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MEMBERSHIP

Brief Statement of the Second Quarter Financial Results for the Fiscal Year Ending March 2018 [Japanese GAAP (Consolidated)]

November 1, 2017

Forward-looking Statement

The statements and figures contained in this Brief Statement of the Second Quarter Financial Results for the fiscal year ending March 2018 (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, but not limited to, 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:	https://www.acom.co.jp/corp/english/ir/
Position of the representative:	Chairman, President & Chief Executive Officer
Name:	Shigeyoshi Kinoshita
Position of the person in charge:	Chief PR & IR Officer
Name:	Takashi Okamoto
Telephone Number:	(03) 5533-0861
Registration date of quarterly securities report:	November 14, 2017
Commencement date of dividend payment:	–
Quarterly material to supplement the financial results:	Applicable
Quarterly financial results conference:	Applicable (For domestic and foreign institutional investors and financial analysts)

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 second quarter.

1. Consolidated Business Results for the Second Quarter Accounting Period (from April 1, 2017, to September 30, 2017)

(1) Consolidated Business Results (Accumulated)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent (Second Quarter)	
	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%	(Millions of yen)	yoy%
2Q for FY March 2018	128,986	6.6	38,383	0.3	38,828	0.9	34,442	-4.1
2Q for FY March 2017	121,023	2.2	38,266	3.7	38,484	3.5	35,927	6.2

[Note] Comprehensive income

2Q for FY March 2018: 36,358 million yen [16.4%]

2Q for FY March 2017: 31,245 million yen [-9.4%]

	Basic Earnings per Share (Second Quarter)	Diluted Earnings per Share (Second Quarter)
	(Yen)	(Yen)
2Q for FY March 2018	21.99	–
2Q for FY March 2017	22.93	–

(2) Consolidated Financial Position

	Total Assets	Net Assets	Ratio of Shareholders' Equity
	(Millions of yen)	(Millions of yen)	%
2Q for FY March 2018	1,229,693	303,333	23.2
FY March 2017 (Annual)	1,228,930	267,226	20.3

<Reference> Shareholders' Equity:

2Q for FY March 2018: 284,693 million yen

FY March 2017: 250,006 million yen

2. Dividend Status

	Dividend per Share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
FY March 2017	—	0.00	—	0.00	0.00
FY March 2018	—	0.00			
FY March 2018 (Forecast)			—	—	—

<Note> Amendment to dividend forecast: None

Dividend for fourth quarter of FY March 2018 is undecided at this point.

3. Forecasts for the Fiscal Year Ending March 2018 (from April 1, 2017, to March 31, 2018)

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

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%	(Yen)
Annual	257,000	4.8	71,300	—	71,800	—	64,200	—	40.98

<Note> Amendment to business results forecast: None

(Note)

(1) Change in Important Subsidiaries in the Six Months ended September 30, 2017: 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)

Second Quarter of FY March 2018:	1,596,282,800 shares	FY March 2017:	1,596,282,800 shares

B) Number of treasury stock at the end of period

Second Quarter of FY March 2018:	29,668,592 shares	FY March 2017:	29,668,592 shares

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

Second Quarter of FY March 2018:	1,566,614,208 shares	Second Quarter of FY March 2017:	1,566,614,208 shares

(Note) Brief Statement of Quarterly financial results is not subject to quarterly review procedures.

(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 an earnings release conference for domestic institutional investors and financial analysts, and a conference call for foreign institutional investors and financial analysts regarding the second quarter financial results for the year ending March 2018 on November 2, 2017. The materials used at the conference will be listed promptly after disclosure of financial results. The archive of the conference will be listed promptly at the website after the conference is held.

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1. Quarterly Qualitative Information on Business Results

(1) Qualitative Information on Business Results

During the six months ended September 30, 2017, the Japanese economy showed signs of gradual improvement in corporate earnings as well as the employment and income environment, combined with moderate recovery in consumer spending, chiefly due to the effects of various economic policies implemented by the government. However, the possibility of an economic downturn remained in Japan due to uncertainty in overseas economies and the impact of fluctuations in the financial and capital markets, though economic recovery is expected to continue in the future.

In the consumer finance industry, the market is gradually expanding while requests for interest repayment have steadily decreased. However, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

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, while making efforts to contribute to sound growth of the market.

Consolidated operating revenue for the six months ended September 30, 2017, increased to 128,986 million yen (up 6.6% year-on-year) primarily due to increases in interest on operating loans and revenue from credit guarantee. Operating expenses increased to 90,602 million yen (up 9.5% year-on-year) primarily due to an increase in provision of allowance for doubtful accounts. As a result, operating profit increased to 38,383 million yen (up 0.3% year-on-year) and ordinary profit increased to 38,828 million yen (up 0.9% year-on-year). Meanwhile, profit attributable to owners of parent decreased to 34,442 million yen (down 4.1% year-on-year) due to an increase in income taxes.

(2) Qualitative Information on Financial Position

Compared with the end of the prior fiscal year, total assets increased by 763 million yen and net assets increased by 36,107 million yen as of September 30, 2017. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 64 million yen while noncurrent assets increased by 827 million yen. Consequently, total assets increased by 763 million yen. The breakdown of major changes in current assets is as follows: cash and deposits (down 27,367 million yen), loans receivable of banking business (down 1,205 million yen), accounts receivable - operating loans (up 18,936 million yen), and accounts receivable - installment (up 7,242 million yen). The breakdown of major changes in noncurrent assets is as follows: software (up 2,403 million yen), lease assets (up 992 million yen), investment securities (down 1,020 million yen), and goodwill (down 492 million yen). Meanwhile, allowance for doubtful accounts recorded under current assets and noncurrent assets increased by 5,352 million yen in total.

(Liabilities)

With regard to the liabilities account, changes in current and noncurrent liabilities were an increase of 29,675 million yen and a decrease of 65,019 million yen, respectively, resulting in a decrease of 35,344 million yen in total liabilities. The breakdown of major decreases in liabilities include: provision for loss on interest repayment (down 32,718 million yen), loans and bonds payable (down 4,356 million yen), and deposits of banking business (down 3,415 million yen).

(Net Assets)

In terms of net assets, shareholders’ equity increased by 34,442 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income increased by 243 million yen, and non-controlling interests increased by 1,421 million yen. As a result, total net assets increased by 36,107 million yen, and the shareholders’ equity ratio increased by 2.9 percentage points to 23.2%.

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

As the Company has announced on May 10, 2017, it expects consolidated business results as follows: 257.0 billion yen of operating revenue; 71.8 billion yen of ordinary profit; and 64.2 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, but not limited to those mentioned above.

2. Quarterly Consolidated Financial Statements and Major Notes
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current second quarter (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	104,939	77,571
Accounts receivable - operating loans	930,292	949,229
Loans receivable of banking business	45,872	44,666
Accounts receivable - installment	38,648	45,890
Purchased receivables	11,334	11,230
Securities	260	1,101
Trading account securities	4,391	3,647
Raw materials and supplies	79	65
Deferred tax assets	39,106	40,570
Other	69,575	75,746
Allowance for doubtful accounts	-66,685	-71,969
Total current assets	1,177,815	1,177,750
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,289	4,993
Equipment, net	10,681	10,529
Land	6,233	6,229
Other, net	535	1,527
Total property, plant and equipment	22,739	23,280
Intangible assets		
Goodwill	5,474	4,982
Software	5,082	7,486
Other	42	42
Total intangible assets	10,600	12,511
Investments and other assets		
Investment securities	5,341	4,321
Net defined benefit asset	4,074	3,791
Deferred tax assets	66	103
Guarantee deposits	5,504	5,442
Other	3,550	3,323
Allowance for doubtful accounts	-762	-830
Total investments and other assets	17,775	16,151
Total noncurrent assets	51,115	51,943
Total assets	1,228,930	1,229,693

(Millions of yen)

	Prior fiscal year (As of March 31, 2017)	Current second quarter (As of September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	413	523
Short-term loans payable	17,627	8,125
Commercial papers	14,997	29,997
Current portion of long-term loans payable	117,907	128,265
Current portion of bonds	25,000	39,935
Deposits of banking business	55,427	52,012
Income taxes payable	3,543	3,829
Provision for loss on guarantees	8,722	9,882
Asset retirement obligations	18	103
Deferred installment income	66	63
Other	13,409	14,071
Total current liabilities	257,134	286,809
Noncurrent liabilities		
Bonds payable	216,838	185,758
Long-term loans payable	313,505	309,436
Deferred tax liabilities	4,037	4,147
Provision for directors' retirement benefits	27	20
Provision for loss on interest repayment	164,900	132,181
Net defined benefit liability	272	294
Asset retirement obligations	4,480	4,389
Other	507	3,321
Total noncurrent liabilities	704,570	639,550
Total liabilities	961,704	926,359
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	73,578	73,578
Retained earnings	131,837	166,280
Treasury stock	-19,794	-19,794
Total shareholders' equity	249,453	283,896
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	2
Foreign currency translation adjustment	1,128	1,412
Remeasurements of defined benefit plans	-579	-618
Total accumulated other comprehensive income	552	796
Non-controlling interests	17,219	18,640
Total net assets	267,226	303,333
Total liabilities and net assets	1,228,930	1,229,693

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

Quarterly Consolidated Statement of Income

Six months ended September 30

(Millions of yen)

	For the six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	For the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Operating revenue		
Interest on operating loans	76,138	79,469
Interest on loans of banking business	3,422	3,051
Credit card revenue	2,047	2,840
Per-item revenue	34	36
Revenue from credit guarantee	24,389	28,224
Collection from purchased receivable	2,810	2,645
Other financial revenue	404	389
Other operating revenue	11,775	12,327
Total operating revenue	121,023	128,986
Operating expenses		
Financial expenses	7,109	6,185
Cost of purchased receivable	1,144	1,243
Other operating expenses	74,502	83,172
Total operating expenses	82,756	90,602
Operating profit	38,266	38,383
Non-operating income		
Interest income	143	133
Dividend income	7	13
Equity in earnings of affiliates	10	5
House rent income	140	139
Settlement received	-	199
Other	61	98
Total non-operating income	364	589
Non-operating expenses		
Interest expenses	6	9
Foreign exchange losses	91	38
Other	48	97
Total non-operating expenses	146	145
Ordinary profit	38,484	38,828

(Millions of yen)

	For the six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	For the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Extraordinary income		
Gain on sales of noncurrent assets	1	4
Gain on sales of investment securities	-	25
Total extraordinary income	1	29
Extraordinary loss		
Loss on sales of noncurrent assets	1	0
Loss on retirement of noncurrent assets	47	43
Other	0	0
Total extraordinary loss	49	44
Profit before income taxes	38,436	38,814
Income taxes-current	3,170	4,127
Income taxes-deferred	-2,187	-1,334
Total income taxes	982	2,793
Profit	37,453	36,020
Profit attributable to non-controlling interests	1,525	1,577
Profit attributable to owners of parent	35,927	34,442

Quarterly Consolidted Statement of Comprehensive Income
Six months ended September 30

(Millions of yen)

	For the six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	For the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Profit	37,453	36,020
Other comprehensive income		
Valuation difference on available-for-sale securities	-2	-1
Foreign currency translation adjustment	-6,113	372
Remeasurements of defined benefit plans, net of tax	-91	-33
Total other comprehensive income	-6,207	337
Comprehensive income	31,245	36,358
Comprehensive income attributable to:		
Owners of parent	31,543	34,686
Non-controlling interests	-298	1,671

(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

(Notes to Consolidated Statement of Income)

The Company posted settlement regarding discontinued system development as "Settlement received" under Non-operating income

3. [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, 2017)	Current second quarter (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	90,802	65,599
Accounts receivable - operating loans	784,806	795,271
Accounts receivable - installment	38,109	45,273
Raw materials and supplies	26	26
Deferred tax assets	36,506	37,024
Right to reimbursement	38,525	43,886
Other	20,207	20,584
Allowance for doubtful accounts	-50,750	-54,590
Total current assets	958,234	953,075
Noncurrent assets		
Property, plant and equipment	21,319	21,943
Intangible assets	9,004	11,159
Investments and other assets		
Prepaid pension cost	4,711	4,482
Other	29,407	29,968
Allowance for doubtful accounts	-750	-810
Total investments and other assets	33,369	33,640
Total noncurrent assets	63,693	66,743
Total assets	1,021,927	1,019,819
Liabilities		
Current liabilities		
Accounts payable-trade	402	518
Short-term loans payable	6,000	-
Commercial papers	14,997	29,997
Current portion of long-term loans payable	99,666	114,952
Current portion of bonds	25,000	35,000
Income taxes payable	1,679	1,633
Provision for loss on guarantees	8,100	9,220
Asset retirement obligations	17	100
Other	10,294	10,921
Total current liabilities	166,158	202,344
Noncurrent liabilities		
Bonds payable	176,000	141,000
Long-term loans payable	287,890	281,823
Deferred tax liabilities	1,457	1,387
Provision for loss on interest repayment	164,900	132,181
Asset retirement obligations	4,229	4,132
Other	474	3,290
Total noncurrent liabilities	634,952	563,814
Total liabilities	801,110	766,158
Net assets		
Shareholders' equity		
Capital stock	63,832	63,832
Capital surplus	76,010	76,010
Retained earnings	100,763	133,609
Treasury stock	-19,794	-19,794
Total shareholders' equity	220,812	253,658
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4	2
Total valuation and translation adjustments	4	2
Total net assets	220,816	253,661
Total liabilities and net assets	1,021,927	1,019,819

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

(Millions of yen)

	For the six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	For the six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Operating revenue		
Interest on operating loans	58,725	60,004
Credit card revenue	2,047	2,840
Revenue from credit guarantee	20,438	23,585
Other financial revenue	0	12
Other operating revenue	9,719	10,116
Total operating revenue	90,931	96,559
Operating expenses		
Financial expenses	3,676	3,231
Other operating expenses	57,036	63,147
Total operating expenses	60,713	66,378
Operating profit	30,218	30,180
Non-operating income		
Interest income	40	36
Dividend income	871	3,167
Other	207	430
Total non-operating income	1,119	3,634
Non-operating expenses		
Interest expenses	6	9
Foreign exchange losses	72	25
Other	5	93
Total non-operating expenses	84	128
Ordinary profit	31,253	33,686
Extraordinary income		
Gain on sales of investment securities	-	25
Gain on sales of shares of subsidiaries and affiliates	0	-
Total extraordinary income	0	25
Extraordinary loss		
Loss on sales of noncurrent assets	1	0
Loss on retirement of noncurrent assets	42	34
Other	0	0
Total extraordinary loss	43	34
Profit before income taxes	31,209	33,677
Income taxes-current	830	1,419
Income taxes-deferred	-1,727	-588
Total income taxes	-897	831
Profit	32,107	32,845