	2,026	-42	1,961	-65
Open 365 Days/Year	2,059	13	2,020	-39	1,957	-63
Open 24 Hours/Day	1,773	18	1,749	-24	1,705	-44
Tie-up	47,709	18,943	67,189	19,480	74,321	7,132
Others *1	7,611	0	7,621	10	8,424	803

Note: 1. "Others" indicates receipt of payment by convenience stores under an agency agreement.

	2005/3							2006/3(E)	
1st quarter	yoy %	2nd quarter	yoy %	3rd quarter	yoy %	4th quarter full term	yoy %		yoy %
89,688	-7.7	176,088	-5.9	257,841	-5.5	340,033	-5.4	360,500	6.0
89,586	-7.5	175,856	-5.7	257,512	-5.4	339,567	-5.3	360,000	6.0
89,586	-7.5	175,856	-5.7	257,512	-5.4	339,567	-5.3	360,000	6.0
0	—	0	—	0	—	0	—	0	—
102	-69.7	232	-57.9	329	-49.9	466	-37.1	500	7.3

	2005/3							2006/3(E)	
1st quarter	YTD	2nd quarter	YTD	3rd quarter	YTD	4th quarter full term	yoy		yoy
1,697	-2	1,702	3	1,718	19	1,785	86	2,008	223
356	-25	328	-53	326	-55	324	-57	279	-45
1,341	23	1,374	56	1,392	74	1,461	143	1,729	268
—	—	—	—	4	4	38	38	209	171

	2005/3							2006/3(E)	
1st quarter	YTD	2nd quarter	YTD	3rd quarter	YTD	4th quarter full term	yoy		yoy
—	—	—	—	—	—	1,744	53	1,796	52
1,691	-1	1,698	6	1,712	20	1,745	53	1,797	52

	2005/3							2006/3(E)	
1st quarter	YTD	2nd quarter	YTD	3rd quarter	YTD	4th quarter full term	yoy		yoy
79,530	3,248	82,125	5,843	81,713	5,431	81,736	5,454	—	—
1,912	-49	1,844	-117	1,858	-103	1,891	-70	1,943	52
1,908	-49	1,840	-117	1,854	-103	1,888	-69	—	—
1,666	-39	1,616	-89	1,628	-77	1,662	-43	—	—
77,618	3,297	80,281	5,960	79,855	5,534	79,845	5,524	—	—
8,432	8	8,509	85	8,614	190	8,684	260	—	—

Employees (Non-Consolidated)

	2002/3	yoy	2003/3	yoy	2004/3	yoy
Number of Employees *1	4,366	45	4,405	39	4,238	-167
Head Office	756	103	869	113	932	63
Credit Supervision Related	241	22	302	61	345	43
Financial Service Business Division	3,610	-58	3,536	-74	3,306	-230
Contact Center	335	335	1,059	724	943	-116
Credit Card / Installment Business Dept.	231	15	228	-3	346	118
Guarantee Business Dept.	—	—	—	—	—	—

Note: 1. The number of employees as of March 2002 and March 2003 is adjusted based on new organization as of April 2002 and as of June 2003, respectively.

Average Loan Yield (Non-Consolidated)

	%					
	2000/3	yoy p.p.	2001/3	yoy p.p.	2002/3	yoy p.p.
Average Yield *1	24.86	-0.22	24.08	-0.78	23.80	-0.28
Unsecured Loans	25.70	-0.32	24.75	-0.95	24.32	-0.43
Consumers	25.70	-0.32	24.76	-0.94	24.32	-0.44
Commercials	24.08	-0.35	22.88	-1.20	21.59	-1.29
Secured Loans	11.20	0.32	11.33	0.13	12.13	0.80

Note: 1. Average yield = Interest on loans receivable / Term average of receivables outstanding at the beginning of the year

Unsecured Loans Receivable Outstanding for Consumers by Interest Rate (Non-Consolidated)

	Millions of yen					
	2002/3		2003/3		2004/3	
	Receivables Outstanding					
Effective Annual Interest Rate		C.R.(%)		C.R.(%)		C.R.(%)
Loans Receivable Outstanding	1,547,850	100.0	1,582,125	100.0	1,548,274	100.0
28.470% and Higher	62,372	4.0	49,475	3.1	39,701	2.5
27.375%	597,408	38.6	639,356	40.4	642,084	41.5
25.000% - 26.500%	349,436	22.6	345,529	21.9	338,972	21.9
20.000% - 24.820%	332,221	21.5	332,760	21.0	312,491	20.2
18.250% - 19.000%	93,180	6.0	96,294	6.1	87,939	5.7
15.000% - 18.000%	98,799	6.4	99,223	6.3	92,256	6.0
Less than 15.000%	14,431	0.9	19,485	1.2	34,827	2.2

2005/3								2006/3(E)	
1st quarter	YTD	2nd quarter	YTD	3rd quarter	YTD	4th quarter full term	yoy		yoy
4,282	44	4,237	-1	4,205	-33	4,096	-142	3,953	-143
907	-25	920	-12	936	4	925	-7	941	16
331	-14	322	-23	337	-8	336	-9	348	12
3,375	69	3,317	11	3,269	-37	3,171	-135	3,012	-159
932	-11	943	0	892	-51	887	-56	—	—
365	19	354	8	354	8	317	-29	262	-55
40	40	44	44	47	47	48	48	56	8

%							
2003/3		2004/3		2005/3		2006/3(E)	
	yoy p.p.		yoy p.p.		yoy p.p.		yoy p.p.
23.47	-0.33	23.23	-0.24	23.13	-0.10	22.93	-0.20
23.96	-0.36	23.72	-0.24	23.55	-0.17	23.32	-0.23
23.96	-0.36	23.72	-0.24	23.55	-0.17	23.32	-0.23
20.04	-1.55	18.96	-1.08	17.12	-1.84	16.49	-0.63
12.15	0.02	12.16	0.01	12.27	0.11	12.13	-0.14

Millions of yen									
2005/3								2006/3(E)	
Receivables Outstanding									
1st quarter	C.R.(%)	2nd quarter	C.R.(%)	3rd quarter	C.R.(%)	4th quarter full term	C.R.(%)		C.R.(%)
1,549,761	100.0	1,553,851	100.0	1,544,840	100.0	1,545,295	100.0	1,547,900	100.0
37,267	2.4	35,267	2.3	33,261	2.2	31,483	2.1	23,700	1.5
645,909	41.7	653,391	42.0	652,262	42.2	652,293	42.2	655,200	42.3
343,952	22.2	345,824	22.3	342,827	22.2	343,838	22.3	336,900	21.8
309,426	20.0	306,403	19.7	304,755	19.7	304,686	19.7	304,600	19.7
85,597	5.5	83,817	5.4	81,508	5.3	79,546	5.1	79,600	5.1
90,589	5.8	90,512	5.8	89,562	5.8	91,183	5.9	91,300	5.9
37,018	2.4	38,635	2.5	40,663	2.6	42,263	2.7	56,600	3.7

Unsecured Loans Receivable Outstanding by Classified Receivable Outstanding (Non-Consolidated)

Classified Receivable Outstanding (Thousands of Yen)	Millions of yen 2002/3	C.R. (%)	2003/3	C.R. (%)	2004/3	C.R. (%)
≦100	20,039	1.3	20,603	1.3	20,278	1.3
100< ≦300	127,094	8.2	125,037	7.9	124,248	8.0
300< ≦500	643,286	41.6	631,290	39.9	599,785	38.7
500< ≦1,000	333,173	21.5	326,476	20.6	307,933	20.0
1,000<	424,257	27.4	478,716	30.3	496,029	32.0
Total	1,547,850	100.0	1,582,125	100.0	1,548,274	100.0

Number of New Customers by Annual Income [Unsecured Loans] (Non-Consolidated)

Annual Income (Millions of Yen)	2001/3 Number of Accounts	C.R. (%)	Initial Average Lending Amount (Thousands of yen)	2002/3 Number of Accounts	C.R. (%)	Initial Average Lending Amount (Thousands of yen)
≦2	89,006	20.1	134	101,134	22.9	133
2< ≦5	281,654	63.7	160	276,288	62.5	158
5< ≦7	46,232	10.5	211	42,720	9.6	204
7< ≦10	20,531	4.7	237	18,054	4.1	227
10<	4,669	1.0	255	3,969	0.9	246
Total	442,092	100.0	165	442,165	100.0	161

Composition Ratio of Customer Accounts by Age [Unsecured Loans] (Non-Consolidated)

	% 2000/3 Existing Accounts	Write-offs Account	2001/3 Existing Accounts	Write-offs Account
Under 29	27.9	21.9	27.2	22.1
Age 30 - 39	26.9	26.9	27.4	26.8
Age 40 - 49	21.8	23.4	21.2	22.4
Age 50 - 59	16.9	19.7	17.4	19.8
Over 60	6.5	8.1	6.8	8.9
Total	100.0	100.0	100.0	100.0

	Millions of yen									
	2005/3								2006/3(E)	
	1st quarter	C.R. (%)	2nd quarter	C.R. (%)	3rd quarter	C.R. (%)	4th quarter full term	C.R. (%)		C.R. (%)
	20,107	1.3	19,956	1.3	19,691	1.3	19,936	1.3	19,500	1.3
	121,873	7.9	119,178	7.7	116,940	7.6	116,143	7.5	112,400	7.3
	600,462	38.7	604,453	38.9	599,708	38.8	599,363	38.8	600,700	38.8
	304,405	19.6	301,735	19.4	297,220	19.2	295,102	19.1	289,800	18.7
	502,911	32.5	508,528	32.7	511,279	33.1	514,749	33.3	525,500	33.9
	1,549,761	100.0	1,553,851	100.0	1,544,840	100.0	1,545,295	100.0	1,547,900	100.0

	2003/3			2004/3			2005/3		
	Number of Accounts		Initial Average Lending Amount	Number of Accounts		Initial Average Lending Amount	Number of Accounts		Initial Average Lending Amount
		C.R. (%)	Thousands of yen		C.R. (%)	Thousands of yen		C.R. (%)	Thousands of yen
	96,455	23.7	136	86,242	24.1	123	83,370	24.5	134
	255,555	62.9	161	227,416	63.4	151	214,180	63.1	158
	36,465	8.9	204	30,252	8.4	193	28,065	8.3	199
	15,014	3.7	225	12,214	3.4	217	11,712	3.4	230
	3,196	0.8	239	2,446	0.7	229	2,240	0.7	247
	406,685	100.0	162	358,570	100.0	151	339,567	100.0	158

	%							
	2002/3		2003/3		2004/3		2005/3	
	Existing Accounts	Write-offs Account	Existing Accounts	Write-offs Account	Existing Accounts	Write-offs Account	Existing Accounts	Write-offs Account
	26.3	22.9	25.3	21.8	24.2	21.6	23.1	21.6
	28.1	27.3	28.7	28.0	29.3	28.5	29.5	28.7
	20.7	21.7	20.5	21.7	20.5	21.5	20.7	21.3
	17.7	19.6	17.9	19.7	18.0	19.3	18.3	19.0
	7.2	8.5	7.6	8.8	8.0	9.1	8.4	9.4
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Composition Ratio of Customer Accounts by Gender [Unsecured Loans] (Non-Consolidated)

	%			
	2000/3		2001/3	
	Existing Accounts	Write-offs Account	Existing Accounts	Write-offs Account
Male	72.8	70.3	73.2	70.7
Female	27.2	29.7	26.8	29.3

Bad Debt Write-offs (Non-Consolidated)

	Millions of yen					
	2002/3		2003/3		2004/3	
		yoy %		yoy %		yoy %
Bad Debt Write-offs	54,251	22.2	81,608	50.4	112,598	38.0
Loans Receivable	51,003	19.0	75,428	47.9	103,093	36.7
Unsecured Loans	49,713	24.8	75,039	50.9	100,781	34.3
Secured Loans	1,290	-57.1	388	-69.9	2,312	494.8
ACOM MasterCard®	1,767	245.8	3,344	89.2	4,745	41.9
Installment Sales Finance	1,475	44.9	2,457	66.6	2,890	17.6
Guarantee	12	—	306	—	1,860	506.1
Average Bad Debt Write-off Amounts per Account for Unsecured Loans (Thousands of yen)	332	4.1	363	9.3	395	8.8
<Reference>						
Average Balance of Unsecured Loans for Consumers per Account (Thousands of yen)	512	—	524	—	527	0.6

Ratio of Bad Debt Write-offs (Non-Consolidated) *1, 2

	%					
	2002/3		2003/3		2004/3	
		yoy p.p.		yoy p.p.		yoy p.p.
Loans Receivable	3.15	(0.29)	4.56	(1.41)	6.38	(1.82)
Unsecured Loans	3.21	(0.42)	4.74	(1.53)	6.50	(1.76)
Secured Loans	1.84	(-2.51)	0.54	(-1.30)	3.55	(3.01)
ACOM MasterCard®	5.63	(2.96)	8.13	(2.50)	10.32	(2.19)
Installment Sales Finance	0.91	(0.23)	1.60	(0.69)	2.54	(0.94)
<Reference>						
Guarantee	0.13	—	0.52	(0.39)	1.80	(1.28)

Notes: 1. Ratio of bad debt write-offs
Loan Business = Bad Debt Write-off of Loan Business / (Receivables Outstanding plus Loans to Borrowers in Bankruptcy or Under Reorganization)
ACOM MasterCard® = Bad Debt Write-off of ACOM MasterCard® / Card Shopping Receivables
Installment Sales Finance Business = Bad Debt Write-off of Installment Sales Finance / Installment Receivables
Guarantee = Bad Debt write-off of Guarantee / (Guaranteed Loan Receivables plus Payments in Subrogation)
2. Figures in brackets indicate year-on-year change in percentage points.

%							
2002/3		2003/3		2004/3		2005/3	
Existing Accounts	Write-offs Account	Existing Accounts	Write-offs Account	Existing Accounts	Write-offs Account	Existing Accounts	Write-offs Account
73.3	70.0	73.3	69.2	73.4	69.0	73.5	69.5
26.7	30.0	26.7	30.8	26.6	31.0	26.5	30.5

Millions of yen									
2005/3								2006/3(E)	
1st quarter	yoy %	2nd quarter	yoy %	3rd quarter	yoy %	4th quarter full term	yoy %		yoy %
27,888	0.8	54,114	-6.4	81,868	-4.1	108,446	-3.7	105,400	-2.8
25,008	-2.1	48,487	-9.1	73,399	-6.4	97,166	-5.7	92,400	-4.9
24,834	-2.4	48,084	-6.9	72,814	-5.0	96,415	-4.3	91,700	-4.9
174	54.0	402	-76.4	585	-67.3	750	-67.5	700	-2.4
1,174	0.0	2,276	-5.7	3,373	-6.3	4,394	-7.4	4,500	2.6
874	31.1	1,611	15.1	2,347	10.2	3,095	7.1	3,100	0.5
829	209.3	1,737	164.3	2,744	128.4	3,785	103.5	5,400	42.2
—	—	—	—	—	—	408	3.3	—	—
—	—	—	—	—	—	535	1.5	543	1.5

%									
2005/3								2006/3(E)	
1st quarter	yoy p.p.	2nd quarter	yoy p.p.	3rd quarter	yoy p.p.	4th quarter full term	yoy p.p.		yoy p.p.
1.55	(0.00)	3.00	(-0.26)	4.57	(-0.27)	6.05	(-0.33)	5.75	(-0.30)
1.60	(-0.02)	3.09	(-0.21)	4.71	(-0.23)	6.23	(-0.27)	5.91	(-0.32)
0.28	(0.12)	0.66	(-1.78)	1.00	(-1.64)	1.31	(-2.24)	1.34	(0.03)
2.49	(-0.25)	4.70	(-0.77)	6.89	(-1.09)	8.98	(-1.34)	8.67	(-0.31)
0.85	(0.40)	1.80	(0.78)	2.93	(1.27)	4.39	(1.85)	5.86	(1.47)
0.73	(0.34)	1.39	(0.57)	2.07	(0.74)	2.68	(0.88)	2.94	(0.26)

Bad Debts (Non-Consolidated)

	Millions of yen					
	2001/3		2002/3		2003/3	
		%		%		%
Total Amount of Bad Debts	34,596	2.31	43,691	2.70	60,491	3.65
Loans to Borrowers in Bankruptcy or Under Reorganization	3,650	0.24	7,204	0.45	9,227	0.56
Applications for Bankruptcy are Proceeded	2,549	0.17	3,292	0.20	3,540	0.21
Applications for the Civil Rehabilitation are Proceeded	—	—	1,659	0.10	2,853	0.17
Applications for the Civil Rehabilitation are Determined	—	—	131	0.01	815	0.05
Loans in Arrears	16,866	1.13	20,972	1.30	31,128	1.88
Loans Past Due for Three Months or More	518	0.03	497	0.03	1,036	0.06
Restructured Loans	13,561	0.91	15,016	0.93	19,099	1.15

Loans in Arrears for Less Than 3 Months [excluding balance held by headquarters' collection department] (Non-Consolidated)

	Millions of yen					
	2001/3		2002/3		2003/3	
		%		%		%
11days ≦ < 3 months	10,703	0.71	13,605	0.84	18,971	1.15
31days ≦ < 3 months	6,269	0.42	7,468	0.46	9,761	0.59
11days ≦ < 31 days	4,434	0.30	6,136	0.38	9,210	0.56

Allowance for Bad Debts (Non-Consolidated)

	Millions of yen					
	2001/3		2002/3		2003/3	
		yoy %		yoy %		yoy %
Allowance for Bad Debts	61,900	14.0	77,700	25.5	107,700	38.6
Ratio of Allowance for Bad Debts (%) *1	3.78	—	4.36	—	5.91	—
General Allowance for Bad Debts	—	—	—	—	67,127	—
Unsecured Consumer Loans	—	—	—	—	59,980	—
Specific Allowance for Bad Debts	—	—	—	—	40,184	—
Additional Allowance for Bad Debts	7,600	-24.0	15,800	107.9	30,000	89.9
Allowance for Loss on Debt Guarantees	—	—	12	—	474	—
Additional Allowance	—	—	12	—	461	—

Note: 1.

$$\text{Ratio of allowance for bad debts (\%)} = \frac{\text{Allowance for bad debts}}{\text{Loans receivable outstanding at the fiscal year-end plus Installment receivables (excluding deferred income on installment sales finance)}} \times 100$$

Millions of yen									
2004/3		2005/3							
	%	1st quarter	%	2nd quarter	%	3rd quarter	%	4th quarter full term	%
79,754	4.93	79,234	4.91	80,815	5.00	79,831	4.97	81,210	5.06
9,280	0.57	8,985	0.56	9,051	0.56	8,851	0.55	8,377	0.52
2,951	0.18	2,363	0.15	2,448	0.15	2,272	0.14	2,026	0.13
3,633	0.22	3,737	0.23	3,597	0.22	3,416	0.21	3,176	0.20
1,775	0.11	1,969	0.12	2,120	0.13	2,239	0.14	2,328	0.15
36,632	2.27	34,535	2.14	35,383	2.19	32,714	2.04	35,310	2.20
1,638	0.10	2,253	0.14	2,092	0.13	2,648	0.16	1,345	0.08
32,204	1.99	33,460	2.07	34,288	2.12	35,617	2.22	36,177	2.25

Millions of yen									
2004/3		2005/3							
	%	1st quarter	%	2nd quarter	%	3rd quarter	%	4th quarter full term	%
19,475	1.21	19,941	1.24	20,208	1.25	19,469	1.21	17,239	1.07
11,076	0.69	11,835	0.74	11,706	0.72	11,519	0.72	9,902	0.62
8,399	0.52	8,105	0.50	8,502	0.53	7,949	0.49	7,337	0.46

Millions of yen											
2004/3		2005/3								2006/3(E)	
	yoy %	1st quarter	yoy %	2nd quarter	yoy %	3rd quarter	yoy %	4th quarter full term	yoy %		yoy %
129,400	20.1	130,700	10.1	123,700	3.4	123,800	2.4	122,400	-5.4	114,000	-6.9
7.37	—	7.48	—	7.11	—	7.19	—	7.15	—	6.71	—
82,898	—	85,935	11.9	77,972	—	80,622	-1.3	76,870	—	69,100	—
74,888	—	77,827	12.4	69,949	—	72,648	1.8	69,348	—	62,000	—
44,929	—	42,889	5.3	43,836	—	41,186	6.2	43,657	—	42,900	—
21,700	-27.7	1,300	-88.2	-5,700	-147.9	-5,600	-142.4	-7,000	-132.3	-8,400	-20.0
1,865	293.5	2,169	296.5	2,540	—	2,740	86.3	2,880	54.4	3,880	34.7
1,391	201.7	304	316.4	675	—	875	-12.2	1,015	-27.0	1,000	-1.5

Funds Procurement (Non-Consolidated)

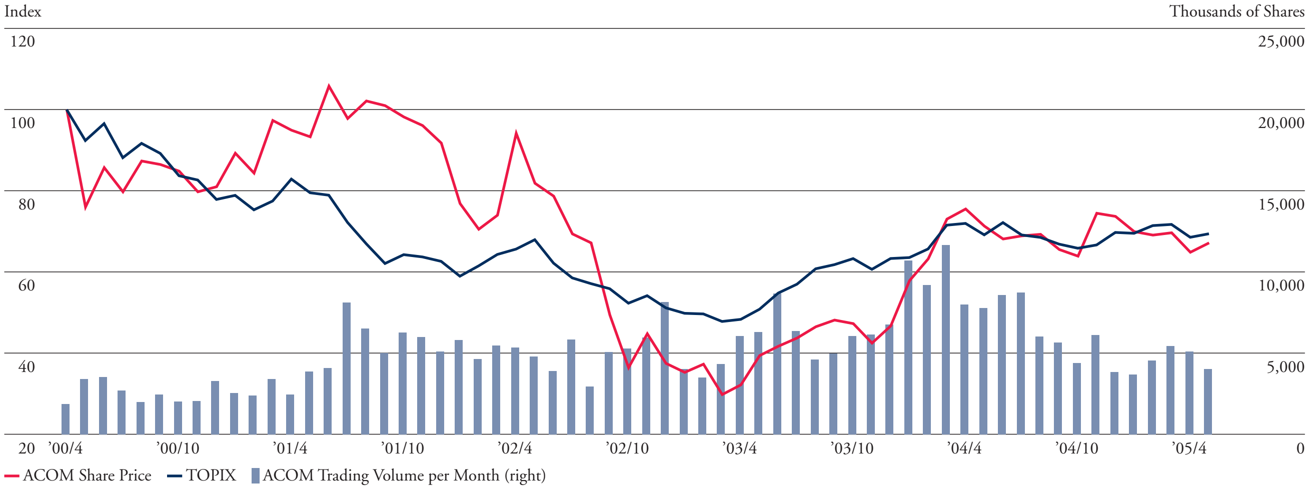
	Millions of yen					
	2000/3		2001/3		2002/3	
		C.R.(%)		C.R.(%)		C.R.(%)
Borrowings	1,192,926	100.0	1,283,167	100.0	1,417,966	100.0
Indirect	976,926	81.9	971,367	75.7	1,035,186	73.0
City Banks	20,423	1.7	28,798	2.3	37,017	2.6
Regional Banks	49,427	4.1	47,576	3.7	56,634	4.0
Long-term Credit Banks	75,810	6.4	67,638	5.3	85,608	6.0
Trust Banks	437,622	36.7	457,598	35.7	433,001	30.5
Foreign Banks	49,000	4.1	17,000	1.3	46,000	3.3
Life Insurance Companies	256,893	21.5	270,883	21.1	268,215	18.9
Non-Life Insurance Companies	61,845	5.2	55,711	4.3	51,434	3.6
Others	25,906	2.2	26,163	2.0	57,277	4.1
Direct	216,000	18.1	311,800	24.3	382,780	27.0
Straight Bonds	160,000	13.4	245,000	19.1	295,000	20.8
Convertible Bonds	50,000	4.2	50,000	3.9	50,000	3.5
Commercial Paper	1,000	0.1	12,000	0.9	10,000	0.7
Securitization of Installment Sales Finance Receivable	5,000	0.4	4,800	0.4	3,900	0.3
Others	—	—	—	—	23,880	1.7
Short-term	19,668	1.6	19,188	1.5	13,562	1.0
Long-term	1,173,258	98.4	1,263,980	98.5	1,404,403	99.0
Fixed	847,114	71.0	978,647	76.3	1,154,619	81.4
Interest Rate Swaps (Notional)	161,398	13.5	88,577	6.9	96,648	6.8
Interest Cap (Notional)	35,000	2.9	110,000	8.6	117,000	8.3
Average Interest Rate on Funds Procured During the Year (%) *1	2.46	—	2.37	—	2.13	—
Average Nominal Interest Rate on Funds Procured During the Year *2	2.25	—	2.17	—	1.88	—
Floating Interest Rate	2.20	—	2.20	—	1.77	—
Fixed Interest Rate	2.65	—	2.38	—	2.21	—
Short-term	1.35	—	1.21	—	1.07	—
Long-term	2.55	—	2.43	—	2.19	—
Direct	1.72	—	1.76	—	1.88	—
Indirect	2.58	—	2.52	—	2.21	—
<Reference>						
Term Average of Long-term Prime Rate	2.18	—	2.17	—	1.80	—

Notes: 1. From the interim accounting period ended September 30, 2001, average interest rate on funds procured during the year include bond issue expenses.
2. Financial expenses pertaining to derivatives have been excluded from the calculation of average nominal interest rate on funds procured during the year.

Millions of yen									
2003/3		2004/3		2005/3			2006/3(E)		
	C.R.(%)		C.R.(%)		yoy %	C.R.(%)		yoy %	C.R.(%)
1,384,848	100.0	1,260,090	100.0	1,028,722	-18.4	100.0	947,500	-7.9	100.0
1,053,068	76.0	951,210	75.5	719,842	-24.3	70.0	636,600	-11.6	67.2
35,065	2.5	35,386	2.8	21,430	-39.4	2.1	—	—	—
58,300	4.2	51,147	4.1	32,791	-35.9	3.2	—	—	—
93,880	6.8	76,968	6.1	53,979	-29.9	5.2	—	—	—
409,257	29.6	403,081	32.0	337,951	-16.2	32.9	—	—	—
63,000	4.5	37,500	3.0	6,500	-82.7	0.6	—	—	—
263,779	19.0	245,773	19.5	189,090	-23.1	18.4	—	—	—
50,043	3.6	44,723	3.5	29,439	-34.2	2.9	—	—	—
79,744	5.8	56,632	4.5	48,662	-14.1	4.7	—	—	—
331,780	24.0	308,880	24.5	308,880	—	30.0	310,900	0.7	32.8
295,000	21.3	285,000	22.6	265,000	-7.0	25.8	—	—	—
—	0.0	—	—	—	—	—	—	—	—
10,000	0.7	—	—	20,000	—	1.9	—	—	—
2,900	0.2	—	—	—	—	—	—	—	—
23,880	1.7	23,880	1.9	23,880	—	2.3	—	—	—
16,400	1.2	11,500	0.9	22,500	95.7	2.2	52,500	133.3	5.5
1,368,448	98.8	1,248,590	99.1	1,006,222	-19.4	97.8	895,000	-11.1	94.5
1,171,837	84.6	1,093,395	86.8	900,468	-17.6	87.5	805,400	-10.6	85.0
142,310	10.3	188,321	14.9	161,712	-14.1	15.7	—	—	—
117,000	8.4	82,000	6.5	82,000	—	8.0	—	—	—
2.10	—	1.96	—	1.92	—	—	1.97	—	—
1.85	—	1.67	—	1.61	—	—	1.63	—	—
1.89	—	1.55	—	1.66	—	—	1.47	—	—
2.14	—	2.04	—	1.96	—	—	2.05	—	—
0.56	—	0.64	—	0.80	—	—	0.48	—	—
2.11	—	1.96	—	1.92	—	—	2.02	—	—
1.86	—	1.82	—	1.80	—	—	1.70	—	—
2.18	—	2.00	—	1.97	—	—	2.11	—	—
1.79	—	1.58	—	1.69	—	—	—	—	—

Investor Information (As of March 31, 2005)

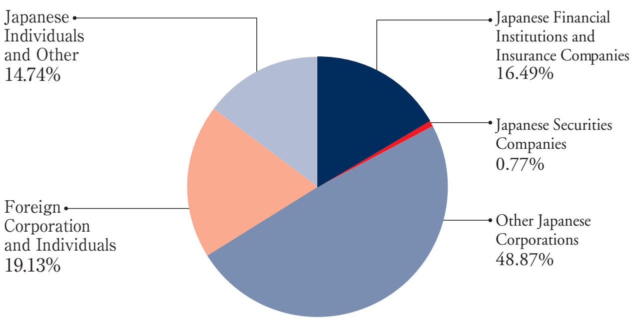
1. Stock Index and Trading Volume



2. Principal Shareholders

Name	Number of shares held	% of total shares in issue
Maruito Shokusan Co., Ltd.	27,346,755	17.28
Mitsubishi Tokyo Financial Group, Inc.	20,732,340	13.10
Maruito Co., Ltd.	12,553,343	7.93
Kinoshita Memorial Foundation	9,219,232	5.82
Master Trust Bank of Japan, Ltd. (Trust Accounts)	4,831,490	3.05
Japan Trustee Services Bank, Ltd. (Trust Accounts)	4,692,440	2.96
State Street Bank and Trust Company 505103	4,141,905	2.62
Maruito Shoten Co., Ltd.	3,873,320	2.45
Kyosuke Kinoshita	3,240,321	2.05
Katsuhiro Kinoshita	3,230,368	2.04

3. Breakdown of Shareholders



4. Other Data

Transfer Agent:
The Mitsubishi Trust and Banking Corporation

Stock Listing:
First Section of Tokyo Stock Exchange

General Shareholders' Meeting:
June 23, 2005

Shares and Shareholders:
Number of Stock Issued 159,628,280

Number of Shareholders:
6,358

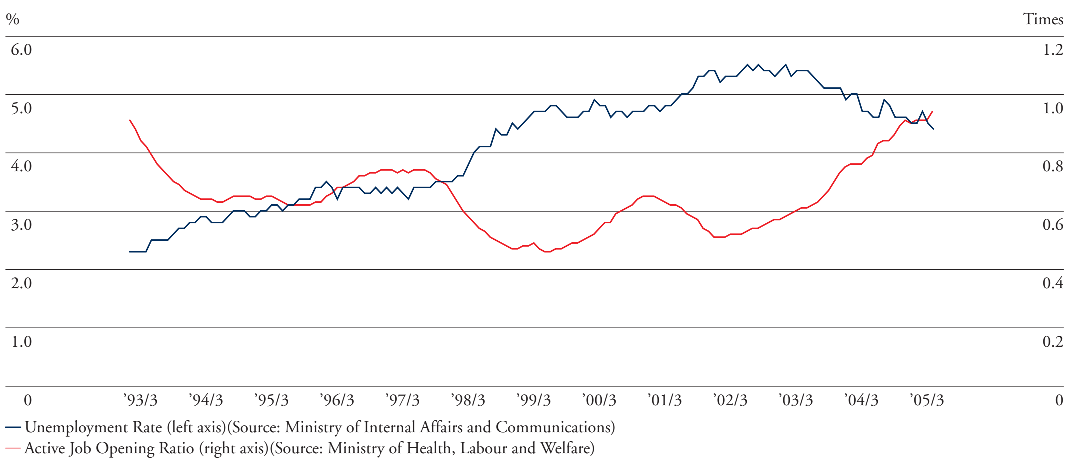
Management's Discussion and Analysis

Operating Environment

In fiscal 2004, ended March 31, 2005, the Japanese economy stalled despite posting accelerated growth in the previous fiscal year. Various factors underscored this situation, including (1) a slowdown in exports in the second half of the year due to the yen's appreciation; (2) inventory adjustments by digital home appliance and component manufacturers, who performed favorably; and (3) soaring prices of crude oil and other commodities. Nevertheless, we have overcome the peak of the "three excesses" that have darkened the economy since the 1990s—excessive capital equipment, employees and debt—and banks have almost completed write-downs of non-performing loans. These factors have boosted optimism about the domestic economic outlook, pushing up the Nikkei Stock Average, from the ¥11,000 range to the ¥12,000 range, during the year.

The two factors that affect the performance of the ACOM Group most profoundly are employment and consumption. Both of these factors continued showing a recovery trend, although different statistics painted different pictures. One highlight of fiscal 2004 was the active job opening ratio, which at year-end was 0.91, the highest level in 12 years. By contrast, the unemployment rate, while down from the 5.5% peak of January 2003, was 4.5% at fiscal year-end—quite high considering its 2–3% range during the "bubble era." Meanwhile, consumption expenditures have showed general improvement, but with major discrepancies between income brackets. All in all, a sense of recovery seems to be taking hold.

Unemployment Rate and Active Job Opening Ratio



Review and Analysis of Consolidated Results

Overall Performance

In fiscal 2004, consolidated operating income amounted to ¥433.9 billion, down 0.2% from fiscal 2003. During the year, the Company actively expanded its diversified financial businesses, including the credit card, guarantee, and loan servicing businesses. However, this was not sufficient to compensate for declines in income from the consumer loan and installment sales finance businesses, which account for 89.3% and 3.8% of total operating income, respectively.

However, operating profit jumped 19.9%, to ¥144.3 billion, the first increase in three years. This reflected the success of ongoing business rationalization, as well as of various measures to upgrade the ACOM Group's quality of credit. Indeed, bad-debt-related expenses declined significantly, down 22.8% year-on-year. Income before income taxes climbed 16.7% to ¥140.3 billion, resulting in a 15.9% rise in net income, to ¥81.5 billion.

For information concerning the status of operating income in each segment and the major causes for changes in each item, please see the individual Results by Segment on the following pages.

Results by Segment

Operating Income and Receivables Outstanding

Operating income from our core loan business edged down 1.0% over the previous fiscal year, to ¥387.3 billion. Receivables outstanding at fiscal year-end amounted to ¥1,680.1 billion, up 3.5% from the previous fiscal year. Amid a changeable external environment, ACOM (the parent company) continued pursuing measures prioritizing improvements in the quality of credit. Consequently, non-consolidated operating income and receivables outstanding were down 1.8% and 0.7%, respectively. However, SIAM A&C CO., LTD. (name changed to EASY BUY Public Company Limited in April 2005), a loan and installment sales finance subsidiary in Thailand, reported substantial increases in both operating income and loan receivables outstanding, the latter surging 66.8%, to ¥17.1 billion at fiscal year-end.

In the credit card business, operating income grew 7.4% year-on-year, to ¥6.3 billion. This segment benefited from our active expansion of credit card alliances with large-scale retail chains and other companies with strong customer-attraction power. Receivables outstanding in the credit card business increased 5.7%, to ¥49.3 billion, and the number of cardholders reached 1,197 thousand.

In the installment sales finance business, operating income declined 26.9% year-on-year, to ¥16.6 billion, and receivables outstanding at fiscal year-end fell 29.8%, to ¥127.3 billion. Amid languishing personal consumption conditions, ACOM revamped its network of allied retailers with a view to improving the quality of credit.

In the guarantee business, operating income jumped 51.4% year-on-year, to ¥7.6 billion. At the end of fiscal 2004, we had tie-ups with 11 entities.

Similarly, ACOM's loan servicing business posted significant growth in fiscal 2004. Operating income in this segment surged 214.5%, to ¥8.7 billion, and total receivables outstanding jumped 109.2%, to ¥12.7 billion.

In the rental business, operating income rose 7.2% from the previous fiscal year, to ¥3.7 billion, due largely to a recovery in personal consumption. Operating income from other businesses slipped 6.2%, to ¥3.5 billion.

Operating Income by Segment

	Millions of Yen		Change
	FY2004	FY2003	
Loan Business	**387,348**	391,259	**-1.0%**
Credit Card Business	**6,311**	5,876	**7.4%**
Installment Sales Finance Business	**16,622**	22,738	**-26.9%**
Guarantee Business	**7,627**	5,037	**51.4%**
Loan Servicing Business	**8,762**	2,786	**214.5%**
Rental Business	**3,781**	3,527	**7.2%**
Other Businesses	**3,511**	3,742	**-6.2%**

Receivables Outstanding by Segment

	Millions of Yen		Change
	FY2004	FY2003	
Loan Business	**1,680,184**	1,623,154	**3.5%**
Credit Card Business	**49,399**	46,731	**5.7%**
Installment Sales Finance Business	**127,378**	181,567	**-29.8%**
Loan Servicing Business	**12,723**	6,082	**109.2%**

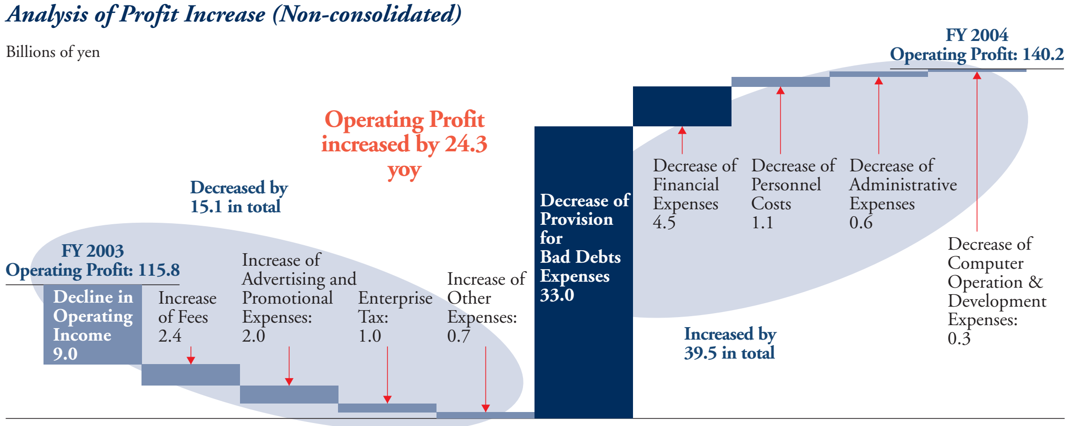
Operating Expenses

In fiscal 2004, total operating expenses amounted to ¥289.6 billion, down 7.9% from the previous fiscal year. Within this total, bad-debt-related expenses declined a solid 22.8%. In addition to a recovery in employment conditions, this improvement resulted from the success of ACOM's consulting and other activities aimed at customers with loans in arrears.

After deducting bad-debt-related expenses, total operating expenses rose 4.1%. This was due to two factors: (1) higher commission payments due to expansion of diversified financial services and an increase in the number of ATMs; and (2) higher advertising expenses due to reinforced advertising and promotional activities. However, other operating expenses are generally declining, and operating efficiency has been improving steadily. At fiscal year-end, the parent company had a total of 1,785 outlets providing core consumer loan services, up 86 from the previous fiscal year. Within this total, the number of staffed outlets fell from 381 to 324, while the number of unstaffed outlets rose from 1,318 to 1,461.

Analysis of Profit Increase (Non-consolidated)

Billions of yen



Other Income (Expenses)

Total other expenses, net, amounted to ¥3,972 million, from ¥58 million of expenses in the previous fiscal year, This was due to the absence of a major gain reported in the previous year (¥2.9 billion net gain on termination of welfare pension plans), as well as ACOM's recognition of certain rental real estate and assets scheduled for sale as an impairment loss (totaling ¥1.3 billion), in order to improve transparency of its balance sheets. Net loss in affiliates by the equity method fell from ¥2.7 billion to ¥1.8 billion. The earnings performance of Tokyo-Mitsubishi Cash One Ltd. (now DC Cash One Ltd.), formed in fiscal 2002 in a joint venture with The Bank of Tokyo-Mitsubishi, Ltd., has been improving steadily.

Balance Sheets and Cash Flows

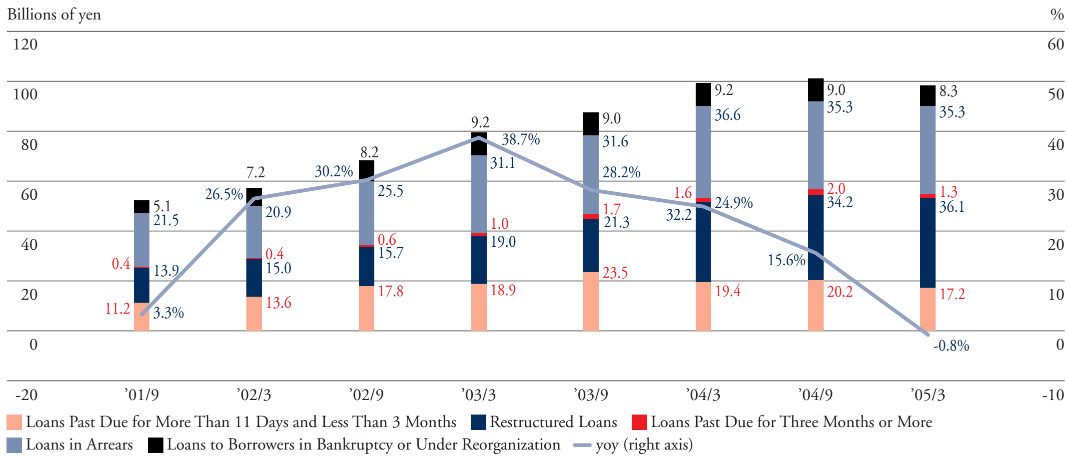
Balance Sheets

At the end of fiscal 2004, consolidated total assets stood at ¥2,077.3 billion, an increase of 0.1%, or ¥1.9 billion, from the end of fiscal 2003. Due to its expanded business scope, the Group posted an ¥11.9 billion increase in operating assets (sum of loans receivables, notes and accounts receivable, and inventories) and a ¥7.1 billion rise in cash and deposits, a part of cash and cash equivalents. Under its new business alliance arrangement with the Mitsubishi Tokyo Financial Group, Inc. (MTFG), ACOM increased its equity share in DC Cash One Ltd., and purchased an equity stake in DC Card Co., Ltd. As a result, investments and other assets excluding telephone rights and other intangible assets grew ¥7.4 billion. By contrast, short-term loans, a part of cash and cash equivalents, declined ¥20.1 billion, due to funds collected from subsidiaries and affiliates.

On the liabilities side, total interest-bearing debt at fiscal year-end stood at ¥1,128.2 billion, down ¥166.3 billion from a year earlier. As a result, total shareholders' equity rose ¥166.5 billion, to ¥863.7 billion, and the equity ratio improved to 41.6%, from 33.6%.

Total broadly defined bad debts (sum of total bad debts and loans in arrears for less than 3 months excluding balance held by headquarters' collection department) held by ACOM (the parent company) edged down 0.8%, to ¥98.4 billion, representing a favorable turnaround. In other words, the balance of loans in arrears for less than 3 months excluding balance held by headquarters' collection department fell a whole 11.5%, the result of improvements in employment conditions and ACOM's enhanced credit management activities.

Change in Trend of Bad Debts Disposition



Cash Flows

Net cash provided by operating activities amounted to ¥141.0 billion, down ¥23.1 billion from ¥164.1 billion in fiscal 2003. The decline stemmed from a substantial decrease in allowance for bad debts, which increased in the previous fiscal year. This was despite a ¥20.0 billion increase in income before income taxes owing to ACOM's performance recovery.

Net cash used in investing activities totaled ¥17.3 billion, up from ¥5.3 billion in fiscal 2003. This was mainly due to an increase in capital expenditures, namely purchases of property and equipment, as well as an increase in investments related to the aforementioned alliance with MTFG.

Net cash used in financing activities was ¥136.5 billion, down from ¥166.1 billion. This owed primarily to a reduction in interest-bearing debt stemming from repayments of short-term loans and redemptions of bonds.

Cash Flows

	Millions of Yen		
	FY2004	FY2003	Change
Net Cash Provided by (Used in) Operating Activities	**141,014**	164,158	**(23,144)**
Net Cash Provided by (Used in) Investing Activities	**(17,350)**	(5,398)	**(11,952)**
Net Cash Provided by (Used in) Financing Activities	**(136,508)**	(166,105)	**29,597**

Risk Management

The consumer loan, credit card, installment sales finance, guarantee, and loan servicing businesses are affected by overall economic factors, such as personal consumption and employment conditions, as well as interest rates, both for lending and fund procurement.

Economic Risk

The economy in general, centering on personal consumption and employment, has a major influence on the operating income of the ACOM Group. It also has a profound impact on profitability, because it affects the amount of bad debt write-offs. We are working to minimize the effect of economic trends on our performance by expanding our three diversified financial businesses: credit card, guarantee, and loan servicing. In our core consumer loan business, meanwhile, we are improving the quality of customer services, including by reinforcing services provided via the Internet and mobile phones. At the same time, we are doing our utmost to avoid bad debt risk by optimally tailoring credit screening standards to suit changing economic conditions, as well as by reinforcing our follow-up care.

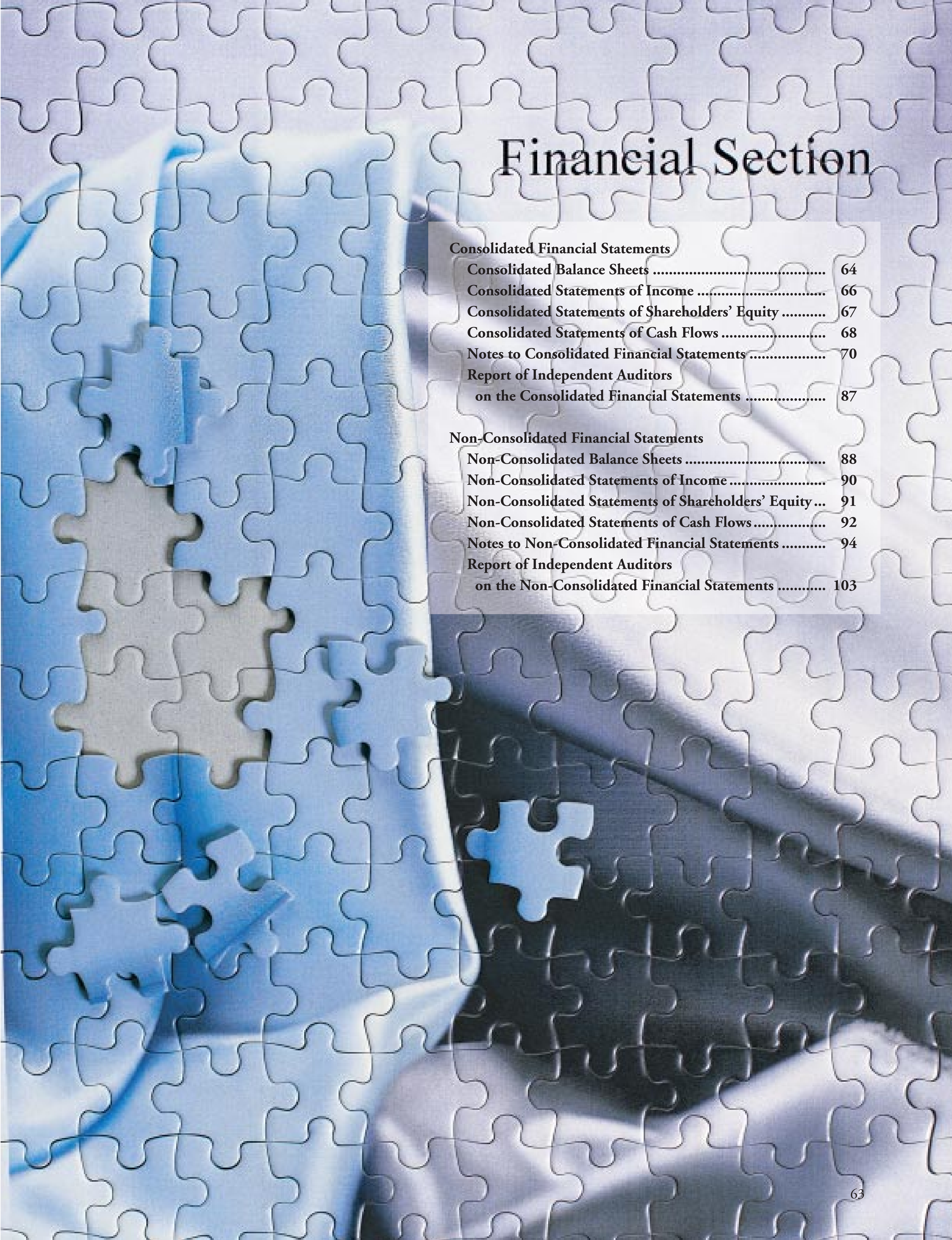
Interest Rate Risk

Changes in lending interest rate have a dramatic impact on operating income, especially of our core consumer loan business. Through ongoing cost reductions, ACOM has brought its average loan yield of unsecured loans down to an average of 23.6%. We will continue working to improve profitability by raising business efficiency and further reducing costs.

On the other hand, Japan's protracted economic slump has had a positive effect on the interest rate for fund procurement. The average nominal interest rate on our fund procurement has progressively declined, from 2.4% in fiscal 1998 to 1.6% in fiscal 2004. If we continue pursuing a declining interest rate on fund procurement, however, we run the risk of major earnings fluctuations in the future. For this reason, we have steadily increased the ratio of funds procured at a fixed interest rate while interest rate was on a declining trend. In fact, ACOM's fixed interest rate borrowing as a percentage of total borrowing rose from 63.9% in fiscal 1998 to 87.5% in fiscal 2004. Furthermore, under our policy of prioritizing stability, we raised the ratio of funds procured through direct financing from just over 11% in fiscal 1998 to around 25% in fiscal 2000 and 30% in fiscal 2004.

Additional Relevant Information

The "ACOM in Figures" section of this annual report (pages 33-56) contains various information and data related to our operations, including historical macroeconomic data, segment information, consolidated and non-consolidated financial data, and customer attributes. For more details, please refer to that section.



Financial Section

Consolidated Balance Sheets

ACOM CO., LTD. and Subsidiaries

March 31	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars (Note 3) 2005
Assets			
Current assets:			
Cash and cash equivalents	¥ 145,920	¥ 158,873	$ 1,358,785
Time deposits	50	72	465
Marketable securities (Note 5)	525	1,126	4,888
Loans receivable (Notes 4 and 6)	1,680,184	1,623,154	15,645,628
Notes and accounts receivable	177,340	228,798	1,651,364
Inventories	18,696	12,362	174,094
Deferred tax assets (Note 8)	39,775	47,804	370,378
Other current assets	25,007	24,768	232,861
Allowance for bad debts	(127,747)	(132,945)	(1,189,561)
Total current assets	1,959,752	1,964,018	18,248,924
Property and equipment:			
Land (Note 14)	17,562	18,841	163,534
Buildings and structures (Note 14)	44,064	43,271	410,317
Equipment	36,223	37,358	337,303
	97,850	99,471	911,164
Accumulated depreciation	(45,813)	(46,207)	(426,603)
Property and equipment, net (Note 6)	52,037	53,264	484,560
Investments and other assets:			
Investments in securities (Note 5)	31,438	29,393	292,746
Investments in affiliates	9,056	4,081	84,328
Telephone rights and other intangible assets (Note 14)	1,385	1,446	12,896
Rental deposits	10,341	10,406	96,293
Prepaid pension expenses (Note 7)	1,577	1,924	14,684
Deferred tax assets (Note 8)	1,061	1,044	9,879
Other	13,467	12,214	125,402
Allowance for bad debts	(2,784)	(2,404)	(25,924)
Total investments and other assets	65,543	58,106	610,326
Total assets	¥ 2,077,334	¥ 2,075,389	$ 19,343,830

See accompanying notes to consolidated financial statements.

March 31	Millions of Yen 2005	2004	Thousands of U.S. Dollars (Note 3) 2005
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans (Note 6)	¥ **56,170**	¥ 21,779	$ **523,046**
Current portion of long-term debt (Note 6)	**341,890**	332,375	**3,183,629**
Accounts payable	**6,080**	5,221	**56,616**
Accrued income taxes (Note 8)	**28,592**	26,922	**266,244**
Deferred income on installment sales	**17,831**	25,671	**166,039**
Allowance for loss on debt guarantees (Note 11)	**1,558**	1,865	**14,507**
Deferred tax liabilities (Note 8)	**0**	2	**0**
Other current liabilities	**17,927**	14,619	**166,933**
Total current liabilities	**470,050**	428,456	**4,377,036**
Long-term liabilities:			
Long-term debt (Note 6)	**730,166**	940,416	**6,799,199**
Allowance for employees' retirement benefits (Note 7)	**257**	281	**2,393**
Allowance for directors' and corporate auditors' retirement benefits	**847**	977	**7,887**
Deferred tax liabilities (Note 8)	**3,151**	2,393	**29,341**
Other long-term liabilities	**4,401**	4,761	**40,981**
Total long-term liabilities	**738,824**	948,830	**6,879,821**
Minority interests in consolidated subsidiaries	**4,699**	935	**43,756**
Commitments and contingent liabilities (Note 11)			
Shareholders' equity:			
Common stock:			
Authorized: 532,197,400 shares at March 31, 2005 and 2004			
Issued: 159,628,280 shares and 145,628,280 shares at March 31, 2005 and 2004, respectively	**63,832**	17,282	**594,394**
Capital surplus	**76,458**	25,772	**711,965**
Retained earnings (Notes 9 and 17)	**730,168**	661,536	**6,799,217**
Net unrealized gains on other securities	**6,392**	5,823	**59,521**
Foreign currency translation adjustments	**(2,290)**	(2,150)	**(21,324)**
Less: Treasury stock, at cost (Note 13):			
1,332,706 shares and 2,067,208 shares at March 31, 2005 and 2004, respectively	**(10,801)**	(11,099)	**(100,577)**
Total shareholders' equity	**863,760**	697,166	**8,043,207**
Total liabilities and shareholders' equity	**¥ 2,077,334**	¥ 2,075,389	**$ 19,343,830**

Consolidated Statements of Income

ACOM CO., LTD. and Subsidiaries

	Millions of Yen			Thousands of U.S. Dollars (Note 3)
Years ended March 31	**2005**	2004	2003	**2005**
Operating income:				
Interest on loans receivable	**¥ 380,272**	¥ 384,284	¥ 390,710	**$ 3,541,037**
Fees from credit card business	**6,197**	5,808	5,071	**57,705**
Fees from installment sales financing	**15,895**	22,029	25,120	**148,011**
Fees from credit guarantees	**6,871**	4,503	1,667	**63,981**
Collection of purchased receivables	**7,757**	2,088	436	**72,232**
Other financial income	**20**	20	27	**186**
Sales	**8,256**	7,970	6,344	**76,878**
Other operating income	**8,693**	8,263	8,194	**80,947**
Total operating income	**433,965**	434,968	437,572	**4,041,018**
Operating expenses:				
Financial expenses	**22,534**	26,910	30,562	**209,833**
Cost of purchased receivables	**5,254**	1,317	66	**48,924**
Cost of sales	**5,220**	4,934	3,795	**48,607**
General and administrative expenses (Notes 7, 8 and 10)	**148,141**	140,908	140,781	**1,379,467**
Bad debt expenses	**—**	5,358	6,327	**—**
Provision for bad debts	**106,895**	133,282	108,869	**995,390**
Provision for loss on debt guarantees	**1,558**	1,865	474	**14,507**
Total operating expenses	**289,604**	314,577	290,877	**2,696,750**
Operating profit	**144,361**	120,391	146,695	**1,344,268**
Other income (expenses):				
Other interest and dividend income	**462**	372	365	**4,302**
Other interest expenses	**(15)**	(23)	(36)	**(139)**
Net loss in affiliates by the equity method	**(1,801)**	(2,716)	(3,577)	**(16,770)**
Net loss on sale or disposal of property and equipment	**(1,102)**	(897)	(6,752)	**(10,261)**
Net (loss) gain on sale of investments in securities (Note 5)	**(2)**	379	0	**(18)**
Loss on revaluation of investments in securities (Note 5)	**(353)**	(341)	(2,710)	**(3,287)**
Loss on liquidation of investments in trusted real property	**(78)**	(241)	—	**(726)**
Net gain on termination of welfare pension plans (Note7)	**—**	2,933	—	**—**
Impairment loss (Note 14)	**(1,383)**	—	—	**(12,878)**
Other, net	**302**	476	430	**2,812**
Total other expenses, net	**(3,972)**	(58)	(12,281)	**(36,986)**
Income before income taxes	**140,388**	120,332	134,414	**1,307,272**
Income taxes (Note 8):				
Current	**49,777**	55,533	70,157	**463,516**
Deferred	**8,367**	(6,048)	(11,179)	**77,912**
Total income taxes	**58,144**	49,485	58,977	**541,428**
Minority interests in earnings of consolidated subsidiaries	**710**	528	339	**6,611**
Net income	**¥ 81,533**	¥ 70,319	¥ 75,096	**$ 759,223**

	Yen			U.S. Dollars (Note 3)
Amounts per share:				
Net income:				
Basic	**¥ 516.23**	¥ 487.77	¥ 513.08	**$ 4.80**
Diluted	**515.96**	487.70	—	**4.80**
Cash dividends	**100.00**	80.00	80.00	**0.93**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

ACOM CO., LTD. and Subsidiaries

	Thousands	Millions of Yen					
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Net unrealized gains on other securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2002	146,630	¥ 17,282	¥ 25,772	¥ 543,276	¥ 1,127	¥ (920)	¥ (3,802)
Net income	—	—	—	75,096	—	—	—
Cash dividends	—	—	—	(11,702)	—	—	—
Bonuses to directors	—	—	—	(47)	—	—	—
Net unrealized gains on other securities	—	—	—	—	(1,052)	—	—
Foreign currency translation adjustments	—	—	—	—	—	(597)	
Acquisition of treasury stock	—	—	—	—	—	—	(1)
Balance at March 31, 2003	146,630	17,282	25,772	606,622	75	(1,518)	(3,803)
Net income	—	—	—	70,319	—	—	—
Cash dividends	—	—	—	(11,593)	—	—	—
Bonuses to directors	—	—	—	(40)	—	—	—
Net unrealized gains on other securities	—	—	—	—	5,748	—	—
Foreign currency translation adjustments	—	—	—	—	—	(632)	
Acquisition of treasury stock	—	—	—	—	—	—	(11,066)
Retirement of treasury stock	(1,002)	—	—	(3,771)	—	—	3,771
Balance at March 31, 2004	145,628	17,282	25,772	661,536	5,823	(2,150)	(11,099)
Net income	—	—	—	81,533	—	—	—
Cash dividends	—	—	—	(12,865)	—	—	—
Bonuses to directors	—	—	—	(35)	—	—	—
Issuance of new shares of common stock	14,000	46,550	46,550	—	—	—	—
Net unrealized gains on other securities	—	—	—	—	568	—	—
Foreign currency translation adjustments	—	—	—	—	—	(140)	
Acquisition of treasury stock	—	—	—	—	—	—	(6,999)
Sale of treasury stock	—	—	4,135	—	—	—	7,297
Balance at March 31, 2005	**159,628**	**¥ 63,832**	**¥ 76,458**	**¥ 730,168**	**¥ 6,392**	**¥ (2,290)**	**¥ (10,801)**

	Thousands of U.S. Dollars (Note 3)					
	Common stock	Capital surplus	Retained earnings	Net unrealized gains on other securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2004	$ 160,927	$ 239,985	$ 6,160,126	$ 54,222	$ (20,020)	$ (103,352)
Net income	—	—	759,223	—	—	—
Cash dividends	—	—	(119,797)	—	—	—
Bonuses to directors	—	—	(325)	—	—	—
Issuance of new shares of common stock	433,466	433,466	—	—	—	—
Net unrealized gains on other securities	—	—	—	5,289	—	—
Foreign currency translation adjustments	—	—	—	—	(1,303)	—
Acquisition of treasury stock	—	—	—	—	—	(65,173)
Sale of treasury stock	—	38,504	—	—	—	67,948
Balance at March 31, 2005	**$ 594,394**	**$ 711,965**	**$ 6,799,217**	**$ 59,521**	**$ (21,324)**	**$ (100,577)**

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

ACOM CO., LTD. and Subsidiaries

	Millions of Yen			Thousands of U.S. Dollars(Note 3)
Years ended March 31	**2005**	2004	2003	**2005**
Operating activities:				
Income before income taxes	**¥ 140,388**	¥ 120,332	¥ 134,414	**$ 1,307,272**
Adjustments:				
Depreciation and amortization	**5,408**	5,450	6,321	**50,358**
Impairment loss	**1,383**	—	—	**12,878**
(Decrease) increase in allowance for bad debts	**(4,785)**	22,812	31,572	**(44,557)**
(Decrease) increase in allowance for loss on debt guarantees	**(307)**	1,391	461	**(2,858)**
(Decrease) increase in allowance for employees' retirement benefits	**(23)**	(3,389)	498	**(214)**
(Decrease) increase in allowance for directors' and corporate auditors' retirement benefits	**(141)**	(93)	90	**(1,312)**
Non-operating interest and dividend income	**(462)**	(372)	(365)	**(4,302)**
Non-operating interest expenses	**15**	23	36	**139**
Net loss in affiliates by the equity method	**1,801**	2,716	3,577	**16,770**
Net loss on sale or disposal of property and equipment	**1,102**	897	6,752	**10,261**
Amortization of discounts on bonds	**—**	384	386	**—**
Bond issuance expenses	**142**	232	256	**1,322**
Stock issuance expenses	**477**	—	—	**4,441**
Amortization of goodwill	**981**	—	4	**9,134**
Net loss (gain) on sale of investments in securities	**2**	(379)	(0)	**18**
Loss on revaluation of investments in securities	**353**	341	2,710	**3,287**
Loss on liquidation of investments in trusted real property	**78**	241	—	**726**
Changes in operating assets and liabilities:				
Decrease (increase) in loans receivable	**2,064**	36,945	(41,705)	**19,219**
Decrease (increase) in notes and accounts receivable	**51,343**	51,332	(10,668)	**478,098**
Increase in inventories	**(6,330)**	(4,023)	(983)	**(58,944)**
Decrease (increase) in other current assets	**33**	(291)	(1,554)	**307**
Decrease in prepaid pension expenses	**346**	756	991	**3,221**
Increase (decrease) in notes and accounts payable	**864**	293	(1,618)	**8,045**
Decrease in deferred income on installment sales	**(7,826)**	(11,952)	(1,740)	**(72,874)**
Increase (decrease) in other current liabilities	**2,362**	(432)	(1,735)	**21,994**
Bonuses paid to directors	**(35)**	(40)	(47)	**(325)**
Other, net	**(194)**	1,382	911	**(1,806)**
Subtotal	**189,042**	224,560	128,566	**1,760,331**
Non-operating interest and dividends received	**506**	389	368	**4,711**
Non-operating interest paid	**(14)**	(21)	(33)	**(130)**
Income taxes paid	**(48,520)**	(60,770)	(81,350)	**(451,811)**
Net cash provided by operating activities	**141,014**	164,158	47,550	**1,313,101**

(Continued)

Years ended March 31	Millions of Yen 2005	2004	2003	Thousands of U.S. Dollars(Note 3) 2005
Investing activities				
Decrease in time deposits and marketable securities	**¥ 591**	¥ 237	¥ 521	**$ 5,503**
Proceeds from sale of property and equipment	**20**	60	550	**186**
Purchases of property and equipment	**(6,819)**	(2,159)	(4,389)	**(63,497)**
Proceeds from maturity or sale of investments in securities	**934**	2,404	134	**8,697**
Increase in investments in securities	**(555)**	(690)	(6,020)	**(5,168)**
Proceeds from settlement, repayment or sale of investments in and advances to affiliates	**76**	—	25	**707**
Net payments from acquisition of consolidated subsidiaries (Note 16)	**(576)**	—	—	**(5,363)**
Addition to investments in and advances to affiliates	**(8,761)**	(4,000)	—	**(81,581)**
(Increase) decrease in other investments	**(2,260)**	(1,251)	986	**(21,044)**
Net cash used in investing activities	**(17,350)**	(5,398)	(8,191)	**(161,560)**
Financing activities				
Proceeds from long-term debt	**103,337**	385,370	377,800	**962,259**
Payments of principal of long-term debt	**(334,099)**	(508,090)	(371,372)	**(3,111,081)**
Increase (decrease) in short-term loans	**10,201**	(20,413)	13,301	**94,990**
Proceeds from issuance of new shares of common stock	**92,625**	—	—	**862,510**
Sale (acquisition) of treasury stock-net	**4,416**	(11,066)	(1)	**41,121**
Net proceeds from issuance of a subsidiary's stock	**—**	85	28	**—**
Cash dividends paid by the Company	**(12,864)**	(11,592)	(11,700)	**(119,787)**
Cash dividends paid by a subsidiary to minority shareholders	**(27)**	(135)	(149)	**(251)**
Other, net	**(97)**	(262)	—	**(903)**
Net cash (used in) provided by financing activities	**(136,508)**	(166,105)	7,906	**(1,271,142)**
Effect of exchange rate changes on cash and cash equivalents	**(109)**	(520)	(689)	**(1,014)**
(Decrease) increase in cash and cash equivalents	**(12,953)**	(7,865)	46,576	**(120,616)**
Cash and cash equivalents at beginning of the year	**158,873**	166,739	120,163	**1,479,402**
Cash and cash equivalents at end of the year	**¥ 145,920**	¥ 158,873	¥ 166,739	**$ 1,358,785**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ACOM CO., LTD. and Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of ACOM CO., LTD. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

The accounting records of the Company and its domestic subsidiaries are maintained in accordance with the provisions set forth in the Commercial Code of Japan and in conformity with accounting principles generally accepted in Japan.

The accounts of overseas subsidiaries of the Company are based on the financial statements prepared in conformity with generally accepted accounting principles ("GAAP") prevailing in the countries where the subsidiaries have been incorporated. The accompanying financial statements have not been materially affected by the differences between the GAAP prevailing in these countries and Japanese GAAP. Therefore, no adjustments have been reflected in the accompanying consolidated financial statements to present the accounts of the subsidiaries in compliance with Japanese GAAP.

Certain items presented in the original consolidated financial statements filed with the Prime Minister of Japan have been reclassified for the convenience of readers outside Japan.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums on the following page.

2. Summary of Significant Accounting Policies

(a) Principles of consolidation

In accordance with Japanese consolidation accounting standards, the Company considers any entity in which the Company, directly or indirectly, is able to control operations to be a subsidiary, even if it is less-than-majority owned. The Company had 17 subsidiaries for the year ended March 31, 2005. The accompanying consolidated financial statements include the accounts of the Company and all of its subsidiaries (together, the "Companies"), which are listed on the following page:

Name	Jurisdiction of incorporation	Percentage of equity ownership	Fiscal year end
JLA INCORPORATED	Japan	100%	March 31
AJAST Ltd.	Japan	100%	March 31
ACOM ESTATE CO., LTD.	Japan	100%	March 31
ABS CO., LTD.	Japan	100%	March 31
RELATES CO., LTD.(*)	Japan	100%	March 31
ACOM RENTAL CO., LTD.(**)	Japan	100%	March 31
JCK CREDIT CO., LTD.	Japan	100%	March 31
A B PARTNER CO., LTD.	Japan	100%	March 31
IR Loan Servicing, Inc.	Japan	80%	March 31
DC Cash One Ltd.(***)	Japan	54.73%	March 31
AC Ventures Co., Ltd.(****)	Japan	100%	March 31
ACOM (U.S.A.) INC.(*****)	U.S.A.	100%	December 31
ACOM INTERNATIONAL, INC.(*****)	U.S.A.	100%	December 31
ACOM PACIFIC, INC.	U.S.A.	100%	December 31
SIAM A&C CO., LTD.(******)	Thailand	49%	December 31
ACOM CAPITAL CO., LTD.(*******)	Cayman Island	100%	December 31
ACOM FUNDING CO., LTD.	Cayman Island	100%	December 31

* Changed the name of corporation from AVRS CO., LTD. in January 2005, and restarted its operation in March 2005.
** On April 1, 2004, ACOM ECONOMIC RESEARCH INSTITUTE, INC. was merged into ACOM RENTAL CO., LTD.
*** Due to acquisition of new shares of common stock by the Company in January 2005, the percentage of equity ownership was changed from 38.85% to 54.73%, Tokyo-Mitsubishi Cash One Ltd. became a subsidiary of the Company. The name of corporation was changed to DC Cash One Ltd. at the same time.
**** The Company purchased 100% of the shares of MTB Capital Co., Ltd. in March 2005. MTB Capital Co., Ltd. became a subsidiary of the Company, and changed the name of corporation to AC Ventures Co., Ltd. at the same time.
***** Currently suspended its operation, and further business scheme is under consideration.
****** This company, a substantially controlled company of the Company, changed the name of corporation to EASY BUY Public Company Limited in April 2005.
******* Liquidated on January 4, 2005.

In accordance with Japanese consolidation accounting standards, the Company considers any entity over which the Company does not have control but an ability to exercise significant influence to be an affiliate. Investments in affiliates are accounted for by the equity method of accounting. The Company had two affiliates as of March 31, 2005, which are listed below:

Name	Jurisdiction of incorporation	Percentage of equity ownership	Fiscal year end
DC Card Co., Ltd.(*)	Japan	20.33%	March 31
CHAILEASE ACOM FINANCE CO., LTD.	Taiwan	40%	December 31

* The Company acquired shares of common stock from existing shareholders in January 2005.

The difference between the cost of investments in a subsidiary or an affiliate and the equity in its net assets at the date of acquisition is charged to income as immaterial.

For the purpose of preparing the accompanying consolidated financial statements, all significant intercompany transactions, account balances, and unrealized profits among the Companies have been eliminated. The amounts of the overseas subsidiaries or affiliates have been included or accounted for on the basis of their fiscal periods ended December 31.

(b) Cash equivalents

The Companies consider all highly liquid investments, including time deposits with banks, bond investment funds and marketable securities purchased under resale agreements, with a maturity of three months or less when purchased, to be cash equivalents.

(c) Foreign currency translation

The accounts of the overseas subsidiaries are translated into yen at the year-end exchange rates, except for shareholders' equity, which is translated at historical rates. Differences arising from the translations are stated as "Foreign currency translation adjustments" in the accompanying consolidated balance sheets.

(d) Foreign currency transactions

All monetary assets and liabilities, regardless of short-term or long-term, denominated in foreign currencies are translated into yen at the exchange rates prevailing as of the fiscal year end, and the resulting gains or losses are included in income.

(e) Marketable securities and investments in securities

Marketable securities and investments in securities are classified by their holding objectives into trading, held-to-maturity or other securities. Trading securities are valued at market value, and the resulting gains or losses are included in income. Held-to-maturity securities are stated at amortized cost. Other securities are valued at market value, and the resulting gains or losses are stated, net of applicable tax, in the shareholders' equity section in the accompanying consolidated balance sheets, except that any impairment loss is recorded and charged to income. Other securities for which market value is not available are stated at moving-average cost.

Partial Amendment to the Securities and Exchange Law of Japan (Law No.97 of 2004) provided that investments in investment limited partnership and other similar partnership, which were included in "Other" in investments and other assets section in the accompanying consolidated balance sheets up to the prior consolidated fiscal year, should be regarded as marketable securities or investments in securities; hence, they are reported in "Investment in securities" in the accompanying consolidated balance sheet as of March 31, 2005.

Investments in investment limited partnership and other similar partnership are valued at the net amount of the percentage of interests held based on the latest financial statements on a reporting date stipulated by partnership contract.

The effect of this amendment is to increase investments in securities as of March 31, 2005 by ¥2,364 million ($22,013 thousand) and to decrease other in investments and other assets section as of March 31, 2005 by the same amount.

(f) Inventories

Inventories, primarily consisting of paintings held by the Company and purchased receivables held by a subsidiary servicing company, are stated at individually specified cost.

(g) Allowance for bad debts

To cover possible losses on collection of loans and other receivables, the Companies provided for an allowance (i) with respect to ordinary debts, based on the historical rate of write-off, and (ii) with respect to other specific debts whose recovery is doubtful, based on estimated write-off amounts, after considering the likelihood of recovery on an individual basis.

Loan balances are written off in cases where (i) the Company has confirmed the death or bankruptcy of the debtor or has voluntarily waived repayment of the loan, and (ii) the amounts due have not been collected for a certain period (even after follow-up requests for payment) because of the inability on the part of the debtor or the guarantor to pay.

(h) Property and equipment

Property and equipment is stated at cost. Depreciation of property and equipment is computed principally by the declining-balance method, except for property and equipment of the overseas subsidiaries which is depreciated by the straight-line method, over the estimated useful lives of the respective assets.

(i) Stock and bond issuance expenses and discounts on bonds

Stock and bond issuance expenses are charged to income when incurred. Stock issuance expenses are recorded in "Other, net" in the other income (expenses) section in the accompanying consolidated statements of income, and bond issuance expenses, related to the bonds issued by Financial service companies only, are included in "Financial expenses" in the operating expenses section in the accompanying consolidated statements of income.

Discounts on bonds are deferred and amortized by the straight-line method over the period of duration of the related bonds.

(j) Allowance for loss on debt guarantees

The Company has entered into affiliations with Japanese regional banks and a subsidiary to provide credit guarantees for personal loans held by those banks and the subsidiary. To cover possible losses on debt guarantees, the Company provided for an allowance based on the historical rates of fulfillment of guarantee obligation and subsequent write-off of the guaranteed loans.

(k) Employees' retirement benefits

Allowance for employees' retirement benefits of the Company and its domestic subsidiaries is recognized at the net total of the present value of the defined benefit obligation at the balance sheet date, plus any actuarial gains (less any actuarial losses) not yet recognized, minus any past service cost not yet recognized, minus the fair value at the balance sheet date of plan assets (if any) out of which the obligations are to be settled directly. If the amount determined above is negative (an asset), such asset is recorded as prepaid pension expenses.

Net retirement benefit expense or income is recognized at the net total of current service cost and interest cost, minus the expected return on any plan assets, minus any actuarial gains (less any actuarial losses) and past service cost recognized during the year, plus any retirement benefits paid as a lump sum and payments to a defined contribution pension plan.

To determine the present value of a defined benefit obligation and the related current service cost and, where applicable, past service cost, the project unit credit method is used.

Actuarial gains or losses and past service cost are recognized for each defined benefit plan over a period not exceeding the expected average remaining working lives of the employees participating in that plan. The Company and its domestic subsidiaries have recognized actuarial gains or losses evenly over the five years following the respective fiscal years when such gains or losses are identified. In addition, the Company and its domestic subsidiaries have recognized past service cost evenly over five years from the time of its origination.

The allowance for employees' retirement benefits of an overseas subsidiary is provided at the amount determined in accordance with basic salary and the number of years of employment.

(l) Allowance for directors' and corporate auditors' retirement benefits

The allowance for directors' and corporate auditors' retirement benefits of the Company and certain of its domestic subsidiaries is provided at the amount which would have been required to be paid if all directors and corporate auditors had voluntarily terminated their services as of the balance sheet date. This amount has been determined in accordance with the internal rules of the respective companies.

(m) Leases

Non-cancellable lease transactions of the Company and its domestic subsidiaries are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(n) Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis. However, the Company computes accrued interest income on loans receivable at the interest rate stipulated in the Interest Rate Restriction Law of Japan or the contract interest rate, whichever is lower.

(o) Recognition of fees from installment sales financing

Fees from customers and participating stores have principally been prorated by the respective number of installments, and the prorated amounts have been recognized as income when they became due (the "sum-of-the-months digits method").

(p) Recognition of fees from credit guarantees

Fees from credit guarantees have been recognized on an accrual basis using the credit-balance method.

(q) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. In accordance with Japanese tax-effect accounting standards, the asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the reported amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(r) Derivative and hedging transactions

The Company and certain of its subsidiaries have used interest rate swap agreements and interest rate options (interest rate caps in long positions only)and currency swap agreements solely in order to hedge against risks of fluctuations in interest rates and foreign currency exchange rates relating to its short-term and long-term loans in compliance with the internal rules of the respective companies.

Derivative transactions are valued at market value, except for hedging transactions whose gains or losses are deferred and recorded in the balance sheet until the hedged transactions are settled. These transactions are designated as cash flow hedges. The interest swaps qualifying for hedge accounting and meeting specific matching criteria are not valued at market value but the differential paid or received under the swap agreements are recognized and included in income. Long-term debt denominated in foreign currencies for which currency swaps are used to hedge against risks of fluctuations in foreign currency exchange rates are translated at the contracted rate if the currency swaps qualify hedge accounting. Similarly, if interest rate caps are specifically tied to the hedged loan transactions, fees paid for those caps are stated at amortized costs regardless of their market value.

(s) Net income per share

Basic net income per share is computed by dividing net income, the portion attributable to shareholders of common stock only, by the weighted-average number of shares of common stock outstanding during the year. Accordingly, in the per share computation, the portion not attributable to shareholders of common stock, such as bonuses payable to directors and corporate auditors, should be deducted from net income.

Diluted net income per share is based upon the weighted-average number of shares of common stock outstanding during the year, after consideration of dilutive effect of potential shares of common stock for the Company's stock option plans.

(t) Reclassifications

Certain reclassifications have been made to prior years' consolidated financial statements to conform to the current year's presentation.

(u) New accounting standard

In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003, the Accounting Standards Board of Japan (the "ASBJ") issued "Guidance No.6, Guidance for Accounting Standard for Impairment of Fixed Assets." The Company and its domestic subsidiaries adopted the new accounting standard, which will be effective for fiscal year beginning April 1, 2005 with an early adoption permitted. As a result, income before income taxes for the year ended March 31, 2005 was decreased by ¥ 1,383 million ($ 12,878 thousand).

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts has been made, solely for convenience, as a matter of arithmetical computation only, at the rate of ¥107.39 = US$1.00, the exchange rate prevailing on March 31, 2005. The translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Loans Receivable

Loans receivable as of March 31, 2005 and 2004 included unsecured loans to individual customers in the aggregate amount of ¥1,623,697 million ($15,119,629 thousand) and ¥1,558,620 million, respectively.

Bad debts included in unsecured loans to individual customers as of March 31, 2005 and 2004 were classified as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Non-accrual loans due to bankruptcy or reorganization	**¥ 8,906**	¥ 9,280	**$ 82,931**
Other non-accrual loans in arrears	**37,077**	36,966	**345,255**
Loans past due for three months or more	**1,781**	1,787	**16,584**
Restructured loans.	**36,196**	32,225	**337,051**
	¥ 83,961	¥ 80,259	**$ 781,832**

5. Marketable Securities and Investments in Securities

At March 31, 2005 and 2004, information with respect to held-to-maturity securities for which market value was available was summarized as follows:

	Millions of Yen					
	2005			2004		
March 31	Balance sheet amount	Market value	Unrealized gains	Balance sheet amount	Market value	Unrealized gains
Bonds other than national, municipal and corporate bonds	**¥ 4,000**	**¥ 4,108**	**¥ 108**	¥ 4,000	¥ 4,112	¥ 112

	Thousands of U.S. Dollars		
	2005		
March 31	Balance sheet amount	Market value	Unrealized gains
Bonds other than national, municipal and corporate bonds	**$ 37,247**	**$ 38,253**	**$ 1,005**

At March 31, 2005 and 2004, information with respect to other securities for which market value was available was summarized as follows:

	Millions of Yen					
	2005			2004		
March 31	Cost	Balance sheet amount	Unrealized gains (losses)	Cost	Balance sheet amount	Unrealized gains (losses)
Unrealized gain items:						
Stock	**¥ 9,733**	**¥ 20,694**	**¥ 10,961**	¥ 9,766	¥ 19,656	¥ 9,890
Bonds:						
National and municipal	**81**	**86**	**4**	81	86	4
Corporate	**535**	**539**	**4**	1,692	1,740	48
Other	**1,161**	**1,231**	**70**	1,654	1,755	101
Subtotal	**11,511**	**22,552**	**11,040**	13,193	23,238	10,045
Unrealized loss items:						
Stock	**1,851**	**1,630**	**(221)**	2,240	2,035	(205)
Bonds:						
Corporate	**527**	**525**	**(2)**	—	—	—
Other	**—**	**—**	**—**	5	5	(0)
Other	**443**	**404**	**(39)**	441	402	(39)
Subtotal	**2,823**	**2,559**	**(263)**	2,688	2,443	(244)
Total	**¥ 14,335**	**¥ 25,111**	**¥ 10,776**	¥ 15,881	¥ 25,682	¥ 9,800

March 31	Thousands of U.S. Dollars 2005 Cost	Balance sheet amount	Unrealized gains (losses)
Unrealized gain items:			
Stock	$ 90,632	$ 192,699	$ 102,067
Bonds:			
National and municipal	754	800	37
Corporate	4,981	5,019	37
Other	10,811	11,462	651
Subtotal	107,188	210,000	102,802
Unrealized loss items:			
Stock	17,236	15,178	(2,057)
Bonds:			
Corporate	4,907	4,888	(18)
Other	4,125	3,761	(363)
Subtotal	26,287	23,829	(2,449)
Total	$ 133,485	$ 233,829	$ 100,344

An impairment loss has been recorded when (i) the market value of a marketable security fell below 50% of its acquisition cost (or book value, if previously written-down) at the fiscal year end, and is deemed unlikely to recover to the level of the cost, or (ii) the market value fell bellow 30% to 50% of the cost at the fiscal year end, and the rate of decline remained 30% or higher during the past one year.

With respect to other securities for which market value was available, no impairment losses were recorded for the year ended March 31, 2005, and impairment losses amounting to ¥242 million and ¥2,690 million were recorded and included in "Loss on revaluation of investments in securities" of the accompanying consolidated statements of income for the years ended March 31, 2004 and 2003, respectively.

Information with respect to other securities sold in the years ended March 31, 2005, 2004 and 2003 was as follows:

Years ended March 31	Millions of Yen 2005	2004	2003	Thousands of U.S. Dollars 2005
Total sales amount	¥ 455	¥ 1,063	¥ 177	$ 4,236
Total gain on sales	141	446	87	1,312
Total loss on sales	128	—	14	1,191

At March 31, 2005 and 2004, securities for which market value was not available included principally the following:

March 31	Millions of Yen 2005	2004	Thousands of U.S. Dollars 2005
	Balance sheet amount		
Other securities:			
Unlisted companies' stock	¥ 452	¥ 803	$ 4,208
Investments in investment partnerships	1,054	—	9,814
Investments in undisclosed partnerships	1,310	—	12,198

Other securities with maturity and held-to-maturity securities will fall due subsequent to March 31, 2005 and 2004 as follows:

	Millions of Yen					
	2005			2004		
March 31	Within one year	One - five years	Over five years	Within one year	One - five years	Over five years
Bonds:						
National and municipal	**¥ —**	**¥ 86**	**¥ —**	¥ —	¥ 86	¥ —
Corporate	**525**	**574**	**—**	602	1,173	—
Other	**—**	**—**	**4,000**	5	—	4,000
Other	**—**	**612**	**7**	519	623	7
Total	**¥ 525**	**¥ 1,274**	**¥ 4,007**	¥ 1,126	¥ 1,882	¥ 4,007

	Thousands of U.S. Dollars		
	2005		
March 31	Within one year	One - five years	Over five years
Bonds:			
National and municipal	**$ —**	**$ 800**	**$ —**
Corporate	**4,888**	**5,345**	**—**
Other	**—**	**—**	**37,247**
Other	**—**	**5,698**	**65**
Total	**$ 4,888**	**$ 11,863**	**$ 37,312**

6. Short-Term Loans, Long-Term Debt and Pledged Assets

The weighted-average interest rates of short-term loans as of March 31, 2005 and 2004 were 0.99% and 1.53%, respectively.

Long-term debt was summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Unsecured loans of domestic Companies mainly from banks and other financial institutions at interest rates ranging from 0.05% to 3.0% due through November 2010	**¥ 315,166**	¥ 384,549	**$ 2,934,779**
Unsecured loans of an overseas subsidiary at interest rates ranging from 2.35% to 4.94% due through December 2007	**17,733**	2,335	**165,127**
Loans with collateral of domestic Companies mainly from banks and other financial institutions at interest rates ranging from 0.052% to 2.8% due through January 2012	**439,637**	566,306	**4,093,835**
Securitized loans of the Company mainly from a financial institution at 1.62% due through February 2008	**23,880**	23,880	**222,367**
Unsecured bonds issued by the Company at interest rates ranging from 0.85% to 2.72% due through February 2015	**265,000**	285,000	**2,467,641**
Unsecured bonds issued by domestic subsidiaries at interest rates 1.45% and 0.75% due May 2005	**5,300**	5,300	**49,352**
3.2% THB 2,000 million unsecured bonds issued by an overseas subsidiary due December 2005	**5,340**	5,420	**49,725**
Less: current portion	**(341,890)**	(332,375)	**(3,183,629)**
	¥ 730,166	¥ 940,416	**$ 6,799,199**

Assets pledged as collateral for short-term and long-term loans from banks and other financial institutions were as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Loans receivable	**¥ 472,741**	¥ 598,145	**$ 4,402,095**
Property and equipment, net	**6,712**	8,104	**62,501**
	¥ 479,453	¥ 606,250	**$ 4,464,596**

The above table included loans receivable related to securitized loans of ¥31,976 million ($297,755 thousand) and ¥32,999 million as of March 31, 2005 and 2004, respectively.

At March 31, 2005 and 2004, the Company had a commitment, at the lenders' request, to furnish at any time, collateral pledged on ¥78,549 million ($731,436 thousand) and ¥118,852 million of loans receivable of ¥472,741 million ($4,402,095 thousand) and ¥598,145 million shown in the above table, respectively. The pledged collateral which the lenders could require covered the following:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Short-term loans	**¥ 1,000**	¥ 1,000	**$ 9,311**
Current portion of long-term debt	**31,963**	43,091	**297,634**
Long-term debt	**45,471**	74,434	**423,419**

The aggregate annual maturities of long-term debt subsequent to March 31, 2005 were summarized as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 341,890	$ 3,183,629
2007	281,515	2,621,426
2008	205,363	1,912,310
2009	127,433	1,186,637
2010	57,674	537,051
2011 and thereafter	58,180	541,763
	¥ 1,072,056	$ 9,982,828

For the purpose of efficient procurement of working capital, the Company and certain of its subsidiaries have entered into overdraft contracts with seven financial institutions and commitment line contracts with eighteen financial institutions, which provided the Companies with the overdraft and commitment facilities in the aggregate amount of ¥339,437 million ($3,160,787 thousand) as of March 31, 2005. The unused facilities maintained by the Companies as of March 31, 2005 amounted to ¥269,332 million ($2,507,980 thousand).

7. Employees' Retirement Benefits

At March 31, 2005, the Company and certain of its subsidiaries had, jointly or severally, defined benefit plans, including two funded non-contributory tax-qualified retirement pension plans, which together cover substantially all full-time employees who meet certain eligibility requirements. In the fiscal year ended March 31, 2004, the two funded contributory welfare pension plans jointly held by the domestic Companies were terminated, and one of those plans was substantially transferred to a joint defined contribution pension plan.

The funded status and amounts recognized in the accompanying consolidated balance sheets as of March 31, 2005 and 2004 were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Projected benefit obligation	**¥ (22,591)**	¥ (21,314)	**$ (210,364)**
Plan assets at fair market value	**22,327**	19,382	**207,905**
Unfunded retirement benefit liabilities	**(264)**	(1,932)	**(2,458)**
Unrecognized past service cost	**239**	310	**2,225**
Net unrecognized actuarial losses	**1,344**	3,265	**12,515**
Net retirement benefit liabilities recognized on the consolidated balance sheets	**1,320**	1,643	**12,291**
Prepaid pension expenses	**1,577**	1,924	**14,684**
Allowance for employees' retirement benefits	**¥ (257)**	¥ (281)	**$ (2,393)**

The components of net retirement benefit expenses recognized in the accompanying consolidated statements of income for the years ended March 31, 2005, 2004 and 2003 were summarized as follows:

	Millions of Yen			Thousands of U.S. Dollars
Years ended March 31	**2005**	2004	2003	**2005**
Current service cost	**¥ 1,595**	¥ 2,445	¥ 2,504	**$ 14,852**
Interest cost	**417**	819	774	**3,883**
Expected return on plan assets	**(578)**	(698)	(743)	**(5,382)**
Past service cost (gain) recognized for the year	**70**	(345)	(421)	**651**
Net actuarial losses recognized for the year	**1,279**	2,586	1,908	**11,909**
Retirement payments in a lump sum and payments to a defined contribution pension plan	**459**	101	13	**4,274**
Net gain on termination of welfare pension plans(*)	**—**	(2,933)	—	**—**
Net retirement benefit expenses	**¥ 3,243**	¥ 1,977	¥ 4,036	**$ 30,198**

* Net gain on termination of welfare pension plans was analyzed as follows:

	Millions of Yen
Years ended March 31	2004
Decrease in projected benefit obligation	¥ 17,544
Decrease in plan assets	(10,521)
Past service gain recognized at the termination	1,263
Net actuarial losses recognized at the termination	(3,836)
Special payments to cover the deficit at the termination	(1,516)
Net gain	¥ 2,933

The principal assumptions used in determining retirement benefit obligations and other components for the domestic Companies' plans were as follows:

	2005	2004	2003
Discount rate	**2.00%**	2.00%	2.50%
Expected rate of return on plan assets	**3.00%**	3.00%	3.00%
Period of recognition of past service cost	**5 years evenly**	5 years evenly	5 years evenly
Period of recognition of actuarial gains or losses	**5 years evenly**	5 years evenly	5 years evenly

8. Income Taxes

The Companies are subject to a number of taxes based on income. Corporation, inhabitants' and enterprise taxes are charged to the income tax account.

On March 31, 2003, the Local Taxes Law of Japan was amended to introduce the pro forma standard taxation system to enterprise tax from the fiscal years commencing on and after April 1, 2004. Under this system, companies with stated capital of over ¥100 million are subject to taxation based on the sum of stated capital and capital reserve and the total of value added for the fiscal year ("pro forma standards") in exchange for reduced rates on taxable income.

The amendment reduced the aggregate statutory tax rates applicable to the domestic companies to approximately 40.7% for the year ended March 31, 2005 from 40.9% for the years ended March 31, 2004 and 2003.

The taxable amount based on the pro forma standards of enterprise tax for the year ended March 31, 2005 was recorded in "General and administrative expenses" in the operating expenses section in the accompanying consolidated statement of income, increasing general and administrative expenses for the year ended March 31, 2005 by ¥1,018 million ($9,479 thousand).

Reconciliation between the statutory tax rate and the effective tax rate as a percentage of income before income taxes for the year ended March 31, 2003 was summarized as follows:

Years ended March 31	2003
Statutory income tax rate	40.9%
Net loss in affiliates by the equity method	1.1
Retained earnings of subsidiaries	0.3
Expenses not deductible for income tax purposes	0.1
Inhabitants' per capita taxes	0.2
Other	1.3
Effective income tax rate	43.9%

* Reconciliations for the years ended March 31, 2005 and 2004 were omitted, as the statutory tax rate did not significantly differ from the effective tax rates.

The tax effects of temporary differences which give rise to a significant portion of the deferred tax assets and liabilities as of March 31, 2005 and 2004 were presented as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Deferred tax assets:			
Bad debt write-offs	**¥ 12,804**	¥ 12,954	**$ 119,228**
Allowance for bad debts	**18,668**	27,935	**173,833**
Allowance for loss on debt guarantees	**1,171**	758	**10,904**
Accrued bonuses	**1,901**	1,505	**17,701**
Allowance for employees' retirement benefits	**88**	98	**819**
Allowance for directors' and corporate auditors' retirement benefits	**345**	397	**3,212**
Accrued interest income	**452**	514	**4,208**
Accrued enterprise tax	**2,132**	2,315	**19,852**
Depreciation and amortization	**7,248**	6,730	**67,492**
Impairment loss	**489**	—	**4,553**
Consumption tax	**324**	286	**3,017**
Revaluation of marketable securities	**232**	135	**2,160**
Loss on investments in golf club membership	**167**	183	**1,555**
Tax loss carryforwards of subsidiaries	**10,195**	5	**94,934**
Elimination of unrealized profit	**1,237**	1,237	**11,518**
Other	**700**	420	**6,518**
Subtotal	**58,162**	55,481	**541,596**
Less: valuation allowance	**(11,130)**	(496)	**(103,640)**
Total gross deferred tax assets	**47,032**	54,984	**437,955**
Deferred tax liabilities:			
Retained earnings of subsidiaries	**(4,142)**	(3,632)	**(38,569)**
Prepaid pension expenses	**(641)**	(782)	**(5,968)**
Net unrealized gains on other securities	**(4,392)**	(3,990)	**(40,897)**
Other	**(170)**	(126)	**(1,583)**
Total gross deferred tax liabilities	**(9,347)**	(8,531)	**(87,037)**
Net deferred tax assets	**¥ 37,685**	¥ 46,453	**$ 350,917**

As described above, the pro forma standard taxation system to enterprise tax reduced the aggregate statutory tax rate on income of the Company and certain of its domestic subsidiaries for the fiscal years ended March 31, 2005 and thereafter. The effect of this change was to decrease deferred tax assets, net of deferred tax liabilities as of March 31, 2004 by ¥210 million and to increase deferred income tax expenses for the year then ended by the same amount.

9. Legal Reserve

Consolidated retained earnings included a legal reserve which amounted to ¥4,354 million ($40,543 thousand) as of March 31, 2005 and 2004. The legal reserve has been provided in accordance with the Commercial Code of Japan which requires that an amount equal to at least 10% of cash dividends and directors' and corporate auditors' bonuses in respect of each fiscal period be appropriated to the legal reserve until the sum of such reserve and capital reserve, including additional paid-in capital, equals 25% of stated capital. This reserve is not available for dividends but may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to stated capital by resolution of the board of directors.

10. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and book value of leased equipment as of March 31, 2005 and 2004 and the related depreciation and interest expenses for the years ended March 31, 2005, 2004 and 2003, which would have been reflected in the consolidated balance sheets and the related consolidated statements of income if finance lease accounting had been applied to the finance lease transactions accounted for as operating leases:

	Millions of Yen						Thousands of U.S. Dollars		
	Acquisition costs		Accumulated depreciation		Book value		Acquisition costs	Accumulated depreciation	Book value
March 31	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	**2005**	**2005**
Equipment	**¥ 5,823**	¥ 7,976	**¥ 3,748**	¥ 4,523	**¥ 2,075**	¥ 3,452	**$ 54,222**	**$ 34,900**	**$ 19,322**

	Millions of Yen			Thousands of U.S. Dollars
Years ended March 31	**2005**	2004	2003	**2005**
Depreciation	**¥ 1,752**	¥ 2,038	¥ 2,827	**$ 16,314**
Interest	**66**	102	144	**614**

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥1,844 million ($17,171 thousand), ¥2,158 million and ¥3,004 million for the years ended March 31, 2005, 2004 and 2003, respectively.

Future minimum lease payments subsequent to March 31, 2005 for finance lease transactions accounted for as operating leases were summarized as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 1,172	$ 10,913
2007 and thereafter	950	8,846
	¥ 2,123	$ 19,769

11. Commitments and Contingent Liabilities

Future payments under rental leases subsequent to March 31, 2005 amounted to ¥2,221 million ($20,681 thousand).

The Company and certain of its subsidiaries make loans to customers primarily in the form of revolving credit-line contracts whereby a maximum credit amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility. At March 31, 2005, the unexercised portion of such facilities amounted to ¥761,782 million ($7,093,602 thousand), including ¥517,964 million ($4,823,205 thousand) for customers with zero outstanding balances. As a certain portion of revolving credit-line contracts lapse without ever being used, the unexercised facilities will not necessarily affect the future cash flows of the Companies.

At March 31, 2005, contingent liabilities on the personal loans for which the Company provided credit guarantees amounted to ¥76,457 million ($711,956 thousand), net of allowance for loss on debt guarantees in the amount of ¥1,558 million ($14,507 thousand).

Refer to Note 6 regarding pledged assets.

12. Derivative and Hedging Activities

(1) Outline of transactions and conditions

The Company and certain of its subsidiaries have used interest rate swap agreements, interest rate options and currency swap agreements in order to hedge against the risk of fluctuations in interest rates and foreign currency exchange rates relating to their short-term and long-term loans.

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 agreements and currency swap agreements are exposed to changes in interest rates and foreign currency exchange rates, respectively. In addition, the Companies are not exposed to risk on interest rate caps, as the Companies hold only long positions in interest rate caps and the maximum cost of funding the combination of loans and interest rate caps is capped at the cap rates.

The Companies do not anticipate non-performance by any of the counterparties to the above transactions, all of whom are financial institutions which are deemed highly creditworthy.

The Companies 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.

Risk management for derivative transactions has been under the control of the Finance 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 officers' meeting when the Company's annual business plan is established.

(2) Market value information

Market value information as of March 31, 2005 and 2004 was omitted, as all of the Companies' derivative transactions are accounted for as hedging transactions.

13. Stock Option Plans

The Company has two stock option plans for the granting of non-transferable options to certain eligible directors and key employees of the Company.

On August 1, 2001, options were granted for terms of five years to purchase the aggregate of 346,800 shares of common stock of the Company at ¥10,682 per share. The option price was adjusted to ¥10,628 per share due to the issuance of new shares of common stock to Mitsubishi Tokyo Financial Group, Inc. ("MTFG") on April 20, 2004. The options were exercisable beginning on July 1, 2003. To provide for exercise of the options, in August 2001, the Company purchased 346,800 shares of common stock in the aggregate amount of ¥3,796 million from the stock market, which were included in "Treasury stock" of the shareholders' equity section of the accompanying consolidated balance sheets as of March 31, 2005 and 2004.

On August 1, 2003, options were granted for terms of five years to purchase the aggregate of 352,400 shares of common stock of the Company at ¥4,959 per share. The option price was adjusted to ¥4,931 per share due to the above same reason. The options will be exercisable beginning on July 1, 2005.

14. Impairment of Fixed Assets

The Companies determined each operation center of loan businesses, installment sale finance businesses, other financial services and other services as the smallest cash-generating group to which the assets belonged. Also, each asset to be disposed of was determined as the smallest cash-generating group of assets. The head office of the Company and welfare facilities for employees independent of cash-generating were considered to be corporate assets.

Impairment loss for certain of real estates for rental was recognized due to a significant decrease in market value or continuous operation losses. In addition, impairment loss for assets to be disposed of was recognized because the carrying amount of these assets exceeded the net selling value. Impairment loss was measured as the amount by which the carrying amount of the assets exceeded its recoverable amount. The recoverable amount was calculated by using the higher of value in use, which was the discounted present value of estimated future cash flows at 7%, or the net selling value, which was estimated by real estate appraisers.

Impairment loss amounted to ¥107 million ($996 thousand) for buildings and structures, ¥1,221 million ($11,369 thousand) for land and ¥54 million ($502 thousand) for intangible assets. There was no any indicators that impairment have existed in other assets.

15. Segment Information

The Companies' operations by business segment for the years ended March 31, 2005 and 2004 have not been disclosed, as the Companies' business other than Financial services was immaterial. The Companies' operations by business segment for the year ended March 31, 2003 were as follows:

	Millions of Yen				
Year ended or as of March 31, 2003	Financial services	Other businesses	Total	Adjustments and eliminations	Consolidated
Operating income from:					
Outside customers	¥ 431,671	¥ 5,901	¥ 437,572	¥ —	¥ 437,572
Intersegment	—	15,300	15,300	(15,300)	—
Total	431,671	21,201	452,873	(15,300)	437,572
Operating expenses	277,805	20,524	298,330	(7,452)	290,877
Operating profit	¥ 153,866	¥ 676	¥ 154,543	¥ (7,847)	¥ 146,695
Assets	¥ 2,118,518	¥ 35,893	¥ 2,154,411	¥ 29,002	¥ 2,183,414
Depreciation	5,492	549	6,041	2	6,043
Capital expenditure	4,281	1,361	5,642	(1,131)	4,511

Unallocated corporate expenses and assets included in "Adjustments and eliminations" for the year ended or as of March 31, 2003 were as follows:

	Millions of Yen
Year ended or as of March 31	2003
Corporate expenses	¥ 7,956
Corporate assets	54,666

Geographical segment information and overseas sales have been omitted, as such sales were immaterial.

16. Acquisition of Consolidated Subsidiaries

In the year ended March 31, 2005, the Company increased the percentage of the equity of Tokyo-Mitsubishi Cash One Ltd. whose name of corporation changed to DC Cash One Ltd. from 38.85% to 54.73% due to acquisition of new shares of common stock and purchased 100% of MTB Capital Co., Ltd. whose name of corporation changed to AC Ventures Co., Ltd., both of which was included in the accompanying consolidated financial statements. The fair value of the assets and liabilities of the above companies were as follows:

DC Cash One Ltd.

	Millions of Yen	Thousands of U.S. Dollars
As of March 31	2005	2005
Current assets	¥ 62,261	$ 579,765
Non-current assets	491	4,572
Consolidation adjustments	1,074	10,000
Current liabilities	(25,913)	(241,298)
Long-term liabilities	(30,012)	(279,467)
Minority interest	(3,090)	(28,773)
The Company's interest by equity method	(1,897)	(17,664)
Acquisition cost	2,914	27,134
Cash and cash equivalents acquired	(2,425)	(22,581)
Net payments from acquisition	¥ 488	$ 4,544

AC Ventures Co., Ltd.

	Millions of Yen	Thousands of U.S. Dollars
As of March 31	2005	2005
Current assets	¥ 260	$ 2,421
Non-current assets	436	4,059
Current liabilities	(248)	(2,309)
Long-term liabilities	(8)	(74)
Consolidation adjustments	(93)	(866)
Acquisition cost	348	3,240
Cash and cash equivalents acquired	(260)	(2,421)
Net payments from acquisition	¥ 87	$ 810

17. Subsequent Event

The following appropriations of retained earnings of the Company, which have not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2005, were approved at a shareholders' meeting of the Company held on June 23, 2005:

	Millions of Yen
Cash dividends (¥55.00 = US$0.51)	¥ 8,706
Bonuses to directors	36

Report of Independent Auditors on the Consolidated Financial Statements

ERNST & YOUNG SHINNIHON

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Report of Independent Auditors

The Board of Directors
ACOM CO., LTD.

We have audited the accompanying consolidated balance sheets of ACOM CO., LTD. and consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ACOM CO., LTD. and consolidated subsidiaries at March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2005 in conformity with accounting principles generally accepted in Japan.

As described in Note 2(u), ACOM CO., LTD. and its domestic consolidated subsidiaries adopted a new accounting standard for impairment accounting for fixed assets as an early adoption of the standard.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon

June 23, 2005

A MEMBER OF ERNST & YOUNG GLOBAL

Non-Consolidated Balance Sheets

ACOM CO., LTD.

March 31	Millions of Yen 2005	Millions of Yen 2004	Thousands of U.S. Dollars (Note 3) 2005
Assets			
Current assets:			
Cash and cash equivalents	¥ **131,779**	¥ 149,011	$ **1,227,106**
Marketable securities	**—**	565	**—**
Loans receivable (Note 4)	**1,601,773**	1,612,799	**14,915,476**
Accounts receivable	**118,867**	159,907	**1,106,872**
Merchandise	**5,721**	5,879	**53,273**
Prepaid expenses	**3,749**	5,071	**34,910**
Accrued income	**12,108**	12,110	**112,747**
Short-term loans to a subsidiary	**983**	50	**9,153**
Deferred tax assets (Note 5)	**37,896**	46,530	**352,882**
Other current assets	**7,396**	5,249	**68,870**
Allowance for bad debts	**(119,620)**	(127,000)	**(1,113,883)**
Total current assets	**1,800,655**	1,870,175	**16,767,436**
Property and equipment:			
Land (Note 12)	**7,058**	8,023	**65,723**
Buildings and structures (Note 12)	**41,264**	40,719	**384,244**
Equipment	**35,182**	36,760	**327,609**
	83,504	85,503	**777,577**
Accumulated depreciation	**(45,264)**	(46,313)	**(421,491)**
Property and equipment, net (Note 4)	**38,240**	39,190	**356,085**
Investments and other assets:			
Investments in securities	**29,124**	28,219	**271,198**
Investments in and advances to subsidiaries and affiliates	**61,707**	58,256	**574,606**
Telephone rights and other intangible assets (Note 12)	**1,143**	1,206	**10,643**
Rental deposits	**10,434**	10,588	**97,159**
Prepaid pension expenses	**1,542**	1,887	**14,358**
Deferred tax assets (Note 5)	**599**	857	**5,577**
Other	**10,957**	11,667	**102,029**
Allowance for bad debts	**(2,780)**	(2,400)	**(25,886)**
Total investments and other assets	**112,729**	110,282	**1,049,715**
Total assets	**¥ 1,951,625**	¥ 2,019,648	**$ 18,173,247**

See accompanying notes to non-consolidated financial statements.

March 31	Millions of Yen 2005	2004	Thousands of U.S. Dollars (Note 3) 2005
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans (Note 4)	¥ 22,500	¥ 11,500	$ 209,516
Current portion of long-term debt (Note 4)	324,581	325,304	3,022,450
Accounts payable	1,198	1,035	11,155
Accrued income taxes (Note 5)	27,029	26,319	251,690
Accrued expenses	13,697	12,716	127,544
Deferred income on installment sales	9,122	17,276	84,942
Allowance for loss on debt guarantees (Note 10)	2,880	1,865	26,818
Other current liabilities	2,988	1,988	27,823
Total current liabilities	403,996	398,005	3,761,951
Long-term liabilities:			
Long-term debt (Note 4)	681,641	923,285	6,347,341
Allowance for directors' and corporate auditors' retirement benefits	713	867	6,639
Other long-term liabilities	2,971	3,407	27,665
Total long-term liabilities	685,327	927,560	6,381,664
Commitments and contingent liabilities (Note 10)			
Shareholders' equity:			
Common stock:			
Authorized: 532,197,400 shares at March 31, 2005 and 2004			
Issued: 159,628,280 shares and 145,628,280 shares at March 31, 2005 and 2004, respectively	63,832	17,282	594,394
Capital surplus (Note 6)	76,458	25,772	711,965
Legal reserve (Note 7)	4,320	4,320	40,227
Retained earnings (Note 14)	722,106	652,006	6,724,145
Net unrealized gains on other securities (Note 8)	6,384	5,799	59,446
Less: Treasury stock, at cost (Note11):			
1,332,706 shares and 2,067,208 shares at March 31, 2005 and 2004, respectively	(10,801)	(11,099)	(100,577)
Total shareholders' equity	862,301	694,082	8,029,621
Total liabilities and shareholders' equity	¥ 1,951,625	¥ 2,019,648	$ 18,173,247

Non-Consolidated Statements of Income

ACOM CO., LTD.

	Millions of Yen			Thousands of U.S. Dollars (Note 3)
Years ended March 31	**2005**	2004	2003	**2005**
Operating income:				
Interest on loans receivable	**¥ 372,389**	¥ 379,332	¥ 388,483	**$ 3,467,631**
Fees from credit card business	**6,113**	5,714	4,986	**56,923**
Fees from installment sales financing	**9,255**	13,799	16,166	**86,181**
Fees from credit guarantees	**6,871**	4,503	1,667	**63,981**
Other financial income	**19**	18	26	**176**
Sales	**158**	735	105	**1,471**
Other operating income	**7,927**	7,695	7,822	**73,815**
Total operating income	**402,734**	411,799	419,258	**3,750,200**
Operating expenses:				
Financial expenses	**21,591**	26,115	29,585	**201,052**
Cost of sales	**157**	731	104	**1,461**
General and administrative expenses (Notes 5 and 9)	**138,289**	133,597	134,878	**1,287,726**
Bad debt expenses	**—**	5,358	6,327	**—**
Provision for bad debts	**99,582**	128,251	105,306	**927,293**
Provision for loss on debt guarantees	**2,880**	1,865	474	**26,818**
Total operating expenses	**262,500**	295,918	276,677	**2,444,361**
Operating profit	**140,234**	115,880	142,581	**1,305,838**
Other income (expenses):				
Other interest and dividend income	**1,078**	1,137	1,149	**10,038**
Net loss on sale or disposal of property and equipment	**(1,097)**	(968)	(6,876)	**(10,215)**
Net (loss) gain on sale of investments in securities	**(2)**	379	0	**18**
Loss on revaluation of investments in securities	**(353)**	(335)	(2,706)	**(3,287)**
Loss on revaluation of investments in affiliates (Note 13)	**—**	(6,026)	—	**—**
Loss on liquidation of investments in trusted real property	**(78)**	(241)	—	**(726)**
Net gain on termination of a welfare pension plan	**—**	2,802	—	**—**
Impairment loss (Note 12)	**(1,094)**	—	—	**(10,187)**
Other, net	**344**	508	434	**3,203**
Total other expenses, net	**(1,202)**	(2,743)	(7,998)	**(11,192)**
Income before income taxes	**139,031**	113,136	134,582	**1,294,636**
Income taxes (Note 5):				
Current	**47,540**	54,160	68,070	**442,685**
Deferred	**8,490**	(6,671)	(10,977)	**79,057**
Total income taxes	**56,030**	47,488	57,092	**521,743**
Net income	**¥ 83,001**	¥ 65,648	¥ 77,489	**$ 772,893**

	Yen			U.S. Dollars (Note 3)
Amounts per share:				
Net income				
Basic	**¥ 525.53**	¥ 455.36	¥ 529.45	**$ 4.89**
Diluted	**525.25**	455.28	—	**4.89**
Cash dividends	**100.00**	80.00	80.00	**0.93**

See accompanying notes to non-consolidated financial statements

Non-Consolidated Statements of Shareholders' Equity

ACOM CO., LTD.

	Thousands	Millions of Yen					
	Number of shares of common stock	Common stock	Capital surplus	Legal reserve	Retained earnings	Net unrealized gains on other securities	Treasury stock
Balance at March 31, 2002	146,630	¥ 17,282	¥ 25,772	¥ 4,320	¥ 536,014	¥ 1,128	¥ (3,802)
Net income	—	—	—	—	77,489	—	—
Cash dividends	—	—	—	—	(11,702)	—	—
Bonuses to directors	—	—	—	—	(38)	—	—
Net unrealized gains on other securities	—	—	—	—	—	(1,076)	—
Acquisition of treasury stock-net	—	—	—	—	—	—	(1)
Balance at March 31, 2003	146,630	17,282	25,772	4,320	601,762	51	(3,803)
Net income	—	—	—	—	65,648	—	—
Cash dividends	—	—	—	—	(11,593)	—	—
Bonuses to directors	—	—	—	—	(39)	—	—
Net unrealized gains on other securities	—	—	—	—	—	5,748	—
Acquisition of treasury stock	—	—	—	—	—	—	(11,066)
Retirement of treasury stock	(1,002)	—	—	—	(3,771)	—	3,771
Balance at March 31, 2004	145,628	17,282	25,772	4,320	652,006	5,799	(11,099)
Net income	—	—	—	—	**83,001**	—	—
Cash dividends	—	—	—	—	**(12,865)**	—	—
Bonuses to directors	—	—	—	—	**(35)**	—	—
Issuance of new shares of common stock	**14,000**	**46,550**	**46,550**	—	—	—	—
Net unrealized gains on other securities	—	—	—	—	—	**584**	—
Acquisition of treasury stock	—	—	—	—	—	—	**(6,999)**
Sale of treasury stock	—	—	**4,135**	—	—	—	**7,297**
Balance at March 31, 2005	**159,628**	**¥ 63,832**	**¥ 76,458**	**¥ 4,320**	**¥ 722,106**	**¥ 6,384**	**¥ (10,801)**

	Thousands of U.S. Dollars (Note 3)					
	Common stock	Capital surplus	Legal reserve	Retained earnings	Net unrealized gains on other securities	Treasury stock
Balance at March 31, 2004	$ 160,927	$ 239,985	$ 40,227	$ 6,071,384	$ 53,999	$ (103,352)
Net income	—	—	—	**772,893**	—	—
Cash dividends	—	—	—	**(119,797)**	—	—
Bonuses to directors	—	—	—	**(325)**	—	—
Issuance of new shares of common stock	**433,466**	**433,466**	—	—	—	—
Net unrealized gains on other securities	—	—	—	—	**5,438**	—
Acquisition of treasury stock	—	—	—	—	—	**(65,173)**
Sale of treasury stock	—	**38,504**	—	—	—	**67,948**
Balance at March 31, 2005	**$ 594,394**	**$ 711,965**	**$ 40,227**	**$ 6,724,145**	**$ 59,466**	**$ (100,577)**

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Cash Flows

ACOM CO., LTD.

	Millions of Yen			Thousands of U.S. Dollars(Note 3)
Years ended March 31	**2005**	2004	2003	**2005**
Operating activities:				
Income before income taxes	**¥ 139,031**	¥ 113,136	¥ 134,582	**$ 1,294,636**
Adjustments:				
Depreciation and amortization	**4,869**	4,987	6,057	**45,339**
Impairment loss	**1,094**	—	—	**10,187**
(Decrease) increase in allowance for bad debts	**(6,978)**	21,703	30,074	**(64,978)**
Increase in allowance for loss on debt guarantees	**1,015**	1,391	461	**9,451**
(Decrease) increase in allowance for employees' retirement benefits	**—**	(3,268)	436	**—**
(Decrease) increase in allowance for directors' and corporate auditors' retirement benefits	**(153)**	(97)	77	**(1,424)**
Non-operating interest and dividend income	**(1,078)**	(1,137)	(1,149)	**(10,038)**
Net loss on sale or disposal of property and equipment	**1,097**	968	6,876	**10,215**
Stock issuance expenses	**474**	—	—	**4,413**
Bond issuance expenses	**142**	198	210	**1,322**
Net loss (gain) on sale of investments in securities	**2**	(379)	(0)	**18**
Loss on revaluation of investments in securities	**353**	335	2,706	**3,287**
Loss on revaluation of investments in affiliates	**—**	6,026	—	**—**
Loss on liquidation of investments in trusted real property	**78**	241	—	**726**
Changes in operating assets and liabilities:				
Decrease (increase) in loans receivable	**11,025**	40,091	(36,052)	**102,663**
Decrease (increase) in accounts receivable	**41,039**	34,462	(1,643)	**382,149**
Decrease in merchandise	**157**	731	104	**1,461**
Decrease in prepaid expenses	**1,322**	1,688	361	**12,310**
(Increase) decrease in accrued income	**(11)**	57	(401)	**(102)**
Increase in other current assets	**(2,084)**	(2,225)	(719)	**(19,405)**
Decrease in prepaid pension expenses	**344**	742	975	**3,203**
Increase (decrease) in accounts payable	**162**	(808)	(1,104)	**1,508**
Increase (decrease) in accrued expenses	**980**	562	(1,626)	**9,125**
Decrease in deferred income on installment sales	**(8,154)**	(8,242)	(2,483)	**(75,928)**
Bonuses paid to directors	**(35)**	(39)	(38)	**(325)**
Other, net	**(204)**	1,085	107	**(1,899)**
Subtotal	**184,491**	212,210	137,814	**1,717,953**
Non-operating interest and dividends received	**1,051**	1,107	1,124	**9,786**
Income taxes paid	**(47,341)**	(58,072)	(80,357)	**(440,832)**
Net cash provided by operating activities	**138,201**	155,245	58,581	**1,286,907**

(Continued)

Years ended March 31	Millions of Yen 2005	2004	2003	Thousands of U.S. Dollars(Note 3) 2005
Investing activities				
Decrease in marketable securities	**43**	249	413	**400**
Proceeds from sale of property and equipment	**21**	95	1,418	**195**
Purchases of property and equipment	**(4,789)**	(1,926)	(3,838)	**(44,594)**
Proceeds from maturity or sale of investments in securities	**934**	2,404	134	**8,697**
Increase in investments in securities	**(0)**	(133)	(4,645)	**(0)**
Proceeds from settlement, repayment or sale of investments in and advances to subsidiaries and affiliates	**26,550**	13,390	25,655	**247,229**
Additions to investments in and advances to subsidiaries and affiliates	**(30,914)**	(22,722)	(38,797)	**(287,866)**
Decrease (increase) in other investments	**64**	(747)	1,000	**595**
Net cash used in investing activities	**(8,090)**	(9,388)	(18,659)	**(75,332)**
Financing activities				
Proceeds from long-term debt	**84,525**	378,832	367,791	**787,084**
Payments of principal of long-term debt	**(327,033)**	(497,759)	(353,961)	**(3,045,283)**
Increase (decrease) in short-term loans	**11,000**	(4,900)	2,837	**102,430**
Proceeds from issuance of new shares of common stock	**92,625**	—	—	**862,510**
Sale (acquisition) of treasury stock-net	**4,416**	(11,066)	(1)	**41,121**
Cash dividends paid	**(12,864)**	(11,592)	(11,700)	**(119,787)**
Net cash (used in) provided by financing activities	**(147,331)**	(146,485)	4,965	**(1,371,924)**
Effect of exchange rate changes on cash and cash equivalents	**(11)**	(46)	(137)	**(102)**
(Decrease) increase in cash and cash equivalents	**(17,231)**	(675)	44,751	**(160,452)**
Cash and cash equivalents at beginning of the year	**149,011**	149,686	104,935	**1,387,568**
Cash and cash equivalents at end of the year	**¥131,779**	¥149,011	¥149,686	**$1,227,106**

See accompanying notes to non-consolidated financial statements

Notes to Non-Consolidated Financial Statements

ACOM CO., LTD.

1. Basis of Presenting the Non-Consolidated Financial Statements

The accompanying non-consolidated financial statements of ACOM CO., LTD. (the "Company") relate to the Company only, with investments in subsidiaries and affiliates being stated at cost or revalued amount if any impairment loss is recorded, and have been prepared in accordance with accounting principles generally accepted in Japan and the "Form of Standard Financial Statements in the Consumer Finance Business" (issued by the Federation of Moneylenders Associations of Japan on April 25, 1993).

The accompanying non-consolidated financial statements of the Company are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the non-consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

Certain items presented in the original non-consolidated financial statements filed with the Prime Minister of Japan have been reclassified for the convenience of readers outside Japan.

Although non-consolidated statements of cash flows are still not required in Japan, such statements have been prepared for the purpose of inclusion in these non-consolidated financial statements, after reclassifications made in conformity with the relevant regulations concerning the preparation and presentation of consolidated statements of cash flows.

As permitted under the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying non-consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. Summary of Significant Accounting Policies

(a) Cash equivalents

The Company considers all highly liquid investments, including time deposits with banks, bond investment funds and marketable securities purchased under resale agreements, with a maturity of three months or less when purchased, to be cash equivalents.

(b) Foreign currency transactions

All monetary assets and liabilities, regardless of short-term or long-term, denominated in foreign currencies are translated into yen at the exchange rates prevailing as of the fiscal year end, and the resulting gains or losses are included in income to the extent that they are not hedged by foreign exchange derivatives.

(c) Marketable securities and investments in securities

Marketable securities and investments in securities are classified by their holding objectives into trading, held-to-maturity or other securities. Trading securities are valued at market value, with resulting gains or losses included in income. Held-to-maturity securities are stated at amortized cost. Other securities are valued at market value with the resulting gains or losses, net of applicable taxes, reported in the shareholders' equity section in the accompanying non-consolidated balance sheets, except that any impairment loss is recorded and charged to income. Other securities for which market value is not available are stated at moving-average cost.

Partial Amendment to the Securities and Exchange Law of Japan (Law No.97 of 2004) provided that investments in investment limited partnership and other similar partnership, which were included in "Other" in investments and other assets section in the accompanying non-consolidated balance sheets up to the prior non-consolidated fiscal year, should be regarded as marketable securities or investments in securities; hence, they are reported in "Investment in securities" in the accompanying non-consolidated balance sheet as of March 31, 2005.

Investments in investment limited partnership and other similar partnership are valued at the net amount of the percentage of interests held based on the latest financial statements on a reporting date stipulated by partnership contract.

The effect of this amendment is to increase investments in securities as of March 31, 2005 by ¥630 million ($5,866 thousand) and to decrease other in investments and other assets section as of March 31, 2005 by the same amount.

(d) Merchandise
Merchandise consists of paintings and is stated at individually specified cost.

(e) Allowance for bad debts
To cover possible losses on collection of loans and other receivables, the Company provided for an allowance (i) with respect to ordinary debts, based on the historical rate of write-off, and (ii) with respect to other specific debts whose recovery is doubtful, based on estimated write-off amounts, after considering the likelihood of recovery on an individual basis.

Loan balances are written off in cases where (i) the Company has confirmed the death or bankruptcy of the debtor or has voluntarily waived repayment of the loan, and (ii) the amounts due have not been collected for a certain period (even after follow-up requests for payment) because of the inability on the part of the debtor or the guarantor to pay.

(f) Property and equipment
Property and equipment is recorded at cost. Depreciation of property and equipment is computed by the declining-balance method at rates based on the estimated useful lives of the respective assets.

(g) Stock and bond issuance expenses
Stock and bond issuance expenses are charged to income when incurred. Stock issuance expenses are recorded in "Other, net" in the other income (expenses) section in the accompanying non-consolidated statements of income, and bond issuance expenses are included in "Financial expenses" in the operating expenses section in the accompanying non-consolidated statements of income.

(h) Allowance for loss on debt guarantees
The Company has entered into affiliations with Japanese regional banks and a subsidiary to provide credit guarantees for personal loans held by those banks and the affiliate. To cover possible losses on debt guarantees, the Company provided for an allowance based on the historical rates of fulfillment of guarantee obligation and subsequent write-off of the guaranteed loans.

(i) Employees' retirement benefits
The allowance for employees' retirement benefits is recognized at the net total of the present value of the defined benefit obligation at the balance sheet date, plus any actuarial gains (less any actuarial losses) not yet recognized, minus any past service cost not yet recognized, minus the fair value at the balance sheet date of plan assets (if any) out of which the obligations are to be settled directly. If the amount determined above is negative (an asset), such asset is recorded as prepaid pension expenses.

Net retirement benefit expense or income is recognized at the net total of current service cost and interest cost, minus the expected return on any plan assets, minus any actuarial gains (less any actuarial losses) and past service cost recognized during the year, plus any retirement benefits paid as a lump sum and payments to a defined contribution pension plan.

To determine the present value of a defined benefit obligation and the related current service cost and, where applicable, past service cost, the project unit credit method is used.

Actuarial gains or losses and past service cost are recognized for each defined benefit plan over a period not exceeding the expected average remaining working lives of the employees participating in that plan. The Company has recognized actuarial gains or losses evenly over the five years following the respective fiscal years when such gains or losses are identified. In addition, the Company has recognized past service cost evenly over five years from the time of its origination.

(j) Allowance for directors' and corporate auditors' retirement benefits
The allowance for directors' and corporate auditors' retirement benefits is provided at the amount which would have been required to be paid if all directors and corporate auditors had voluntarily terminated their services as of the balance sheet date. This amount has been determined in accordance with the Company's internal rules.

(k) Leases
Non-cancellable lease transactions are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, except that lease agreements stipulating the transfer

of ownership of the leased assets to the lessee are accounted for as finance leases.

(l) Recognition of interest income and expense

Interest income and expense are recognized on an accrual basis. However, the Company computes accrued interest income on loans receivable at the interest rate stipulated in the Interest Rate Restriction Law of Japan or the contracted interest rate, whichever is lower.

(m) Recognition of fees from installment sales financing

Fees from customers and participating stores have principally been prorated by the respective number of installments, and the prorated amounts have been recognized as income when they became due (the "sum-of-the-months digits method").

(n) Recognition of fees from credit guarantees

Fees from credit guarantees have been recognized on an accrual basis using the credit-balance method.

(o) Income taxes

The provision for income taxes is computed based on the pretax income included in the non-consolidated statements of income. In accordance with Japanese tax-effect accounting standards, the asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the reported amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(p) Derivative and hedging transactions

The Company has used interest rate swap agreements and interest rate options (interest rate caps in long positions only) solely in order to hedge against risks of fluctuations in interest rates relating to its short-term and long-term loans in compliance with the Company's internal rules.

Derivative transactions are valued at market value, except for hedging transactions whose gains or losses are deferred and recorded in the balance sheet until the hedged transactions are settled. These transactions are designated as cash flow hedges. The interest swaps qualifying for hedge accounting and meeting specific matching criteria are not valued at market value but the differential paid or received under the swap agreements are recognized and included in income. Similarly, if interest rate caps are specifically tied to the hedged loan transactions, fees paid for those caps are stated at amortized costs regardless of their market value.

(q) Net income per share

Basic net income per share is computed by dividing net income, the portion attributable to shareholders of common stock only, by the weighted-average number of shares of common stock outstanding during the year. Accordingly, in the per share computation, the portion not attributable to shareholders of common stock, such as bonuses payable to directors and corporate auditors, should be deducted from net income.

Diluted net income per share is based upon the weighted-average number of shares of common stock outstanding during the period, after consideration of dilutive effect of potential shares of common stock for the Company's stock option plans.

(r) Reclassifications

Certain reclassifications have been made to prior years' non-consolidated financial statements to conform to the current year's presentation.

(s) New accounting standards

In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003, the Accounting Standards Board of Japan (the "ASBJ") issued "Guidance No.6, Guidance for Accounting Standard for Impairment of Fixed Assets." The Company adopted the new accounting standard, which will be effective for fiscal year beginning April 1, 2005 with an early adoption permitted. As a result, income before income taxes for the year ended March 31, 2005 was decreased by ¥ 1,094 million ($ 10,187 thousand).

3. U.S. Dollar Amounts

The translation of yen amounts into U.S. dollar amounts has been made, solely for convenience, as a matter of arithmetical computation only, at the rate of ¥107.39 = US$1.00, the exchange rate prevailing on March 31, 2005. The translation should not be construed as a representation that yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. Short-Term Loans, Long-Term Debt and Pledged Assets

Long-term debt was summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Unsecured loans mainly from banks and other financial institutions at interest rates ranging from 0.05% to 3.0% due through November 2010	**¥ 277,705**	¥ 373,404	**$ 2,585,948**
Loans with collateral mainly from banks and other financial institutions at interest rates ranging from 0.052% to 2.8% due through January 2012	**439,637**	566,306	**4,093,835**
Securitized loans mainly from a financial institution at 1.62% due through February 2008	**23,880**	23,880	**222,367**
Unsecured bonds at interest rates ranging from 0.85% to 2.72% due through February 2015	**265,000**	285,000	**2,467,641**
Less: current portion	**(324,581)**	(325,304)	**(3,022,450)**
	¥ 681,641	¥ 923,285	**$ 6,347,341**

Assets pledged as collateral for substantially short-term and long-term loans from banks and other financial institutions were as follows:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Loans receivable	**¥ 472,741**	¥ 598,145	**$ 4,402,095**
Property and equipment, net	**704**	1,940	**6,555**
	¥ 473,446	¥ 600,086	**$ 4,408,660**

The table in the previous page included loans receivable related to securitized loans of ¥31,976 million ($297,755 thousand) and ¥32,999 millions as of March 31, 2005 and 2004, respectively.

At March 31, 2005 and 2004, the Company had a commitment, at the lenders' request, to furnish at any time collateral pledged on ¥78,549 million ($731,436 thousand) and ¥118,852 million of the loans receivable of ¥472,741 million ($4,402,095 thousand) and ¥598,145 million shown in the above table, respectively. The pledged collateral which the lenders could require covered the following:

	Millions of Yen		Thousands of U.S. Dollars
March 31	**2005**	2004	**2005**
Short-term loans	**¥ 1,000**	¥ 1,000	**$ 9,311**
Current portion of long-term debt	**31,963**	43,091	**297,634**
Long-term debt	**45,471**	74,434	**423,419**

For the purpose of efficient procurement of working capital, the Company has entered into overdraft contracts with one financial institution and commitment line contracts with three financial institutions, which provided the Company with the overdraft and commitment facilities in the aggregate amount of ¥277,182 million ($2,581,078 thousand) as of March 31, 2005. The unused facilities maintained by the Company as of March 31, 2005 amounted to ¥253,302 million ($2,358,711 thousand).

5. Income Taxes

The Company is subject to a number of taxes based on income. Corporation, inhabitants' and enterprise taxes are charged to the income tax account.

On March 31, 2003, the Local Taxes Law of Japan was amended to introduce the pro forma standard taxation system to enterprise tax from the fiscal years commencing on and after April 1, 2004. Under this system, companies with stated capital of over ¥100 million are subject to taxation based on the sum of stated capital and capital reserve and the total of value added for the fiscal year ("pro forma standards") in exchange for reduced rates on taxable income.

The amendment reduced the aggregate statutory tax rates applicable to the Company to approximately 40.7% for the year ended March 31, 2005 from 40.9% for the years ended March 31, 2004 and 2003.

The taxable amount based on the pro forma standards of enterprise tax for the year ended March 31, 2005 was recorded in "General and administrative expenses" in the operating expenses section in the accompanying non-consolidated income statement, increasing general and administrative expenses for the year ended March 31, 2005 by ¥970 million ($9,032 thousand).

Reconciliations between the statutory tax rates and the effective tax rates as a percentage of income before income taxes for the years ended March 31, 2005, 2004 and 2003 were omitted, as the statutory tax rates did not significantly differ from the effective tax rates.

The tax effects of the temporary differences which give rise to a significant portion of the deferred tax assets and liabilities as of March 31, 2005 and 2004 were presented below:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Deferred tax assets:			
Bad debt write-offs	**¥ 12,804**	¥ 12,954	**$ 119,228**
Allowance for bad debts	**16,954**	26,833	**157,873**
Allowance for loss on debt guarantees	**1,171**	758	**10,904**
Accrued bonuses	**1,749**	1,359	**16,286**
Allowance for directors' and corporate auditors' retirement benefits	**290**	352	**2,700**
Accrued interest income	**452**	514	**4,208**
Accrued enterprise tax	**2,065**	2,310	**19,228**
Depreciation and amortization	**7,032**	6,557	**65,480**
Consumption tax	**303**	286	**2,821**
Revaluation of marketable securities	**232**	135	**2,160**
Loss on investments in golf club membership	**162**	181	**1,508**
Impairment loss	**444**	—	**4,134**
Other	**244**	216	**2,272**
Subtotal	**43,909**	52,463	**408,874**
Less: valuation allowance	**(405)**	(328)	**(3,771)**
Total gross deferred tax assets	**43,504**	52,134	**405,102**
Deferred tax liabilities:			
Prepaid pension expenses	**(627)**	(768)	**(5,838)**
Net unrealized gains on other securities	**(4,380)**	(3,978)	**(40,785)**
Total gross deferred tax liabilities	**(5,008)**	(4,747)	**(46,633)**
Net deferred tax assets	**¥ 38,496**	¥ 47,387	**$ 358,469**

As described above, the pro forma standard taxation system to enterprise tax reduced the aggregate statutory tax rate on income of the Company for the fiscal years ending March 31, 2005 and thereafter. The effect of this change was to decrease deferred tax assets, net of deferred tax liabilities as of March 31, 2004 by ¥205 million and to increase deferred income tax expenses for the year then ended by the same amount.

6. Capital Surplus

Capital surplus represents capital reserve stipulated by the Commercial Code of Japan such as additional paid-in capital, and other capital surplus such as net gain on sale of treasury stock. At March 31, 2005 and 2004, the components of capital surplus were as follows:

March 31	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	**2005**
Capital reserve:			
Additional paid-in capital	**¥ 72,322**	¥ 25,772	**$ 673,451**
Other capital surplus:			
Net gain on sale of treasury stock	**4,135**	—	**38,504**
	¥ 76,458	¥ 25,772	**$ 711,965**

7. Legal Reserve

The Commercial Code of Japan provides that an amount equal to at least 10% of cash dividends and directors' and corporate auditors' bonuses in respect of each fiscal period be appropriated to the legal reserve until the sum of such reserve and capital reserve, including additional paid-in capital, equals 25% of stated capital. This reserve is not available for dividends but may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to stated capital by resolution of the board of directors.

8. Net Unrealized Gains on Other Securities

As described in Note 2(c), net unrealized gains on other securities were stated in the shareholders' equity section in the accompanying non-consolidated balance sheets as of March 31, 2005 and 2004 as a result of the application of the market value method to evaluation of marketable securities and investments in securities. However, under the Commercial Code of Japan, such gains are not available for dividends.

9. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and book value of leased equipment as of March 31, 2005 and 2004 and the related depreciation and interest expenses for the years ended March 31, 2005, 2004 and 2003, which would have been reflected in the non-consolidated balance sheets and the related non-consolidated statements of income if finance lease accounting had been applied to the finance lease transactions accounted for as operating leases:

	Millions of Yen						Thousands of U.S. Dollars		
	Acquisition costs		Accumulated depreciation		Book value		Acquisition costs	Accumulated depreciation	Book value
March 31	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	**2005**	**2005**
Equipment	**¥ 5,002**	¥ 7,233	**¥ 3,197**	¥ 4,055	**¥ 1,805**	¥ 3,177	**$ 46,577**	**$ 29,769**	**$ 16,807**

	Millions of Yen			Thousands of U.S. Dollars
Years ended March 31	**2005**	2004	2003	**2005**
Depreciation	**¥ 1,605**	¥ 1,860	¥ 2,632	**$ 14,945**
Interest	**59**	89	125	**549**

Lease expenses relating to finance lease transactions accounted for as operating leases amounted to ¥1,686 million ($15,699 thousand), ¥1,966 million and ¥2,794 million for the years ended March 31, 2005, 2004 and 2003, respectively.

Future minimum lease payments subsequent to March 31, 2005 for finance lease transactions accounted for as operating leases were summarized as follows:

Years ending March 31	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 1,023	$ 9,526
2007 and thereafter	817	7,607
	¥ 1,841	$ 17,143

10. Commitments and Contingent Liabilities

Future payments under rental leases subsequent to March 31, 2005 amounted to ¥1,882 million ($17,524 thousand).

The Company makes loans to customers primarily in the form of revolving credit-line contracts whereby a maximum credit amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility. At March 31, 2005, the unexercised portion of such facilities amounted to ¥761,747 million ($7,093,276 thousand), including ¥517,947 million ($4,823,046 thousand) for customers with zero outstanding balances. As a certain portion of revolving credit-line contracts lapse without ever being used, the unexercised facilities will not necessarily affect the future cash flows of the Company.

At March 31, 2005, contingent liabilities on the personal loans for which the Company provided credit guarantees amounted to ¥134,381 million ($1,251,336 thousand), net of allowance for loss on debt guarantees in the amount of ¥2,880 million ($26,818 thousand).

In addition, at March 31, 2005, the Company was contingently liable as guarantor of the following subsidiaries:

Name	Amount of guaranteed debt
JLA INCORPORATED	¥1,214 million ($11,304 thousand)
ACOM ESTATE CO., LTD.	¥705 million ($6,564 thousand)
JCK CREDIT CO., LTD.	¥9,563 million ($89,049 thousand)
IR Loan Servicing, Inc.	¥1,200 million ($11,174 thousand)
SIAM A&C CO., LTD.	¥30,746 million ($286.302 thousand)

Refer to Note 4 regarding pledged assets.

11. Stock Option Plans

The Company has two stock option plans for the granting of non-transferable options to certain eligible directors and key employees of the Company.

On August 1, 2001, options were granted for terms of five years to purchase the aggregate of 346,800 shares of common stock of the Company at ¥10,682 per share. The option price was adjusted to ¥10,628 per share due to the issuance of new shares of common stock to Mitsubishi Tokyo Financial Group, Inc. ("MTFG") on April 20, 2004. The options were exercisable beginning on July 1, 2003. To provide for exercise of the options, in August 2001, the Company purchased 346,800 shares of common stock in the aggregate amount of ¥3,796 million from the stock market, which were included in "Treasury stock" of the shareholders' equity section of the accompanying non-consolidated balance sheets as of March 31, 2005 and 2004.

On August 1, 2003, options were granted for terms of five years to purchase the aggregate of 352,400 shares of common stock of the Company at ¥4,959 per share. The option price was adjusted to ¥4,931 per share due to the above same reason. The options will be exercisable beginning on July 1, 2005.

12. Impairment of Fixed Assets

The Company determined each operation center of loan businesses, installment sale finance businesses and other financial services as the smallest cash-generating group to which the assets belonged. Also, each asset to be disposed of was determined as the smallest cash-generating group of assets. The head office of the Company and welfare facilities for employees independent of cash-generating were considered to be corporate assets.

Impairment loss for assets to be disposed was recognized because the carrying amount of these assets exceeded the net selling value. Impairment loss was measured as the amount by which the carrying amount of the assets exceeded its recoverable amount, the net selling value estimated by real estate appraisers.

Impairment loss amounted to ¥94 million ($875 thousand) for buildings and structures, ¥945 million ($8,799 thousand) for land and ¥54 million ($502 thousand) for intangible assets. There was no any indicators that impairment have existed in other assets.

13. Loss on Revaluation of Investments in Affiliates

In the fiscal year ended March 31, 2004, the Company recorded a loss of ¥5,950 million as a result of capital restructuring, including capital reduction, of Tokyo-Mitsubishi Cash One Ltd., executed in March 2004. In addition, in the fiscal year ended March 31, 2004, the Company recorded a loss of ¥76 million for the anticipated sale of all of the holding shares of common stock of ASCOT CO., LTD.

14. Subsequent Event

The following appropriations of retained earnings, which have not been reflected in the accompanying non-consolidated financial statements for the year ended March 31, 2005, were approved at a shareholders' meeting held on June 23, 2005:

	Millions of Yen
Cash dividends (¥55.00 = US$0.51)	¥ 8,706
Bonuses to directors	36

Report of Independent Auditors on the Non-Consolidated Financial Statements

ERNST & YOUNG SHINNIHON

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Tel: 03 3503 1100
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Report of Independent Auditors

The Board of Directors
ACOM CO., LTD.

We have audited the accompanying non-consolidated balance sheets of ACOM CO., LTD. as of March 31, 2005 and 2004, and the related non-consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2005, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of ACOM CO., LTD. at March 31, 2005 and 2004, and the non-consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2005 in conformity with accounting principles generally accepted in Japan.

As described in Note 2(s), ACOM CO., LTD. adopted a new accounting standard for impairment accounting for fixed assets as an early adoption of the standard.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young Shin Nihon

June 23, 2005

A MEMBER OF ERNST & YOUNG GLOBAL

Corporate Data (As of March 31, 2005)

Company Name	ACOM CO., LTD.
Incorporated	October 23, 1978
Established	April 2, 1936
Paid-in Capital	¥63,832 million
Business Outline	Loan, Credit Card, Installment Sales Finance, and Guarantee
Number of Employees	4,096
Head Office	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8307, Japan
Independent Auditors	SHIN NIHON & CO. (Member firm of ERNST & YOUNG INTERNATIONAL)

For Further Information, Please Contact;

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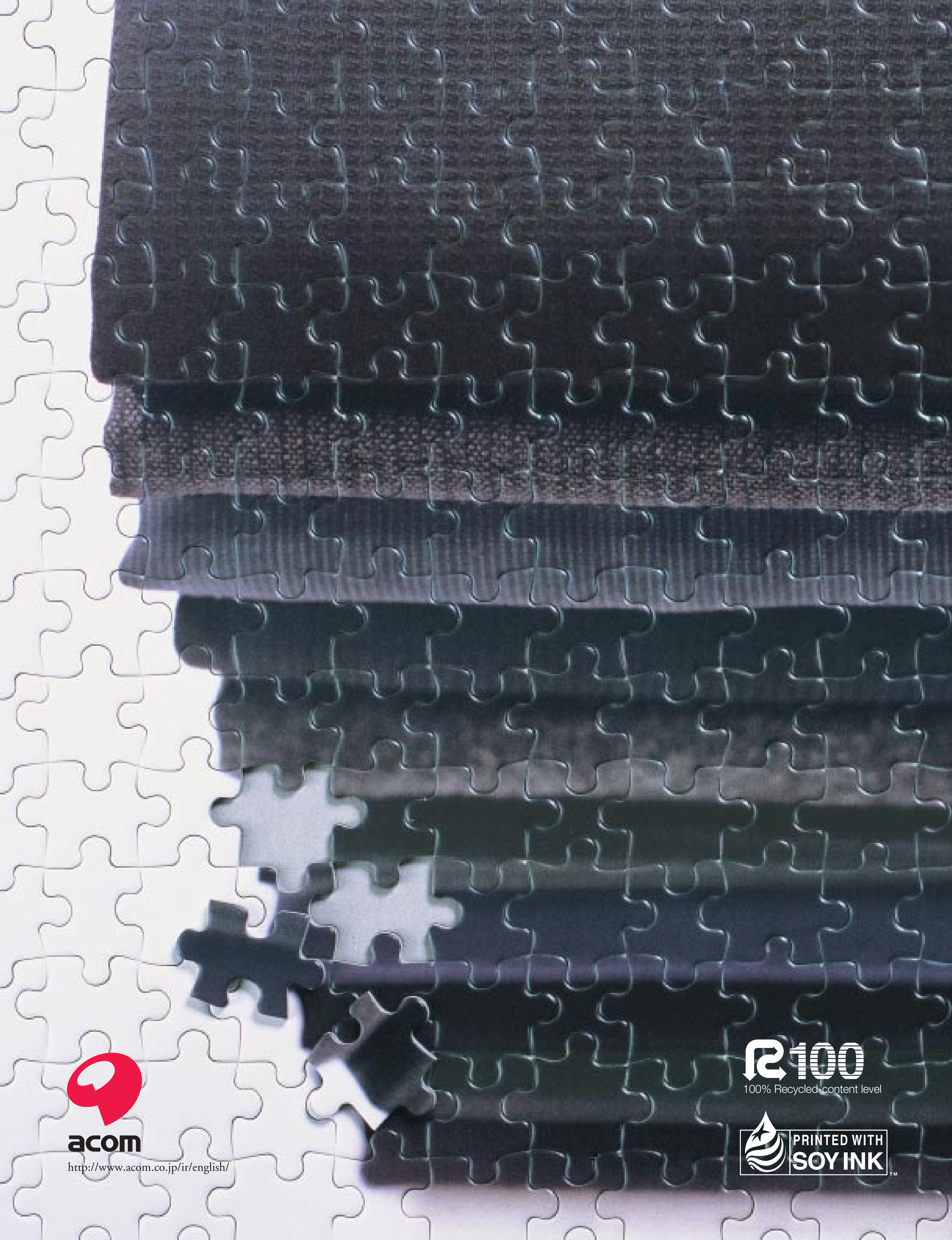
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