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Brief Statement of the First Quarter Financial Results for the Fiscal Year Ending March 2017 [Japanese GAAP (Consolidated)]

July 28, 2016

Forward-looking Statement

The statements and figures contained in this Brief Statement of the First Quarter Financial Results for the fiscal year ending March 2017 (the "Brief Statement") with respect to ACOM CO., LTD. ("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 beliefs in light of the information currently available to it and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors. Potential risks and uncertainties include, without limitation, general economic conditions in ACOM's market and changes in the size of the overall market for consumer loans, the rate of default by customers, the fluctuations in number of cases of claims from and the amount paid to customers who claim us to reimburse the portion of interest in excess of the interest ceiling as specified in the Interest Rate Restriction Act, the level of interest rates paid on ACOM's debt, and legal limits on interest rates charged by ACOM.

Name of the company:	ACOM CO., LTD. ("ACOM" or "the Company")
Stock market:	First Section of Tokyo Stock Exchange
Code Number:	8572
Location of the head office:	Tokyo
URL:	http://www.acom.co.jp/corp/english/ir_index.html
Position of the representative:	Chairman, President & Chief Executive Officer
Name:	Shigeyoshi Kinoshita
Position of the person in charge:	Executive Officer, Chief General Manager of Treasury Department
Name:	Takashi Kiribuchi
Telephone Number:	(03) 5533-0861
Registration date of quarterly securities report:	August 12, 2016
Commencement date of dividend payment:	-
Quarterly material to supplement the financial results:	Applicable
Quarterly financial results conference:	Applicable (For domestic financial analysts and institutional investors)

Note: 1. All amounts under minimum units appearing in each of the tables have been disregarded throughout this brief statement and the annexed materials.
Note: 2. The figures in percentages show the year-on-year change from previous first quarter.

1. Consolidated Business Results for the First Quarter Accounting Period (from April 1, 2016, to June 30, 2016)

(1) Consolidated Business Results (Accumulated)

	Operating Revenue		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent (First Quarter)	
	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%
1Q for FY March 2017	59,878	2.1	18,491	(0.6)	18,578	(1.1)	17,211	1.6
1Q for FY March 2016	58,660	11.4	18,610	21.5	18,794	21.7	16,938	21.1

[Note] Comprehensive income

1Q for FY March 2017: 15,733 million yen [(9.8%)]

1Q for FY March 2016: 17,446 million yen [17.5%]

	Basic Earnings per Share (First Quarter)	Diluted Earnings per Share (First Quarter)
	(Yen)	(Yen)
1Q for FY March 2017	10.99	–
1Q for FY March 2016	10.81	–

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
1Q for FY March 2017	1,159,750	353,510	29.2
FY March 2016 (Annual)	1,175,063	338,132	27.5

<Reference> Shareholders' Equity:

1Q for FY March 2017: 339,070 million yen

FY March 2016 (Annual): 323,377 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2016	—	0.00	—	0.00	0.00
FY March 2017	—				
FY March 2017 (Forecast)		0.00	—	—	—

<Note> Amendment to dividend forecast: None

Dividend for fourth quarter of FY March 2017 is undecided at this point.

3. Forecasts for the Fiscal Year Ending March 2017 (from April 1, 2016, to March 31, 2017)

(The figures in percentage show year-on-year change from the same prior periods.)

	Operating Revenue		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Basic Earnings per Share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
First Half	120,100	1.4	33,000	(10.6)	33,300	(10.4)	29,800	(11.9)	19.02
Annual	242,300	1.9	64,800	317.6	65,300	303.1	58,500	300.7	37.34

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Three Months ended June 30, 2016: None
(Change in scope of consolidation)

(2) Adoption of Accounting Methods Used Specifically for Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policy, Accounting Estimates and Restatement

A) Change in accounting policy due to revision of accounting standards, etc.: None
B) Changes other than A): None
C) Change in accounting estimates: None
D) Restatement: None

(4) Outstanding shares (common shares)

A) Number of shares outstanding (including treasury stock)

First Quarter of FY March 2017:	1,596,282,800 shares	FY March 2016:	1,596,282,800 shares

B) Number of treasury stock at the end of period

First Quarter of FY March 2017:	29,668,592 shares	FY March 2016:	29,668,592 shares

C) Number of average shares outstanding (accumulated quarterly consolidated period)

First Quarter of FY March 2017:	1,566,614,208 shares	First Quarter of FY March 2016:	1,566,614,281 shares

(Note) Information regarding the implementation of quarterly review procedures

Brief Statement of Quarterly financial results is not subject to quarterly review procedures. Therefore, at the time of disclosure of the financial results, the quarterly consolidated financial statement review procedures based on the Financial Instruments and Exchange Law, are in process.

(Note) Explanation regarding proper use of the business forecast and other notes

(Notes to Forward-looking Statement)

The statements about the future performance of ACOM are based on management's assumptions and beliefs in light of the information currently available to it. Actual results may differ from those in the forward-looking statements as a result of various factors. Please refer to "(3) Qualitative Information on the Forecasts for the Consolidated Business Results" of "1. Quarterly Qualitative Information on Business Results" on page 2 for conditions which are basis of forecasts and notes for using the forecast.

(Accessing financial results materials and archive of financial results conference)

ACOM plans to hold the first quarter financial results conference (conference call for domestic financial analysts and institutional investors) on July 28, 2016. The materials for the conference call will be available at ACOM's website after the financial results are disclosed.

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1. Quarterly Qualitative Information on Business Results

(1) Qualitative Information on Business Results

During the three months ended June 30, 2016, the Japanese economy showed signs of gradual improvement in the employment environment, as well as hints of recovery in consumer spending due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained due to the concerns of downside risks in overseas economies triggered by the UK's decision to depart from the EU, the unclear economic outlook of China and other emerging nations in Asia and the resource-rich nations, and other factors.

In the consumer finance industry, business conditions continued to be severe due to factors including requests for interest repayment remaining at a high level, although there are some signs that the market is slowly expanding.

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

Consolidated operating revenue for the three months ended June 30, 2016, increased to 59,878 million yen (up 2.1% year-on-year) primarily due to increases in interest on consumer loans and revenue from credit guarantee, whereas operating expenses increased to 41,386 million yen (up 3.3% year-on-year) primarily due to increases in provision of allowance for doubtful accounts. As a result, operating income decreased to 18,491 million yen (down 0.6% year-on-year) and ordinary income decreased to 18,578 million yen (down 1.1% year-on-year). Meanwhile, profit attributable to owners of parent increased to 17,211 million yen (up 1.6% year-on-year) due to a decrease of income taxes-deferred.

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets decreased by 15,312 million yen while net assets increased by 15,377 million yen as of June 30, 2016. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 14,331 million yen and noncurrent assets decreased by 981 million yen. Consequently, total assets decreased by 15,312 million. The breakdown of major increases and decreases in current assets is as follows: cash and deposits (down 19,141 million yen), loans receivable of banking business (down 4,253 million yen), accounts receivable - operating loans (up 3,921 million yen), and accounts receivable - installment (up 2,029 million yen). The breakdown of major decreases in noncurrent assets is as follows: software (down 394 million yen), goodwill (down 246 million yen), and buildings and structures (down 116 million yen).

(Liabilities)

Current liabilities decreased by 1,165 million yen and noncurrent liabilities decreased by 29,524 million yen. Consequently, total liabilities decreased by 30,690 million yen. The breakdown of major decreases in liabilities includes: provision for loss on interest repayment (down 17,802 million yen), loans and bonds payable (down 8,337 million yen), and deposits of banking business (down 1,133 million yen).

(Net Assets)

In terms of net assets, shareholders' equity increased by 17,211 million yen mainly due to an increase of retained earnings, accumulated other comprehensive income decreased by 1,518 million yen, and non-controlling interests decreased by 315 million yen. As a result, total net assets increased by 15,377 million yen, and the shareholder's equity ratio increased by 1.7 percentage points to 29.2%.

(3) Qualitative Information on the Forecasts for the Consolidated Business Results

As the Company has announced on May 9, 2016, it expects consolidated business results as follows: 242.3 billion yen of operating revenue; 65.3 billion yen of ordinary income; and 58.5 billion yen of profit attributable to owners of parent.

Outlook above is forecast based on information available at the date of announcement of this brief statement. However, there are some potential risk factors in the Group's business management. The trend of requests for interest repayment in particular is highly uncertain, due to its sensitivity to changes in external environmental changes. The Group may have to make additional provision for loss on interest repayment.

Actual results may differ from forecast values due to various risk factors, not limited to those mentioned above.

2. Summary Information (notes)

(1) Change in Important Subsidiaries during the Three Months ended June 30, 2016

Not applicable

(2) Additional Information

Effective from the three months ended June 30, 2016, the Company has adopted the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current first quarter (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	87,506	68,365
Accounts receivable - operating loans	902,150	906,071
Loans receivable of banking business	56,575	52,321
Accounts receivable - installment	28,393	30,422
Purchased receivables	10,709	10,169
Short-term investment securities	545	382
Trading account securities	692	1,592
Raw materials and supplies	67	71
Deferred tax assets	33,179	34,125
Other	59,903	63,321
Allowance for doubtful accounts	(58,094)	(59,546)
Total current assets	1,121,629	1,107,297
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,826	5,709
Equipment, net	10,580	10,548
Land	6,234	6,230
Other, net	854	763
Total property, plant and equipment	23,495	23,251
Intangible assets		
Goodwill	6,459	6,213
Software	5,973	5,579
Other	42	42
Total intangible assets	12,476	11,835
Investments and other assets		
Investment securities	4,962	4,987
Net defined benefit asset	4,374	4,257
Guarantee deposits	5,632	5,626
Other	3,177	3,194
Allowance for doubtful accounts	(685)	(701)
Total investments and other assets	17,462	17,365
Total noncurrent assets	53,434	52,453
Total assets	1,175,063	1,159,750

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current first quarter (As of June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	385	407
Short-term loans payable	18,286	10,476
Current portion of long-term loans payable	103,758	103,186
Current portion of bonds	16,700	28,190
Deposits of banking business	63,875	62,741
Income taxes payable	3,136	2,950
Provision for loss on guarantees	8,093	7,581
Asset retirement obligations	14	22
Deferred installment income	64	60
Other	13,214	10,746
Total current liabilities	227,529	226,363
Noncurrent liabilities		
Bonds payable	193,058	189,828
Long-term loans payable	316,766	308,551
Deferred tax liabilities	3,913	3,838
Provision for directors' retirement benefits	26	23
Provision for loss on interest repayment	90,000	72,197
Net defined benefit liability	207	205
Asset retirement obligations	4,546	4,548
Other	881	683
Total noncurrent liabilities	609,401	579,876
Total liabilities	836,930	806,240
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,578	73,578
Retained earnings	204,025	221,237
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	321,641	338,853
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7	7
Foreign currency translation adjustment	1,669	199
Remeasurements of defined benefit plans	57	9
Total accumulated other comprehensive income	1,735	216
Non-controlling interests	14,755	14,439
Total net assets	338,132	353,510
Total liabilities and net assets	1,175,063	1,159,750

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income

Quarterly Consolidated Statement of Income

Three months ended June 30

(Millions of yen)

	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	For the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Operating revenue		
Interest on operating loans	37,477	38,011
Interest on loans of banking business	2,111	1,750
Credit card revenue	767	986
Per-item revenue	24	17
Revenue from credit guarantee	10,303	11,982
Collection from purchased receivable	1,227	1,322
Other financial revenue	322	176
Other operating revenue	6,425	5,630
Total operating revenue	58,660	59,878
Operating expenses		
Financial expenses	4,808	3,773
Cost of purchased receivable	520	492
Other operating expenses	34,720	37,120
Total operating expenses	40,049	41,386
Operating income	18,610	18,491
Non-operating income		
Interest income	71	74
Dividend income	9	7
Equity in earnings of affiliates	1	6
House rent income	76	71
Other	49	17
Total non-operating income	208	176
Non-operating expenses		
Interest expenses	5	3
Foreign exchange losses	13	83
Other	5	3
Total non-operating expenses	24	90
Ordinary income	18,794	18,578

(Millions of yen)

	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	For the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	2	13
Loss on valuation of investment securities	1	-
Other	-	0
Total extraordinary loss	4	13
Income before income taxes	18,790	18,564
Income taxes-current	1,116	1,770
Income taxes-deferred	(105)	(1,083)
Total income taxes	1,011	687
Profit	17,779	17,876
Profit attributable to non-controllling interests	840	664
Profit attributable to owners of parent	16,938	17,211

Quarterly Consolidted Statement of Comprehensive Income
Three months ended June 30

(Millions of yen)

	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	For the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Profit	17,779	17,876
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	(270)	(2,096)
Remeasurements of defined benefit plans, net of tax	(61)	(46)
Total other comprehensive income	(332)	(2,142)
Comprehensive income	17,446	15,733
Comprehensive income attributable to:		
Owners of parent	16,701	15,693
Non-controlling interests	744	40

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going-concern Assumption)
Not applicable

(Notes in Case of Any Significant Changes in the Amount of Shareholders' Equity)
Not applicable

4. [Reference] Quarterly Non-consolidated Financial Statements

Quarterly financial statements are prepared in accordance with the "Regulations of Quarterly Financial Statements on Terms, Forms and Preparation Method" (Cabinet Office Ordinance No. 63, 2007).

(1) [Reference] Quarterly Non-consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2016)	Current first quarter (As of June 30, 2016)
Assets		
Current assets		
Cash and deposits	73,932	57,054
Accounts receivable - operating loans	767,127	774,632
Accounts receivable - installment	27,855	29,924
Raw materials and supplies	41	39
Deferred tax assets	30,638	31,402
Right to reimbursement	30,901	32,755
Other	18,749	17,630
Allowance for doubtful accounts	(44,020)	(45,910)
Total current assets	905,226	897,529
Noncurrent assets		
Property, plant and equipment	22,065	21,922
Intangible assets	10,728	10,206
Investments and other assets		
Prepaid pension cost	4,171	4,118
Other	29,291	29,226
Allowance for doubtful accounts	(680)	(690)
Total investments and other assets	32,782	32,654
Total noncurrent assets	65,577	64,783
Total assets	970,803	962,313
Liabilities		
Current liabilities		
Accounts payable-trade	369	394
Current portion of long-term loans payable	93,942	91,612
Current portion of bonds	-	25,000
Income taxes payable	2,057	1,068
Provision for loss on guarantees	7,590	7,080
Asset retirement obligations	12	18
Other	10,386	8,531
Total current liabilities	114,356	133,704
Noncurrent liabilities		
Bonds payable	171,000	156,000
Long-term loans payable	289,014	278,321
Deferred tax liabilities	1,294	1,277
Provision for loss on interest repayment	90,000	72,197
Asset retirement obligations	4,297	4,309
Other	731	651
Total noncurrent liabilities	556,337	512,758
Total liabilities	670,693	646,462
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	180,052	195,793
Treasury stock	(19,794)	(19,794)
Total shareholders' equity	300,101	315,842
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7	7
Total valuation and translation adjustments	7	7
Total net assets	300,109	315,850
Total liabilities and net assets	970,803	962,313

(2) [Reference] Quarterly Non-consolidated Statement of Income
Three months ended June 30

(Millions of yen)

	For the three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	For the three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Operating revenue		
Interest on operating loans	28,741	29,197
Credit card revenue	767	986
Revenue from credit guarantee	8,639	10,038
Other financial revenue	10	0
Other operating revenue	5,108	4,611
Total operating revenue	43,268	44,833
Operating expenses		
Financial expenses	2,255	1,904
Other operating expenses	26,123	28,335
Total operating expenses	28,378	30,239
Operating income	14,889	14,594
Non-operating income		
Interest income	23	21
Dividend income	981	870
Other	123	90
Total non-operating income	1,128	983
Non-operating expenses		
Interest expenses	5	3
Foreign exchange losses	20	59
Other	0	0
Total non-operating expenses	26	63
Ordinary income	15,991	15,513
Extraordinary loss		
Loss on sales of noncurrent assets	-	0
Loss on retirement of noncurrent assets	2	12
Loss on valuation of investment securities	1	-
Other	-	0
Total extraordinary loss	3	12
Income before income taxes	15,987	15,501
Income taxes-current	404	541
Income taxes-deferred	(124)	(780)
Total income taxes	280	(239)
Profit	15,706	15,740