PROMISE

>>The True PROMISE

Annual Report 2004 Year ended March 31, 2004

The True PROMISE

Consumer loan demand—which has maintained an upward trend since Promise went public—has entered a correction phase.

The Promise Group views this change as a major turning point. With the support of our firm business foundation, built principally on unsecured loans to individuals, we are shoring up our position in the market, and continuing to pursue possibilities with potential to support sustained growth.

In doing so, we will operate our business in such a way as to have each of customers say "Consumer finance means Promise." Unhampered by precedent, we will implement business strategies with a medium-to-long-term view of the market. This is our promise to you.

Contents

Cautionary Information with Respect to Forward-Looking Statements

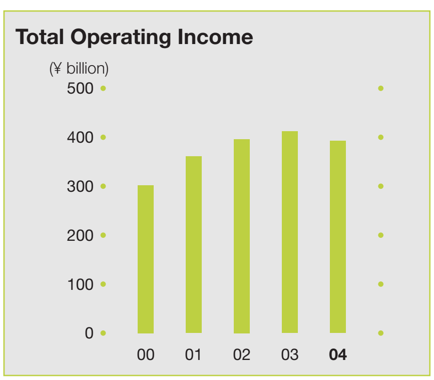
In addition to historical facts regarding Promise's past performance, this annual report contains forward-looking statements, including plans and strategies that are based on the management's current assumptions and beliefs in light of currently available information. Forward-looking statements involve inherent risks and uncertainties, including, without limitation, risks associated with changes in the general economic conditions and business environment in Japan as well as changes to Japanese laws and regulations.

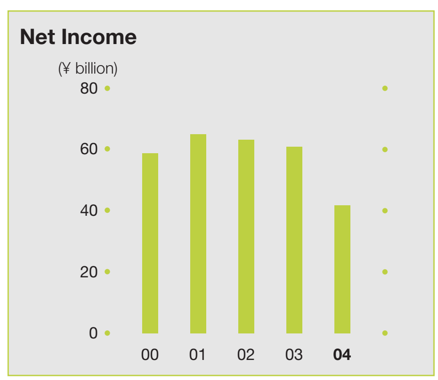
>>Consolidated Financial Highlights

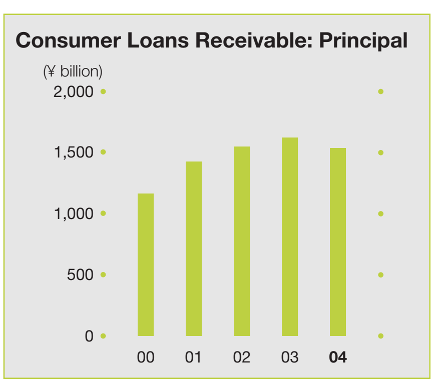
Promise Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2004 and 2003

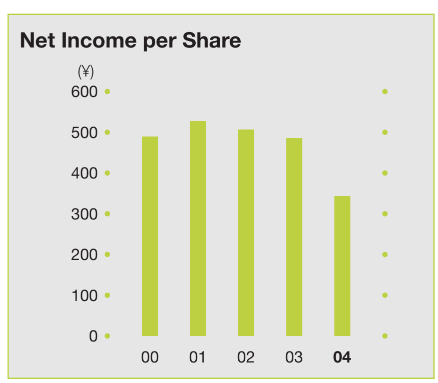
	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
For the Year:			
Total operating income	**¥ 390,981**	¥ 410,619	**$ 3,701,067**
Operating profit	**87,869**	106,958	**831,781**
Income before income taxes	**79,138**	105,806	**749,129**
Net income	**41,576**	60,716	**393,567**
Credit losses including provision for uncollectible loans	**146,413**	124,810	**1,385,958**
At Year-end:			
Total assets	**1,718,721**	1,855,353	**16,269,607**
Consumer loans receivable: Principal	**1,529,055**	1,614,524	**14,474,200**
Total shareholders' equity	**636,667**	618,110	**6,026,763**
Interest-bearing debt	**1,004,033**	1,154,086	**9,504,288**
Allowance for credit losses	**133,877**	115,398	**1,267,293**
Amount per Share (Yen/U.S. Dollars):			
Net income, basic*	**¥ 342.19**	¥ 483.62	**$ 3.25**
Cash dividends	**100.00**	100.00	**0.95**
Shareholders' equity	**5,260.21**	4,952.12	**49.79**

* Based on Japanese accounting standards
Note: U.S. dollar amounts in this annual report are translated from yen, for convenience only, at the rate of ¥105.64 to U.S.$1, the approximate exchange rate at March 31, 2004.









>>An Interview with President Jinnai

Hiroki Jinnai,
President and Representative Director

>>To begin with, would you please summarize Promise's consolidated performance in the fiscal year ended March 2004?

In the past fiscal year, total operating income amounted to ¥391.0 billion, which represents a 4.8% decline year on year. One of the main reasons for this decrease was the exclusion of two previously consolidated subsidiaries—GC and MITSUWAKAI—from our performance due to their divestment in August 2003. For the same reason, the consumer loans outstanding on a consolidated basis at the end of the fiscal year declined 5.3%, to ¥1,529.1 billion. Even ignoring the impact of excluding GC and MITSUWAKAI from consolidation, both total operating income and the consumer loans outstanding decreased slightly, which was a disappointment to us all.

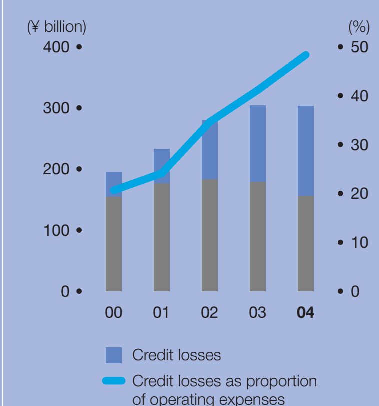
Profitability also fell across the board. We posted operating profit of ¥87.9 billion, a drop of 17.8%, while recurring profit fell 16.8%, to ¥89.9 billion. Net income declined the most, down 31.5%, to ¥41.6 billion. Reduced earnings coupled with no decline in operating expenses, which at ¥303.1 billion were almost the same as last year, were the main reasons behind the deterioration in profitability. In particular, credit losses including provision for uncollectible loans, at ¥146.4 billion, accounted for almost half of operating expenses. Nevertheless, we did succeed in cutting operating expenses other than credit losses by 12.4% year on year thanks to thorough cost reduction efforts.

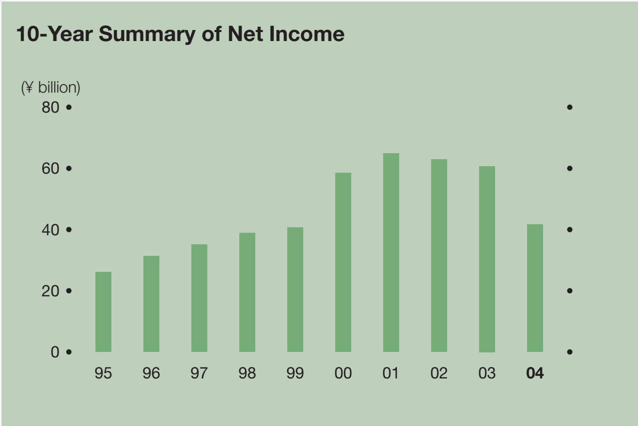
As you may have noticed, the percentage decline in net income was substantially more than the percentage decreases in other profitability figures—even though we recorded extraordinary income of ¥12.9 billion on sales of shares of GC and MITSUWAKAI. The higher percentage decline in net income resulted from an ¥18.7 billion extraordinary loss in special retirement payments booked because of our implementation of a voluntary retirement plan.

>> A full 10 years have passed since the Company listed its shares publicly in September 1993. In terms of that past decade, how do you rate the fiscal year ended March 2004?

From the year we went public through the fiscal year ended March 2001, we chalked up growth in revenues and profits every year. In the following two years, we had to settle for growth in revenues but declines in profits. Mounting credit losses are behind our deteriorating profitability; if you compare credit losses for the year ended March 2001 with the year ended March 2004, they have gone from 25% to about 50% of operating expenses.

Operating Expenses and Credit Losses



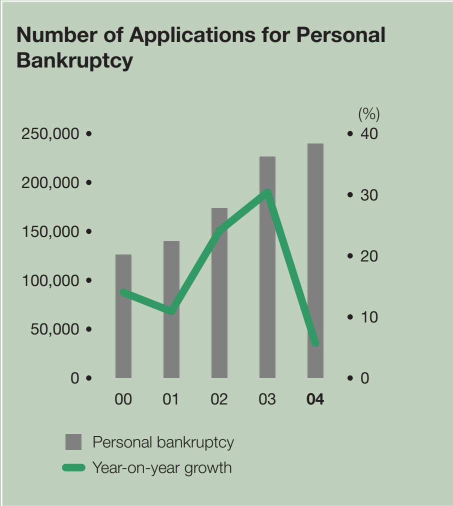


Looking back on that 10-year period, in addition to the profitability decline posted in the year ended March 2003, our first drop in operating income since going public recorded in the year ended March 2004 stands out as a significant turning point. Clearly, rising loan losses and a decline in new customer numbers that began in the fiscal year ended March 2002 are behind the decrease in the consumer loans outstanding. And this, in turn, has led to the drop in operating income. It is my view that we have entered a correction phase for demand, which has shown steady growth over the past 10 years.

>>From what you have said, it seems that credit losses is the management index that has moved the most during the past 10 years. Can you please explain the background to this shift?

The prolonged stagnation in the Japanese economy is, of course, a factor, but if you look at the trends in Japan's consumer finance industry, they indicate a more important aspect—that changes in the legal system have made it easier for individual debtors to file for personal bankruptcy or debt restructuring. For example, since the ban was lifted on advertising by lawyers in October 2000, advertisements encouraging personal bankruptcy and debt restructuring can be found in trains, taxis, and other public transport as well as on lawyers' websites. And, with the revision of the Civil Rehabilitation Law, individuals have been able to file for protection under this law as well since April 2001.

As a result, the number of applications for personal bankruptcy nationwide jumped by 24.1% in the fiscal year ended March 2002 and by 30.4% in the following fiscal year. The rate of growth slowed to 5.7% in the fiscal year ended March 2004, showing signs of finally starting to level out. It seems that we have reached the end of a period of rapid growth in this figure. We anticipate that the number of personal bankruptcies will not vary significantly from its current level in the future.



Source: The Supreme Court

>>In the fiscal year ended March 2004, the Company's consumer loans outstanding declined for the first time since going public. Are there any measures you can take to reestablish loan growth?

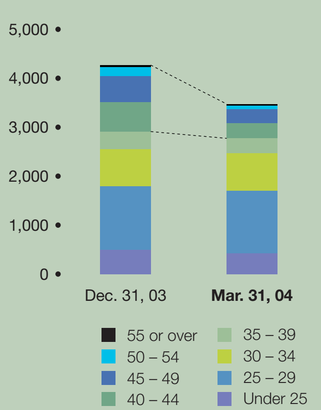
Realizing that there is a correction occurring in demand, we expect consumer loans outstanding in the current fiscal year to be approximately the same as in the past fiscal year. To increase the consumer loans outstanding, we have to acquire new customers and prevent any deterioration in our loan portfolio. These are the eternal issues faced by companies in the consumer finance industry, and I don't think anyone has a simple answer to how to deal with these issues. However, a new television commercial that we first aired in November 2003 has helped to slow the decline in new customers, and we are forecasting our first growth in four years in new customer numbers this fiscal year.

To improve the quality of our loan portfolio, we have been using our "navigation system." While our credit provision system mainly looks at the grouping of customers—in other words, a statistical analysis of their age, family structure, annual earnings, and other factors—our "navigation system" gives greater weight than in the past to information on individual customers, such as the history of their past transactions. Using this system, we are attempting to improve the accuracy of our credit provision.

I see the current fiscal year not as a year in which we have to "step on the gas" to power through our present problems, but as a year in which we will bring our falling total operating income into check and reduce our expenses, effecting a recovery in profitability. In particular, we expect to reduce credit losses by being able to control growth in our loan losses written off. We should also be able to cut personnel costs, the next biggest component of operating expenses after credit losses, thanks to the voluntary retirement plan introduced at the end of the past fiscal year.

>>Promise was the first in Japan's consumer finance industry to introduce a large-scale voluntary retirement plan. Can you please tell us something about its purpose and significance?

Age Distribution of Promise Workforce (Non-consolidated)



Revising the age distribution of our workforce is the foremost objective of the plan. Before initiating the plan, approximately 30% of our employees were 40 years old or over. From 1982 to 1984, companies in the consumer finance industry, including Promise, rapidly expanded their sales networks and hired many people. The employees hired during that period formed a significant bulge in the age distribution of our workforce. Continuing to employ them not only placed a large burden on our cost structure, but it could have potentially dampened the motivation of our younger staff. Friction between these generations of workers is not good for the 40-and-over group either. With that in mind, we decided that, for those older employees who still have the ability to go out and start a new career, the introduction of a voluntary retirement would be advantageous for them as well as for the Company.

Employees 36 years old or over who had worked at least 10 years for Promise were eligible to apply for the plan. Our original estimate was that about 500 people would opt for the plan, but in the end we received 734 applications, and they all retired at the end of the past fiscal year. As a result, the number of employees aged 40 or over fell by almost half, declining to 20% of the age distribution of our workforce. Employees between the ages of 25 and 35 now comprise 60% of the overall workforce, giving us an ideal age distribution.

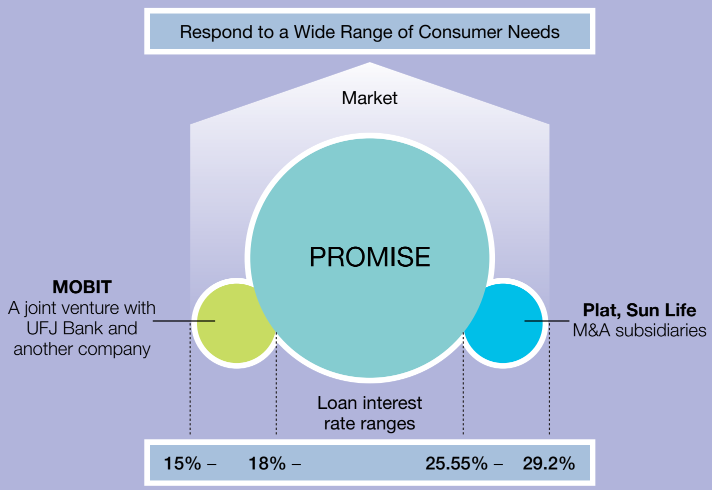
Because a large number of managers retired under the plan, we appointed about 120 new managers in a reassignment of personnel carried out soon after. This action clearly impressed on employees that if they achieve results, they will be rewarded appropriately. I am hoping that this will boost the motivation of our young employees.

>>With the sale of the Company's sales finance subsidiaries, GC and MITSUWAKAI, it would seem that Promise is concentrating its efforts even more on the consumer finance industry. What is your business strategy for the overall Promise Group?

Our full-line interest rate strategy, which addresses the cash needs of a wide range of customers, continues to hold the top spot among our business strategies. The core of this strategy is the 17.8% to 25.55% interest rate products offered by parent company Promise, for which we have consumer loans outstanding totaling ¥1.35 trillion at the end of March 2004. Subsidiaries, Plat and Sun Life, handle slightly higher risk customers, supplying products with a maximum legal interest rate of 29.2%. At the other end of the spectrum, MOBIT, our joint venture with UFJ Bank and another company, serves the needs of lower risk customers, providing loans with interest rates at 15% and 18%. The balances of outstanding loans for our Plat and Sun Life operations and for MOBIT are approximately ¥160.0 billion and ¥170.0 billion, respectively. While these balances are only about one-tenth that of the parent company's loan portfolio, I believe that they continue to have strong growth potential.

I am frequently asked whether our strategy of offering a full lineup of interest rates results in Group companies competing for each other's customers. To be honest, I think this question misses the mark. For example, many credit card and installment sales finance companies offer the same 15% to 18% loans that MOBIT does. As some Promise customers are likely to be also using such companies outside the Promise Group for this range of products, I think that, conversely, using MOBIT as the sole conduit for this type of loan allows us to maximize the number of customers of the Promise Group.

Getting back to GC and MITSUWAKAI, we divested the companies based on our assessment that their current business scale was too small to cope with the capital investment



required for growth. Specifically, we made the decision to sell after considering the substantial capital investment needed to install an IC card compatible system. Although, with the sale of GC, we no longer have a credit card issuer in the Promise Group, this should not be a problem. We will continue our business tie-up with GC and issue credit cards through that company. But now we have the option of forming alliances with other companies to issue our credit cards. We always believed that credit cards are only customer development tools, and we have never thought that the credit card business itself could contribute significantly to profit growth.

>>PROMISE (HONG KONG), in particular, appears to be performing well. How is the Company's international business doing as a whole?

Credit losses have dropped substantially at PROMISE (HONG KONG), driving up recurring profit more than 10 times during the past fiscal year and lifting the company to record profit levels. In contrast to Japan, it has become more difficult for people in Hong Kong to take advantage of the personal bankruptcy system, and it is no longer easy to go bankrupt. That is one reason for the lower credit losses. The maximum legal interest rate in Hong Kong is 48%, and PROMISE (HONG KONG)'s overall yield on its loan is just slightly over 40%. The company's sales areas are currently limited to Hong Kong, but we have our sights set on a move to the mainland. This is an issue for the future, and we are going to do our homework thoroughly on the prospects of such a move.

>>There have been several cases recently in Japan of leaks of large volumes of personal information about customers from companies in business sectors other than your own. After the leaks were discovered, the news impacted very negatively on those companies' performances. Promise also manages a large volume of sensitive personal information. Is it at risk of a similar incident?

Because of the special nature of our business, many of our employees have access to the personal information of customers. Therefore, I cannot say that there is "zero" risk. However, we consistently revise our rules and systems, being careful to ensure that the risk is minimized. For example, whenever the personal information of a customer is printed out, it must be disposed of without fail on the same day. If the information must be retained until the following day, we ensure that it is kept in a fireproof safe overnight.

To protect data, our systems are set up so that employees cannot download customer data to their computers; they can only view it. In addition, storage media, such as optical disks, cannot be used. Personal-use computers, camera phones, and other such devices are banned in the workplace. We have also set our IT division to work on developing a system that can monitor customer data access in real time and automatically lock out access deemed suspect.

Of course, no matter how many rules or obstacles you put in place, as long as people are involved there are no absolutes. In the end, we will have to rely on the heightened awareness of each of our employees of compliance and its importance. And, compliance does account for the lion's share of our employee training programs.

>>On June 21, 2004, Promise announced a strategic alliance with Sumitomo Mitsui Financial Group (SMFG). Would you please explain your reasons for taking this step?

I am convinced that a strategic alliance with SMFG is essential if Promise is to become the number one company in the consumer finance industry in Japan. I have already mentioned that consumer loan demand has entered a correction phase. In considering how to expand our consumer loans outstanding under these circumstances, the brand power, branch network, and customer base of Sumitomo Mitsui Banking Corporation (SMBC) were extremely appealing. For its part, SMFG was very interested in entering the consumer finance business, a growing market. As both sides had the same goal in mind, we went ahead with the deal.

The details of the agreement will be settled over the next few months. At this point, we have agreed that:

1. SMBC and Promise will offer 8% to 12% loans through SMBC's sales channels,
2. SMBC and Promise will jointly finance and set up a new consumer finance company that will supply 15% to 18% loans to the market, and
3. SMBC will take a 15% stake in Promise for the time being, but eventually SMBC will raise that to 20%.

With the implementation of these terms, Promise will come close to completing the full-line interest rate strategy it has been pursuing over the years.

Even if SMBC increases its stake in Promise, the Company will retain its management autonomy; both sides are in agreement on that point. In our joint development of the consumer finance business, Promise—with its superior know-how—will hold the reins. And, as evidence that both sides are equal partners, we have also agreed that profits from businesses covered by the agreement shall be split down the middle.

Major Points of Business Alliance with SMFG

- SMBC and Promise will offer 8% to 12% loans through SMBC's sales channels.
- SMBC and Promise will jointly finance and set up a new consumer finance company that will supply 15% to 18% loans to the market.
- SMFG's subsidiary, The Japan Net Bank Limited (JNB), and Promise will work on concluding a comprehensive business tie-up that will include JNB's loan business.
- SMBC and Promise will undertake joint research on setting up a finance business targeting the small company market.
- SMFG and the Promise Group will carry out an exchange of personnel at all business levels.
- SMFG and Promise will plan further expansion of the scope of the alliance, including cooperation among SMFG members Sumitomo Mitsui Card Co., Ltd., and SAKURA CARD CO., Ltd., and Promise.

>>In closing, do you have a special message for shareholders and investors?

In the fiscal year ended March 2004, Promise posted its first decline in the consumer loans outstanding since going public as well as another drop in total operating income. I have a strong feeling that Promise and the consumer finance industry as a whole have reached a major turning point. In the past fiscal year, we took several decisive steps in recognition of this turning point, such as divesting GC and MITSUWAKAI and implementing a large-scale voluntary retirement plan. Having completed significant cost reduction measures, we are now initiating measures to boost sales. Our strategic alliance with SMFG is the first step in that process. We will continue to not allow ourselves to be hampered by precedent and will implement business strategies with a medium-to-long-term view of the market. In doing so, we are committed to fulfilling the expectations of our shareholders and investors.

July 2004

Hiroki Jinnai,
President and Representative Director

>>Corporate Governance at the Promise Group

>>**As a trusted corporate citizen, the Promise Group seeks to cooperate with society to realize mutual harmony and benefit. We know that, to establish a corporate governance organization that is sound and transparent and to control business risk, it is essential to achieve thorough compliance with laws and regulations as well as with our own corporate rules. To that end, we are working to strengthen and improve our related organizations and systems.**

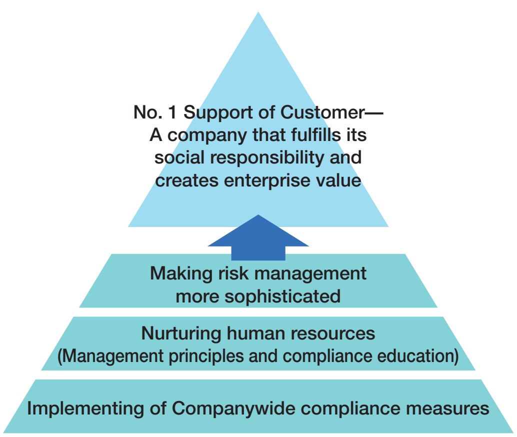
Corporate Governance Organization

In June 2002, Promise introduced an executive officer system to speed up decision making by clarifying the roles of its management and operations officers. In day-to-day business activities, our executive officers now have the final say in the operations of the departments and divisions that they are responsible for. On the other hand, business proposals that run across divisional lines or will have a significant impact outside the Company are discussed and decided by the board of directors. Comprising only six directors, including several with civil service and financial services backgrounds, the Company's board of directors is structured to consider business proposals from diverse points of view to ensure that no single faction of the management team becomes out of hand or makes careless or nearsighted decisions.

To oversee management performance, we make use of our corporate auditor system, which comprises four auditors, two of whom are outside auditors. Monitoring the effectiveness of our internal control system and business execution is the role of our Inspection Department, which carries out scheduled internal inspections of all sections. With the cooperation of our corporate auditors, the Inspection Departments of each of the companies in the Promise Group are strengthening their ties, working to establish a Groupwide internal control system. To ensure that risks directly related to our management and other important information are quickly reported, we are steadily strengthening our organization.

In addition, under the direct guidance of the president, we carry out energetic investor relations activities at home and abroad, actively promoting understanding of our corporate activities.

Promise's Compliance Strategy



Achieving Thorough Compliance

With incidents of corporate leakage of personal information occurring one after the other in Japan, the compliance systems of companies and even the morality of their officers and employees are being called into question by consumers. These incidents have also drawn attention from a legal aspect because of revisions in the Money-Lending Business Control and Regulation Law and the Capital Subscription Law, which govern the consumer finance industry, and the recent enforcement of Japan's law protecting personal information. Against this backdrop, the Company is stressing the necessity within the Promise Group of giving high priority to and adhering to compliance more than ever before. Using its corporate ethics as a foundation, Promise is sophisticating its risk management and promoting thorough adherence to its compliance system throughout the Company.

Until now, Promise has worked to infuse awareness of the compliance system Companywide by producing a code of ethics, holding in-house training sessions, and introducing other initiatives. However, to further heighten the awareness of individual employees, we are taking steps to increase employees' understanding of compliance, centered on our Compliance Department, which was established in October 2001. These measures include an active educational program and the use of our internal publications.

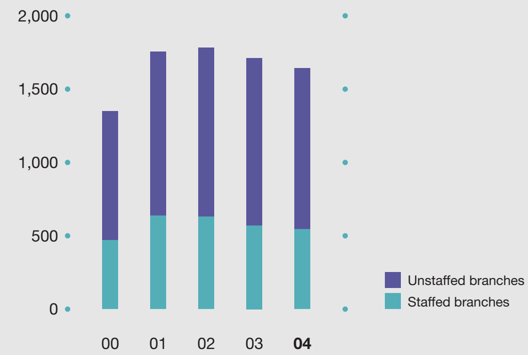
For example, by focusing on compliance education as the core of our human resource nurturing efforts, we are encouraging employees to become qualified in this area by taking the Compliance Officer Certification Examination (Consumer Finance Course), which has been sponsored by Kinzai Institute for Financial Affairs, Inc., since 2003. As of June 2003, 1,171 of our employees have passed this examination. Through this and other measures, the concept of compliance is steadily becoming part of our corporate culture.

Moreover, a total of 121 compliance managers and 590 compliance administrators have been positioned in each section and department of Group companies. Our compliance staff check to make certain that rules are adhered to in each of our places of business.

Promise Code of Ethics Guidebook

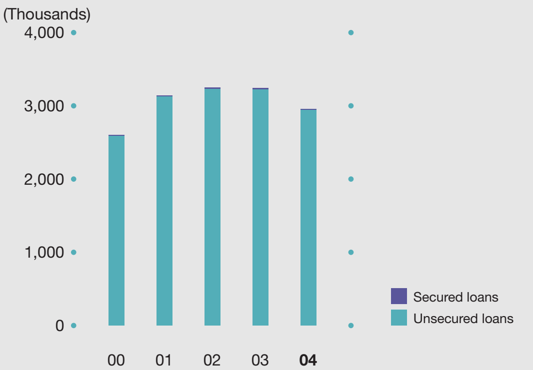
Promise Group's Business Indicators

1. Number of Unsecured Loan Branches



	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of unsecured loan branches	1,352	1,755	1,785	1,711	**1,644**
Staffed branches	470	637	630	570	**544**
Unstaffed branches	882	1,118	1,155	1,141	**1,100**
Number of ATMs and CDs	1,909	2,182	2,208	2,105	**1,782**
Number of automated contract machines	1,297	1,645	1,651	1,556	**1,503**
Number of loan processing machines	—	—	—	—	**123**

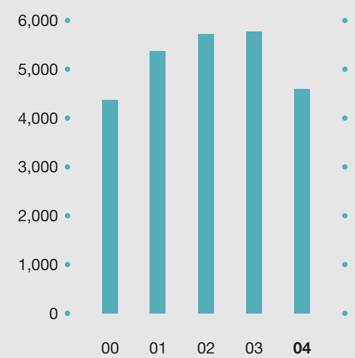
2. Number of Accounts



(Thousands)

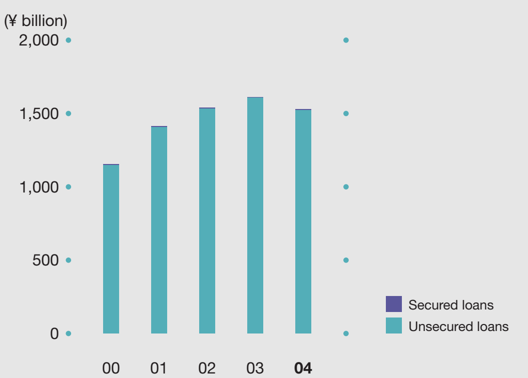
	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of accounts	2,588	3,129	3,233	3,227	**2,941**
Year-on-year growth (%)	—	*20.9*	*3.3*	*–0.2*	***–8.9***
Individual customers	2,588	3,129	3,233	3,227	**2,941**
Unsecured loans	2,585	3,126	3,230	3,225	**2,939**
Secured loans	2	2	2	2	**2**
Corporate customers	0	0	0	0	**—**
Unsecured loans	—	—	—	0	**—**
Secured loans	0	0	0	—	**—**

3. Number of Employees



	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of employees	4,372	5,376	5,723	5,773	**4,599**

4. Consumer Loans Outstanding

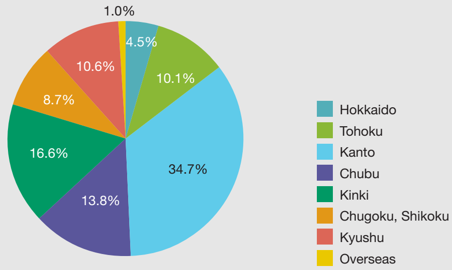


(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Consumer loans outstanding	1,159,253	1,418,656	1,543,288	1,614,524	**1,529,055**
Year-on-year growth (%)	—	*22.4*	*8.8*	*4.6*	***–5.3***
Individual customers	1,155,154	1,414,999	1,540,288	1,613,500	**1,529,055**
Unsecured loans	1,147,310	1,406,327	1,532,578	1,607,121	**1,523,667**
Secured loans	7,843	8,671	7,710	6,378	**5,387**
Corporate customers	4,098	3,656	3,000	1,023	**—**
Unsecured loans	—	—	—	1,023	**—**
Secured loans	4,098	3,656	3,000	—	**—**

5. Unsecured Loans Outstanding, by Area

(As of March 31, 2004)

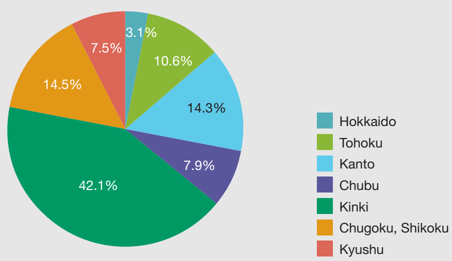


(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Unsecured loans outstanding	1,147,310	1,406,327	1,532,578	1,608,145	**1,523,667**
Domestic	1,139,233	1,393,576	1,514,506	1,592,396	**1,507,734**
Hokkaido	53,072	70,779	73,831	75,114	**68,663**
Tohoku	123,369	146,932	152,743	160,028	**153,446**
Kanto	379,436	474,849	526,717	565,624	**528,783**
Chubu	158,265	184,857	198,731	212,390	**210,530**
Kinki	208,861	253,076	267,302	273,141	**252,723**
Chugoku, Shikoku	82,930	105,151	132,012	136,285	**132,112**
Kyushu	133,297	157,930	163,167	169,812	**161,474**
Overseas	8,077	12,750	18,071	15,748	**15,932**
Hong Kong	8,077	12,750	18,071	15,748	**15,932**

6. Secured Loans Outstanding, by Area

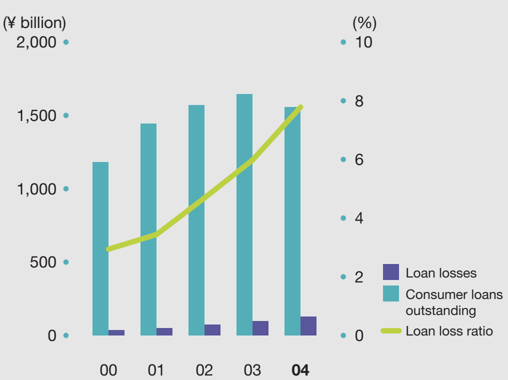
(As of March 31, 2004)



(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Secured loans outstanding	11,942	12,328	10,710	6,378	**5,387**
Hokkaido	152	205	254	232	**167**
Tohoku	953	924	793	648	**572**
Kanto	5,564	4,339	3,980	784	**768**
Chubu	747	754	617	542	**423**
Kinki	3,800	4,036	3,469	2,810	**2,270**
Chugoku, Shikoku	681	1,692	1,093	910	**783**
Kyushu	42	374	501	450	**402**

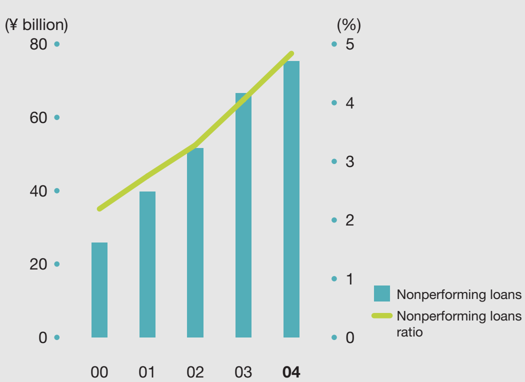
7. Loan Losses



(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Consumer loans outstanding	1,159,253	1,418,656	1,543,288	1,614,524	**1,529,055**
Loan losses	34,088	48,789	72,324	96,608	**119,571**
Loan loss ratio (%)	2.94	3.44	4.69	5.98	**7.82**
Credit losses	40,030	55,990	96,996	124,810	**146,413**
Provision for uncollectible loans	40,030	55,990	86,215	114,733	**136,525**
Additional expense for loan losses	—	—	10,780	10,077	**9,887**
Collection of written-off loans	6,957	8,518	7,920	6,537	**5,384**

8. Nonperforming Loans

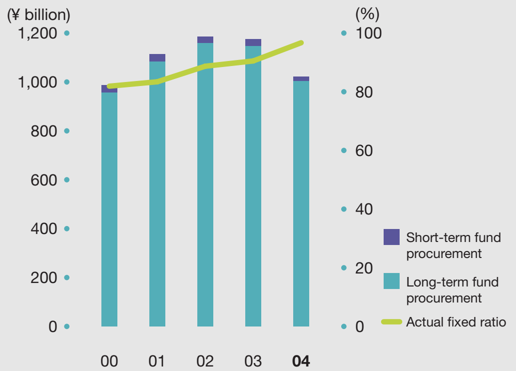


(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Consumer loans outstanding	1,159,253	1,418,656	1,543,288	1,614,524	**1,529,055**
Nonperforming loans	25,387	38,992	50,625	65,402	**74,007**
Nonperforming loans ratio (%)	2.19	2.75	3.28	4.05	**4.84**
Credits of bankrupt borrowers	129	109	2,648	4,437	**1,694**
Delinquent loans	118	171	706	699	**601**
Delinquent loans three months or more past the due date	5,517	7,924	9,842	13,849	**13,858**
Restructured loans	19,623	30,788	37,429	46,417	**57,854**

Promise Group's Fund Procurement

9. Fund Procurement



The Company procures long-term borrowings at fixed interest rates, taking into account market interest rates. At March 31, 2004, the Company's actual fixed ratio stood at 96.7%, including corporate bonds.

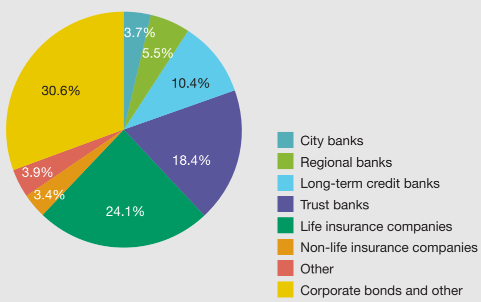
(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Total fund procurement (interest-bearing debt)	970,598	1,094,274	1,164,873	1,154,086	**1,004,033**
Short-term fund procurement	29,846	29,158	24,855	26,990	**17,392**
Ratio of short-term fund procurement (%)	3.1	2.7	2.1	2.3	**1.7**
Short-term borrowings	23,216	24,090	19,835	24,395	**15,423**
Commercial paper (CP)	6,630	5,068	5,020	2,595	**1,969**
Long-term fund procurement	940,752	1,065,117	1,140,017	1,127,096	**986,641**
Ratio of long-term fund procurement (%)	96.9	97.3	97.9	97.7	**98.3**
Long-term borrowings	755,752	808,117	828,017	805,096	**681,641**
Fixed interest rate	477,197	512,990	572,877	581,308	**513,917**
Variable interest rate	278,555	295,127	255,140	223,787	**167,724**
Of which, interest rate swaps and caps	142,907	162,806	168,509	161,419	**171,562**
Straight bonds	185,000	257,000	312,000	322,000	**305,000**
Of which, floating rate notes	10,000	20,000	20,000	20,000	**20,000**
Convertible bonds	—	—	—	—	**—**
Actual fixed ratio (%)	81.9	83.4	88.7	90.5	**96.7**
Average interest rate on fund procurement	2.49	2.43	2.09	2.01	**1.80**

Notes: 1. Actual fixed ratio = (long-term borrowings at fixed interest rates + long-term borrowings with interest rate swaps and caps + straight bonds + convertible bonds) ÷ total fund procurement
2. Figures include interest on bonds and commercial paper but exclude commission payments on interest rate swaps and caps.

10. Fund Procurement, by Category

(As of March 31, 2004)



Since 1996, the Company has issued corporate bonds and commercial paper to diversify its fund procurement sources. At March 31, 2004, corporate bonds and CP as a percentage of total fund procurement was 30.6%.

(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Total fund procurement (interest-bearing debt)	970,598	1,094,274	1,164,873	1,154,086	**1,004,033**
Total borrowings	778,968	832,207	847,852	829,491	**697,064**
City banks	28,653	35,019	44,120	48,340	**37,500**
Regional banks	36,962	38,934	61,403	70,127	**54,790**
Long-term credit banks	115,022	114,874	117,010	114,843	**104,540**
Trust banks	229,463	229,003	216,219	203,120	**185,168**
Non-Japanese banks	12,846	38,676	64,074	59,370	**16,201**
Credit associations	1,520	4,128	7,252	11,691	**10,957**
Prefectural credit federations of agricultural cooperatives	—	—	3,000	4,442	**5,873**
Life insurance companies	282,933	271,962	273,513	265,107	**241,651**
Non-life insurance companies	51,344	46,200	43,609	40,048	**33,802**
Leasing, finance, and other companies	20,225	53,411	17,653	12,399	**6,581**
Corporate bonds and other	191,630	262,068	317,020	324,595	**306,969**
Straight bonds	185,000	257,000	312,000	322,000	**305,000**
Convertible bonds	—	—	—	—	**—**
Commercial paper (CP)	6,630	5,068	5,020	2,595	**1,969**

Subsidiaries and Affiliate

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Consolidated subsidiaries	7	9	11	10	**8**
Affiliate accounted for under the equity method	—	1	1	1	**1**

For more information about consolidated subsidiaries and equity-method affiliate company, please refer to page 56.

Reference

As of March 31, 2001
- April 2000 Acquired Shinkou Co., Ltd.
- May 2000 Acquired Rich Co., Ltd.
- December 2000 Liquidated PAL Research Center Co., Ltd.
- January 2001 Made TOWA Co., Ltd., a wholly owned subsidiary

As of March 31, 2002
- December 2001 Acquired Sun Life Co., Ltd.
- Included System Trinity Co., Ltd., in consolidation from fiscal 2002.

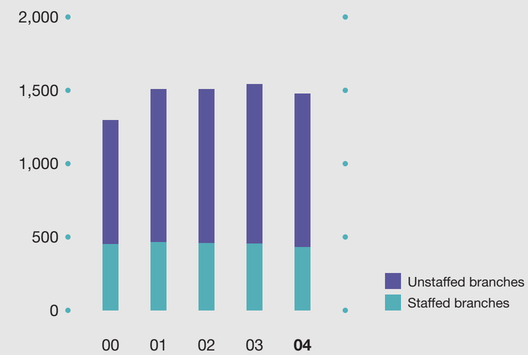
As of March 31, 2003
- April 2002 Established Plat Corporation through the merger of Rich, Shinkou, and TOWA. Acquired MITSUWAKAI Co., Ltd., by GC Co., Ltd.

As of March 31, 2004
- July 2003 In Taiwan, Liang Jing Co., Ltd. and Yuukei Co., Ltd. were merged with Liang Jing as the continuing company.
- August 2003 GC and MITSUWAKAI were excluded from consolidation, when the Company sold all stocks of GC to General Electric Capital Consumer Finance Co., Ltd. (currently GE Consumer Finance Co., Ltd.).
- Included PAL Servicer Co., Ltd., in consolidation from fiscal 2004.

>>Data Section (Non-Consolidated Basis)

Promise's Business Indicators

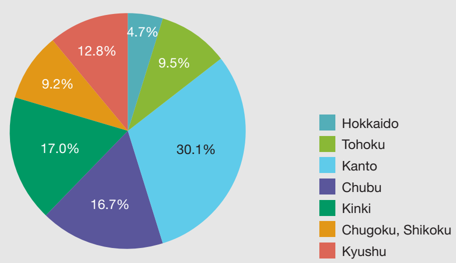
11. Number of Unsecured Loan Branches



	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of unsecured loan branches	1,299	1,507	1,510	1,541	**1,478**
Staffed branches	451	466	457	455	**430**
Unstaffed branches	848	1,041	1,053	1,086	**1,048**
Number of automated contract machines	1,258	1,458	1,462	1,493	**1,440**
Number of loan processing machines	—	—	—	—	**123**

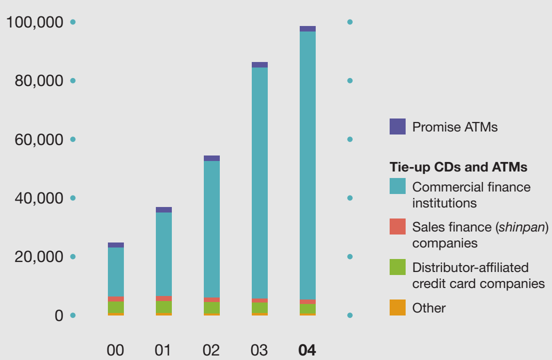
12. Number of Unsecured Loan Branches, by Area

(As of March 31, 2004)



	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of unsecured loan branches	1,299	1,507	1,510	1,541	**1,478**
Hokkaido	63	67	69	71	**69**
Tohoku	132	148	148	148	**141**
Kanto	399	463	459	471	**445**
Chubu	200	259	243	249	**247**
Kinki	238	249	263	267	**251**
Chugoku, Shikoku	117	140	140	140	**136**
Kyushu	150	181	188	195	**189**

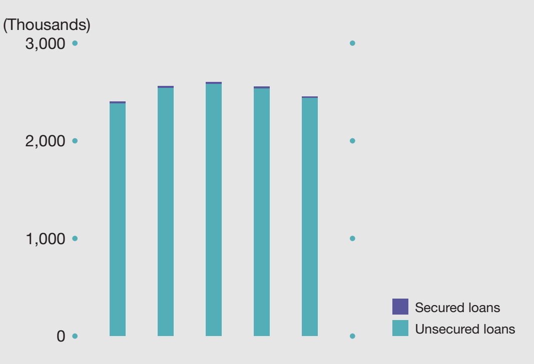
13. Number of Channels



	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of channels	24,843	36,865	54,491	86,326	**98,554**
Promise ATMs	1,590	1,777	1,808	1,839	**1,725**
Tie-up CDs and ATMs	23,253	35,088	52,683	84,487	**96,829**
Commercial finance institutions	16,715	28,507	46,545	78,701	**91,414**
Sales finance (*shinpan*) companies	1,729	1,632	1,581	1,321	**1,437**
Distributor-affiliated credit card companies	4,048	4,207	3,875	3,693	**3,341**
Other	761	742	682	772	**637**
Intermediaries:					
Convenience stores*	5,532	5,798	14,069	14,300	**14,614**

* Started tie-ups with FamilyMart Co., Ltd., on September 21, 1998; with Lawson, Inc., on August 27, 2001; and with Three F Co., Ltd., on March 4, 2002.

14. Number of Customers

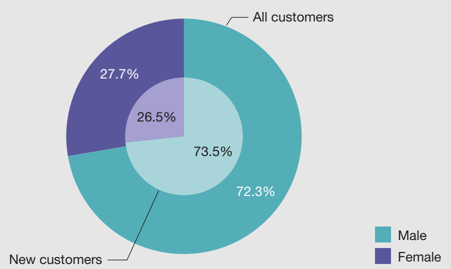


(Thousands)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of customers	2,384	2,544	2,583	2,538	**2,441**
Year-on-year growth (%)	*6.3*	*6.7*	*1.5*	*–1.7*	***–3.8***
Unsecured loans	2,381	2,541	2,581	2,536	**2,439**
Secured loans	2	2	2	2	**1**

15. Number of Unsecured Loan Customers, by Gender

(As of March 31, 2004)

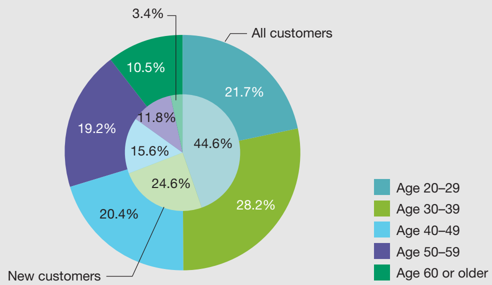


(Thousands)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
All customers	2,381	2,541	2,581	2,536	**2,439**
Male	1,712	1,823	1,850	1,824	**1,763**
Female	669	718	730	712	**675**
New customers	430	473	410	339	**300**
Male	311	336	295	246	**220**
Female	119	136	115	92	**79**

16. Number of Unsecured Loan Customers, by Age

(As of March 31, 2004)

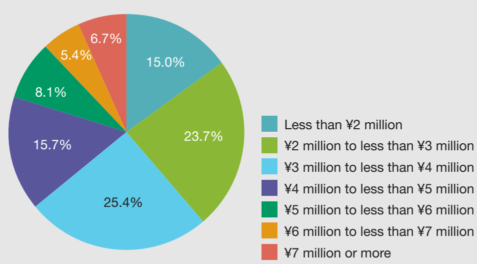


(Thousands)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
All customers	2,381	2,541	2,581	2,536	**2,439**
Age 20–29	619	642	624	581	**529**
Age 30–39	622	673	695	699	**688**
Age 40–49	518	535	533	519	**497**
Age 50–59	424	468	485	484	**467**
Age 60 or older	196	221	242	252	**256**
New customers	430	473	410	339	**300**
Age 20–29	195	202	176	147	**134**
Age 30–39	95	104	92	80	**73**
Age 40–49	73	81	67	54	**46**
Age 50–59	52	65	56	43	**35**
Age 60 or older	14	20	17	13	**10**

17. Number of Unsecured Loan New Customers, by Annual Income

(As of March 31, 2004)

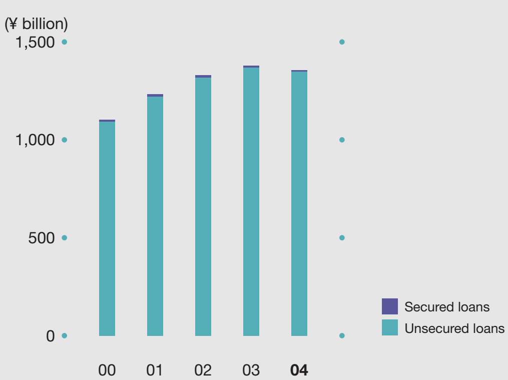


(Thousands)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
New customers	430	473	410	339	**300**
Less than ¥2 million	50	60	57	50	**45**
¥2 million to less than ¥3 million	94	104	92	78	**71**
¥3 million to less than ¥4 million	107	115	100	84	**76**
¥4 million to less than ¥5 million	73	78	65	53	**47**
¥5 million to less than ¥6 million	40	44	36	28	**24**
¥6 million to less than ¥7 million	27	29	24	19	**16**
¥7 million or more	36	39	32	24	**20**

Customers with annual incomes of up to ¥7 million accounted for slightly more than 90% of all new customers. Of the 44.7 million private-sector wage earners in Japan, approximately 37.9 million fall into this income range (National Tax Agency data, 2002), indicating substantial latent demand.

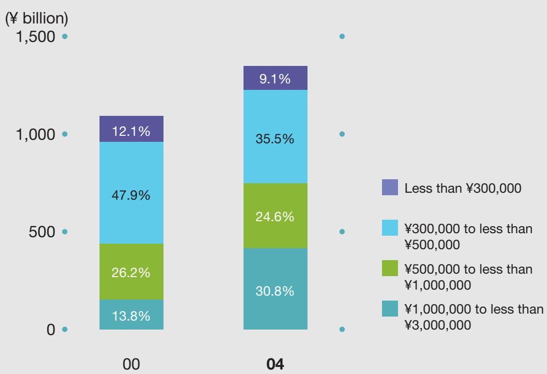
18. Consumer Loans Outstanding



(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Consumer loans outstanding	1,100,546	1,228,026	1,324,663	1,375,693	**1,352,847**
Year-on-year growth (%)	*12.7*	*11.6*	*7.9*	*3.9*	***–1.7***
Unsecured loans	1,093,725	1,220,447	1,317,203	1,369,570	**1,347,657**
Year-on-year growth (%)	*13.0*	*11.6*	*7.9*	*4.0*	***–1.6***
Secured loans	6,820	7,578	7,460	6,122	**5,189**
Year-on-year growth (%)	*–21.9*	*11.1*	*–1.6*	*–17.9*	***–15.2***

19. Unsecured Loans Outstanding, by Amount of Account

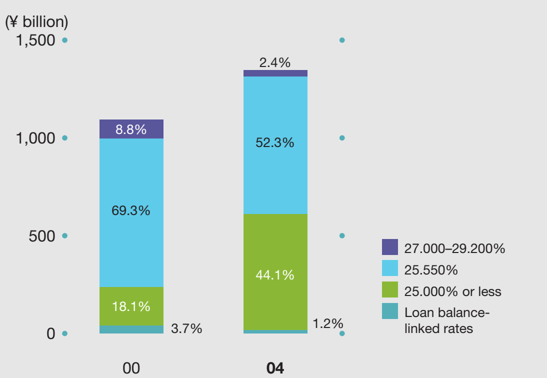


(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Unsecured loans outstanding	1,093,725	1,220,447	1,317,203	1,369,570	**1,347,657**
Less than ¥300,000	132,653	136,012	129,644	127,998	**122,504**
¥300,000 to less than ¥500,000	523,353	534,997	526,743	491,887	**478,650**
¥500,000 to less than ¥1,000,000	286,740	335,458	387,484	353,592	**331,288**
¥1,000,000 to less than ¥3,000,000	150,977	213,978	273,330	396,092	**415,213**

The percentage of accounts with outstanding balances greater than ¥1,000,000 has risen over the years due to an increase in the number of customers with superior credit ratings who have been provided with comparatively high credit lines.

20. Unsecured Loans Outstanding, by Interest Rate



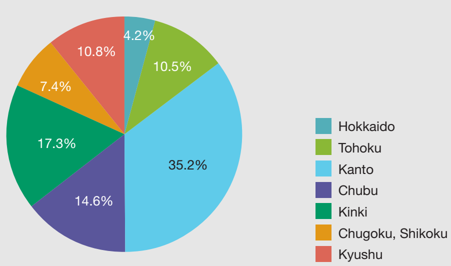
(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Unsecured loans outstanding	1,093,725	1,220,447	1,317,203	1,369,570	**1,347,657**
Flat rates					
*29.200%	72,475	55,745	43,126	32,934	**25,622**
*27.000%	23,628	17,093	12,679	9,240	**7,027**
25.550%	758,304	807,886	803,079	739,727	**704,373**
25.000%	2,676	21,246	46,439	51,158	**55,191**
24.500%	—	14,006	40,078	61,313	**73,465**
23.900%	29,324	39,406	51,830	70,626	**80,390**
23.500%	—	6,455	18,121	35,407	**36,725**
22.995%	115,310	137,179	156,558	171,073	**158,026**
14.600–22.500%	51,055	88,091	118,435	177,936	**189,042**
Less than 13.500%	—	—	—	—	**1,680**
Loan balance-linked rates					
*23.200–29.200%	14,023	10,715	8,530	6,523	**5,268**
*23.725–25.550%	13,880	11,804	9,629	7,075	**5,633**
*22.675–25.550%	11,847	9,849	7,934	5,918	**4,707**
Other	1,200	968	760	634	**502**

Notes: 1. * refers to discontinued products.
2. Loan balance-linked rates are applied to unsecured loans according to the amount of the loan outstanding.

21. Unsecured Loans Outstanding, by Area

(As of March 31, 2004)

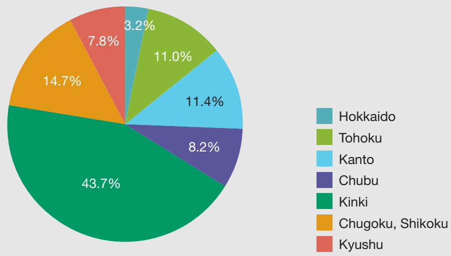


(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Unsecured loans outstanding	1,093,725	1,220,447	1,317,203	1,369,570	**1,347,657**
Hokkaido	53,072	56,157	58,823	60,220	**57,156**
Tohoku	115,759	129,422	136,177	140,225	**141,064**
Kanto	347,844	396,192	442,074	472,986	**473,993**
Chubu	156,795	173,218	188,281	198,086	**196,658**
Kinki	204,026	228,954	242,275	244,682	**233,509**
Chugoku, Shikoku	82,930	93,377	100,812	103,125	**99,940**
Kyushu	133,297	143,125	148,757	150,243	**145,334**

22. Secured Loans Outstanding, by Area

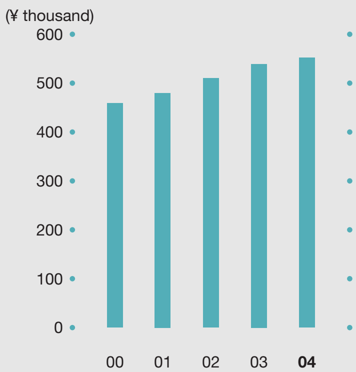
(As of March 31, 2004)



(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Secured loans outstanding	6,820	7,578	7,460	6,122	**5,189**
Hokkaido	152	205	254	232	**167**
Tohoku	953	924	793	648	**572**
Kanto	1,119	918	787	639	**591**
Chubu	747	754	617	482	**423**
Kinki	3,123	3,607	3,469	2,794	**2,270**
Chugoku, Shikoku	681	792	1,036	875	**762**
Kyushu	42	374	501	450	**402**

23. Unsecured Loans Outstanding per Customer

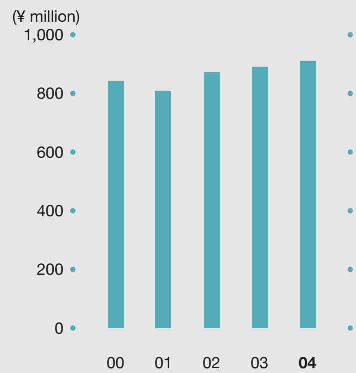


(¥ thousand)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Unsecured loans outstanding per customer	459	480	510	539	**552**

Note: Unsecured loans outstanding per customer = unsecured loans outstanding (year-end) ÷ the number of customers (year-end)

24. Unsecured Loans Outstanding per Branch

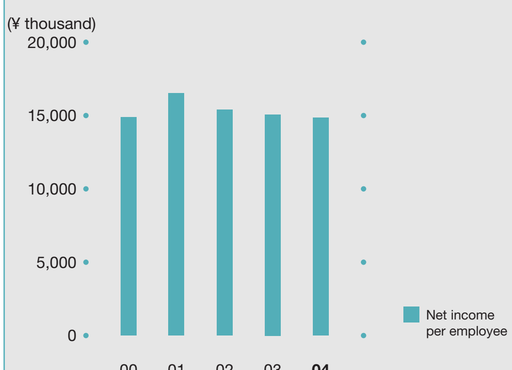


(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Unsecured loans outstanding per branch	841	809	872	888	**911**

Note: Unsecured loans outstanding per branch = unsecured loans outstanding (year-end) ÷ the number of unsecured loan branches (year-end)

25. Per Employee Data



	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of employees	3,847	3,844	3,979	4,075	**3,323**
Male	2,205	2,198	2,249	2,322	**1,778**
Female	1,642	1,646	1,730	1,753	**1,545**
Loans outstanding per employee (¥ million)	286	319	332	337	**407**
Net income per employee (¥ thousand)	14,878	16,524	15,393	15,070	**14,841**

Notes: 1. Part-time, temporary, and seconded employees are not included in the above figures.
2. Loans outstanding per employee = consumer loans outstanding (year-end) ÷ number of employees (year-end)
3. Net income per employee = non-consolidated net income ÷ number of employees (year-end)

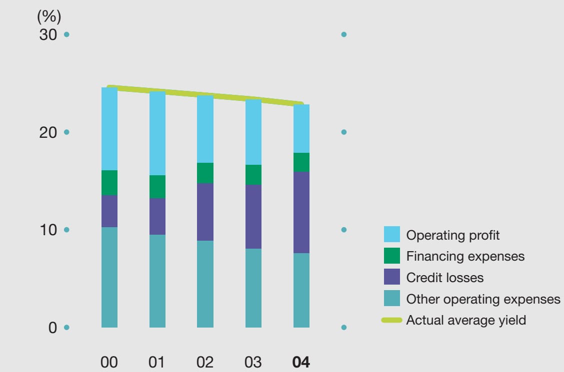
At March 31, 2004, the average age of employees was 31.8 years (35.1 for males and 28.0 for females), while the average period of continuous service was 8.0 years (10.7 for males and 4.9 for females).

26. Actual Average Yield of Unsecured Loans

(%)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Actual average yield of unsecured loans	24.63	24.24	23.83	23.41	**22.87**

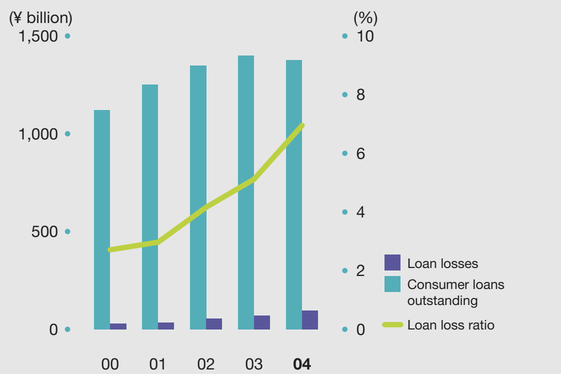
27. Ratio of Expenses to Actual Average Yield



(%)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Actual average yield	24.57	24.18	23.78	23.37	**22.84**
Operating expenses	16.09	15.61	16.88	16.69	**17.90**
Financing expenses	2.51	2.39	2.09	2.05	**1.94**
Credit losses	3.35	3.75	5.94	6.57	**8.39**
Other operating expenses	10.23	9.47	8.85	8.07	**7.57**
Operating profit	8.47	8.57	6.89	6.67	**4.94**

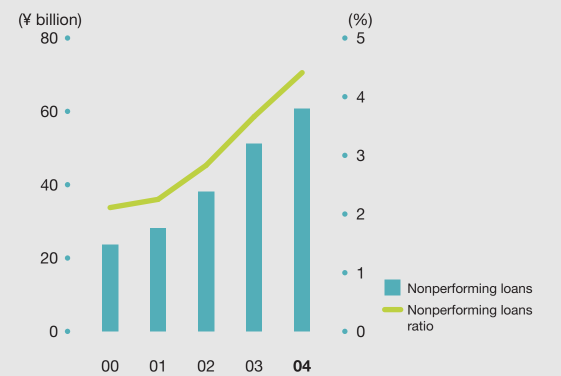
28. Loan Losses



(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Consumer loans outstanding	1,100,546	1,228,026	1,324,663	1,375,693	**1,352,847**
Loan losses	29,815	36,437	55,126	70,462	**93,955**
Unsecured loans	29,801	36,390	54,948	69,984	**93,585**
Secured loans	13	47	178	478	**369**
Loan loss ratio (%)	2.71	2.97	4.16	5.12	**6.95**
Credit losses	34,866	43,827	76,627	89,463	**115,255**
Provision for uncollectible loans	34,866	43,827	67,726	86,815	**108,017**
Additional expense for loan losses	—	—	8,900	2,647	**7,237**
Collection of written-off loans	6,299	7,173	6,419	5,376	**4,522**

29. Nonperforming loans

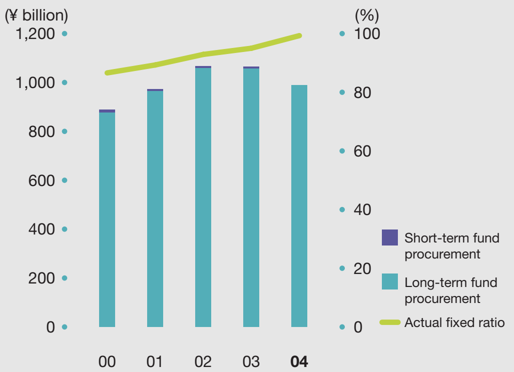


(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Consumer loans outstanding	1,100,546	1,228,026	1,324,663	1,375,693	**1,352,847**
Nonperforming loans	23,245	27,689	37,441	50,296	**59,681**
Nonperforming loans ratio (%)	2.11	2.25	2.83	3.66	**4.41**
Credits of bankrupt borrowers	—	—	1,195	2,579	**1,135**
Delinquent loans	—	—	151	127	**160**
Delinquent loans three months or more past the due date	5,054	6,085	7,610	10,583	**11,132**
Restructured loans	18,190	21,603	28,485	37,006	**47,254**

Promise's Fund Procurement

30. Fund Procurement



The Company procures long-term borrowings at fixed interest rates, taking into account market interest rates. At March 31, 2004, the Company's actual fixed ratio stood at 99.3%, including corporate bonds.

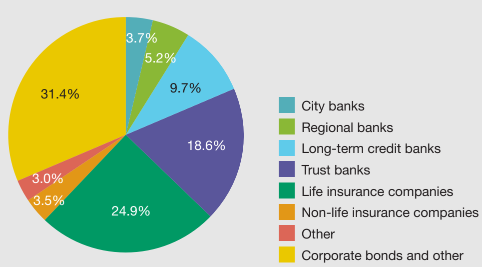
(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Total fund procurement (interest-bearing debt)	869,676	952,354	1,042,619	1,039,912	**971,632**
Short-term fund procurement	6,400	4,900	1,300	1,000	**—**
Ratio of short-term fund procurement (%)	0.7	0.5	0.1	0.1	**—**
Short-term borrowings	6,400	4,900	1,300	1,000	**—**
Commercial paper (CP)	—	—	—	—	**—**
Long-term fund procurement	863,276	947,454	1,041,319	1,038,912	**971,632**
Ratio of long-term fund procurement (%)	99.3	99.5	99.9	99.9	**100.0**
Long-term borrowings	678,276	692,454	731,318	718,912	**666,632**
Fixed interest rate	436,504	454,462	520,303	533,903	**513,917**
Variable interest rate	241,772	237,992	211,015	185,008	**152,714**
Of which, interest rate swaps and caps	141,720	160,600	158,000	154,000	**165,934**
Straight bonds	185,000	255,000	310,000	320,000	**305,000**
Of which, floating rate notes	10,000	20,000	20,000	20,000	**20,000**
Convertible bonds	—	—	—	—	**—**
Actual fixed ratio (%)	86.6	89.3	92.9	95.0	**99.3**
Average interest rate on fund procurement	2.40	2.24	1.94	1.90	**1.76**

Notes: 1. Actual fixed ratio = (long-term borrowings at fixed interest rates + long-term borrowings with interest rate swaps and caps + straight bonds + convertible bonds) ÷ total fund procurement
2. Figures include interest on bonds and commercial paper but exclude commission payments on interest rate swaps and caps.

31. Fund Procurement, by Category

(As of March 31, 2004)



Since 1996, the Company has issued corporate bonds and commercial paper to diversify its fund procurement sources. At March 31, 2004, corporate bonds and CP as a percentage of total fund procurement was 31.4%.

(¥ million)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Total fund procurement (interest-bearing debt)	869,676	952,354	1,042,619	1,039,912	**971,632**
Total borrowings	684,676	697,354	732,618	719,912	**666,632**
City banks	15,460	18,719	28,362	33,409	**36,327**
Regional banks	33,104	34,575	50,909	58,775	**50,763**
Long-term credit banks	105,204	105,204	106,832	94,665	**94,540**
Trust banks	214,783	209,308	198,093	187,141	**180,681**
Non-Japanese banks	2,260	23,940	22,200	24,000	**7,000**
Credit associations	1,520	2,620	5,500	9,125	**9,413**
Prefectural credit federations of agricultural cooperatives	—	—	3,000	4,442	**5,873**
Life insurance companies	263,327	256,390	263,553	258,326	**241,651**
Non-life insurance companies	46,678	43,578	43,233	40,048	**33,802**
Leasing, finance, and other companies	2,340	3,020	10,936	9,980	**6,581**
Corporate bonds and other	185,000	255,000	310,000	320,000	**305,000**
Straight bonds	185,000	255,000	310,000	320,000	**305,000**
Convertible bonds	—	—	—	—	**—**
Commercial paper (CP)	—	—	—	—	**—**

Promise's Bond Issues (As of March 31, 2004)

Type	Date Issued	Face Amount (¥ million)	Maturity Date	Coupon Rate (%)	Rating	Purpose
Straight bonds	May 12, 1999	20,000	May 12, 2004	2.03	A+ (R&I)	Tax funding
Straight bonds	May 26, 1999	10,000	May 26, 2004	1.79	A+ (R&I)	Tax funding and other
Straight bonds	Jul. 7, 1999	10,000	Jul. 7, 2005	2.27	A+ (R&I)	Consumer loans funding
Straight bonds	Jul. 28, 1999	20,000	Jul. 28, 2006	2.51	A+ (R&I)	Consumer loans funding
Straight bonds	Nov. 10, 1999	10,000	Nov. 10, 2009	2.95	A (R&I)	Consumer loans funding
Straight bonds	Feb. 15, 2000	15,000	Feb. 15, 2010	2.56	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Mar. 22, 2000	10,000	Mar. 22, 2005	Floating rate note (Six-month yen LIBOR+0.5%)	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Apr. 26, 2000	10,000	Apr. 25, 2008	2.27	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	May 31, 2000	10,000	Jun. 1, 2012	2.90	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Jun. 14, 2000	20,000	Jun. 14, 2007	2.04	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Oct. 6, 2000	10,000	Oct. 6, 2005	2.08	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Nov. 21, 2000	10,000	Nov. 21, 2005	Floating rate note (Six-month yen LIBOR+0.75%)	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds (Retail)	Feb. 1, 2001	10,000	Feb. 1, 2005	1.75	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Apr. 25, 2001	10,000	Apr. 25, 2006	1.70	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Jun. 13, 2001	10,000	Jun. 13, 2008	1.74	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds (Retail)	Aug. 10, 2001	15,000	Aug. 10, 2006	1.20	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Sep. 26, 2001	10,000	Sep. 26, 2008	1.63	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Oct. 23, 2001	20,000	Oct. 23, 2007	1.40	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds (Retail)	Dec. 11, 2001	20,000	Dec. 9, 2005	0.92	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	May 29, 2002	10,000	May 29, 2007	1.47	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Jun. 24, 2002	10,000	Jun. 24, 2009	2.05	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds	Jul. 31, 2002	10,000	Jul. 30, 2010	2.29	AA– (JCR) A (R&I)	Consumer loans funding
Straight bonds (Retail)	Dec. 4, 2002	10,000	Dec. 4, 2006	1.00	A+ (JCR) A (R&I)	Consumer loans funding
Straight bonds	Jun. 4, 2003	15,000	Jun. 4, 2013	1.37	A+ (JCR) A (R&I)	Consumer loans funding

Note: Ratings are those published by JCR (Japan Credit Rating Agency, Ltd.) and R&I (Rating and Investment Information, Inc.) and are as of the respective date issued.

Ratings of Promise (As of March 31, 2004)

	Long-Term Bond	Short-Term Bond
Japan Credit Rating Agency, Ltd.	A+	J-1
Rating and Investment Information, Inc.	A	a-1
Moody's Investors Service, Inc.	Baa1	—
Standard & Poor's Corporation	BBB+	A-2

>>Industry Data

New Consumer Credit, by Type of Lender

(¥100 million / %)

	1998/12	YOY	1999/12	YOY	2000/12	YOY	2001/12	YOY	**2002/12**	**YOY**
Consumer credit	760,811	–0.6	731,252	–3.9	735,868	0.6	740,963	0.7	**728,225**	**–1.7**
Sales on credit	330,469	0.0	332,667	0.7	346,490	4.2	355,015	2.5	**363,459**	**2.4**
Consumer finance	430,342	–1.0	398,585	–7.4	389,378	–2.3	385,948	–0.9	**364,766**	**–5.5**
Of which, consumer loans	232,100	0.9	228,669	–1.5	236,050	3.2	246,716	4.5	**244,656**	**–0.8**
Commercial finance institutions	49,343	–11.1	39,788	–19.4	41,126	3.4	39,858	–3.1	**40,448**	**1.5**
Consumer finance companies (including Promise)	91,404	9.4	94,966	3.9	99,811	5.1	106,327	6.5	**101,917**	**–4.1**
Sales finance (*shinpan*) companies	37,285	–5.7	38,733	3.9	39,768	2.7	42,444	6.7	**43,353**	**2.1**
Bank-affiliated credit card companies	31,294	4.6	31,614	1.0	31,526	–0.3	32,456	2.9	**32,087**	**–1.1**
Distributor-affiliated credit card companies	12,849	9.2	13,609	5.9	13,823	1.6	15,820	14.4	**17,025**	**7.6**
Others	9,925	1.6	9,959	0.3	9,996	0.4	9,811	–1.9	**9,826**	**0.2**

Note: "YOY" stands for year-on-year percentage increase or decrease.
Source: Japan Credit Industry Association, *Japan Credit Industry Statistics 2004*

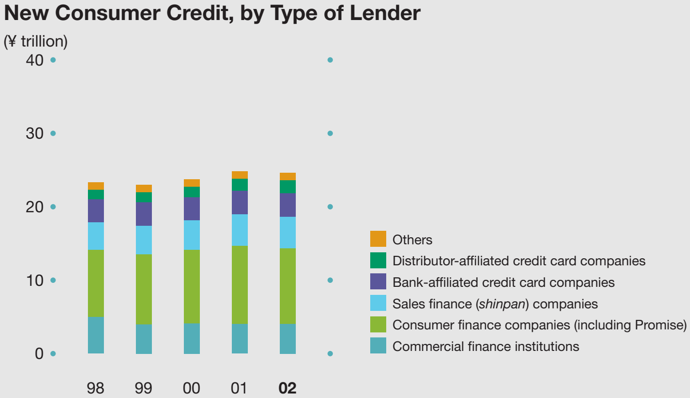
Consumer Credit Outstanding, by Type of Lender

(¥100 million / %)

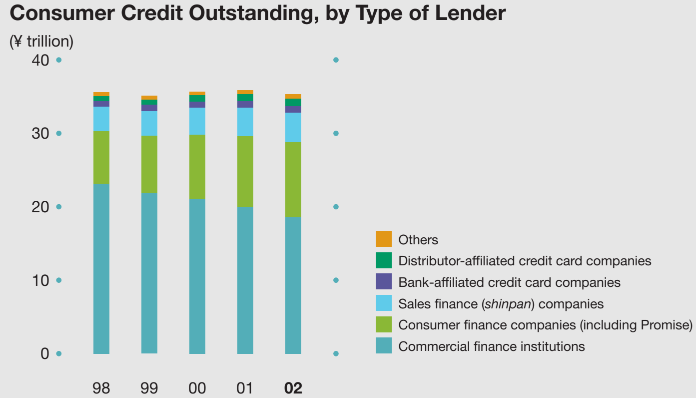
	1998/12	YOY	1999/12	YOY	2000/12	YOY	2001/12	YOY	**2002/12**	**YOY**
Consumer credit	709,823	–4.5	668,243	–5.9	652,247	–2.4	635,927	–2.5	**607,750**	**–4.4**
Sales on credit	171,535	–6.1	163,518	–4.7	159,639	–2.4	153,683	–3.7	**148,353**	**–3.5**
Consumer finance	538,288	–4.0	504,725	–6.2	492,608	–2.4	482,244	–2.1	**459,397**	**–4.7**
Of which, consumer loans	355,959	–4.5	351,211	–1.3	356,620	1.5	358,517	0.5	**352,849**	**–1.6**
Commercial finance institutions	231,478	–8.1	217,957	–5.8	210,091	–3.6	199,793	–4.9	**185,566**	**–7.1**
Consumer finance companies (including Promise)	71,371	9.5	78,586	10.1	88,489	12.6	96,918	9.5	**102,357**	**5.6**
Sales finance (*shinpan*) companies	33,387	–10.4	33,995	1.8	36,317	6.8	38,350	5.6	**40,140**	**4.7**
Bank-affiliated credit card companies	7,848	5.0	8,335	6.2	8,730	4.7	9,103	4.3	**9,434**	**3.6**
Distributor-affiliated credit card companies	6,953	12.6	7,433	6.9	8,342	12.2	9,199	10.3	**9,860**	**7.2**
Others	4,922	1.2	4,905	–0.3	4,651	–5.2	5,154	10.8	**5,492**	**6.6**

Note: "YOY" stands for year-on-year percentage increase or decease.
Source: Japan Credit Industry Association, *Japan Credit Industry Statistics 2004*

New Consumer Credit, by Type of Lender



Consumer Credit Outstanding, by Type of Lender



Number of Salary Earners, by Annual Income

(Thousands / %)

	1998/12	%	1999/12	%	2000/12	%	2001/12	%	**2002/12**	**%**
¥2 million or less	7,933	*17.5*	8,037	*17.9*	8,247	*18.4*	8,615	*19.1*	**8,530**	***19.1***
¥3 million or less	6,783	*14.9*	6,875	*15.3*	6,821	*15.2*	6,878	*15.3*	**7,063**	***15.8***
¥4 million or less	8,118	*17.9*	8,046	*17.9*	7,817	*17.4*	7,875	*17.5*	**7,996**	***17.9***
¥5 million or less	6,587	*14.5*	6,600	*14.7*	6,640	*14.8*	6,600	*14.6*	**6,495**	***14.5***
¥6 million or less	4,796	*10.6*	4,788	*10.6*	4,787	*10.7*	4,830	*10.7*	**4,724**	***10.6***
¥7 million or less	3,485	*7.7*	3,210	*7.1*	3,225	*7.2*	3,153	*7.0*	**3,090**	***6.9***
More than ¥7 million	7,744	*17.0*	7,427	*16.5*	7,403	*16.5*	7,144	*15.8*	**6,828**	***15.3***
Total	45,446	*100.0*	44,984	*100.0*	44,939	*100.0*	45,097	*100.0*	**44,724**	***100.0***

Note: "%" figures stands for percentage distribution
Source: National Tax Agency.

Applications for Personal Bankruptcy (Nationwide)

(%)

	2000/3	YOY	2001/3	YOY	2002/3	YOY	2003/3	YOY	**2004/3**	**YOY**
April	10,492	*21.4*	11,120	*6.0*	12,362	*11.2*	17,899	*44.8*	**22,126**	***23.6***
May	8,844	*12.7*	10,963	*24.0*	12,707	*15.9*	17,739	*39.6*	**21,310**	***20.1***
June	11,332	*23.5*	12,389	*9.3*	13,779	*11.2*	17,274	*25.4*	**21,789**	***26.1***
July	10,631	*13.8*	11,073	*4.2*	13,727	*24.0*	20,472	*49.1*	**22,991**	***12.3***
August	9,874	*22.1*	11,566	*17.1*	13,528	*17.0*	16,902	*24.9*	**18,162**	***7.5***
September	10,141	*15.5*	11,309	*11.5*	13,376	*18.3*	17,586	*31.5*	**19,589**	***11.4***
October	10,763	*3.5*	12,125	*12.7*	16,095	*32.7*	20,597	*28.0*	**20,851**	***1.2***
November	10,840	*17.8*	12,248	*13.0*	15,917	*30.0*	19,445	*22.2*	**17,207**	***–11.5***
December	12,096	*6.6*	15,421	*27.5*	17,319	*12.3*	21,900	*26.5*	**21,682**	***–1.0***
January	7,691	*9.9*	7,449	*–3.1*	11,983	*60.9*	15,296	*27.6*	**14,000**	***–8.5***
February	10,826	*15.5*	11,088	*2.4*	15,524	*40.0*	19,511	*25.7*	**17,926**	***–8.1***
March	12,550	*10.5*	13,110	*4.5*	17,313	*32.1*	21,863	*26.3*	**21,818**	***–0.2***
Total	126,080	*14.0*	139,861	*10.9*	173,630	*24.1*	226,484	*30.4*	**239,451**	***5.7***

Note: "YOY" stands for year-on-year percentage increase or decrease.
Source: The Supreme Court

Applications by Individuals for Civil Rehabilitation (Nationwide)

(%)

	2002/3	YOY	2003/3	YOY	**2004/3**	**YOY**
April	336	—	1,059	*215.2*	**1,912**	***80.5***
May	465	—	1,035	*122.6*	**1,952**	***88.6***
June	631	—	1,034	*63.9*	**2,132**	***106.2***
July	683	—	1,190	*74.2*	**2,258**	***89.7***
August	663	—	1,091	*64.6*	**1,927**	***76.6***
September	668	—	1,198	*79.3*	**2,072**	***73.0***
October	854	—	1,432	*67.7*	**2,343**	***63.6***
November	902	—	1,472	*63.2*	**2,021**	***37.3***
December	1,008	—	1,649	*63.6*	**2,568**	***55.7***
January	570	—	1,192	*109.1*	**1,583**	***32.8***
February	762	—	1,460	*91.6*	**2,099**	***43.8***
March	915	—	1,774	*93.9*	**2,449**	***38.0***
Total	8,457	—	15,586	*84.3*	**25,316**	***62.4***

Note: "YOY" stands for year-on-year percentage increase or decrease.
Source: The Supreme Court

Overview

+3.2%

During the fiscal year ended March 31, 2004, Japan's gross domestic product (GDP) grew 3.2% in real terms, exceeding government projections. The economy—mired in prolonged stagnation because of the bad debt problem in the financial sector, the extended period of deflation, and the lack of direction in the U.S. economy—began to show signs of recovery. The driving forces behind the recovery were steadily rising private-sector capital investment and a robust export market. The economic improvement had little impact on employment conditions or personal incomes. However, among other indicators, personal consumption started to increase, as the base of the recovery broadened throughout the economy.

239,451 applications for bankruptcy

Although the Japanese economy began to regain some of its strength, conditions remained difficult in the consumer finance industry. Against a backdrop of poor employment conditions and stagnant personal income, the number of applications for personal bankruptcy in the period from April 2003 to March 2004 rose to a record high of 239,451. One of the reasons behind this high figure was a growing awareness of personal bankruptcy among debtors due to a lifting of the ban on advertising by lawyers.

Promise Co., Ltd., and its consolidated subsidiaries (the "Promise Group") worked to bolster their operations under these difficult conditions to achieve continued growth. However, total operating income declined 4.8% from the previous fiscal year, to ¥391.0 billion, and net income fell 31.5%, to ¥41.6 billion.

Results of Operations

-4.8%

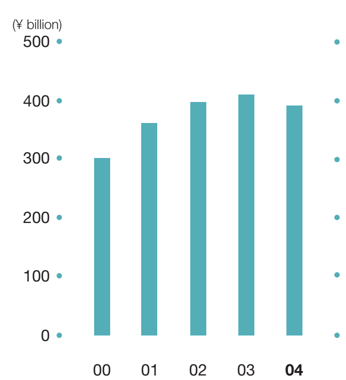
Consolidated total operating income in the fiscal year under review decreased 4.8%, to ¥391.0 billion. One of the main factors contributing to this decrease was the Company's August 2003 sale of two consolidated subsidiaries, GC Co., Ltd., and MITSUWAKAI Co., Ltd., and their subsequent removal from the scope of consolidation. Nevertheless, even ignoring this factor, the Promise Group recorded its first decline in total operating income since going public in 1993.

Consumer loans outstanding at fiscal year-end decreased 5.3%, to ¥1,529.1 billion. As with total operating income, even after eliminating the effect of the removal of the two previously mentioned companies from the scope of consolidation, consumer loans outstanding were still down slightly from the previous fiscal year-end. The Promise Group will continue striving to achieve growth in consumer loans outstanding by meeting the needs of a broad base of consumers through its full-line interest rate strategy.

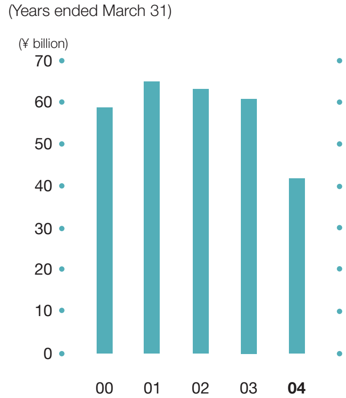
Promise offers loans within an interest rate band of 17.8% to 25.5%, while subsidiaries Plat Corporation and Sun Life Co., Ltd., supply loans with interest rates up to the legal ceiling of 29.2%. On the other hand, MOBIT CO., LTD., which is accounted for by the equity method, provides loans at 15.0% and 18.0%. Consequently, the Group can offer interest rates over the wide range of 15.0% to 29.2%.

The Company sees the decrease in consumer loans outstanding—despite its full lineup of interest rate products—as a correction in demand brought about by the previously mentioned economic conditions.

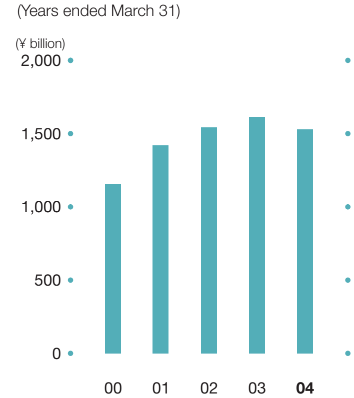
Total Operating Income
(Years ended March 31)



Net Income
(Years ended March 31)



Consumer Loans Outstanding
(Years ended March 31)



6.95%

More specifically, the decline in consumer loans outstanding during the fiscal year under review can be attributed to an increase in the loan loss ratio and a decrease in the number of new customers. The Company wrote off ¥94.0 billion in loan losses in the fiscal year under review, amounting to 6.95% of its consumer loans outstanding. This represents an increase of 1.83 percentage points from 5.12% recorded in the previous fiscal year. The number of new customers was down 39 thousand, or 11.5% year on year, to 300 thousand customers.

Operating Expenses

-0.2%

Consolidated total operating expenses edged down 0.2%, to ¥303.1 billion. Among the major components of operating expenses, financial expenses dropped 13.7% year on year, to ¥21.4 billion. As a proportion of total operating expenses, financial expenses declined to 7.1%, from 8.2% in the previous fiscal year. Another major expense, personnel costs, fell 11.9% year on year, to ¥42.1 billion. As a proportion of total operating expenses, personnel costs decreased to 13.9%, from 15.7%.

48.3%

Accounting for the highest proportion of operating expenses, credit losses including provision for uncollectible loans rose 17.3% year on year, to ¥146.4 billion. As a proportion of total operating expenses, credit losses grew to 48.3%, from 41.1% in the previous fiscal year. The increase in credit losses means an increase in loan loss write-offs. Behind those higher write-offs lies the higher number of personal bankruptcies. Over the past few years, the number of applications for personal bankruptcy has risen to new record levels annually, climbing 24.1% in the fiscal year ended March 2002, 30.4% in the fiscal year ended March 2003, and 5.7% in the fiscal year ended March 2004. Increasing numbers of personal bankruptcies have been triggered not only by the impact of Japan's economic stagnation on consumers' job opportunities and personal income but also by greater awareness of the possibility of personal bankruptcy among debtors.

734 employees

Promise was the first company in the consumer finance industry to introduce a comprehensive voluntary retirement plan. During the first half of the 1980s, the Company rapidly expanded its sales networks and hired many people. Because of this expansion, a significant proportion of the Company's workforce is now 40 years old or over. Promise implemented its voluntary retirement plan with the aim of changing the age distribution of its workforce. A total of 734 employees applied for the plan, which targeted employees aged 36 or over with at least 10 years' work experience with Promise. All applicants retired at the end of the fiscal year under review. As a result, total personnel costs approximately fell ¥3.0 billion due to a ¥700 million decrease in the provision for bonuses and a ¥2.3 billion decline in severance indemnities. In addition, the burden of the salaries of these 734 employees has been eliminated for the fiscal year ending March 2005.

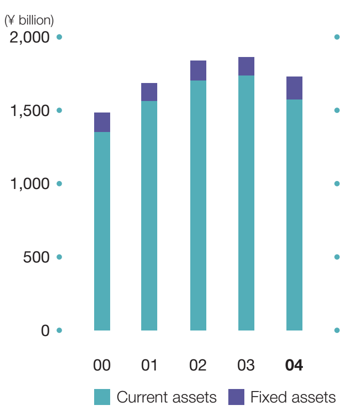
Profit

-31.5%

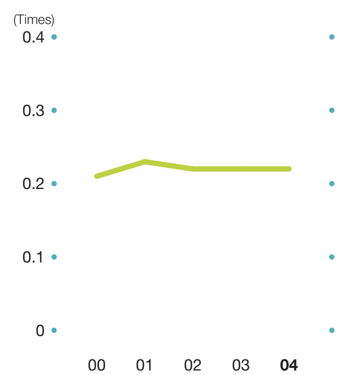
As a result of the previously mentioned factors, operating profit was down 17.8% year on year, to ¥87.9 billion. As in past years, recurring profit was about level with operating profit, falling 16.8% year on year, to ¥89.9 billion. Due to equity in net gain of affiliated company MOBIT, which moved into the black in the fiscal year ended March 2003, a ¥37 million loss on investment recorded in the previous fiscal year became a ¥95 million gain on investment in the fiscal year under review.

Net income amounted to ¥41.6 billion, down 31.5% from the previous fiscal year. The Company recorded an extraordinary income of ¥13.4 billion on the sale of GC and MITSUWAKAI. Extraordinary losses climbed to ¥24.1 billion, primarily because of

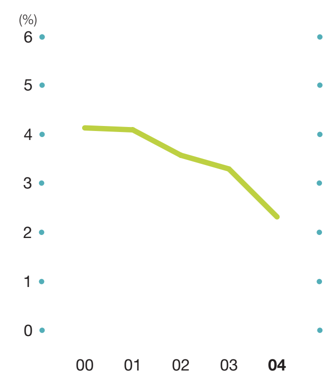
Total Assets
(Years ended March 31)



Total Assets Turnover
(Years ended March 31)



ROA
(Years ended March 31)



special retirement payments related to the voluntary retirement plan. Overall, there was a net extraordinary loss of approximately ¥10.0 billion. This amount was the principle reason for the substantially larger percentage decrease in net income compared with the percentage declines in operating and recurring profit.

Financial Condition

37.0%

Total assets of the Promise Group contracted 7.4% from the previous fiscal year-end, to ¥1,718.7 billion. The principal factor in this contraction was the previously mentioned decrease in consumer loans outstanding, which accounted for 89.0% of total assets. Notably, notes and accounts receivable dropped ¥53.6 billion, to ¥7.4 billion. However, this decrease resulted from the removal of GC and MITSUWAKAI from the scope of consolidation. As a result, current assets declined 9.4%, to ¥1,573.6 billion. Fixed assets increased 23.2%, to ¥145.2 billion. Land rose ¥39.0 billion, to ¥52.1 billion, because of the purchase of Promise's head office. The head office building, which is used as offices by the Promise Group, was securitized three years ago, and Promise has been making lease payments to a special purpose company. On redemption of its investment, the Company determined that it would be advantageous to purchase the building.

Along with the decline in consumer loans outstanding, short-term borrowings and long-term debt decreased. Current liabilities fell 11.8%, to ¥323.2 million, and long-term liabilities dropped 12.9%, to ¥758.8 million. On the other hand, shareholders' equity rose 3.0%, to ¥636.7 billion, thanks to continued growth in retained earnings. The shareholders' equity ratio improved to 37.0%, indicating that the Group is continuing to maintain a sound capital structure.

Fund Raising

96.7%

Accompanying the contraction in consumer loans outstanding, interest-bearing debt at fiscal year-end declined 13.0%, to ¥1,004.0 billion. At ¥697.1 billion, short-term and long-term debt accounted for 69.4% of this amount, with the remaining ¥307.0 billion taken up by bonds and commercial paper. Looking at maturities, short-term funding amounted to ¥17.4 billion, or 1.7% of total interest-bearing debt. The remaining 98.3% was long-term funding. The Promise Group's basic policy is to raise funds on a long-term and stable basis.

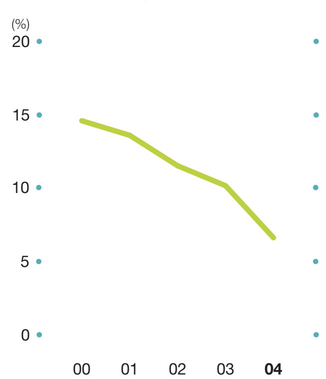
The Promise Group intends to minimize the market interest rate risk on funds by increasing the proportion of fixed interest rate funds within its total financing. Through the aggressive use of fixed interest rates on loan agreements, derivatives, and fixed rate coupons on its corporate bonds, the Group has achieved fixed interest rates on 96.7% of its financing. This places the Group in a strong position in the event of movement in market interest rates. The average funding rate declined to 1.80%, versus 2.01% for the previous year, contributing to reduced financial expenses.

Cash Flows

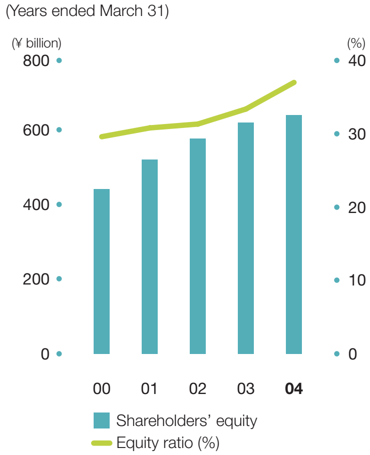
-¥5.1 billion

At the end of the fiscal year under review, cash and cash equivalents amounted to ¥101.1 billion, ¥4.7 billion lower than at the beginning of the fiscal year. Net cash outflow from operating, investing, and financing activities totaled ¥5.1 billion. However, due to the effect of an increase in the scope of consolidated subsidiaries, actual net cash outflow was ¥4.7 billion. The decline in consumer loans outstanding and sales of the stocks of two consolidated companies resulted in large changes in cash flows from operating and investing activities. However, these changes were

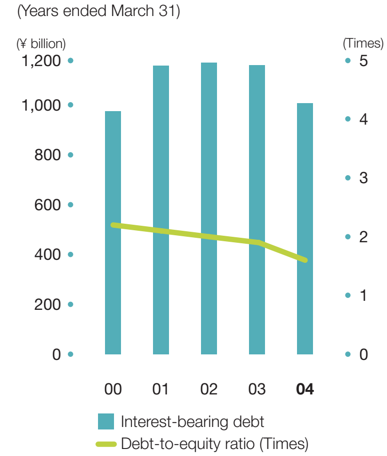
ROE
(Years ended March 31)



Shareholders' Equity/Equity Ratio
(Years ended March 31)



Interest-Bearing Debt/Debt-to-Equity Ratio
(Years ended March 31)



covered by planned and systematic funding through financing activities. As a result, the Group held the net decrease in cash and cash equivalents to a small amount.

Net cash provided by operating activities totaled ¥94.0 billion in the fiscal year under review, compared with ¥9.2 billion in the previous fiscal year, up by a factor of 10. This jump can be attributed to a ¥101.4 billion difference between the ¥71.8 billion increase in consumer loans outstanding booked in the previous fiscal year and the ¥29.6 billion decrease booked in the fiscal year under review—representing an improvement in cash. In addition, the booking of special retirement payments and decreases in sales receivables and other accounts due to the removal of GC and MITSUWAKAI from the scope of consolidation also contributed to the improvement in cash.

Net cash provided by investing activities amounted to ¥29.0 billion, compared with net cash used of ¥818 million in the previous year, representing a ¥29.8 billion improvement in cash. The main factors contributing to this improvement were ¥25.2 billion in proceeds from sales of the stocks of GC and MITSUWAKAI and the recovery of ¥41.8 billion in loans to these companies. On the other hand, there was a ¥44.4 billion payment for purchase of property and equipment related to the previously mentioned purchase of the Company's head office.

Net cash used in financing activities totaled ¥128.0 billion, approximately ¥100.0 billion more than the ¥26.9 billion used in the previous fiscal year. Cash outlay increased due to ¥255.1 billion in repayments of long-term debt and ¥32.0 billion in redemption of bonds. Proceeds from short-term borrowings, long-term debt, and issuance of bonds were held to a minimum due to the drop in consumer loans outstanding, resulting in the net cash outflow. An active ¥14.3 billion increase in treasury stock also contributed to growth in net cash used.

Business Outlook

-1.2%

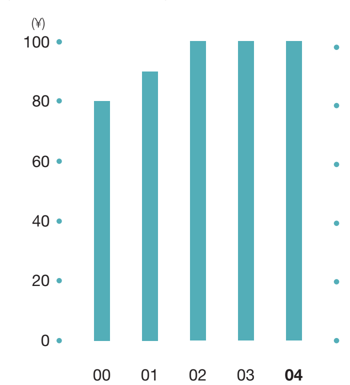
In the fiscal year ending March 2005, the Company forecasts a 1.2% decline in consumer loans outstanding, to ¥1,511.4 billion. There is no doubt that the business environment for the Promise Group is improving; the Japanese economy is on the rebound and the rate of increase in the number of applications for personal bankruptcy has leveled off. Nevertheless, the Company believes that demand will remain in a correction phase during the fiscal year ending March 31, 2005, and intends to be careful in its extension of credit provision and to work on controlling its loan losses.

+44.3%

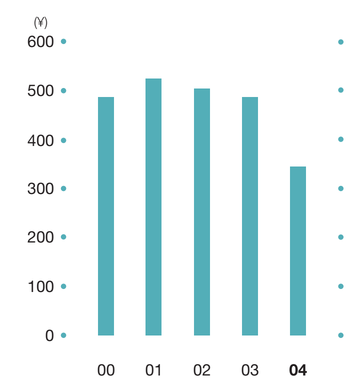
Based on the projected small decrease in consumer loans outstanding, the Company expects that total operating income will decline 5.5%, to ¥369.3 billion. The reasons for total operating income falling at a higher rate than the rate of decrease in consumer loans outstanding are that the Company expects the yield on loans to edge down slightly and that GC and MITSUWAKAI will not be contributing revenues in the fiscal year ending March 31, 2005. Regarding costs, the Company anticipates that operating expenses will decrease due to the fall in credit losses predicted in accordance with a drop in the loan loss ratio and to the lower personnel costs resulting from the elimination of the salaries of employees who voluntarily retired. Consequently, operating profit is expected to increase 16.7%, to ¥102.5 billion, and recurring profit to rise 15.5%, to ¥103.8 billion. Net income is projected to surge 44.3%, to ¥60.0 billion, thanks to the absence of special retirement payments.

These forecasts are judgments prepared by the Promise Group based on information available at the time these estimates were made and are subject to latent risks and uncertainties. Accordingly, if the various factors that are the basis for these forecasts differ from the assumptions made by the Group, actual performance may differ substantially from these predictions.

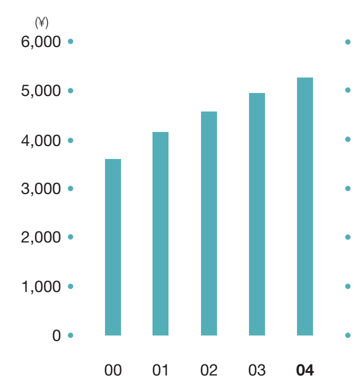
Cash Dividends per Share
(Years ended March 31)



Net Income per Share
(Years ended March 31)



Shareholders' Equity per Share
(Years ended March 31)



>>Management/Organization Chart

Management

(As of June 23, 2004)

Directors

Chairman	Masaaki Uchino	
President	Hiroki Jinnai	Chief Executive Officer
Directors	Shunji Kosugi	Senior Managing Executive Officer
	Teruaki Watanabe	Senior Managing Executive Officer
	Isao Takeuchi	Managing Executive Officer
	Tsutomu Kasori	Managing Executive Officer

Corporate Auditors

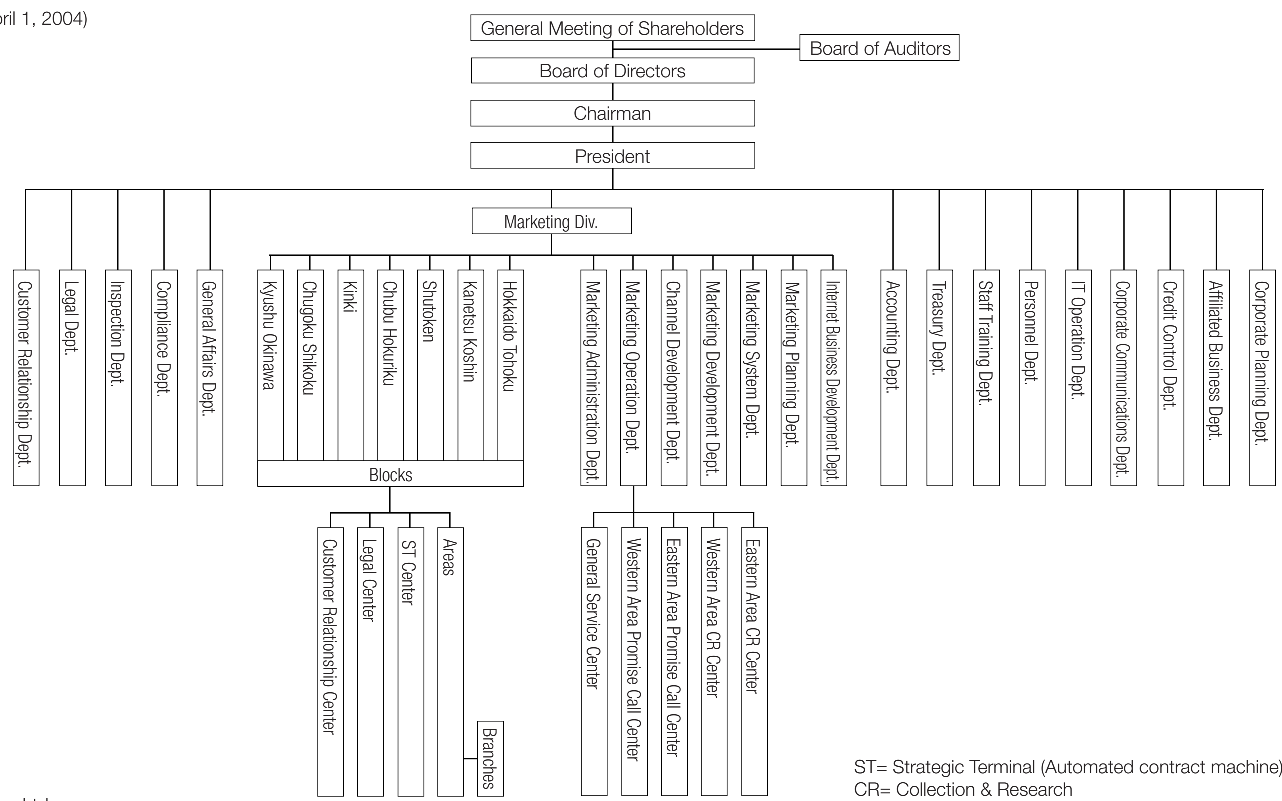
Kazuyuki Furukawa
Hidetsugu Iriyama
Hiroaki Mori
Kazuo Nagasawa

Executive Officers

Chief Executive Officer	Hiroki Jinnai	
Senior Managing Executive Officers	Shunji Kosugi	Administration and Industry-Related Activities
	Teruaki Watanabe	Marketing Div., Credit Control Dept.
Managing Executive Officers	Isao Takeuchi	Treasury Dept., Accounting Dept., Compliance Dept.
	Yukio Yoshida	Personnel Dept., Staff Training Dept., General Affairs Dept., Legal Dept., Customer Relationship Dept.
	Hiroshi Obata	Marketing Div., IT Operation Dept.
	Yasuhisa Ichikawa	Marketing Div.
	Tsutomu Kasori	Corporate Planning Dept., Affiliated Business Dept.
Executive Officers	Nobuo Kato	Marketing Development Dept., Marketing Operation Dept.
	Takeshi Hirai	Kinki Block
	Masayuki Fujihara	Accounting Dept.
	Naohisa Tonami	General Affairs Dept.
	Yukihiro Suzuki	Shutoken Block
	Yasuyuki Ishida	Internet Business Development Dept.
	Tetsu Suzuki	Treasury Dept.
	Yoshiyuki Tateishi	Corporate Communications Dept.
	Toshio Shinohara	Marketing Planning Dept.

Organization Chart

(As of April 1, 2004)



ST= Strategic Terminal (Automated contract machine)
CR= Collection & Research

Financial Section

Contents

Promise Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen					
	2004	2003	2002	2001	2000	1999
Results of operations:						
Interest on consumer loans	**¥ 368,663**	¥ 381,126	¥ 362,760	¥ 327,821	¥ 271,743	¥ 244,570
Other operating income	**14,119**	19,624	19,449	19,199	15,202	11,513
Total operating income	**390,981**	410,619	394,495	359,641	300,724	271,054
Financial expenses	**21,399**	24,802	24,868	26,714	23,932	23,108
General and administrative expenses	**128,148**	145,509	147,493	138,407	118,073	106,914
Credit losses including provision for uncollectible loans	**146,413**	124,810	96,996	55,990	40,483	40,764
Total operating expenses	**303,112**	303,661	279,977	232,223	194,697	183,700
Operating profit	**87,869**	106,958	114,518	127,418	106,027	87,354
Income before income taxes	**79,138**	105,806	112,308	107,392	103,201	84,561
Net income	**41,576**	60,716	62,941	64,845	58,572	40,632
Financial position:						
Consumer loans receivable: Principal	**¥1,529,055**	¥1,614,524	¥1,543,288	¥1,418,656	¥1,159,253	¥1,025,452
Allowance for credit losses (current assets)	**133,393**	114,550	86,667	61,138	44,411	39,112
Total current assets	**1,573,563**	1,737,506	1,703,180	1,565,165	1,354,961	1,234,842
Total investments and advances	**55,322**	65,249	70,304	54,644	48,288	38,897
Property and equipment, net	**79,637**	39,008	45,371	44,354	59,907	61,042
Fixed leasehold deposits	**10,199**	13,590	14,922	15,231	13,166	13,509
Total assets	**1,718,721**	1,855,353	1,833,777	1,679,394	1,477,849	1,350,496
Short-term borrowings and current portion of long-term debt	**264,390**	305,745	265,958	305,114	287,781	316,953
Total current liabilities	**323,226**	366,319	340,165	354,540	339,370	365,035
Long-term debt	**739,643**	848,341	898,915	789,160	682,817	599,635
Total long-term liabilities	**758,828**	870,924	918,746	807,350	700,388	616,849
Total shareholders' equity	**636,667**	618,110	574,866	517,504	438,091	364,315
Other financial data and indicators:						
Depreciation and amortization	**¥ 6,768**	¥ 8,714	¥ 8,611	¥ 9,266	¥ 9,547	¥ 8,523
Ratio of consolidated to non-consolidated operating income (Times)	**1.21**	1.25	1.24	1.22	1.13	1.13
Ratio of consolidated to non-consolidated net income (Times)	**0.84**	0.98	1.02	1.02	1.02	1.01
Return on equity (ROE) (%)	**6.62**	10.17	11.52	13.57	14.59	12.83
Return on assets (ROA) (%)	**2.32**	3.29	3.58	4.10	4.14	3.18
Amount per share (Yen):						
Net income, basic	**¥ 342.19**	¥ 483.62	¥ 504.78	¥ 525.02	¥ 486.92	¥ 346.59
Cash dividends	**100.00**	100.00	100.00	90.00	80.00	65.00

1. Depreciation and amortization on the consolidated statements of cash flows excludes new common stock issue expense and amortization expenses.
2. Net income, basic, per share has been restated to conform with International Accounting Standards' Accounting Principles Board Opinion No. 15 (APB-15), "Earnings per Share".

>>Six-Year Summary (Non-Consolidated Basis)

Promise Co., Ltd.
Years ended March 31

	Millions of Yen					
	2004	2003	2002	2001	2000	1999
Results of operations:						
Interest on consumer loans	**¥ 314,682**	¥ 318,068	¥ 306,847	¥ 282,664	¥ 256,414	¥ 230,583
Other operating income	**7,486**	8,488	9,400	10,110	8,585	7,740
Total operating income	**322,168**	326,556	316,247	292,774	264,999	238,323
Financial expenses	**20,137**	21,817	21,179	22,069	21,298	20,882
General and administrative expenses	**104,041**	109,857	114,276	110,700	106,496	96,853
Credit losses including provision for uncollectible loans	**115,255**	89,463	76,627	43,827	34,866	35,874
Total operating expenses	**239,433**	221,137	212,082	176,596	162,660	153,609
Operating profit	**82,735**	105,419	104,165	116,178	102,339	84,714
Income before income taxes	**85,124**	106,005	106,423	101,853	100,303	82,971
Net income	**49,319**	61,412	61,250	63,521	57,238	40,175
Financial position:						
Consumer loans receivable: Principal	**¥1,352,847**	¥1,375,693	¥1,324,663	¥1,228,026	¥1,100,546	¥ 976,614
Allowance for credit losses (current assets)	**108,300**	87,000	68,000	46,500	39,110	35,170
Total current assets	**1,502,382**	1,567,424	1,529,481	1,381,819	1,228,030	1,132,240
Total investments and advances	**87,948**	94,422	98,302	77,582	54,522	42,269
Property and equipment, net	**68,567**	26,433	30,305	31,886	58,220	59,496
Fixed leasehold deposits	**9,237**	12,201	12,393	12,632	12,344	12,491
Total assets	**1,668,134**	1,700,480	1,670,481	1,503,919	1,354,079	1,248,422
Short-term borrowings and current portion of long-term debt	**239,555**	245,435	221,217	245,107	231,414	267,924
Total current liabilities	**295,199**	289,908	279,035	279,881	269,247	305,872
Long-term debt	**732,077**	794,477	821,402	707,247	638,262	566,124
Total long-term liabilities	**748,924**	813,308	838,557	722,706	654,575	583,236
Total shareholders' equity	**624,011**	597,264	552,889	501,332	430,257	359,314
Other financial data and indicators:						
Credit losses written off	**¥ 93,955**	¥ 70,462	¥ 55,126	¥ 36,437	¥ 29,815	¥ 27,644
Return on equity (ROE) (%)	**8.07**	10.67	11.62	13.63	14.50	12.87
Return on assets (ROA) (%)	**2.92**	3.64	3.85	4.44	4.40	3.40
Amount per share (Yen):						
Net income, basic	**¥ 406.05**	¥ 488.87	¥ 491.09	¥ 513.24	¥ 475.84	¥ 342.69
Shareholders' equity	**5,155.72**	4,780.81	4,401.48	4,019.80	3,538.37	3,003.91
Payout ratio (%)	**24.62**	20.46	20.40	17.55	16.91	19.35

Net income, basic, per share has been restated to conform with International Accounting Standards' Accounting Principles Board Opinion No. 15 (APB-15), "Earnings per Share".

>>Consolidated Balance Sheets

Promise Co., Ltd. and Consolidated Subsidiaries
March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2004	2003	**2004**
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	**¥ 101,111**	¥ 105,761	**$ 957,125**
Time deposits (Note 11)	**88**	4,163	**831**
Receivables and consumer loans:			
Notes and accounts receivable (Note 11)	**7,439**	60,997	**70,421**
Consumer loans receivable (Notes 5 and 11):			
Principal	**1,529,055**	1,614,524	**14,474,200**
Accrued interest income	**15,011**	15,674	**142,095**
Less: Allowance for credit losses (Note 6)	**(133,393)**	(114,550)	**(1,262,711)**
	1,418,112	1,576,645	**13,424,005**
Prepaid expenses	**2,818**	2,836	**26,674**
Deferred tax assets (Note 19)	**40,338**	37,702	**381,840**
Other current assets	**11,096**	10,399	**105,045**
Total current assets	**1,573,563**	1,737,506	**14,895,520**
Investments and advances:			
Investments in securities (Note 7)	**26,962**	20,571	**255,226**
Investments in and advances to unconsolidated subsidiaries and affiliates	**7,781**	8,018	**73,652**
Investments in equity other than capital stock	**1,155**	1,667	**10,932**
Long-term prepaid expenses	**1,037**	1,076	**9,813**
Excess investment cost over net assets of consolidated subsidiaries acquired, net	**5,650**	5,775	**53,479**
Deferred tax assets (Note 19)	**3,933**	7,573	**37,234**
Other investments and advances	**9,288**	21,417	**87,935**
Less: Allowance for credit losses (Note 6)	**(484)**	(848)	**(4,582)**
Total investments and advances	**55,322**	65,249	**523,689**
Property and equipment, net (Notes 9 and 11)	**79,637**	39,008	**753,851**
Fixed leasehold deposits (Note 10)	**10,199**	13,590	**96,547**
Total assets	**¥1,718,721**	¥1,855,353	**$16,269,607**

The accompanying notes are an integral part of these statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2004	2003	**2004**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings (Note 11)	**¥ 17,392**	¥ 26,990	**$ 164,632**
Current portion of long-term debt (Note 11)	**246,998**	278,755	**2,338,114**
Accounts payable:			
Trade	**190**	1,737	**1,797**
Other	**32,418**	6,590	**306,873**
	32,608	8,327	**308,670**
Accrued income taxes (Note 19)	**15,740**	31,809	**148,995**
Accruals for debt guarantees (Note 2 (11))	**70**	—	**663**
Accrued expenses	**7,617**	7,919	**72,108**
Other current liabilities	**2,801**	12,519	**26,514**
Total current liabilities	**323,226**	366,319	**3,059,696**
Long-term liabilities:			
Long-term debt (Note 11)	**739,643**	848,341	**7,001,542**
Non-current accounts payable	**968**	2,855	**9,164**
Accrued severance indemnities (Note 12)	**13,695**	18,111	**129,642**
Accruals for loss guarantees (Note 2 (12))	**2,700**	—	**25,559**
Other long-term liabilities	**1,822**	1,617	**17,241**
Total long-term liabilities	**758,828**	870,924	**7,183,148**
Commitments and contingent liabilities (Notes 5, 11, 13 and 14)			
Shareholders' equity (Note 15):			
Common stock:			
Authorized—300,000,000 shares			
Issued—125,966,665 shares at March 31, 2004	**49, 054**	—	**464,348**
—125,966,665 shares at March 31, 2003	**—**	49,054	**—**
Additional paid-in capital	**92,288**	92,288	**873,604**
Retained earnings	**512,784**	483,972	**4,854,080**
Net unrealized gain (loss) on securities	**4,151**	(404)	**39,292**
Foreign currency translation adjustments	**(814)**	(229)	**(7,705)**
Less: Treasury stock—4,948,249 shares at March 31, 2004	**(20,796)**	—	**(196,856)**
—1,169,933 shares at March 31, 2003	**—**	(6,571)	**—**
Total shareholders' equity	**636,667**	618,110	**6,026,763**
Total liabilities and shareholders' equity	**¥1,718,721**	¥1,855,353	**$16,269,607**

>>Consolidated Statements of Income

Promise Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2004	2003	**2004**
Operating income:			
Interest on consumer loans	**¥368,663**	¥381,126	**$3,489,803**
Sales	**8,199**	9,869	**77,613**
Other operating income (Note 16)	**14,119**	19,624	**133,651**
Total operating income	**390,981**	410,619	**3,701,067**
Operating expenses:			
Financial expenses (Note 17)	**21,399**	24,802	**202,563**
Cost of sales	**7,152**	8,540	**67,699**
General and administrative expenses (Note 18)	**128,148**	145,509	**1,213,066**
Credit losses including provision for uncollectible loans (Note 6)	**146,413**	124,810	**1,385,958**
Total operating expenses	**303,112**	303,661	**2,869,286**
Operating profit	**87,869**	106,958	**831,781**
Other income (expenses):			
Interest and dividend income on investments	**1,559**	786	**14,760**
Interest expense	**(193)**	(329)	**(1,823)**
Equity in earnings of Tokumei Kumiai	**691**	974	**6,543**
Net gain (loss) on sales of investments in securities (Note 7)	**442**	(5)	**4,182**
Loss on valuation of investments in securities (Note 7)	**—**	(512)	**—**
Net loss on sales or disposal of property and equipment	**(1,862)**	(1,374)	**(17,629)**
Gain on sales of investments in subsidiaries	**12,869**	—	**121,817**
Loss on valuation of investments in subsidiaries	**(189)**	—	**(1,793)**
Provision for loss guarantees (Note 2 (12))	**(2,700)**	—	**(25,559)**
Special retirement payments (Note 12)	**(18,746)**	—	**(177,450)**
Equity in net gain (loss) of affiliated companies	**95**	(37)	**896**
Expense for relocation of offices	**(346)**	(624)	**(3,276)**
Gain on sales of golf club membership	**—**	36	**—**
Impairment loss on deposits for golf club membership	**(66)**	(43)	**(629)**
Other, net	**(285)**	(24)	**(2,691)**
Total other expenses, net	**(8,731)**	(1,152)	**(82,652)**
Income before income taxes	**79,138**	105,806	**749,129**
Income taxes (Note 19):			
Current	**41,284**	53,212	**390,798**
Deferred	**(3,722)**	(8,122)	**(35,236)**
	37,562	45,090	**355,562**
Net income	**¥ 41,576**	¥ 60,716	**$ 393,567**

	Yen		U.S. Dollars (Note 3)
Amount per share (Note 21):			
Net income:			
Basic	**¥342.19**	¥483.62	**$3.25**
Diluted	**—**	—	**—**
Cash dividends	**100.00**	100.00	**0.95**
Weighted average number of shares (Thousands):			
Basic	**121,256**	125,339	
Diluted	**—**	—	

The accompanying notes are an integral part of these statements.

>>Consolidated Statements of Shareholders' Equity

Promise Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2004 and 2003

	Number of shares of common stock	Millions of Yen: Common stock	Additional paid-in capital	Retained earnings	Net unrealized gain (loss) on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2002	125,966,665	¥49,054	¥92,288	¥436,003	¥ 1,058	¥ 172	¥ (3,709)
Net income	—	—	—	60,716	—	—	—
Cash dividends paid	—	—	—	(12,550)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(197)	—	—	—
Decrease due to valuation of securities, net of tax	—	—	—	—	(1,462)	—	—
Adjustments on foreign currency financial statement translation	—	—	—	—	—	(401)	—
Increase in treasury stock	—	—	—	—	—	—	(2,862)
Balance at March 31, 2003	125,966,665	¥49,054	¥92,288	¥483,972	¥ (404)	¥(229)	¥ (6,571)
Net income	**—**	**—**	**—**	**41,576**	**—**	**—**	**—**
Cash dividends paid	**—**	**—**	**—**	**(12,291)**	**—**	**—**	**—**
Bonuses to directors and corporate auditors	**—**	**—**	**—**	**(100)**	**—**	**—**	**—**
Loss on sales of treasury stock	**—**	**—**	**—**	**(34)**	**—**	**—**	**—**
Decrease due to inclusion of a company in consolidation	**—**	**—**	**—**	**(339)**	**—**	**—**	**—**
Increase due to valuation of securities, net of tax	**—**	**—**	**—**	**—**	**4,555**	**—**	**—**
Adjustments on foreign currency financial statement translation	**—**	**—**	**—**	**—**	**—**	**(585)**	**—**
Increase in treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**(14,225)**
Balance at March 31, 2004	**125,966,665**	**¥49,054**	**¥92,288**	**¥512,784**	**¥ 4,151**	**¥(814)**	**¥(20,796)**

	Thousands of U.S. Dollars (Note 3): Common stock	Additional paid-in capital	Retained earnings	Net unrealized gain (loss) on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2003	$464,348	$873,604	$4,581,339	$ (3,824)	$(2,165)	$ (62,205)
Net income	**—**	**—**	**393,567**	**—**	**—**	**—**
Cash dividends paid	**—**	**—**	**(116,350)**	**—**	**—**	**—**
Bonuses to directors and corporate auditors	**—**	**—**	**(949)**	**—**	**—**	**—**
Loss on sales of treasury stock	**—**	**—**	**(319)**	**—**	**—**	**—**
Decrease due to inclusion of a company in consolidation	**—**	**—**	**(3,208)**	**—**	**—**	**—**
Increase due to valuation of securities, net of tax	**—**	**—**	**—**	**43,116**	**—**	**—**
Adjustments on foreign currency financial statement translation	**—**	**—**	**—**	**—**	**(5,540)**	**—**
Increase in treasury stock	**—**	**—**	**—**	**—**	**—**	**(134,651)**
Balance at March 31, 2004	**$464,348**	**$873,604**	**$4,854,080**	**$39,292**	**$(7,705)**	**$(196,856)**

The accompanying notes are an integral part of these statements.

>>Consolidated Statements of Cash Flows

Promise Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2004	2003	**2004**
Operating activities:			
Income before income taxes	**¥ 79,138**	¥ 105,806	**$ 749,129**
Adjustments for:			
Depreciation and amortization	**6,768**	8,714	**64,067**
Increase in allowance for credit losses	**26,856**	28,444	**254,224**
Increase (decrease) in accrued severance indemnities	**(4,118)**	2,999	**(38,977)**
Equity in earnings of Tokumei Kumiai	**(691)**	(974)	**(6,543)**
Net loss (gain) on sales of investments in securities	**(442)**	5	**(4,182)**
Net loss on sales or disposal of property and equipment	**1,862**	1,374	**17,629**
Equity in net loss (gain) of affiliated companies	**(95)**	37	**(896)**
Gain on sales of investments in subsidiaries	**(12,869)**	—	**(121,817)**
Increase in accruals for debt guarantees	**70**	—	**662**
Increase in accruals for loss guarantees	**2,700**	—	**25,559**
Impairment loss on deposits for golf club membership	**66**	43	**629**
Special retirement payments	**18,746**	—	**177,450**
Decrease (increase) in consumer loans receivable: Principal	**29,573**	(71,829)	**279,940**
Decrease (increase) in notes and accounts receivable	**3,997**	(4,749)	**37,839**
Increase (decrease) in accounts payable	**4,612**	(3,300)	**43,654**
Income taxes paid	**(57,316)**	(63,624)	**(542,560)**
Other, net	**(4,889)**	6,221	**(46,299)**
Net cash provided by operating activities	**93,968**	9,167	**889,508**
Investing activities:			
Payment for purchase of property and equipment	**(44,390)**	(1,899)	**(420,197)**
Proceeds from sales of property and equipment	**31**	1,260	**298**
Payment for purchase of investments in securities	**(0)**	(30)	**(4)**
Proceeds from sales of investments in securities	**1,569**	254	**14,853**
Acquisition of shares of subsidiaries resulted in the change in scope of consolidation	**—**	270	**—**
Payment for purchase of shares of subsidiaries	**(357)**	(250)	**(3,382)**
Proceeds from sales of investments in subsidiaries	**25,248**	—	**238,996**
Decrease (increase) in loans	**41,786**	(2,795)	**395,556**
Decrease in other investments	**5,069**	2,372	**47,984**
Net cash provided by (used in) investing activities	**28,956**	(818)	**274,104**
Financing activities:			
Proceeds from long-term debt	**177,314**	193,088	**1,678,475**
Repayments of long-term debt	**(255,112)**	(217,204)	**(2,414,916)**
Proceeds from issuance of bonds, net of expenses	**14,896**	39,719	**141,011**
Redemption of bonds	**(32,000)**	(30,000)	**(302,916)**
Increase (decrease) in short-term borrowings	**(6,520)**	2,919	**(61,721)**
Increase in treasury stock	**(14,258)**	(2,862)	**(134,969)**
Cash dividends paid	**(12,291)**	(12,550)	**(116,350)**
Net cash used in financing activities	**(127,971)**	(26,890)	**(1,211,386)**
Effect of exchange rate changes on cash and cash equivalents	**(91)**	(88)	**(864)**
Net decrease in cash and cash equivalents	**(5,138)**	(18,629)	**(48,638)**
Cash and cash equivalents at beginning of the year	**105,761**	124,390	**1,001,145**
Effect of the increase in scope of consolidated subsidiaries	**488**	—	**4,618**
Cash and cash equivalents at end of the year	**¥ 101,111**	¥ 105,761	**$ 957,125**
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	**¥ 20,013**	¥ 23,552	**$ 189,444**

The accompanying notes are an integral part of these statements.

1. BASIS OF PRESENTING THE CONSOLIDATED FINANCIAL STATEMENTS

The accounting records of Promise Co., Ltd. (the "Company") and its domestic consolidated subsidiaries are maintained in accordance with the provisions set forth in the Commercial Code of Japan (the "Commercial Code") and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries consolidated with 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. 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 accounting principles.

Certain account balances, as disclosed in the basic consolidated financial statements in Japan, have been summarized or reclassified to the extent deemed necessary to enable presentation in a form which is more familiar to readers outside Japan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Scope and Significant Accounting Policies

The Company had 12 subsidiaries and 2 affiliates as of March 31, 2004 and 15 subsidiaries and 3 affiliates as of March 31, 2003. The accompanying consolidated financial statements include the accounts of the Company and 8 (10 for each of the previous years) of its subsidiaries (together, the "Companies"), which are listed below:

Name	Country of incorporation	Fiscal year-end
Plat Corporation	Japan	March 31
Sun Life Co., Ltd.	Japan	March 31
PAL Servicer Co., Ltd. *1	Japan	March 31
PAL Life Co., Ltd. *2	Japan	March 31
Net Future Co., Ltd.	Japan	March 31
System Trinity Co., Ltd.	Japan	March 31
Liang Jing Co., Ltd. *3	Taiwan	December 31
PROMISE (HONG KONG) CO., LTD.	Hong Kong	December 31

*1. PAL Servicer Co., Ltd. has been included in consolidation from the year ended March 31, 2004.
*2. PAL Corporation Ltd. renamed to PAL Life Co., Ltd. on February 1, 2004.
*3. Yuukei Co., Ltd., which was previously a consolidated subsidiary in year ended March 31, 2003, was merged into Liang Jing Co., Ltd. on July 1, 2003.
4. GC Co., Ltd. and MITSUWAKAI Co., Ltd. which were excluded from consolidation on August 6, 2003 when the Company sold all stocks of GC Co., Ltd. to GE Consumer Finance Co., Ltd.

The remaining 4 unconsolidated subsidiaries at March 31, 2004 were not consolidated because their aggregate amount of sales, assets, net income and retained earnings were not material to the consolidated results of operations, total assets, net income and retained earnings, respectively.

On the acquisition of a subsidiary, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair value.

Any material difference between the cost of investment in a subsidiary and the equity in its net assets at the date of acquisition is amortized over 10 years.

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 certain subsidiaries have been included in consolidation on the basis of their fiscal periods ended three months prior to March 31.

(2) Application of the Equity Method

Investments in companies that the Company has significant influence or ownership of more than 20% but less than or equal to 50% are accounted for under the equity method. An affiliate accounted for under the equity method is listed below:

Name	Country of incorporation	Equity ownership percentage at March 31, 2004	Fiscal year-end
MOBIT CO., LTD.	Japan	45.00%	March 31

Under the equity method, investments are stated at cost plus/minus the Company's equity in undistributed earnings (losses).

Any material difference between the cost of investment in an affiliated company and the equity in its net assets at the date of acquisition is amortized over 10 years.

Investments in unconsolidated subsidiaries and the remaining affiliates are carried at cost and are not adjusted for equity in earnings (losses) of such subsidiaries and affiliates for each period because the effect of applying the equity method is not material.

(3) Translation of Foreign Currencies

The accounts of the overseas consolidated subsidiaries are translated into Japanese yen by the methods prescribed under the statements issued by the Business Accounting Deliberation Council of Japan. Under this method, balance sheet accounts are translated at current rates, shareholders' equity is translated at the historical rate and revenues and expenses are translated at the average rate for the respective periods.

Differences arising from the translations are recorded as "Foreign currency translation adjustments" in shareholders' equity.

(4) Recognition of Revenues

Interest income

Interest income on consumer loans is recognized when collections are made during each financial period. At the end of each financial period, the accrual basis is used to reflect the interest income earned, in accordance with Japanese tax practices, at the lower of interest rates provided by the Interest Rate Restriction Law of Japan or contracted interest rates and any excess of contractual rates over statutory rates is not reflected for accounting purposes.

(5) Allowance for Credit Losses and Write-Offs

The allowance for credit losses of the Company and its consolidated subsidiaries is provided in an amount deemed necessary to cover possible non-collectible accounts based on the percentage of their own actual experience of bad debt loss written off against the balance of receivables and consumer loans.

Consumer loans are written off against the allowance for credit losses when both interest and principal of the loans have been unpaid for a certain specified period of time or after follow-up requests for payment and/or uncollectibility of accounts is clearly demonstrated by conditions such as the customer's bankruptcy or death.

The written-off balances of these consumer loans are managed by the special collection department. This department makes an effort to collect the previously written-off balances as long as these balances are legally collectible. When the previously written-off balances and the related interest are subsequently recovered and collected, the collected amounts are included in "Other operating income" in the accompanying statements of income in the year of recovery.

(6) Valuation of Securities

All equity securities and debt securities are classified as "Other securities", which represents securities other than trading or held-to-maturity securities.

The Company and its domestic subsidiaries have adopted the Financial Accounting Standard on "Accounting for Financial Instruments" issued by the Business Accounting Deliberation Council. Following the standard, the Company and its domestic subsidiaries' management determine the appropriate classification of securities, and record trading securities in current assets and other securities as investments in securities.

Marketable "Other securities" are stated at market value. Adjustments to market value are recorded as an increase or a decrease in shareholders' equity, net of tax. Under the Commercial Code, unrealized gain (loss) on securities, net of tax are not available for distribution as dividends and bonuses to directors and corporate auditors. Costs of their sales are determined by the moving average method. "Other securities" which are not marketable are stated at cost, cost being determined by the moving average method.

An impairment loss on deposits for golf club membership is also required to be recognized in accordance with the standard.

(7) Property and Equipment

Property and equipment (other than new buildings acquired on or after April 1, 1998, to which the straight-line method is applied) are depreciated by the declining-balance method over the estimated useful lives of the assets. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 20 years for furniture, fixtures and equipment.

(8) Foreign Currency Translation
The Company and its domestic subsidiaries have adopted the Financial Accounting Standard on “Accounting for Foreign Currency Transactions”.

Following the standard, receivables and payables denominated in foreign currencies are translated into Japanese yen at the relevant exchange rates prevailing at the respective balance sheet dates.

The resulting transaction gains or losses are included in the determination of “Other operating income” (“Financial expenses”) for the respective periods.

(9) Leases
Where financing leases do not transfer ownership of the leased property to the lessee during the terms of the leases, the leased property is not capitalized and the related rental expenses are charged to income in the periods in which they are incurred.

(10) Accrued Severance Indemnities
The Company and its domestic subsidiaries have adopted the Financial Accounting Standard on “Accounting for Retirement Benefits” issued by the Business Accounting Deliberation Council.

Following the standard, the amount of accrued severance indemnities for employees is provided based on the amount of the projected benefit obligation less the fair value of the pension plan assets. The accrued severance indemnity cost for the fiscal period is charged to income as incurred.

Unrecognized past service cost and net actuarial gain (loss) arising in the years are charged to income in the year in which they arise.

The directors and corporate auditors of the Company and certain subsidiaries are covered by a retirement benefit plan under which the retiring directors or corporate auditors are entitled to receive lump-sum retirement benefits. The amount of such benefits is determined based on these companies’ pertinent rules. The accrued severance indemnities for directors and corporate auditors in the accompanying balance sheets represent the estimated amount to be paid if all directors and corporate auditors retired at the balance sheet dates.

In addition, an allowance for retirement benefits for the above-mentioned executive officers is provided based on the Company’s pertinent rules and is calculated as the estimated amount which would be payable if these officers were to retire at the balance sheet date.

(11) Accruals for Debt Guarantees
From the year ended March 31, 2004, under the guarantee agreement between the Company and certain banks, the Company provides guarantees to the banks on the bank loans provided to bank customers. The guarantees are principally made to enhance the credits of these customers. The Company has received guarantee fees from these banks. For each guarantee provided, the Company would have to perform under the guarantee if the customer defaults on a payment.

Accruals for debt guarantees amounted to ¥70 million ($663 thousand) as of March 31, 2004 are provided to cover possible future losses on these guarantee balances at the balance sheet date.

(12) Accruals for Loss Guarantees
Under the GC’s stock sales contracts between the Company and GE Consumer Finance Co., Ltd. (“GE”) concluded in July 2003, the Company provides guarantees to GE on certain receivables of GC Co., Ltd. During the guarantee period, the Company would have to perform the guarantee if certain conditions on contracts are met and the Company takes over claim for indemnities. The Company has made a provision for estimated loss in the accompanying consolidated balance sheets to cover non-collectible amounts of claim for indemnities amounted to ¥2,700 million ($25,559 thousand) as of March 31, 2004.

(13) Bond Issue Expenses
Bond issue expenses are charged to income as incurred.

(14) Appropriation of Retained Earnings
Under the Commercial Code and the Articles of Incorporation of the Company, proposals by the Board of Directors for the appropriation of retained earnings (principally the payment of annual cash dividends) should be approved by a shareholders’ meeting which must be held within three months after the end of each financial year. The appropriation of retained earnings reflected in the accompanying consolidated financial statements for each fiscal year represents the appropriations which were approved by the shareholders’ meeting and disposed of during that year but were related to the immediately preceding fiscal year.

The payment of bonuses to directors and corporate auditors is made out of retained earnings instead of being charged to income for the year and constitutes a part of the appropriations referred to above.

(15) Net Income and Dividends per Share
Basic net income per share is based upon the weighted average number of shares of common stock outstanding during each period.

Diluted net income per share is based upon the weighted average number of shares of common stock outstanding after consideration of the dilutive effect of treasury stock for stock option plans during each year.

The Company has adopted the Financial Accounting Standard on "Accounting for Earnings per Share". The presented figures of "Amount per share" were calculated in accordance with the standard.

Cash dividends per share represent interim dividends paid and annual dividends declared as applicable to the respective years.

(16) Cash Equivalents
Cash equivalents include all highly liquid investments, generally with an original maturity date of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present an insignificant risk of change in value due to interest rates.

(17) Derivatives
Following the Financial Accounting Standard on "Accounting for Financial Instruments", derivative financial instruments are recognized in the financial statements and measured at fair value, effective April 1, 2000. Gains and losses on designated hedged instruments are deferred on the balance sheet to the period when gains and losses on the positions hedged have been recognized to match gains and losses on the hedging instruments. Certain derivative instruments satisfying the condition prescribed under the standard are not evaluated at fair value.

(18) Reclassifications
Certain prior-year amounts have been reclassified to conform to the current year's presentation.

3. UNITED STATES DOLLAR AMOUNTS

The Company prepares its consolidated financial statements in Japanese yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetical results of translating yen into dollars at the rate of ¥105.64 to U.S.$1, being the effective rate of exchange at March 31, 2004. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at the rate of ¥105.64 to U.S.$1 or at any other rate.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included ¥48,965 million ($463,504 thousand) and ¥46,076 million of short-term commercial notes, as of March 31, 2004 and 2003, respectively. The Companies received securities, commercial paper and others as collateral for short-term commercial notes. Market values of collateral as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Securities	**¥12,997**	¥14,028	**$123,031**
Commercial paper	**32,995**	28,999	**312,334**
Others	**2,970**	3,050	**28,114**
	¥48,962	¥46,077	**$463,479**

5. CONSUMER LOANS RECEIVABLE

(1) Unsecured loans to individual customers, which were included in "Consumer loans receivable", were ¥1,523,667 million ($14,423,202 thousand) and ¥1,607,121 million as of March 31, 2004 and 2003, respectively.

(2) The amounts of loans which were disclosed in accordance with the enactment of the Nonbank Bond Issuing Law in May 1999 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Credits of bankrupt borrowers	**¥ 1,694**	¥ 4,437	**$ 16,034**
Delinquent loans	**601**	699	**5,696**
Delinquent loans three months or more past the due date	**13,858**	13,849	**131,179**
Restructured loans	**57,854**	46,417	**547,652**
	¥74,007	¥65,402	**$700,561**

Credits of bankrupt borrowers are loans under declaration of bankruptcy, reconstruction and similar proceedings and whose accruing interest is not recorded as income because the principal or interest on such loans is unlikely to be recovered in view of the considerable period of postponement of the principal or interest, or other circumstances.

Delinquent loans are credits whose accruing interest is not recorded as income for the same reason as the above and do not include credits of bankrupt borrowers and the loans to which postponement of interest payment was made with the object of reconstructing and supporting the borrowers.

Delinquent loans three months or more past the due date are loans which are delinquent for three months or more from the due date of interest or principal under the terms of the related loan agreements and do not include credits of bankrupt borrowers and delinquent loans, as described above.

Restructured loans are loans to which a certain concession favorable to borrowers, such as postponement of interest payment and other methods, was made with the object of encouraging repayment and do not include credits of bankrupt borrowers, delinquent loans and delinquent loans three months or more past the due date, as described above.

Restructured loans which are 30 days or less past due were ¥51,704 million ($489,436 thousand) and ¥41,246 million as of March 31, 2004 and 2003, respectively.

(3) A revolving credit facility agreement is a contract whereby the Companies are obligated to loan repeatedly up to a predetermined amount to a customer on request, if the customer has met the terms and conditions of the contract.

The total balance of revolving credit facilities unused, including credit facilities of customers without any loan balance, except for those making no payment or receipt for two years or more, was ¥378,478 million ($3,582,713 thousand) and ¥420,185 million as of March 31, 2004 and 2003, respectively. The balance of revolving credit facilities unused and secured was ¥253 million ($2,393 thousand) and ¥283 million as of March 31, 2004 and 2003, respectively. Since revolving credit facilities expire without making a loan, the total balance of unused credit facilities must not impact on future cash flows of the Companies.

Revolving credit facilities contain provisions that allow the Companies to refuse to loan to the customers or reduce the contract amount of the credit facilities if credit exposures or similar conditions change. After contracted, the Companies periodically monitor customers' creditworthiness and, if necessary, take measures to manage credit exposures, such as revising the terms of the contract.

6. ALLOWANCE FOR CREDIT LOSSES

Transactions affecting the "Allowance for credit losses" account for the years ended March 31, 2004 and 2003 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Balance at beginning of the year	**¥ 115,398**	¥ 87,213	**$ 1,092,375**
Adjustments for newly consolidated subsidiaries and foreign currency translation	**(8,377)**	(25)	**(79,306)**
Credit losses written off against the allowance	**(109,684)**	(86,523)	**(1,038,283)**
Provision for uncollectible loans	**136,540**	114,733	**1,292,507**
Balance at end of the year	**¥ 133,877**	¥115,398	**$ 1,267,293**

7. INVESTMENTS IN SECURITIES

Investments in securities held by the Companies as of March 31, 2004 and 2003 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Investments in securities:			
Equity securities	**¥13,490**	¥ 7,128	**$127,695**
Other	**13,472**	13,443	**127,531**
	¥26,962	¥20,571	**$255,226**

Book value and acquisition cost information on marketable "Other securities" as of March 31, 2004 is summarized as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Acquisition cost	Book value per balance sheet	Difference	Acquisition cost	Book value per balance sheet	Difference
Securities whose book values on the accompanying consolidated balance sheet exceed their acquisition costs:						
Equity securities	¥6,208	¥13,037	¥6,829	$58,759	$123,405	$64,646
Other	115	172	57	1,092	1,632	540
	6,323	13,209	6,886	59,851	125,037	65,186
Securities whose book values on the accompanying consolidated balance sheet do not exceed their acquisition costs:						
Equity securities	1	1	(0)	14	13	(1)
	¥6,324	¥13,210	¥6,886	$59,865	$125,050	$65,185

"Other securities" sold during the year ended March 31, 2004 were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
	¥1,569	¥504	¥62	$14,853	$4,767	$585

Book values of "Other securities" which were not marketable as of March 31, 2004 are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
Investments in securities:		
Equity securities	¥ 452	$ 4,277
Other:		
Preference share	13,300	125,899

Book value and acquisition cost information on marketable "Other securities" as of March 31, 2003 is summarized as follows:

	Millions of Yen		
	Acquisition cost	Book value per balance sheet	Difference
Securities whose book values on the accompanying consolidated balance sheet exceed their acquisition costs:			
Equity securities	¥1,412	¥1,578	¥ 166
Securities whose book values on the accompanying consolidated balance sheet do not exceed their acquisition costs:			
Equity securities	4,455	3,482	(973)
Other	115	115	—
	4,570	3,597	(973)
	¥5,982	¥5,175	¥(807)

"Other securities" sold during the year ended March 31, 2003 were as follows:

	Millions of Yen		
	Proceeds from sales	Gain on sales	Loss on sales
	¥254	¥6	¥11

Book values of "Other securities" which were not marketable as of March 31, 2003 are summarized as follows:

	Millions of Yen
Investments in securities:	
Equity securities	¥ 2,068
Other:	
Discount debentures	28
Preference share	13,300

As for "Other securities", if their fair market value has declined more than 50% of their book value, such securities are measured at their fair market value, and any decreases in the carrying amount are charged to income as the loss on valuation of investments in securities. In case their fair market value has declined more than 30% but less than 50% of their book value, such securities are measured at their fair market value, and any decreases in the carrying amount are charged to income as the loss on valuation of investments in securities unless the fair market value is expected to be recoverable.

The Companies recognized ¥512 million in loss on valuation of investment in securities for the year ended March 31, 2003.

8. DERIVATIVES AND HEDGING ACTIVITIES

The Company and certain subsidiaries enter into interest rate swap agreements to convert variable interest rates on the principal amount of certain debts to fixed interest rates. In addition, the Company enters into interest rate cap agreements. These agreements are used to reduce the exposure to market risk from fluctuation in interest rates. The Companies do not hold or issue any financial instruments for trading purposes. The hedging instruments are measured for effectiveness by correlation with respect to the difference between interest rate indicators upon the instruments and positions hedged. The market risk associated with these instruments is managed under the Company's internal manual approved by the Board of Directors. The derivatives and hedging activities of the subsidiaries are subject to the Company's approval.

The fair values of the off-balance-sheet financial instruments, excluding those deferred on the balance sheet in accordance with the accounting standard, were as follows:

	Millions of Yen			
	Notional amount			
	Total	Due after one year	Fair value	Unrealized loss
Year ended March 31, 2004:				
Interest rate swap:				
Changing floating rates into fixed rate	**¥41,562**	**¥37,132**	**¥(667)**	**¥(667)**
	¥41,562	**¥37,132**	**¥(667)**	**¥(667)**
Year ended March 31, 2003:				
Interest rate swap:				
Changing floating rates into fixed rate	¥20,960	¥20,800	¥(451)	¥(451)
Interest rate cap:				
Purchased	4,000	—	0	(10)
	¥24,960	¥20,800	¥(451)	¥(461)

	Thousands of U.S. Dollars			
	Notional amount			
	Total	Due after one year	Fair value	Unrealized loss
Year ended March 31, 2004:				
Interest rate swap:				
Changing floating rates into fixed rate	**$393,431**	**$351,496**	**$(6,318)**	**$(6,318)**
	$393,431	**$351,496**	**$(6,318)**	**$(6,318)**

9. PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2004 and 2003 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Buildings	**¥ 26,771**	¥ 25,219	**$ 253,418**
Structures	**4,585**	4,820	**43,399**
Furniture, fixtures and equipment	**30,554**	37,644	**289,224**
Other	**106**	126	**1,008**
	62,016	67,809	**587,049**
Less: Accumulated depreciation	**(34,441)**	(41,845)	**(326,020)**
	27,575	25,964	**261,029**
Land	**52,062**	13,044	**492,822**
	¥ 79,637	¥ 39,008	**$ 753,851**

10. FIXED LEASEHOLD DEPOSITS

Fixed leasehold deposits as of March 31, 2004 and 2003 were mainly those paid to the lessors in connection with the leases of facilities for office space. Lessors in Japan require large amounts of leasehold deposits equivalent to several months' lease rental payments. Such leasehold deposits do not bear interest and are generally returnable only when the lease is terminated.

11. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

(1) Information on the amount of short-term borrowings outstanding as of March 31, 2004 and 2003 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Short-term bank loans*:			
Secured	**¥ 315**	¥ 1,386	**$ 2,982**
Entered into the forward contract of assigning consumer loans receivable	**—**	3,150	**—**
Unsecured	**15,108**	19,859	**143,014**
	15,423	24,395	**145,996**
Commercial paper and other:			
Secured	**536**	277	**5,069**
Unsecured	**1,433**	2,318	**13,567**
	1,969	2,595	**18,636**
	¥17,392	¥26,990	**$164,632**
* Maximum month-end balance outstanding during the period	**¥27,465**	¥24,395	**$259,985**
Average month-end balance outstanding during the period	**10,124**	17,418	**95,831**
Weighted average interest rate for the period	**1.037%**	1.609%	

Short-term bank loans outstanding as of March 31, 2004 and 2003 were represented mainly by overdrafts with banks bearing interest at annual rates ranging from 0.570% to 5.000%, and from 0.590% to 5.000%, respectively.

The principal ranges of annual interest rates applicable to commercial paper and other as of March 31, 2004 and 2003 were from 0.500% to 1.050%, and from 1.250% to 1.780%, respectively.

(2) Long-term debt outstanding as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Loans, principally from banks and other financial institutions with interest rates indicated below*:			
Secured	¥ 183,109	¥ 239,071	$ 1,733,332
Entered into the forward contract of assigning consumer loans receivable	303,987	351,739	2,877,572
Unsecured	194,545	214,286	1,841,587
	681,641	805,096	6,452,491
Bonds issued by Promise Co., Ltd.:			
2.030% per annum uncollateralized yen bonds, due 2004	20,000	20,000	189,322
1.790% per annum uncollateralized yen bonds, due 2004	10,000	10,000	94,661
1.400% per annum uncollateralized yen bonds, due 2003	—	10,000	—
2.270% per annum uncollateralized yen bonds, due 2005	10,000	10,000	94,661
2.510% per annum uncollateralized yen bonds, due 2006	20,000	20,000	189,322
1.900% per annum uncollateralized yen bonds, due 2003	—	20,000	—
2.950% per annum uncollateralized yen bonds, due 2009	10,000	10,000	94,661
2.560% per annum uncollateralized yen bonds, due 2010	15,000	15,000	141,993
Floating rate (six-month Japanese yen—LIBOR+0.5%) uncollateralized yen bonds, due 2005	10,000	10,000	94,661
2.270% per annum uncollateralized yen bonds, due 2008	10,000	10,000	94,661
2.900% per annum uncollateralized yen bonds, due 2012	10,000	10,000	94,661
2.040% per annum uncollateralized yen bonds, due 2007	20,000	20,000	189,322
2.080% per annum uncollateralized yen bonds, due 2005	10,000	10,000	94,661
Floating rate (six-month Japanese yen—LIBOR+0.75%) uncollateralized yen bonds, due 2005	10,000	10,000	94,661
1.750% per annum uncollateralized yen bonds, due 2005	10,000	10,000	94,661
1.700% per annum uncollateralized yen bonds, due 2006	10,000	10,000	94,661
1.740% per annum uncollateralized yen bonds, due 2008	10,000	10,000	94,661
1.200% per annum uncollateralized yen bonds, due 2006	15,000	15,000	141,993
1.630% per annum uncollateralized yen bonds, due 2008	10,000	10,000	94,661
1.400% per annum uncollateralized yen bonds, due 2007	20,000	20,000	189,322
0.920% per annum uncollateralized yen bonds, due 2005	20,000	20,000	189,322
1.470% per annum uncollateralized yen bonds, due 2007	10,000	10,000	94,661
2.050% per annum uncollateralized yen bonds, due 2009	10,000	10,000	94,661
2.290% per annum uncollateralized yen bonds, due 2010	10,000	10,000	94,661
1.000% per annum uncollateralized yen bonds, due 2006	10,000	10,000	94,661
1.370% per annum uncollateralized yen bonds, due 2013	15,000	—	141,993
Bond issued by GC Co., Ltd.:			
1.600% per annum uncollateralized yen bonds, due 2003	—	2,000	—
Less: Portion due within one year	(246,998)	(278,755)	(2,338,114)
	¥ 739,643	¥ 848,341	$ 7,001,542
Weighted average interest rate for the period	1.823%	2.006%	

* Annual interest rates on loans from banks and other financial institutions outstanding as of March 31, 2004 and 2003 ranged from 0.640% to 3.249% and from 0.955% to 5.150%, respectively.

(3) The Companies' assets pledged as collateral for short-term bank loans, commercial paper and other and long-term loans with banks and other financial institutions as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Time deposits	¥ 7	¥ 649	$ 64
Notes and accounts receivable*	1,914	10,930	18,116
Consumer loans receivable*	186,019	243,751	1,760,880
Property and equipment	8,017	8,184	75,889
Other	44	4	415
	¥196,001	¥263,518	$1,855,364

* In addition to the above assets pledged, the Companies entered into the forward contract of assigning notes and accounts receivable and consumer loans receivable. The contract amounts were ¥314,501 million ($2,977,100 thousand) and ¥367,548 million as of March 31, 2004 and 2003, respectively.

The aggregate annual maturities of long-term debt outstanding, excluding the preceding bonds, as of March 31, 2004 were as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2005	¥196,998	$1,864,809
2006	195,892	1,854,337
2007	174,613	1,652,905
2008	78,494	743,031
2009 and thereafter	35,644	337,409
	¥681,641	$6,452,491

(4) The outstanding bank overdraft and loan commitments contracted but not provided for and similar agreements as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Bank overdraft commitments:			
Credit facilities	**¥ 18,293**	¥ 17,100	**$ 173,164**
Used	**(12,416)**	(6,646)	**(117,534)**
Unused	**¥ 5,877**	¥ 10,454	**$ 55,630**
Bank loan commitments:			
Credit facilities	**¥253,250**	¥232,080	**$2,397,293**
Used	**(9,798)**	(11,227)	**(92,749)**
Unused	**¥243,452**	¥220,853	**$2,304,544**

12. SEVERANCE AND PENSION PLANS

Under the terms of the severance plans of the Company and its consolidated subsidiaries, employees of the Companies with more than two years of service are generally entitled to lump-sum payments at the time of retirement.

The amount of the retirement benefit is, in general, based on the length of service, the accumulated points of individual performance evaluations and the cause of retirement.

The Company and its domestic subsidiaries have non-contributory pension plans, which are defined benefit plans, covering a portion of their severance plans.

In addition, the Company has contributory funded benefit pension plans, which are pursuant to the Japanese Welfare Pension Insurance Law, and defined benefit plans. These plans cover a portion of the governmental welfare pension program, under which both employers and employees contribute.

The overseas subsidiaries sponsor defined contribution plans.

The following is a reconciliation of benefit obligation to net liability recognized in the accompanying consolidated balance sheets as of March 31, 2004 and 2003.

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Benefit obligation	**¥(33,064)**	¥(34,507)	**$(312,990)**
Fair value of plan assets	**20,510**	16,818	**194,153**
Funded status	**(12,554)**	(17,689)	**(118,837)**
Net liability recognized in balance sheet	**(12,554)**	(17,689)	**(118,837)**
Prepaid pension expenses	**780**	—	**7,381**
Accrued severance indemnities for employees	**¥(13,334)**	¥(17,689)	**$(126,218)**

Components of net periodic benefit cost for the years ended March 31, 2004 and 2003 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Service cost	**¥2,601**	¥ 2,474	**$24,619**
Interest cost	**852**	901	**8,065**
Expected return on plan assets	**(4)**	(4)	**(36)**
Past service cost	**593**	(2,173)	**5,616**
Net actuarial loss (gain)	**(871)**	4,479	**(8,249)**
Net periodic benefit cost	**¥3,171**	¥ 5,677	**$30,015**

Service cost does not include employers' contributions to the contributory funded benefit pension plan.

The benefit obligation was determined using a discount rate of 2.1% to 2.5% and 2.5% for the years ended March 31, 2004 and 2003, respectively. The expected long-term rates of return on the non-contributory pension plan assets and contributory funded benefit pension plan assets ranged from 0% to 1.0% for the years ended March 31, 2004 and 2003.

Net periodic service cost is attributed based on years of service.

Certain subsidiaries' benefit obligations were calculated using a simplified method, which is permitted to be applied by the small size of companies, in conformity with the Financial Accounting Standard on "Accounting for Retirement Benefits".

On April 1, 2002, the three consolidated subsidiaries merged and coordinated their provision for the retirement plan. The effect of this change for the year ended March 31, 2003 was to increase past service cost by ¥106 million.

For the year ended March 31, 2003, the Company revised the age of pension payment eligibility in accordance with the Welfare Pension Insurance Law, revised in March 2000. The effect of this change for the year ended March 31, 2003 was to decrease past service cost by ¥2,279 million.

Under the revised Japanese Welfare Pension Insurance Law, the Company recalculated the projected benefit obligation relating to the government's social security pension program for the year ended March 31, 2004. Consequently, the projected benefit obligation was increased. This increasing in the projected benefit obligation reflected on the past service cost.

As a result, the past service cost increased by ¥593 million ($5,616 thousand) for the year ended March 31, 2004.

In addition to the above net periodic benefit cost, the special retirement payments of ¥18,746 million ($177,450 thousand) were incurred for covering the cost of special personnel reductions relating to the restructuring during 2004, and the payments were recorded on the accompanying consolidated statement of income for the year ended March 31, 2004.

13. LEASE COMMITMENTS

(1) Rental, depreciation and interest expense relating to financing leases which do not transfer ownership of the leased properties to the lessee during the terms of the leases as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Rental expense	**¥1,199**	¥1,991	**$11,351**
Depreciation expense	**1,119**	1,794	**10,589**
Interest expense	**78**	160	**735**

Depreciation expense is computed by the straight-line method over the terms of the related leases. The interest expense is computed by the interest method.

The aggregate future lease payments as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Due within one year	**¥1,050**	¥1,549	**$ 9,943**
Due after one year	**938**	2,718	**8,878**
	¥1,988	¥4,267	**$18,821**

A summary of the leased properties under the above leases as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Furniture, fixtures and equipment	**¥ 4,310**	¥ 6,868	**$ 40,804**
Other	**119**	112	**1,123**
	4,429	6,980	**41,927**
Less: Accumulated depreciation	**(2,507)**	(2,804)	**(23,729)**
	¥ 1,922	¥ 4,176	**$ 18,198**

(2) Aggregate future lease payments under ordinary operating leases as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Due within one year	**¥106**	¥36	**$1,007**
Due after one year	**113**	2	**1,070**
	¥219	¥38	**$2,077**

14. CONTINGENT LIABILITIES

(1) The Company's subsidiary in Taiwan operates brokerage of automobile loans. The subsidiary guarantees to purchase loans under certain conditions occur on them. The amounts were ¥225 million ($2,129 thousand) and ¥232 million as of March 31, 2004 and 2003, respectively.
(2) As described in Note 2 (11), the Company has agreements with financial institutions on debt guarantees.
The contracted amount was ¥2,779 million ($26,303 thousand) as of March 31, 2004.
(3) As described in Note 2 (12), the Company provides guarantees on certain receivables owned by GC Co., Ltd. The estimated loss is provided on the balance sheets as accruals for loss guarantees.
The aggregated amount of guarantees relating to the above transaction was ¥29,858 million ($282,643 thousand) as of March 31, 2004.

15. SHAREHOLDERS' EQUITY

Under the Commercial Code, at least 50% of the issue price of new shares, with a minimum of the par value thereof, is required to be designated as common stock. The portion which is to be designated as common stock is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as common stock are credited to additional paid-in capital.

The Commercial Code provided that an amount equal to at least 10% of cash dividends and other appropriations of retained earnings paid out with respect to each financial period is required to set aside until the total amount of additional paid-in capital and legal reserve equals 25% of the amount of common stock. This reserve may be transferred to common stock by a resolution of the Board of Directors or used to reduce a deficit with the approval of the shareholders' meeting but is not available for dividend payments.

16. OTHER OPERATING INCOME

As described in Note 2 (5), the collected amounts are included in "Other operating income" in the accompanying statements of income in the year of recovery when the previously written-off balances of consumer loans and the related interest are subsequently recovered and collected.

Collected amounts for the years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Collected amounts	**¥5,384**	¥6,538	**$50,970**

17. FINANCIAL EXPENSES

Interest expense, which was included in "Financial expenses" in the accompanying consolidated statements of income, for the years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Interest expense	**¥20,096**	¥23,793	**$190,230**

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Advertising expenses	**¥ 15,609**	¥ 22,198	**$ 147,753**
Employees' salaries and bonuses	**30,883**	37,963	**292,340**
Rent expenses	**12,758**	14,589	**120,772**
Other	**68,898**	70,759	**652,201**
	¥128,148	¥145,509	**$1,213,066**

19. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of different taxes based on income, which in the aggregate indicate a normal effective statutory income tax rate of approximately 42% for each of the years ended March 31, 2004 and 2003. Overseas consolidated subsidiaries are subject to income taxes of the countries in which they operate.

Reconciliation of the statutory tax rate to the effective tax rate for the year ended March 31, 2004 were as follows:

Statutory tax rate	42.0%
Effect of excluding subsidiaries from consolidation	5.6
Loss on valuation of investments in subsidiaries deducted for income tax purposes	(1.2)
Other	1.1
Effective tax rate	47.5%

For the year ended March 31, 2003, the difference between the statutory tax rate and the effective tax rate was immaterial.

On March 31, 2003, the law governing municipal tax was revised to impose enterprise taxes through "pro-forma standard taxation" from April 2004. According to this tax reform act, the tax rate of enterprise tax will decline starting in the fiscal year beginning April 1, 2004. As a result of the declining of the enterprise tax rate, a normal effective tax rate will decline and the deferred tax assets, which will recover income taxes after the fiscal year beginning April 1, 2004, have been revalued based on this effective tax rate.

The effect of this change for the year ended March 31, 2003 was to decrease deferred tax assets by ¥256 million, and to increase tax expenses by the same amount.

The major components of deferred tax assets and liabilities as of March 31, 2004 and 2003 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Deferred tax assets due to:			
Credit losses for receivables and consumer loans	**¥16,183**	¥12,199	**$153,195**
Allowance for credit losses	**17,813**	16,983	**168,618**
Accrued enterprise taxes	**1,537**	2,846	**14,547**
Accrued severance indemnities for employees	**4,694**	6,498	**44,430**
Accrued income	**3,480**	3,307	**32,943**
Other	**3,412**	3,837	**32,299**
	47,119	45,670	**446,032**
Deferred tax liabilities due to:			
Net unrealized gains on securities	**(2,848)**	(395)	**(26,958)**
Net deferred tax assets	**¥44,271**	¥45,275	**$419,074**

Net deferred tax assets as of March 31, 2004 and 2003 were included in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Current assets:			
Deferred tax assets	**¥40,338**	¥37,702	**$381,840**
Investments and advances:			
Deferred tax assets	**3,933**	7,573	**37,234**
	¥44,271	¥45,275	**$419,074**

20. SEGMENT INFORMATION

The Companies' operations by business segment for the years ended March 31, 2004 and 2003 are not disclosed since the Companies' business other than consumer financial business is immaterial.

The Companies' operations by geographic segment for the years ended March 31, 2004 and 2003 are not disclosed since the Companies' business other than in Japan is immaterial.

Information about operating income overseas for the years ended March 31, 2004 and 2003 is not disclosed since the Companies' operating income overseas is immaterial.

21. AMOUNT PER SHARE

The amounts of basic and diluted net income per share for the years ended March 31, 2004 and 2003 were as follows:

	Yen		U.S. Dollars
	2004	2003	**2004**
Net income per share—Basic	**¥342.19**	¥483.62	**$3.25**
—Diluted	**—**	—	**—**

The figure of diluted net income per share is not disclosed since there was no potential share of common stock that had dilutive effect.

The amounts and numbers used for the basic net income per share computation were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Net income	**¥41,576**	¥60,716	**$393,567**
Less: The amount not applicable to shareholders of common stock			
Bonuses to directors and corporate auditors	**(84)**	(100)	**(797)**
Net income applicable to shareholders of common stock	**¥41,492**	¥60,616	**$392,770**

	Shares	
	2004	2003
Weighted average number of shares of common stock	**121,256,422**	125,338,763

The following figures are potential shares of common stock that were excluded from the net income per share computation because they had no dilutive effect.

	Shares	
	2004	2003
Treasury stock held for stock option	**351,000**	351,000
Warrant for stock option	**470,000**	709,350

22. SUBSEQUENT EVENT

(1) At the general shareholders' meeting of the Company held on June 23, 2004, the payment of cash dividends, ¥50.0 ($0.47) per share, was approved, which amounted to ¥6,050 million ($57,269 thousand).

(2) On June 21, 2004, the Company's Board of Directors resolved that the Company would enter into general agreement with Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation ("SMBC") in terms of business alliance in consumer finance business and capital alliance.

As to the details of business alliance, the Company will make a contract in near future.

In connection with the above capital alliance, the Company's Board of Directors resolved to issue 8,900,000 shares of common stocks at price ¥7,120 ($67.40) per share for net proceeding of ¥63,368 million ($599,849 thousand) to SMBC. The net proceeding will be credited to common stock and additional paid in capital equally. The paid up date of the issuances is set on July 13, 2004. The net proceedings are planned to use, approximately ¥10,000 million ($94,661 thousand) to incorporate joint-venture company, and approximately ¥5,000 million ($47,331 thousand) for investment in facilities, then the remaining proceeding will be applied to future capital expenditures and other joint-venture, but the Company has not yet determined in detail.

In addition to the above issuance, the Company's Board of Directors resolved to sell 4,330,000 shares of treasury stock to SMBC at price of ¥7,120 ($67.40) per share, and the total net proceeds from sales of treasury stocks are to ¥30,830 million ($ 291,836 thousand). The paid up date is also set on July 13, 2004.

>>Report of Independent Auditors

To the Board of Directors and Shareholders of
Promise Co., Ltd.

We have audited the accompanying consolidated balance sheets of Promise Co., Ltd. and its consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Promise Co., Ltd. and its consolidated subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan (see Note 1).

The amounts express in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Osaka, Japan
June 23, 2004

Promise Co., Ltd.
March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 93,533	¥ 93,292	$ 885,390
Time deposits	50	2,660	473
Consumer loans receivable:			
Principal	1,352,847	1,375,693	12,806,202
Accrued interest income	12,944	13,112	122,532
Less: Allowance for credit losses	(108,300)	(87,000)	(1,025,180)
	1,257,491	1,301,805	11,903,554
Prepaid expenses	2,622	2,065	24,820
Deferred tax assets	34,789	32,102	329,319
Other current assets	113,897	135,500	1,078,163
Total current assets	1,502,382	1,567,424	14,221,719
Investments and advances:			
Investments in securities	24,763	16,824	234,409
Investments in and advances to subsidiaries and affiliates	51,227	60,238	484,921
Investments in equity other than capital stock	737	1,038	6,978
Long-term prepaid expenses	1,010	847	9,559
Deferred tax assets	2,853	6,681	27,011
Other investments and advances	7,358	8,794	69,641
Total investments and advances	87,948	94,422	832,519
Property and equipment, net	68,567	26,433	649,062
Fixed leasehold deposits	9,237	12,201	87,443
Total assets	¥1,668,134	¥1,700,480	$15,790,743

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥105.64 to U.S.$1, the approximate exchange rate at March 31, 2004.

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	**¥ —**	¥ 1,000	**$ —**
Current portion of long-term debt	**239,555**	244,435	**2,267,654**
Accounts payable	**32,312**	4,757	**305,866**
Accrued income taxes	**12,870**	29,730	**121,825**
Accruals for debt guarantees	**70**	—	**663**
Accrued expenses	**6,782**	6,679	**64,197**
Other current liabilities	**3,610**	3,307	**34,187**
Total current liabilities	**295,199**	289,908	**2,794,392**
Long-term liabilities:			
Long-term debt	**732,077**	794,477	**6,929,922**
Non-current accounts payable	**560**	965	**5,301**
Accrued severance indemnities	**12,977**	17,198	**122,840**
Accruals for loss guarantees	**2,700**	—	**25,559**
Other long-term liabilities	**610**	668	**5,773**
Total long-term liabilities	**748,924**	813,308	**7,089,395**
Commitments			
Shareholders' equity:			
Common stock:			
Authorized—300,000,000 shares			
Issued—125,966,665 shares at March 31, 2004	**49,054**	—	**464,348**
—125,966,665 shares at March 31, 2003	**—**	49,054	**—**
Capital surplus:			
Additional paid-in capital	**80,956**	80,956	**766,338**
Net gain on sales of treasury stock	**255**	—	**2,410**
Retained earnings:			
Legal reserve	**12,263**	12,263	**116,087**
Voluntary reserve	**448,700**	399,000	**4,247,444**
Unappropriated retained earnings	**49,428**	62,182	**467,891**
Net unrealized gain (loss) on securities	**4,151**	(397)	**39,294**
Less: Treasury stock—4,948,249 shares at March 31, 2004	**(20,796)**	—	**(196,856)**
—1,054,188 shares at March 31, 2003	**—**	(5,794)	**—**
Total shareholders' equity	**624,011**	597,264	**5,906,956**
Total liabilities and shareholders' equity	**¥1,668,134**	¥1,700,480	**$15,790,743**

>>Non-Consolidated Statements of Income

Promise Co., Ltd.
For the years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	**2004**
Operating income:			
Interest on consumer loans	**¥314,682**	¥318,068	**$2,978,810**
Other operating income	**7,486**	8,488	**70,868**
Total operating income	**322,168**	326,556	**3,049,678**
Operating expenses:			
Financial expenses	**20,137**	21,817	**190,618**
General and administrative expenses	**104,041**	109,857	**984,861**
Credit losses including provision for uncollectible loans	**115,255**	89,463	**1,091,019**
Total operating expenses	**239,433**	221,137	**2,266,498**
Operating profit	**82,735**	105,419	**783,180**
Other income (expenses):			
Interest and dividend income on investments	**1,335**	629	**12,636**
Bond issue expenses	**(8)**	(34)	**(74)**
Insurance money received and insurance divided	**238**	267	**2,251**
Equity in earnings of Tokumei Kumiai	**405**	877	**3,386**
Net gain on sales of investments in securities	**450**	2	**4,262**
Loss on valuation of investments in securities	**—**	(507)	**—**
Net loss on sales or disposal of property and equipment	**(1,777)**	(533)	**(16,825)**
Gain on sales of investments in subsidiaries	**23,737**	—	**224,701**
Loss on valuation of investments in subsidiaries	**(189)**	—	**(1,793)**
Provision for loss guarantees	**(2,700)**	—	**(25,559)**
Special retirement payments	**(18,746)**	—	**(177,450)**
Expense for relocation of offices	**(321)**	(100)	**(3,043)**
Gain on sales of golf club membership	**—**	36	**—**
Impairment loss on deposits for golf club membership	**(48)**	(23)	**(450)**
Other, net	**13**	(28)	**121**
Total other income, net	**2,389**	586	**22,613**
Income before income taxes	**85,124**	106,005	**805,793**
Income taxes:			
Current	**37,800**	49,700	**357,819**
Deferred	**(1,995)**	(5,107)	**(18,881)**
	35,805	44,593	**338,938**
Net income	**¥ 49,319**	¥ 61,412	**$ 466,855**

	Yen		U.S. Dollars
Amount per share:			
Net income:			
Basic	**¥406.05**	¥488.87	**$3.84**
Diluted	**—**	—	**—**
Cash dividends	**100.00**	100.00	**0.95**
Weighted average number of shares (Thousands):			
Basic	**121,278**	125,455	
Diluted	**—**	—	

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥105.64 to U.S.$1, the approximate exchange rate at March 31, 2004.

>>Non-Consolidated Statements of Shareholders' Equity

Promise Co., Ltd.
For the years ended March 31, 2004 and 2003

Millions of Yen

	Number of shares of common stock	Common stock	Capital surplus: Additional paid-in capital	Capital surplus: Net gain on sales of treasury stock	Retained earnings: Legal reserve	Retained earnings: Voluntary reserve	Retained earnings: Unappropriated retained earnings	Net unrealized gain (loss) on securities	Treasury stock
Balance at March 31, 2002	125,966,665	¥49,054	¥80,956	¥ —	¥12,263	¥350,800	¥ 61,685	¥ 1,062	¥ (2,931)
Net income	—	—	—	—	—	—	61,412	—	—
Cash dividends paid	—	—	—	—	—	—	(12,561)	—	—
Bonuses to directors and corporate auditors	—	—	—	—	—	—	(154)	—	—
Transfer to voluntary reserve	—	—	—	—	—	48,200	(48,200)	—	—
Decrease due to valuation of securities, net of tax	—	—	—	—	—	—	—	(1,459)	—
Increase in treasury stock	—	—	—	—	—	—	—	—	(2,863)
Balance at March 31, 2003	125,966,665	¥49,054	¥80,956	¥ —	¥12,263	¥399,000	¥ 62,182	¥ (397)	¥ (5,794)
Net income	—	—	—	—	—	—	49,319	—	—
Cash dividends paid	—	—	—	—	—	—	(12,292)	—	—
Bonuses to directors and corporate auditors	—	—	—	—	—	—	(81)	—	—
Gain on sales of treasury stock	—	—	—	255	—	—	—	—	—
Transfer to voluntary reserve	—	—	—	—	—	49,700	(49,700)	—	—
Increase due to valuation of securities, net of tax	—	—	—	—	—	—	—	4,548	—
Increase in treasury stock	—	—	—	—	—	—	—	—	(15,002)
Balance at March 31, 2004	**125,966,665**	**¥49,054**	**¥80,956**	**¥255**	**¥12,263**	**¥448,700**	**¥ 49,428**	**¥ 4,151**	**¥(20,796)**

Thousands of U.S. Dollars

	Common stock	Capital surplus: Additional paid-in capital	Capital surplus: Net gain on sales of treasury stock	Retained earnings: Legal reserve	Retained earnings: Voluntary reserve	Retained earnings: Unappropriated retained earnings	Net unrealized gain (loss) on securities	Treasury stock
Balance at March 31, 2003	$464,348	$766,338	$ —	$116,087	$3,776,978	$ 588,613	$ (3,754)	$ (54,843)
Net income	—	—	—	—	—	466,855	—	—
Cash dividends paid	—	—	—	—	—	(116,350)	—	—
Bonuses to directors and corporate auditors	—	—	—	—	—	(761)	—	—
Gain on sales of treasury stock	—	—	2,410	—	—	—	—	—
Transfer to voluntary reserve	—	—	—	—	470,466	(470,466)	—	—
Increase due to valuation of securities, net of tax	—	—	—	—	—	—	43,048	—
Increase in treasury stock	—	—	—	—	—	—	—	(142,013)
Balance at March 31, 2004	**$464,348**	**$766,338**	**$2,410**	**$116,087**	**$4,247,444**	**$ 467,891**	**$39,294**	**$(196,856)**

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥105.64 to U.S.$1, the approximate exchange rate at March 31, 2004.

>>Consolidated Subsidiaries and Equity-Method Affiliate Company

(As of March 31, 2004)

Domestic Subsidiaries

Plat Corporation

http://plat.biz

Address	1-2-4, Otemachi, Chiyoda-ku, Tokyo 100-0004
Paid-in Capital	¥2,400 million
Ownership	100%
Principal Business	Consumer finance

Sun Life Co., Ltd.

http://www.sunlife-net.co.jp

Address	2-7-6, Kawaramachi, Takamatsu, Kagawa 760-0052
Paid-in Capital	¥185 million
Ownership	100%
Principal Business	Consumer finance

PAL Servicer Co., Ltd.

http://www.palsvc.co.jp

Address	4-2-4, Minami Semba, Chuo-ku, Osaka 542-0081
Paid-in Capital	¥500 million
Ownership	100%
Principal Business	Debt collection

PAL Life Co., Ltd.

http://www.kk-pal.co.jp

Address	1-2-4, Otemachi, Chiyoda-ku, Tokyo 100-0004
Paid-in Capital	¥3,000 million
Ownership	100%
Principal Business	Credit obligation investigations, management of leased real estate

Net Future Co., Ltd.

http://www.netfuture.co.jp

Address	1-2-4, Otemachi, Chiyoda-ku, Tokyo 100-0004
Paid-in Capital	¥300 million
Ownership	100%
Principal Business	Telemarketing, maintenance and management of ATMs

System Trinity Co., Ltd.*

http://www.stc-ltd.co.jp

Address	1-2-4, Otemachi, Chiyoda-ku, Tokyo 100-0004
Paid-in Capital	¥90 million
Ownership	100%
Principal Business	Computer system design, operation, and management

* System Trinity changed its corporate name to STC Co., Ltd., on July 1, 2004.

Overseas Subsidiaries

Taiwan

Liang Jing Co., Ltd.

Address	2, Sec. 3, Minsheng E. Rd., Taipei
Paid-in Capital	NT$290 million
Ownership	100%
Principal Business	Automobile installment sales

China

PROMISE (HONG KONG) CO., LTD.

http://www.promise.com.hk

Address	3rd Floor, Number 80 Building, 80 Gloucester Road, Wanchai, Hong Kong
Paid-in Capital	HK$45 million
Ownership	100%
Principal Business	Consumer finance

Equity-Method Affiliate Company

MOBIT CO., LTD.

http://www.mobit.ne.jp

Address	2-4-1, Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-0810
Paid-in Capital	¥20,000 million
Ownership	45%
Principal Business	Consumer finance

(As of March 31, 2004)

Corporate Data

Head Office:	1-2-4, Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan Tel: +81-3-3287-1515 URL: http://cyber.promise.co.jp/	Fiscal Year:	April 1 to March 31
		Paid-in Capital:	¥49,054 million
		Number of Employees:	3,323
		Auditor:	ChuoAoyama PricewaterhouseCoopers
Date of Establishment:	March 20, 1962	Listing:	First Section of Tokyo Stock Exchange

Shareholder and Investor Information

Common Stock: Authorized: 300,000,000 shares
Issued: 125,966,665 shares

Number of Shareholders: 6,210

Transfer Agent: The Sumitomo Trust and Banking Company, Limited
4-5-33, Kitahama, Chuo-ku, Osaka 541-0041, Japan

Principal Shareholders: (Thousands / %)

Name	Shareholdings	Percent of Total Shares Issued
Ryoichi Jinnai	12,500	9.92
Yumiko Jinnai	9,144	7.26
State Street Bank and Trust Company	6,199	4.92
Nippon Life Insurance Company	5,704	4.53
Shinsei Bank, Limited	5,682	4.51
Japan Trustee Services Bank, Ltd. (Trust Account)	5,526	4.39
Tsuyako Jinnai	5,500	4.37
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,146	4.09
The Sumitomo Trust and Banking Company, Limited	4,000	3.18
Citigroup Global Markets, Inc.	3,288	2.61
Total	62,693	49.77

Please visit our IR website for detailed IR information, such as Monthly Data, Business Performance, and Financial Results (TANSHIN).

Notes: 1. The Company holds 4,948 thousand shares of treasury stock, but, as these shares have no voting rights, they are excluded from the holdings of principal shareholders. Although Promise's name is listed in the registry of shareholders, there are an additional 19 thousand shares that Promise does not actually hold.

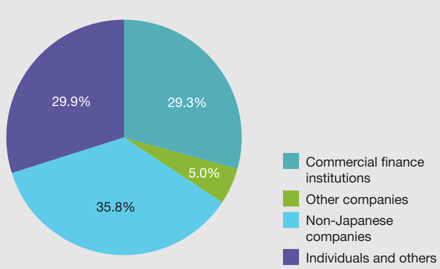
2. The shares held by The Sumitomo Trust and Banking Company, Limited, include 3,600 thousand shares (representing 2.86% of outstanding shares) that have been entrusted to Japan Trustee Services Bank, Ltd., in connection with an employee retirement benefit trust.

3. The corporate name of Salomon Smith Barney, Inc., was changed to Citigroup Global Markets, Inc., on April 7, 2003.

4. In accordance with “Disclosure of large shareholdings” under the Securities Exchange Law, Promise received notification from Alliance Capital Asset Management Group that they held a total of 10,664 thousand shares in Promise as of August 31, 2003. Promise also received notification from Schroders Investment Management Group that they held a total of 6,883 thousand shares in Promise as of March 31, 2003. However, at the end of the previous fiscal year, these two companies were not listed in the registry of shareholders and Promise is unable to ascertain the number of shares held by these companies. As a result, these two companies are not included in the list of principal shareholders.

Composition of Shareholders

(As of March 31, 2004)



(Thousands)

	2000/3	2001/3	2002/3	2003/3	**2004/3**
Number of Shares Outstanding at Year-End	121,597	124,715	125,966	125,966	**125,966**
Commercial finance institutions	40,519	42,281	42,380	43,196	**36,936**
Percentage of total (%)	*33.3*	*33.9*	*33.6*	*34.3*	***29.3***
Other companies	6,836	6,366	4,851	4,897	**6,347**
Percentage of total (%)	*5.6*	*5.1*	*3.9*	*3.9*	***5.0***
Non-Japanese companies	25,992	28,278	40,171	39,298	**45,071**
Percentage of total (%)	*21.4*	*22.7*	*31.9*	*31.2*	***35.8***
Individuals and others	48,247	47,788	38,563	38,574	**37,611**
Percentage of total (%)	*39.7*	*38.3*	*30.6*	*30.6*	***29.9***
Number of Shareholders	7,396	4,660	9,106	9,422	**6,210**

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