



PROMISE

Positioning Promise for a New Decade

Annual Report 2005

The Promise Group's corporate philosophy

“Support affluent lifestyles and aim to be a trusted corporate citizen”

“Target appropriate profit levels through efficient management and seek to achieve sustainable growth”

“Be appreciated by customers and cooperate with society to realize mutual harmony and benefit together with employees”

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Financial Highlights

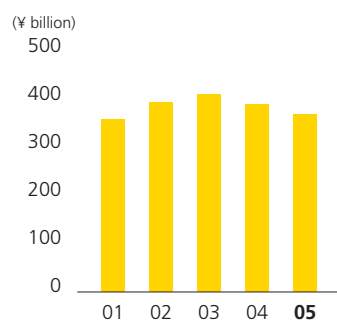
Promise Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2005, 2004 and 2003

	Millions of Yen			Thousands of U.S. Dollars
	2005	2004	2003	2005
For the Year:				
Total operating income	¥ 369,860	¥ 390,981	¥ 410,619	\$ 3,444,084
Operating profit	128,301	87,869	106,958	1,194,721
Income before income taxes and minority interests	127,174	79,138	105,806	1,184,229
Net income	75,379	41,576	60,716	701,913
Credit losses including provision for uncollectible loans	97,540	146,413	124,810	908,273
At Year-end:				
Total assets	¥1,785,143	¥1,718,721	¥1,855,353	\$16,622,987
Consumer loans receivable: Principal	1,599,636	1,529,055	1,614,524	14,895,571
Total shareholders' equity	793,987	636,667	618,110	7,393,486
Interest-bearing debt	916,256	1,004,033	1,154,086	8,532,036
Allowance for credit losses	130,589	133,877	115,398	1,216,023
Amount per Share (Yen/U.S. Dollars):				
Net income:				
Basic*	¥ 576.05	¥ 342.19	¥ 483.62	\$ 5.36
Diluted	575.88	—	—	5.36
Cash dividends	105.00	100.00	100.00	0.98
Shareholders' equity	5,901.62	5,260.21	4,952.12	54.96

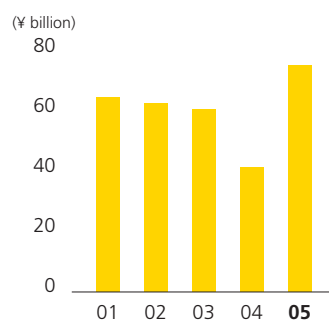
* Based on Japanese accounting standards

Note: U.S. dollar amounts in this annual report are translated from yen, for convenience only, at the rate of ¥107.39 to U.S.\$1, the approximate exchange rate at March 31, 2005.

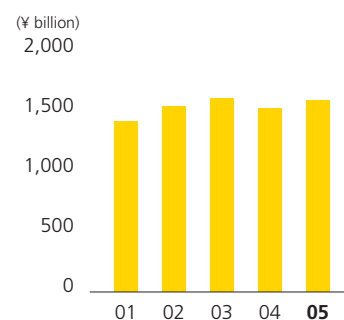
Total Operating Income



Net Income



Consumer Loans Outstanding



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.

Business and Capital Alliance with Sumitomo Mitsui Financial Group, Inc. (SMFG)

June 2004	Announced a fundamental business and capital alliance agreement with SMFG
July 2004	Issued new shares through a third-party allocation and allocated treasury stock to Sumitomo Mitsui Banking Corporation (SMBC)
September 2004	Formed a fundamental business alliance agreement with SMFG
January 2005	Acquired shares of At-Loan Co., Ltd., through a third-party allocation, thereby converting the company into a consolidated subsidiary
March 2005	Agreed to form a business and capital alliance between QUOQ Inc., an installment sales finance company of the SMBC group, and Plat Corporation, a wholly owned subsidiary of Promise
March 2005	Began providing The Japan Net Bank, Limited, with loan guarantee services

Expanding product line and business channel network

July 2004	Upgraded Internet repayment service <ol style="list-style-type: none"> 1. commissions waived 2. mobile service introduced 3. tie-up financial institution expanded
November 2004	Issued the first card in the consumer finance industry equipped with Edy, an electronic money function The new card targets people applying for loans through Promise's Internet shops
November 2004	Commenced a new loan application and rapid card issuance service through multimedia terminals installed in convenience stores—a first for the consumer finance industry

Cash Dividends

January 2005	Decided to increase the year-end cash dividend through a ¥5.00 per share dividend in commemoration of business alliance with SMFG, raising the full-year dividend to ¥105.00 per share
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Management Perspectives

The fiscal year ended March 31, 2005, represented a turning point for Promise with an increase in profits for the first time in four years. Moreover, the Company concluded a milestone business and capital alliance with Sumitomo Mitsui Financial Group. Despite a decline in the number of applications for personal bankruptcy after nine consecutive years of growth, competition in the consumer finance industry continued to intensify. To survive this competition, it was vital that Promise realize its long-held goal of a full-line interest rate strategy. The new business alliance was an effective step in that direction, bringing the Company close to completing its strategy. With this turn of events, Promise is heading toward a new stage of growth.

“The good ship Promise has just set out on a new voyage. While certainly not an easy crossing, we believe that a new business opportunity for growth awaits us along the way.”



Hiroki Jinnai
President and Representative Director

Looking Back on the Fiscal Year Ended March 31, 2005

If managing businesses were to be described as sea voyages, the good ship Promise has been sailing up a long sustained growth lane, under the sails of “outstanding credit scoring know-how,” “nationwide sales channels,” “careful loan management,” and “stable, low-cost funding.” Fighting against the headwinds of a stagnant domestic economy and a rising number of applications for personal bankruptcy, Promise had suffered from a decline in profits that began in the fiscal year ended March 31, 2002. In the fiscal year ended March 31, 2005, however, Promise returned to profit growth. Moreover, in a strategic move toward realizing new growth, Promise raised the powerful sails of its recent business alliance with Sumitomo Mitsui Financial Group, Inc. (SMFG). With that, the good ship Promise has begun the first leg of a new journey into the future.

In the fiscal year ended March 31, 2005, total operating income amounted to ¥369.9 billion, a 5.4% decline year on year. However, operating profit jumped 46.0%, to ¥128.3 billion, and recurring profit rose 45.6%, to ¥130.8 billion, substantial gains from the previous fiscal year. The principal reason for the surge in profits was a ¥48.9 billion drop in credit losses, to ¥97.5 billion. The first decline in the number of

applications for personal bankruptcy in 10 years formed the backdrop to this improvement. Reduced personnel expenses resulting from the voluntary retirement program implemented in the fiscal year ended March 31, 2004, also contributed to profit growth. Net income soared even higher, up 81.3% year on year, to ¥75.4 billion. The higher growth in net income compared with operating profit was due to an end to the ¥18.7 billion special retirement payment that was booked as an extraordinary loss in the fiscal year ended March 31, 2004, for the voluntary retirement plan. Even though total operating income declined, consumer loans outstanding at the end of the fiscal year rose 4.6%, to ¥1,599.6 billion. This anomaly resulted from At-Loan Co., Ltd., formerly an SMFG subsidiary, becoming a subsidiary of Promise at the end of January 2005 through a third-party allocation. As a result of this share acquisition, the balance sheet of At-Loan was included in consolidation. Had this not taken place, consumer loans outstanding at the end of the fiscal year would have been ¥1,497.2 billion, a decrease of 2.1% from the previous year-end.

Full-Line Interest Rate Strategy Close to Completion

Promise announced its business alliance with SMFG in June 2004. The major significance of this business

alliance is that it brings Promise close to completing its full-line interest rate strategy, the Company has held for some time. Previously, Promise had provided loan products with interest rates ranging from 17.8% to 25.55%, while other members of the Promise Group covered the interest rate spectrum on either side of that range. Specifically, subsidiaries Plat Corporation and Sun Life Co., Ltd., offered loans up to the maximum legal interest rate of 29.2%, and affiliate MOBIL CO., LTD., supplied loan products at 15% and 18%. Despite being able to offer this significantly wide range of interest rates, we were anxious to offer products in the 10% range. Before forming the business alliance with SMFG, entering that arena posed many difficulties for the Promise Group in terms of business resources.

However, this resource insufficiency was overcome through the alliance. In other words, we gained access to the brand power, credit capacity, and customer base of Sumitomo Mitsui Banking Corporation (SMBC). On the other hand, SMFG realized that developing a small-lot consumer loan business was vital to survive the competition among mega-banks but found itself somewhat short of management resources. SMFG decided that adding Promise's credit scoring and loan management know-how would make the full-scale development of its consumer finance business feasible.

Through a third-party allocation implemented in the fiscal year ended March 31, 2005, SMFG raised its stake in Promise to 16%. The partners plan to strengthen this relationship in the future through such possible measures as SMFG expanding its stake in Promise up to 20%. In terms of concrete results produced by the alliance, in March 2005 Promise began providing The Japan Net Bank, Limited, a member of SMFG, with loan guarantee services for unsecured loans to individuals made following the business alliance. In the same month, QUOO Inc., an installment sales finance company of SMBC, announced a substantial investment in Plat Corporation, which will change its name to QUOO LOAN INC. In April 2005, after six months of preparation, the joint consumer finance business of SMBC, At-Loan, and Promise finally commenced.

Promise Coordinating Joint Business Development

The framework for the joint business of the three companies commenced with the newly developed automatic contract machine (ACM) that is being installed in the ATM corners of SMBC's branches. These ACMs can handle and process applications and approve loans for the three companies simultaneously. Consumers can also apply for the new loan service by telephone or

over the Internet. In addition, the loan service is being promoted to the general public through advertising campaigns and other mass-marketing efforts. The ACMs make it possible for the three companies to draw on SMBC's customer base, while demand from other potential customers is being stimulated through mass marketing.

Considering the interest rates being offered by the three partners—8% to 12% by SMBC, 15% to 18% by At-Loan, and 18% to 25.55% by Promise—it could be said that Promise's full-line interest rate strategy is complete. Moreover, Promise is playing a major role as the coordinator of the joint business. For the new loan service, Promise is guaranteeing the loans made by SMBC and At-Loan while providing full support for their operations, from credit scoring to loan management and collection. The partners did set up a new call center together, but the center's operations are based on know-how developed from scratch by Promise affiliate MOBIT in its business. In addition, the expertise for credit scoring for At-Loan's 15% to 18% loans is based on MOBIT's experience. We are handling SMBC's 8% to 12% loans by using an even more severe credit scoring system than for At-Loan's loans, and feel that the system should be sufficient to deal fully with the needs of the business.

Our basic policy will be to build a new customer base through the joint consumer finance business that will enable us to increase the numbers of new customers. This policy is at the core of Promise's new growth strategy.

The three partners aim to build the balance of consumer loans outstanding in this business to ¥500 billion over the next three years. Breaking down this figure, SMBC and At-Loan plan to both contribute ¥200 billion while Promise plans to contribute ¥100 billion. Although the contributions to total consumer loans outstanding are not equal, to demonstrate that the companies are equal partners, a mechanism is in place such that Promise and SMFG share the operating profits of the business equally.

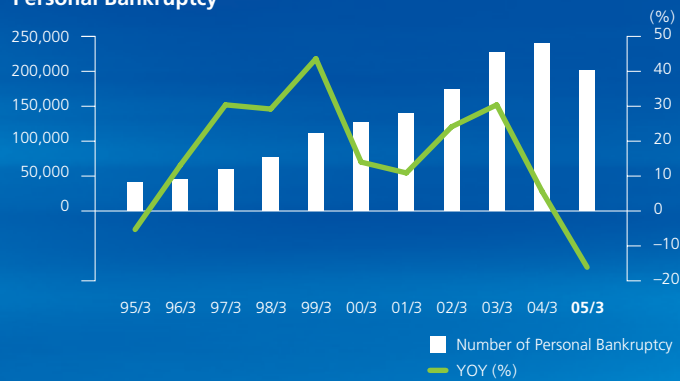
Priority Given to Investments for the Future

In the fiscal year ending March 31, 2006, the Promise Group is focused on expanding consumer loans outstanding. Excluding At-Loan's contribution, the Promise Group's consumer loans outstanding have declined for two consecutive years. By increasing the number of new customers, we intend to increase the balance. In our finance customers may exercise their own preferences in applying to any of the three companies for a loan. Should customers not qualify for loans from SMBC or At-Loan, however, customers will be referred to Promise's loan products if they so desire and undergo credit scoring. We believe that Promise can obtain new customers based on referrals. In today's highly

competitive consumer finance market and considering the current size of consumer loans outstanding, it would be hard to achieve double-digit recurring growth in consumer loans outstanding based only on the Promise Group's existing sales channels. Of course, it would be possible if our credit scoring standards were relaxed. However, as this would create concern that the quality of loan portfolio could deteriorate. For that reason, our basic policy will be to build a quality loan portfolio and a new customer base through the joint consumer finance business that will enable us to increase the numbers of new customers. This policy is at the core of Promise's new growth strategy.

Our performance forecast for the fiscal year ending March 31, 2006, is an increase in total operating income with a decrease in profits. The increase in total operating income can be attributed to the inclusion of At-Loan in the consolidated income statement as well as the balance sheet. Excluding At-Loan's contribution, operating income is expected to be flat. The forecast decrease in profits is related to the investments being made for the start-up of the joint consumer finance business. Additional costs include the rental fees for the new call center and investments in computer systems and advertising and other sales promotional activities. The credit losses that are expected to increase are yet

Number of Applications for Personal Bankruptcy



another contributor to the decline in profits.

The first decline in the number of applications for personal bankruptcy in 10 years underpinned the fall in the Company's credit losses in the fiscal year ended March 31, 2005. However, we are not optimistic that this trend will continue. Although the Japanese economy has shown signs of recovery in certain sectors, it is difficult to judge whether actual personal income is rising or not. For that reason, we have assumed a slightly higher uncollectible loans ratio for the loans being offered in the joint consumer finance business. Therefore, credit losses are forecast to increase in the fiscal year ending March 31, 2006.

Looking at our financial position, the shareholders' equity ratio is expected to reach 46.2% at the end of March 2006, due to the planned repayment of interest-bearing debt. In addition, we raised capital through a third-party allocation to SMFG in the fiscal year ended March 31, 2005. Accompanying growth in the consumer loans outstanding of SMBC and At-Loan that Promise is guaranteeing as part of the joint business, there will be an increase in our risk exposure related to these off-balance-sheet assets. Consequently, we view our substantial shareholders' equity as providing a necessary buffer to that risk exposure.

To Our Shareholders

As stated at the beginning of the message, the good ship Promise has just set out on a new voyage. While certainly not an easy crossing, we believe that a new business opportunity for growth awaits us along the way. I and the rest of the management team feel that we have been entrusted with a great responsibility for the navigation of this voyage. We intend to dedicate our full efforts to this task, and we look forward to the continued support of our shareholders as we head toward a brighter future.

July 2005

Hiroki Jinnai
President and Representative Director



Points of View

The business alliance between Promise and Sumitomo Mitsui Financial Group (SMFG) has come to fruition in the Cascade Scheme business participated in by Sumitomo Mitsui Banking Corporation (SMBC), At-Loan Co., Ltd., and Promise. With its broad interest rate products that can serve the needs of a wide-range of customers, the Cascade Scheme is the symbol of the business alliance. As the coordinator of the Cascade Scheme, Promise is providing overall support for the scheme's operational process—credit scoring and loan management and collection. The fusion of SMBC's customer base and brand power with Promise's consumer finance know-how as brought new strength and capability to the alliance.



Yasuhisa Ichikawa

Director and
Managing Executive Officer

In Charge of
Alliance Promotion,
Alliance Promotion Dept.,
Alliance Operation Dept.,
Alliance Project,
and Promise Loan Center

In June 2004, Promise announced its business and capital alliance with the Sumitomo Mitsui Financial Group, Inc. (SMFG). After the signing of a business alliance agreement the following September, the two partners worked on the details of the business tie up, and launched the Cascade Scheme business in April 2005.

Business Alliance Steadily Developing

The following six concrete actions were set forth at the time of announcement of business and capital alliance with SMFG in June 2004.

Actions of the Business Alliance

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

Let me report on developments in the six areas following the information of the alliance. Action No. 1 is being realized through the Cascade Scheme business, which is explained later in this section. For action No. 2, in lieu of starting up a new company, Promise established the necessary infrastructure by acquiring a greater than 50% stake in At-Loan Co., Ltd. Action No. 3 has been put into effect by Promise commencing its guarantee of the unsecured loans of The Japan Net Bank. Action No. 4 will require some time to initiate specific measures; however, research and planning is under way in earnest. For example, the two partners are looking closely at how they can combine their information to achieve effective credit scoring. While SMBC is developing an evaluation system based on the financial statements of small businesses, Promise is basing its system on investigating the credit worthiness of business proprietors. Action No. 5 has been realized at the Cascade Scheme's Shiodome call center in Tokyo, where employees from both sides are

Summary of the Cascade Scheme's Product Lines

	SMBC	At-Loan	Promise
Loan type	Unsecured loan	Unsecured loan	Unsecured loan
Credit ceiling	¥3 million	¥3 million	¥2 million
Interest rate	8% to 12%	15% to 18%	18% to 25.55%
Sales channels	ACM Staffed branches Telephone Postal service Internet	ACM Telephone Postal service Internet Referral from SMBC	ACM Postal service Referral from SMBC or At-Loan

working together. Action No. 6 is a long-term issue, and no significant progress has been made at this point.

The above represents a summary of the concrete progress being made under the agreement. We intend to further strengthen the relationship between the two partners, linking it to performance growth.

The Cascade Scheme—Symbol of the Alliance

The business alliance between Promise and SMFG brought the breakthrough Cascade Scheme into being. The word “cascade” was used to illustrate the roles of SMBC, At-Loan, and Promise as the three “cascading” steps in the flow of loans. Each company provides its own loan products to the scheme. Customers are then fitted with loan products that match their loan size requirements and their credit ratings. As such, the scheme serves a wide range of customer needs. The customer-drawing power of SMBC’s brand and direct marketing to SMBC’s customer base are also important aspects of the scheme.

The partners have high expectations of the network of automatic contract machines (ACMs) installed in the ATM corners of SMBC’s more than 400 branches as a new sales channel. These ACMs can handle and process for the three companies. Consumer can of course apply for any one of the loans offered by SMBC, At-Loan, and Promise on the machines as well as simultaneously applying to all three companies. For example, a customer applies for a loan from SMBC, but is refused, if applicants so desire, they will be referred to At-Loan or Promise’s products. In other words, the “cascade” effect of loans flows from low to higher interest rates. In addition to the ACMs, consumers can also apply for loans by telephone or over the Internet.

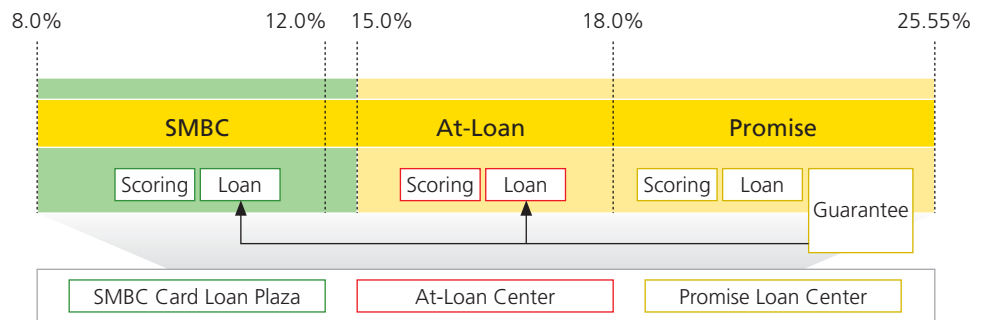
Enabling the three companies receive applications from potential customers and utilize the alliance’s broad range of loan products to capture customer needs, the Cascade Scheme is symbolic of the business alliance between Promise and SMFG.

The new Shiodome call center in Tokyo is responsible for receiving loan applications under the Cascade Scheme. The center is divided up into separate call centers for each of the three companies—SMBC Card Loan Plaza, At-Loan Center, and Promise Loan Center—which conduct their credit scoring of individual applications received. Since Promise is guaranteeing the loans of SMBC



Automatic Contract Machine

Outline of the Cascade Scheme



Approximately 600 full-time and contract employees are stationed at the Shiodome call center in Tokyo.



SMBC Card Loan Plaza

and At-Loan, Promise effectively is doing the credit scoring for all three companies. For that purpose, Promise has introduced a new credit scoring system.

Approximately 600 employees are stationed at the new call centers. In addition to using full-time employees, we have also hired much of the staff on a contract basis. To prepare call center employees to deal directly with our customers, we hired them well before the start up of operations, and put them through several months of training courses. Because of the importance of their role in representing our business, we intend to give high priority to training and developing our call center staff.

Promise and SMFG Develop Alliance as Equal Partners

The Cascade Scheme represents a breakthrough in the consumer finance industry from the point of view of locating the ACMs in SMBC's branches and of obtaining access to the customer base of a bank. It is a scheme that Promise could not have easily copied before the business alliance—nor for that matter, could have any other company in the non-banking industry. It also would be difficult to recreate the relationship of trust that Promise and SMFG have established based on their equal partnership. At the time of the announcement of the business alliance, it was emphasized that profits from joint consumer finance businesses would be shared equally. This principle is being followed in the Cascade Scheme operations.

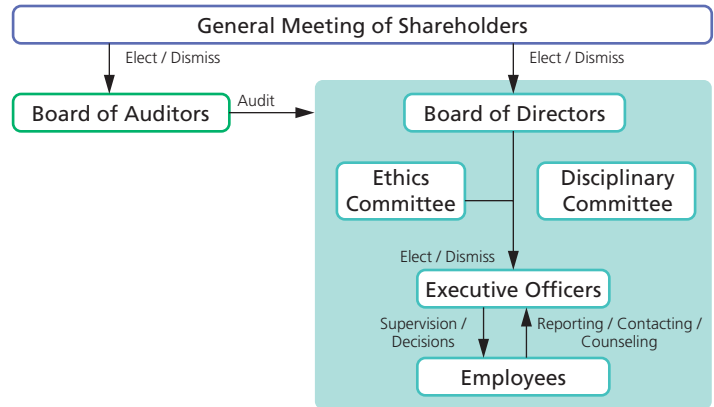
While an important step, the Cascade Scheme is not the final goal of our joint consumer finance business. There are still many areas, such as small business loans and credit cards, where we have not even begun to discuss specific actions. Building on a relationship of mutual trust, Promise and SMFG will pursue business expansion in many areas.

Corporate Governance Organization

The Promise Group recognizes that corporate governance is vital to improving management efficiency, soundness, and transparency. The small size of our board of directors—8 people—facilitates full discussion of business issues and strategic responses and rapid decision making while our executive officer system enables swift implementation of measures.

To oversee management performance, we make use of our corporate auditor system, which serves as a monitor of business execution.

As a trusted corporate citizen, the Promise Group seeks to cooperate with society to realize mutual harmony and benefit. To that end, we are working to strengthen and improve our corporate governance organization.



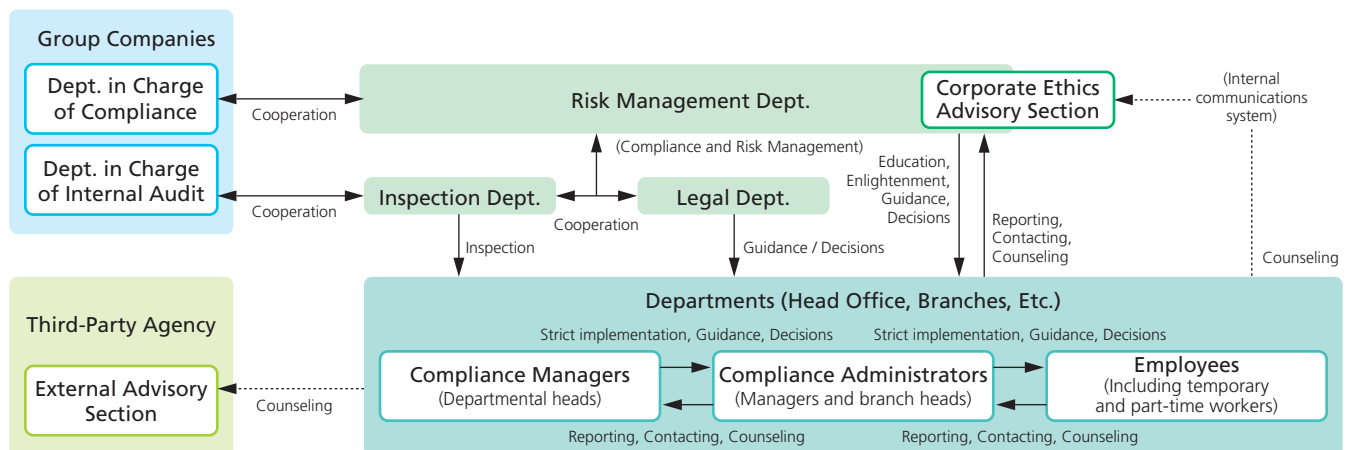
Strengthening Compliance Organization

Promise views thorough compliance as a high-priority process and works to ensure ethical and legal compliance Groupwide by establishing guidance systems and maintaining ongoing programs to raise awareness of compliance among employees.

On April 1, 2005, the Company extended the functions of the Compliance Department, which was formed to unify risk information. The department was re-established as the Risk Management Department and is now responsible for the establishment of Promise's risk management organization, including the oversight of compliance.

In its business operations, Promise appoints compliance managers and administrators for all business sections, including

sales branches, and requires employees to adopt a code of ethics, create compliance implementation proposals, and inspect compliance status every quarter. The Company is also making progress with strengthening cooperation with the department in charge of internal audit of Group companies to establish a compliance system for the entire Group. As necessary, the Risk Management and Legal departments and other departments can provide guidance and advice for Group compliance efforts and the Inspection Department can implement planned internal inspections.



Total number of graduates of the Compliance Officer Certification Examination (Consumer Finance Course): 2,105 employees
 (Certification by the Kinzai Institute for Financial Affairs. The Promise Group has won the Best Group Performance Award for two consecutive years.)

Management (As of June 21, 2005)

Directors

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

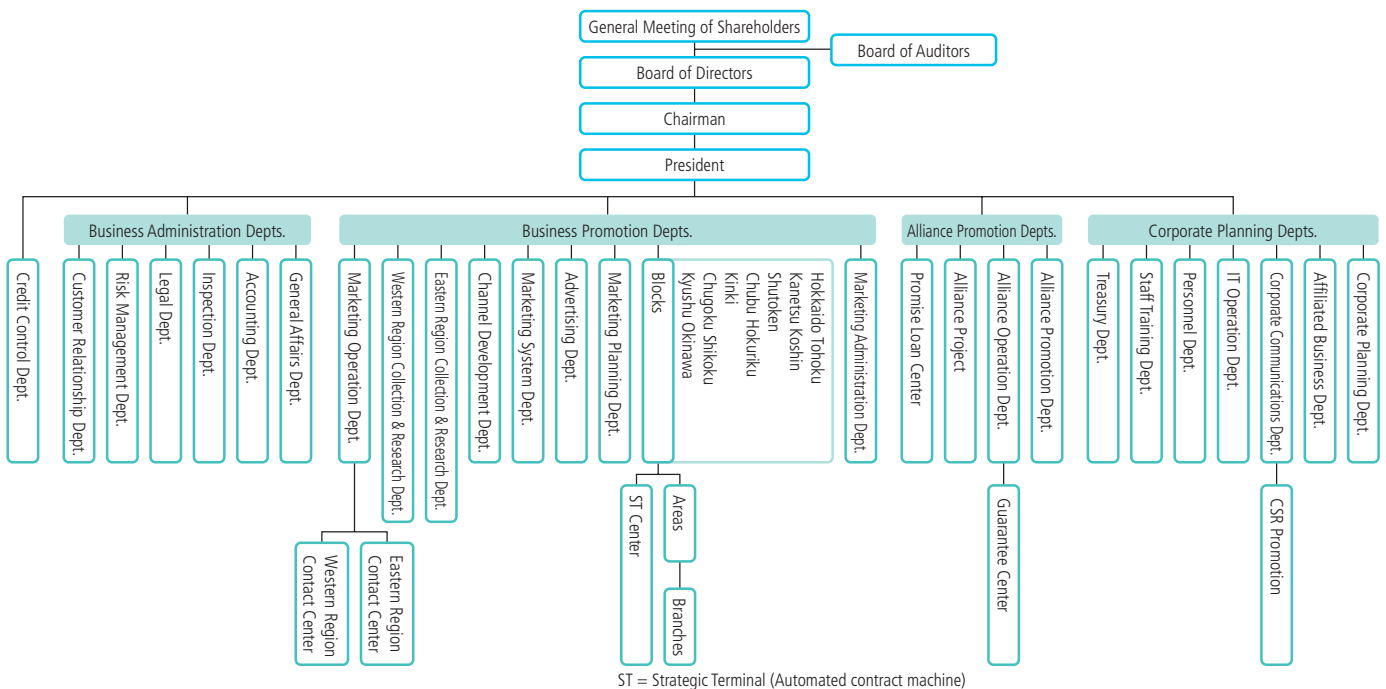
Corporate Auditors

Full-Time Corporate Auditors	Kazuya Koshita	
	Yukio Yoshida	
	Hiroaki Mori*	* Outside Auditor
	Kazuo Nagasawa*	

Executive Officers

Chief Executive Officer	Hiroki Jinnai	— Liaison Officer
Senior Managing Executive Officers	Shunji Kosugi	— In Charge of Business Promotion, Marketing Administration Dept., Blocks Administration
	Teruaki Watanabe	— In Charge of Business Administration, Inspection Dept., Legal Dept.
Managing Executive Officers	Isao Takeuchi	— In Charge of Alliance Promotion, Alliance Promotion Dept., Alliance Operation Dept., Alliance Project, Promise Loan Center
	Yasuhisa Ichikawa	— In Charge of Corporate Planning, Personnel Dept., Staff Training Dept.
	Tsutomu Kasori	— Corporate Planning Dept., Affiliated Business Dept.
	Norio Kinoshita	— IT Operation Dept.
Executive Officers	Hiroshi Obata	— Eastern Region Collection & Research Dept., Western Region Collection & Research Dept., Marketing Operation Dept.
	Takeshi Hirai	— General Affairs Dept., Accounting Dept.
	Masayuki Fujiwara	— General Affairs Dept.
	Naohisa Tonami	— Shutoken Block
	Yukihiro Suzuki	— Treasury Dept., Customer Relationship Dept.
	Tetsu Suzuki	— Corporate Communications Dept., Risk Management Dept.
	Yoshiyuki Tateishi	— Marketing Planning Dept., Advertising Dept., Marketing System Dept., Channel Development Dept.
	Toshio Shinohara	— Legal Dept.
	Hirofumi Ezawa	— IT Operation Dept.
	Masaru Kasori	— Personnel Dept.
	Masahiro Kudo	— Corporate Planning Dept.
	Shouichi Azuma	

Organization Chart (As of April 1, 2005)

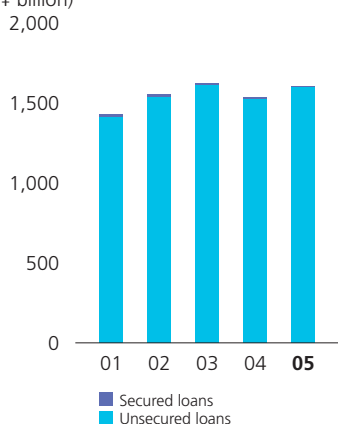


Data Section

Promise Group's Business Indicators

1. Consumer Loans Outstanding

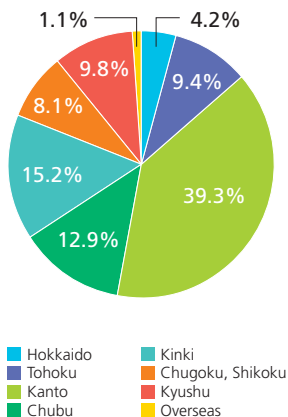
(¥ billion)



	2001/3	2002/3	2003/3	2004/3	2005/3
Consumer loans outstanding	1,418,656	1,543,288	1,614,524	1,529,055	1,599,636
Year-on-year growth (%)	22.4	8.8	4.6	-5.3	4.6
Individual customers	1,414,999	1,540,288	1,613,500	1,529,055	1,599,636
Unsecured loans	1,406,327	1,532,578	1,607,121	1,523,667	1,595,397
Secured loans	8,671	7,710	6,378	5,387	4,238
Corporate customers	3,656	3,000	1,023	—	—
Unsecured loans	—	—	1,023	—	—
Secured loans	3,656	3,000	—	—	—

2. Unsecured Loans Outstanding, by Area

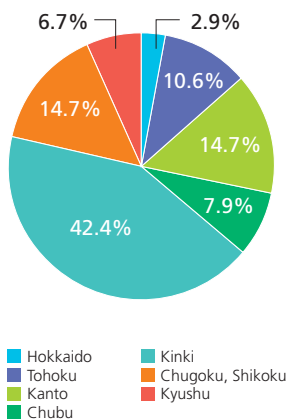
(As of March 31, 2005)



	2001/3	2002/3	2003/3	2004/3	2005/3
Unsecured loans outstanding	1,406,327	1,532,578	1,608,145	1,523,667	1,595,397
Domestic	1,393,576	1,514,506	1,592,396	1,507,734	1,577,519
Hokkaido	70,779	73,831	75,114	68,663	66,969
Tohoku	146,932	152,743	160,028	153,446	149,580
Kanto	474,849	526,717	565,624	528,783	626,810
Chubu	184,857	198,731	212,390	210,530	206,592
Kinki	253,076	267,302	273,141	252,723	243,113
Chugoku, Shikoku	105,151	132,012	136,285	132,112	128,780
Kyushu	157,930	163,167	169,812	161,474	155,671
Overseas	12,750	18,071	15,748	15,932	17,878
Hong Kong	12,750	18,071	15,748	15,932	17,878

3. Secured Loans Outstanding, by Area

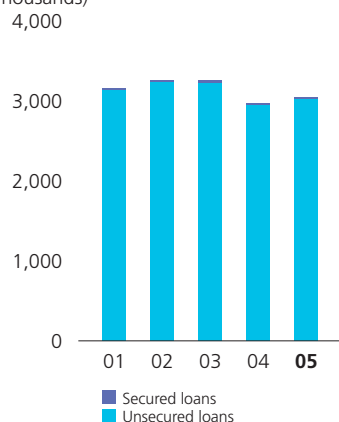
(As of March 31, 2005)



	2001/3	2002/3	2003/3	2004/3	2005/3
Secured loans outstanding	12,328	10,710	6,378	5,387	4,238
Hokkaido	205	254	232	167	124
Tohoku	924	793	648	572	448
Kanto	4,339	3,980	784	768	623
Chubu	754	617	542	423	335
Kinki	4,036	3,469	2,810	2,270	1,796
Chugoku, Shikoku	1,692	1,093	910	783	623
Kyushu	374	501	450	402	285

4. Number of Accounts

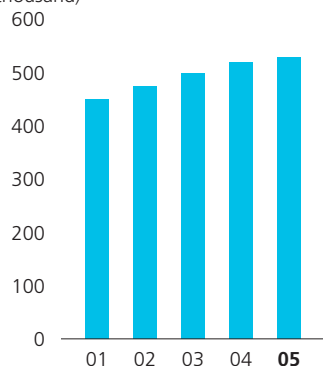
(Thousands)



	2001/3	2002/3	2003/3	2004/3	2005/3
Number of accounts	3,129	3,233	3,227	2,941	3,024
Year-on-year growth (%)	20.9	3.3	-0.2	-8.9	2.8
Individual customers	3,129	3,233	3,227	2,941	3,024
Unsecured loans	3,126	3,230	3,225	2,939	3,022
Secured loans	2	2	2	2	1
Corporate customers	0	0	0	—	—
Unsecured loans	—	—	0	—	—
Secured loans	0	0	—	—	—

5. Unsecured Loans Outstanding per Account

(¥ thousand)

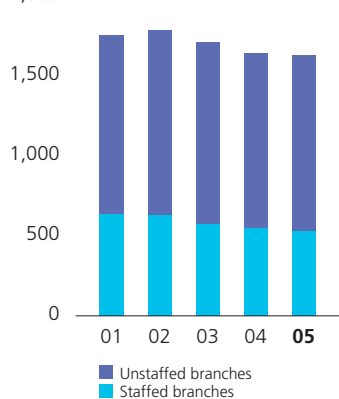


	2001/3	2002/3	2003/3	2004/3	2005/3
Unsecured loans outstanding per account	449	474	498	518	527

Note: Unsecured loans outstanding per account = unsecured loans outstanding (year-end) ÷ number of unsecured loans accounts (year-end)

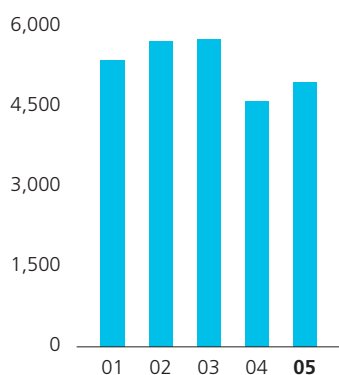
6. Number of Unsecured Loan Branches

2,000



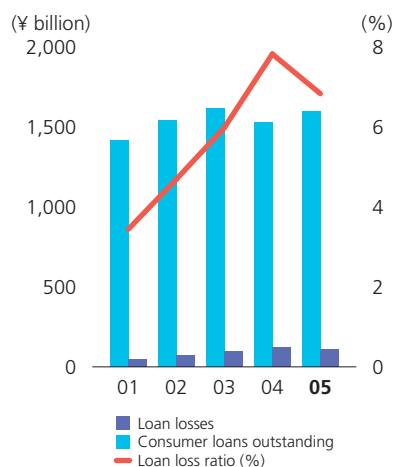
	2001/3	2002/3	2003/3	2004/3	2005/3
Number of unsecured loan branches	1,755	1,785	1,711	1,644	1,628
Staffed branches	637	630	570	544	530
Unstaffed branches	1,118	1,155	1,141	1,100	1,098
Number of ATMs and CDs	2,182	2,208	2,105	1,782	1,769
Number of automated contract machines	1,645	1,651	1,556	1,503	1,880
Number of loan processing machines	—	—	—	123	452

7. Number of Employees



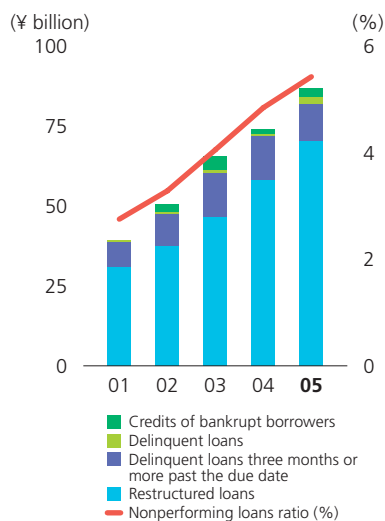
	2001/3	2002/3	2003/3	2004/3	2005/3
Number of employees	5,376	5,723	5,773	4,599	4,967

8. Loan Losses



	2001/3	2002/3	2003/3	2004/3	2005/3
Consumer loans outstanding	1,418,656	1,543,288	1,614,524	1,529,055	1,599,636
Loan losses	48,789	72,324	96,608	119,571	109,260
Loan loss ratio (%)	3.44	4.69	5.98	7.82	6.83
Credit losses	55,990	96,996	124,810	146,413	97,540
Provision for uncollectible loans	55,990	86,215	114,733	136,525	97,540
Additional expense for loan losses	—	10,780	10,077	9,887	—
Collection of written-off loans	8,518	7,920	6,537	5,384	4,901

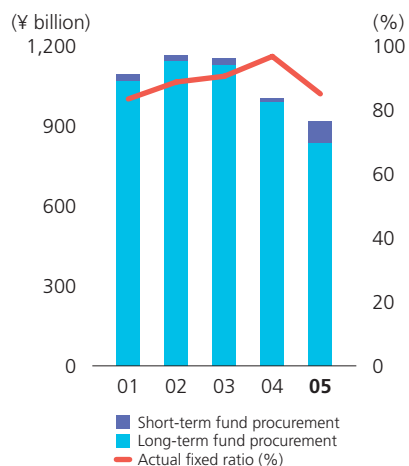
9. Nonperforming Loans



	2001/3	2002/3	2003/3	2004/3	2005/3
Consumer loans outstanding	1,418,656	1,543,288	1,614,524	1,529,055	1,599,636
Nonperforming loans	38,992	50,625	65,402	74,007	86,660
Nonperforming loans ratio (%)	2.75	3.28	4.05	4.84	5.42
Credits of bankrupt borrowers	109	2,648	4,437	1,694	2,848
Delinquent loans	171	706	699	601	2,105
Delinquent loans three months or more past the due date	7,924	9,842	13,849	13,858	11,640
Restructured loans	30,788	37,429	46,417	57,854	70,067

Promise Group's Fund Procurement

10. Fund Procurement



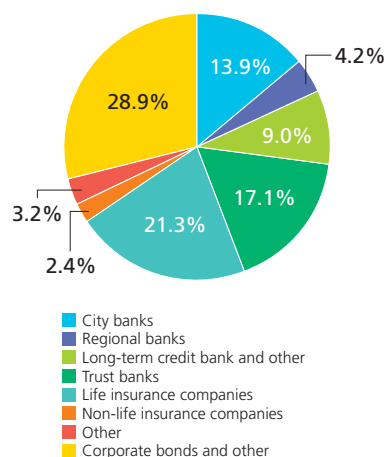
The Company procures long-term borrowings at fixed interest rates, taking into account market interest rates. At March 31, 2005, the Company's actual fixed ratio stood at 85.0%, including corporate bonds.

	2001/3	2002/3	2003/3	2004/3	2005/3 (¥ million)
Total fund procurement (interest-bearing debt)	1,094,274	1,164,873	1,154,086	1,004,033	916,256
Short-term fund procurement	29,158	24,855	26,990	17,392	82,707
Ratio of short-term fund procurement (%)	2.7	2.1	2.3	1.7	9.0
Short-term borrowings	24,090	19,835	24,395	15,423	82,707
Commercial paper (CP)	5,068	5,020	2,595	1,969	—
Long-term fund procurement	1,065,117	1,140,017	1,127,096	986,641	833,549
Ratio of long-term fund procurement (%)	97.3	97.9	97.7	98.3	91.0
Long-term borrowings	808,117	828,017	805,096	681,641	568,549
Fixed interest rate	512,990	572,877	581,308	513,917	414,991
Variable interest rate	295,127	255,140	223,787	167,724	153,558
Of which, interest rate swaps and caps	162,806	168,509	161,419	171,562	108,958
Straight bonds	257,000	312,000	322,000	305,000	265,000
Of which, floating rate notes	20,000	20,000	20,000	20,000	10,000
Convertible bonds	—	—	—	—	—
Actual fixed ratio (%)	83.4	88.7	90.5	96.7	85.0
Average interest rate on fund procurement (%)	2.43	2.09	2.01	1.80	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 CP but exclude commission payments on interest rate swaps and caps.

11. Fund Procurement, by Category

(As of March 31, 2005)



Since 1996, the Company has issued corporate bonds and CP to diversify its fund procurement sources. At March 31, 2005, corporate bonds and CP as a percentage of total fund procurement was 28.9%.

	2001/3	2002/3	2003/3	2004/3	2005/3 (¥ million)
Total fund procurement (interest-bearing debt)	1,094,274	1,164,873	1,154,086	1,004,033	916,256
Total borrowings	832,207	847,852	829,491	697,064	651,256
City banks	35,019	44,120	48,340	37,500	127,510
Regional banks	38,934	61,403	70,127	54,790	38,882
Long-term credit bank and other	114,874	117,010	114,843	104,540	82,820
Trust banks	229,003	216,219	203,120	185,168	156,595
Non-Japanese banks	38,676	64,074	59,370	16,201	13,440
Credit associations	4,128	7,252	11,691	10,957	7,598
Prefectural credit federations of agricultural cooperatives	—	3,000	4,442	5,873	3,815
Life insurance companies	271,962	273,513	265,107	241,651	195,368
Non-life insurance companies	46,200	43,609	40,048	33,802	22,183
Leasing, finance, and other companies	53,411	17,653	12,399	6,581	3,041
Corporate bonds and other	262,068	317,020	324,595	306,969	265,000
Straight bonds	257,000	312,000	322,000	305,000	265,000
Convertible bonds	—	—	—	—	—
Commercial paper (CP)	5,068	5,020	2,595	1,969	—

Note: Effective April 2004, Shinsei Bank, Limited, became a regular bank. However, it is still included in the long-term credit bank and other category for the fiscal year ended March 31, 2005.

Subsidiaries and Affiliate

	2001/3	2002/3	2003/3	2004/3	2005/3
Consolidated subsidiaries	9	11	10	8	10
Affiliate accounted for under the equity method	1	1	1	1	1

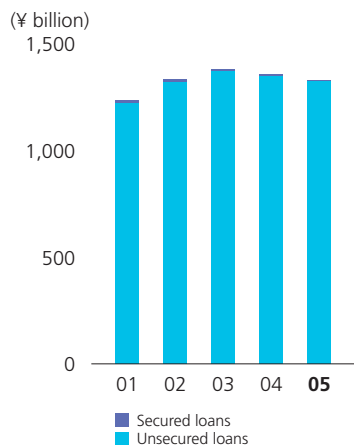
For more information about consolidated subsidiaries and equity-method affiliated company, please refer to page 66.

Reference

<u>As of March 31, 2001</u>	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
<u>As of March 31, 2002</u>	December	2001	Acquired Sun Life Co., Ltd.
			Included System Trinity Co., Ltd. (currently, STC Co., Ltd.), in consolidation from the fiscal year ended March 31, 2002
<u>As of March 31, 2003</u>	April	2002	Established Plat Corporation (currently, QUOQLOAN INC.), through the merger of Rich, Shinkou, and TOWA Acquired MITSUWAKAI Co., Ltd., by GC Co., Ltd.
<u>As of March 31, 2004</u>	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 the fiscal year ended March 31, 2004
<u>As of March 31, 2005</u>			Included PROMISE (TAIWAN) Co., Ltd., and At-Loan Co., Ltd., in consolidation from the fiscal year ended March 31, 2005

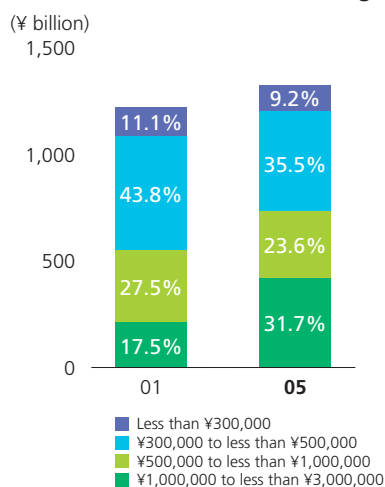
Promise's Business Indicators

12. Consumer Loans Outstanding



	2001/3	2002/3	2003/3	2004/3	2005/3
Consumer loans outstanding	1,228,026	1,324,663	1,375,693	1,352,847	1,326,794
Year-on-year growth (%)	11.6	7.9	3.9	-1.7	-1.9
Unsecured loans	1,220,447	1,317,203	1,369,570	1,347,657	1,322,701
Year-on-year growth (%)	11.6	7.9	4.0	-1.6	-1.9
Secured loans	7,578	7,460	6,122	5,189	4,093
Year-on-year growth (%)	11.1	-1.6	-17.9	-15.2	-21.1

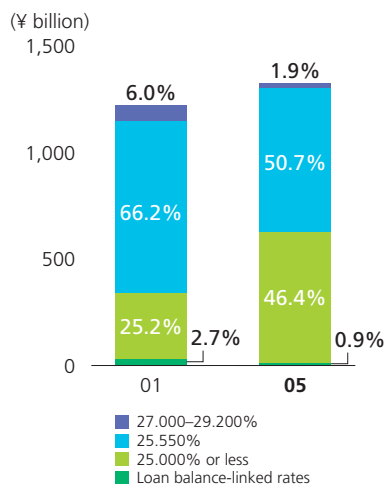
13. Unsecured Loans Outstanding, by Amount of Account



	2001/3	2002/3	2003/3	2004/3	2005/3
Unsecured loans outstanding	1,220,447	1,317,203	1,369,570	1,347,657	1,322,701
Less than ¥300,000	136,012	129,644	127,998	122,504	122,064
¥300,000 to less than ¥500,000	534,997	526,743	491,887	478,650	469,042
¥500,000 to less than ¥1,000,000	335,458	387,484	353,592	331,288	311,648
¥1,000,000 to less than ¥3,000,000	213,978	273,330	396,092	415,213	419,945

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.

14. Unsecured Loans Outstanding, by Interest Rate



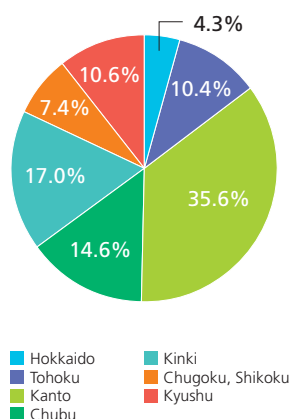
	2001/3	2002/3	2003/3	2004/3	2005/3
Unsecured loans outstanding	1,220,447	1,317,203	1,369,570	1,347,657	1,322,701
Flat rates					
*29.200%	55,745	43,126	32,934	25,622	20,254
*27.000%	17,093	12,679	9,240	7,027	5,484
25.550%	807,886	803,079	739,727	704,373	670,684
25.000%	21,246	46,439	51,158	55,191	55,584
24.500%	14,006	40,078	61,313	73,465	80,645
23.900%	39,406	51,830	70,626	80,390	85,249
23.500%	6,455	18,121	35,407	36,725	36,893
22.995%	137,179	156,558	171,073	158,026	146,849
14.600-22.500%	88,091	118,435	177,936	189,042	201,926
Less than 13.500%	—	—	—	1,680	6,205
Loan balance-linked rates					
*23.200-29.200%	10,715	8,530	6,523	5,268	4,295
*23.725-25.550%	11,804	9,629	7,075	5,633	4,503
*22.675-25.550%	9,849	7,934	5,918	4,707	3,761
Other	968	760	634	502	363

Notes: 1. * refers to discontinued products.

2. Loan balance-linked rates are applied to unsecured loans according to the amount of the loans outstanding.

15. Unsecured Loans Outstanding, by Area

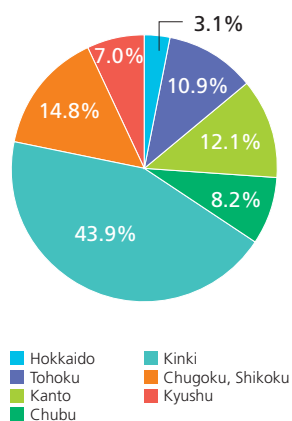
(As of March 31, 2005)



	2001/3	2002/3	2003/3	2004/3	2005/3 (¥ million)
Unsecured loans outstanding	1,220,447	1,317,203	1,369,570	1,347,657	1,322,701
Hokkaido	56,157	58,823	60,220	57,156	56,422
Tohoku	129,422	136,177	140,225	141,064	138,103
Kanto	396,192	442,074	472,986	473,993	471,115
Chubu	173,218	188,281	198,086	196,658	193,647
Kinki	228,954	242,275	244,682	233,509	225,434
Chugoku, Shikoku	93,377	100,812	103,125	99,940	97,810
Kyushu	143,125	148,757	150,243	145,334	140,167

16. Secured Loans Outstanding, by Area

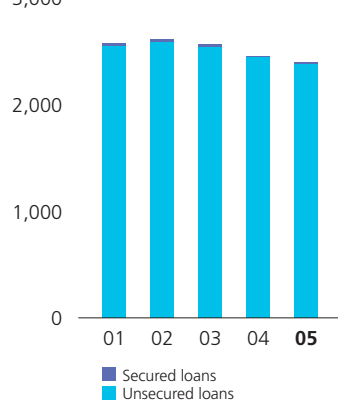
(As of March 31, 2005)



	2001/3	2002/3	2003/3	2004/3	2005/3 (¥ million)
Secured loans outstanding	7,578	7,460	6,122	5,189	4,093
Hokkaido	205	254	232	167	124
Tohoku	924	793	648	572	448
Kanto	918	787	639	591	494
Chubu	754	617	482	423	335
Kinki	3,607	3,469	2,794	2,270	1,796
Chugoku, Shikoku	792	1,036	875	762	607
Kyushu	374	501	450	402	285

17. Number of Customers

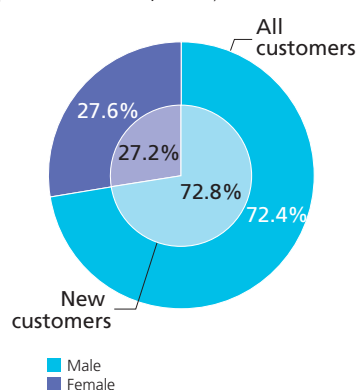
(Thousands)



	2001/3	2002/3	2003/3	2004/3	2005/3 (Thousands)
Number of customers	2,544	2,583	2,538	2,441	2,383
Year-on-year growth (%)	6.7	1.5	-1.7	-3.8	-2.4
Unsecured loans	2,541	2,581	2,536	2,439	2,381
Secured loans	2	2	2	1	1

18. Number of Unsecured Loan Customers, by Gender

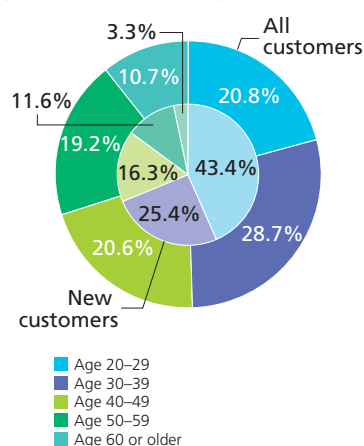
(As of March 31, 2005)



	2001/3	2002/3	2003/3	2004/3	2005/3 (Thousands)
All customers	2,541	2,581	2,536	2,439	2,381
Male	1,823	1,850	1,824	1,763	1,725
Female	718	730	712	675	656
New customers	473	410	339	300	317
Male	336	295	246	220	231
Female	136	115	92	79	86

19. Number of Unsecured Loan Customers, by Age

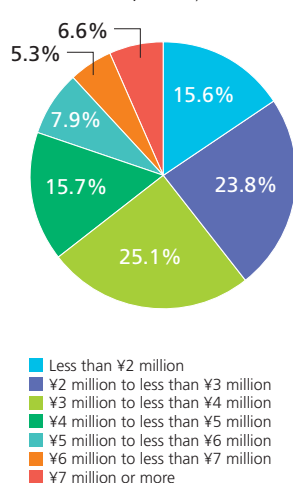
(As of March 31, 2005)



	2001/3	2002/3	2003/3	2004/3	2005/3 (Thousands)
All customers	2,541	2,581	2,536	2,439	2,381
Age 20-29	642	624	581	529	494
Age 30-39	673	695	699	688	683
Age 40-49	535	533	519	497	491
Age 50-59	468	485	484	467	457
Age 60 or older	221	242	252	256	255
New customers	473	410	339	300	317
Age 20-29	202	176	147	134	137
Age 30-39	104	92	80	73	80
Age 40-49	81	67	54	46	51
Age 50-59	65	56	43	35	36
Age 60 or older	20	17	13	10	10

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

(As of March 31, 2005)

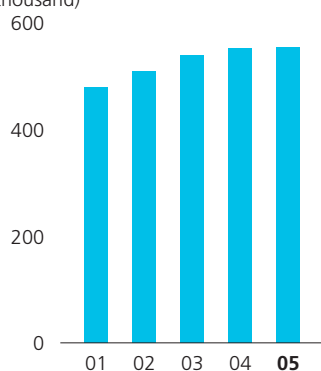


	2001/3	2002/3	2003/3	2004/3	2005/3 (Thousands)
New customers	473	410	339	300	317
Less than ¥2 million	60	57	50	45	49
¥2 million to less than ¥3 million	104	92	78	71	75
¥3 million to less than ¥4 million	115	100	84	76	79
¥4 million to less than ¥5 million	78	65	53	47	49
¥5 million to less than ¥6 million	44	36	28	24	25
¥6 million to less than ¥7 million	29	24	19	16	16
¥7 million or more	39	32	24	20	21

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 Administration Agency data, 2003), indicating substantial latent demand.

21. Unsecured Loans Outstanding per Customer

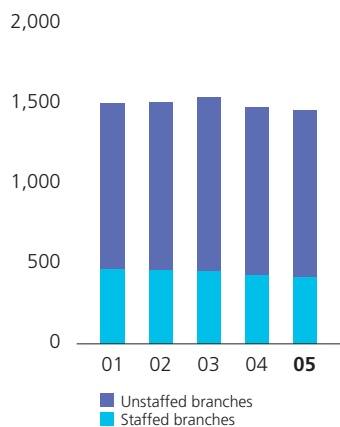
(¥ thousand)



	2001/3	2002/3	2003/3	2004/3	2005/3
Unsecured loans outstanding per customer	480	510	539	552	555

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

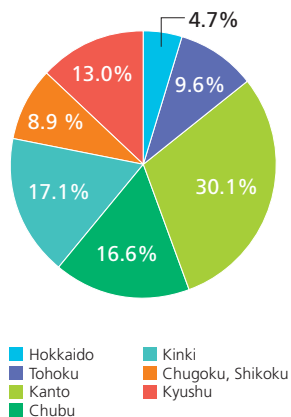
22. Number of Unsecured Loan Branches



	2001/3	2002/3	2003/3	2004/3	2005/3
Number of unsecured loan branches	1,507	1,510	1,541	1,478	1,461
Staffed branches	466	457	455	430	418
Unstaffed branches	1,041	1,053	1,086	1,048	1,043
Number of automated contract machines	1,458	1,462	1,493	1,440	1,444
Number of loan processing machines	—	—	—	123	452

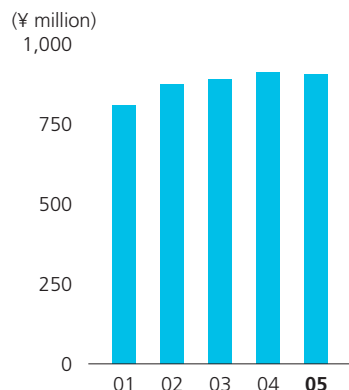
23. Number of Unsecured Loan Branches, by Area

(As of March 31, 2005)



	2001/3	2002/3	2003/3	2004/3	2005/3
Number of unsecured loan branches	1,507	1,510	1,541	1,478	1,461
Hokkaido	67	69	71	69	69
Tohoku	148	148	148	141	140
Kanto	463	459	471	445	440
Chubu	259	243	249	247	242
Kinki	249	263	267	251	250
Chugoku, Shikoku	140	140	140	136	130
Kyushu	181	188	195	189	190

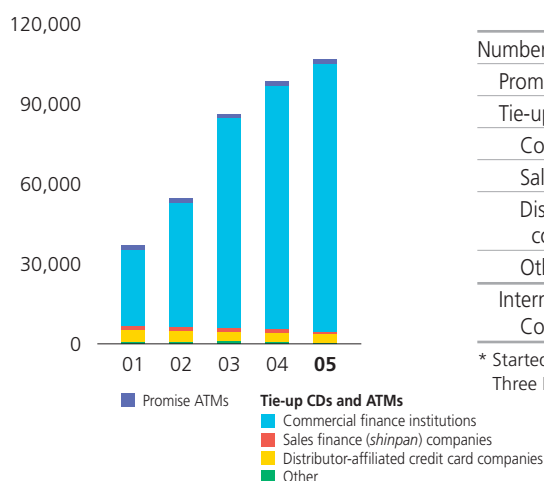
24. Unsecured Loans Outstanding per Branch



	2001/3	2002/3	2003/3	2004/3	2005/3
Unsecured loans outstanding per branch	809	872	888	911	905

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

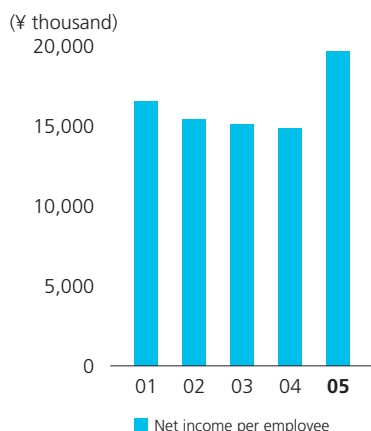
25. Number of Channels



	2001/3	2002/3	2003/3	2004/3	2005/3
Number of channels	36,865	54,491	86,326	98,554	106,580
Promise ATMs	1,777	1,808	1,839	1,725	1,714
Tie-up CDs and ATMs	35,088	52,683	84,487	96,829	104,866
Commercial finance institutions	28,507	46,545	78,701	91,414	100,369
Sales finance (<i>shinpan</i>) companies	1,632	1,581	1,321	1,437	1,095
Distributor-affiliated credit card companies	4,207	3,875	3,693	3,341	3,116
Other	742	682	772	637	286
Intermediaries:					
Convenience stores*	5,798	14,069	14,300	14,614	15,123

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

26. Per Employee Data



	2001/3	2002/3	2003/3	2004/3	2005/3
Number of employees	3,844	3,979	4,075	3,323	3,463
Male	2,198	2,249	2,322	1,778	1,773
Female	1,646	1,730	1,753	1,545	1,690
Loans outstanding per employee (¥ million)	319	332	337	407	383
Net income per employee (¥ thousand)	16,524	15,393	15,070	14,841	19,686

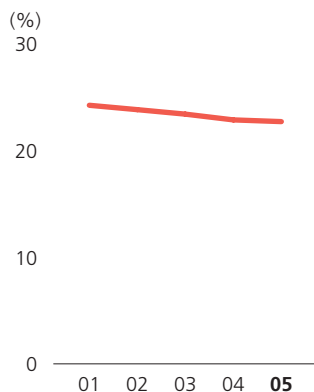
Notes: 1. Part-time, temporary, and seconded employees are not included in the above figures.

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)

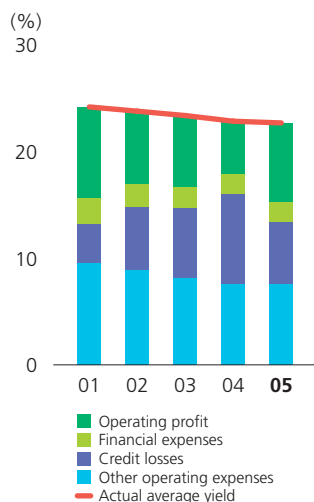
At March 31, 2005, the average age of employees was 32.4 years (35.9 for males and 28.8 for females), while the average period of continuous service was 8.2 years (11.2 for males and 4.9 for females).

27. Actual Average Yield of Unsecured Loans



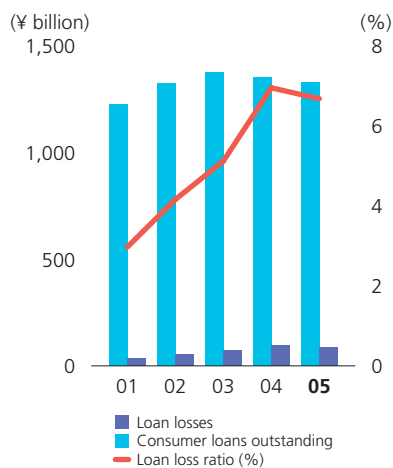
	2001/3	2002/3	2003/3	2004/3	2005/3 (%)
Actual average yield of unsecured loans	24.24	23.83	23.41	22.87	22.71

28. Ratio of Expenses to Actual Average Yield



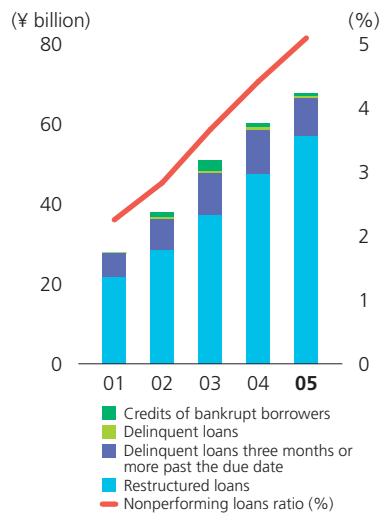
	2001/3	2002/3	2003/3	2004/3	2005/3 (%)
Actual average yield	24.18	23.78	23.37	22.84	22.68
Operating expenses	15.61	16.88	16.69	17.90	15.28
Financial expenses	2.39	2.09	2.05	1.94	1.95
Credit losses	3.75	5.94	6.57	8.39	5.77
Other operating expenses	9.47	8.85	8.07	7.57	7.56
Operating profit	8.57	6.89	6.67	4.94	7.40

29. Loan Losses



	2001/3	2002/3	2003/3	2004/3	2005/3 (¥ million)
Consumer loans outstanding	1,228,026	1,324,663	1,375,693	1,352,847	1,326,794
Loan losses	36,437	55,126	70,462	93,955	88,589
Unsecured loans	36,390	54,948	69,984	93,585	88,210
Secured loans	47	178	478	369	379
Loan loss ratio (%)	2.97	4.16	5.12	6.95	6.68
Credit losses	43,827	76,627	89,463	115,255	77,689
Provision for uncollectible loans	43,827	67,726	86,815	108,017	77,689
Additional expense for loan losses	—	8,900	2,647	7,237	—
Collection of written-off loans	7,173	6,419	5,376	4,522	4,226

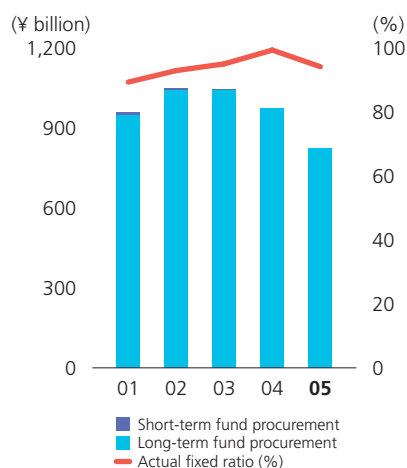
30. Nonperforming Loans



	2001/3	2002/3	2003/3	2004/3	2005/3 (¥ million)
Consumer loans outstanding	1,228,026	1,324,663	1,375,693	1,352,847	1,326,794
Nonperforming loans	27,689	37,441	50,296	59,681	67,487
Nonperforming loans ratio (%)	2.25	2.83	3.66	4.41	5.09
Credits of bankrupt borrowers	—	1,195	2,579	1,135	931
Delinquent loans	—	151	127	160	96
Delinquent loans three months or more past the due date	6,085	7,610	10,583	11,132	9,561
Restructured loans	21,603	28,485	37,006	47,254	56,896

Promise's Fund Procurement

31. Fund Procurement



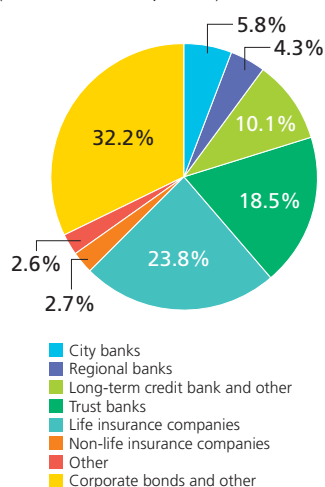
The Company procures long-term borrowings at fixed interest rates, taking into account market interest rates. At March 31, 2005, the Company's actual fixed ratio stood at 94.1%, including corporate bonds.

	2001/3	2002/3	2003/3	2004/3	2005/3
Total fund procurement (interest-bearing debt)	952,354	1,042,619	1,039,912	971,632	822,040
Short-term fund procurement	4,900	1,300	1,000	—	—
Ratio of short-term fund procurement (%)	0.5	0.1	0.1	—	—
Short-term borrowings	4,900	1,300	1,000	—	—
Commercial paper (CP)	—	—	—	—	—
Long-term fund procurement	947,454	1,041,319	1,038,912	971,632	822,040
Ratio of long-term fund procurement (%)	99.5	99.9	99.9	100.0	100.0
Long-term borrowings	692,454	731,318	718,912	666,632	557,040
Fixed interest rate	454,462	520,303	533,903	513,917	412,706
Variable interest rate	237,992	211,015	185,008	152,714	144,333
Of which, interest rate swaps and caps	160,600	158,000	154,000	165,934	105,809
Straight bonds	255,000	310,000	320,000	305,000	265,000
Of which, floating rate notes	20,000	20,000	20,000	20,000	10,000
Convertible bonds	—	—	—	—	—
Actual fixed ratio (%)	89.3	92.9	95.0	99.3	94.1
Average interest rate on fund procurement (%)	2.24	1.94	1.90	1.76	1.74

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 CP but exclude commission payments on interest rate swaps and caps.

32. Fund Procurement, by Category

(As of March 31, 2005)



Since 1996, the Company has issued corporate bonds and CP to diversify its fund procurement sources. At March 31, 2005, corporate bonds and CP as a percentage of total fund procurement was 32.2%.

	2001/3	2002/3	2003/3	2004/3	2005/3
Total fund procurement (interest-bearing debt)	952,354	1,042,619	1,039,912	971,632	822,040
Total borrowings	697,354	732,618	719,912	666,632	557,040
City banks	18,719	28,362	33,409	36,327	47,572
Regional banks	34,575	50,909	58,775	50,763	35,595
Long-term credit bank and other	105,204	106,832	94,665	94,540	82,820
Trust banks	209,308	198,093	187,141	180,681	151,834
Non-Japanese banks	23,940	22,200	24,000	7,000	8,000
Credit associations	2,620	5,500	9,125	9,413	6,811
Prefectural credit federations of agricultural cooperatives	—	3,000	4,442	5,873	3,815
Life insurance companies	256,390	263,553	258,326	241,651	195,368
Non-life insurance companies	43,578	43,233	40,048	33,802	22,183
Leasing, finance, and other companies	3,020	10,936	9,980	6,581	3,041
Corporate bonds and other	255,000	310,000	320,000	305,000	265,000
Straight bonds	255,000	310,000	320,000	305,000	265,000
Convertible bonds	—	—	—	—	—
Commercial paper (CP)	—	—	—	—	—

Note: Effective April 2004, Shinsei Bank, Limited, became a regular bank. However, it is still included in the long-term credit bank and other category for the fiscal year ended March 31, 2005.

Promise's Bond Issues (As of March 31, 2005)

Type	Date Issued	Face Amount (¥ million)	Maturity Date	Coupon Rate (%)	Rating	Purpose
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	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	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
Straight bonds	Apr. 21, 2004	10,000	Apr. 21, 2014	2.10	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, 2005)

	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

New Consumer Credit, by Type of Lender

	1999/12	YOY	2000/12	YOY	2001/12	YOY	2002/12	YOY	(¥100 million / %)	
									2003/12	YOY
Consumer credit	731,252	-3.9	735,868	0.6	740,963	0.7	728,225	-1.7	730,147	0.3
Sales on credit	332,667	0.7	346,490	4.2	355,015	2.5	363,459	2.4	379,301	4.4
Consumer finance	398,585	-7.4	389,378	-2.3	385,948	-0.9	364,766	-5.5	350,846	-3.8
Of which, consumer loans	228,669	-1.5	236,050	3.2	246,716	4.5	244,656	-0.8	238,164	-2.7
Commercial finance institutions	39,788	-19.4	41,126	3.4	39,858	-3.1	40,448	1.5	39,461	-2.4
Consumer finance companies (including Promise)	94,966	3.9	99,811	5.1	106,327	6.5	101,917	-4.1	97,507	-4.3
Sales finance (<i>Shinpan</i>) companies	38,733	3.9	39,768	2.7	42,444	6.7	43,353	2.1	43,437	0.2
Bank-affiliated credit card companies	31,614	1.0	31,526	-0.3	32,456	2.9	32,087	-1.1	30,330	-5.5
Distributor-affiliated credit card companies	13,609	5.9	13,823	1.6	15,820	14.4	17,025	7.6	3,473	-79.6
Others	9,959	0.3	9,996	0.4	9,811	-1.9	9,826	0.2	23,956	143.8

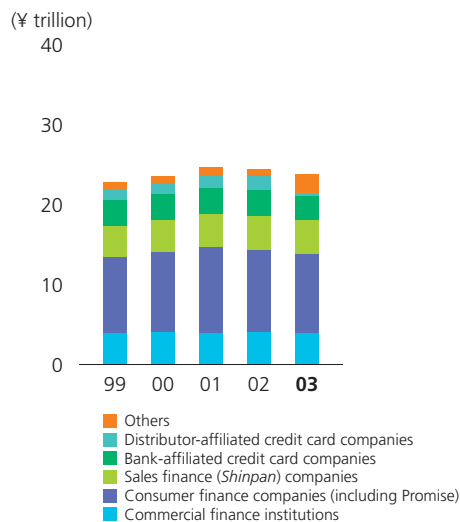
Note: "YOY" stands for year-on-year percentage increase or decrease.
 Source: Japan Credit Industry Association, *Japan Credit Industry Statistics 2005*

Consumer Credit Outstanding, by Type of Lender

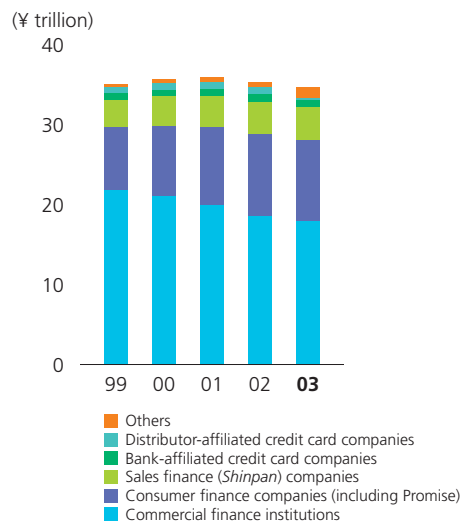
	1999/12	YOY	2000/12	YOY	2001/12	YOY	2002/12	YOY	(¥100 million / %)	
									2003/12	YOY
Consumer credit	668,243	-5.9	652,247	-2.4	635,927	-2.5	607,750	-4.4	595,118	-2.1
Sales on credit	163,518	-4.7	159,639	-2.4	153,683	-3.7	148,353	-3.5	148,316	0.0
Consumer finance	504,725	-6.2	492,608	-2.4	482,244	-2.1	459,397	-4.7	446,802	-2.7
Of which, consumer loans	351,211	-1.3	356,620	1.5	358,517	0.5	352,849	-1.6	346,492	-1.8
Commercial finance institutions	217,957	-5.8	210,091	-3.6	199,793	-4.9	185,566	-7.1	178,987	-3.5
Consumer finance companies (including Promise)	78,586	10.1	88,489	12.6	96,918	9.5	102,357	5.6	101,755	-0.6
Sales finance (<i>Shinpan</i>) companies	33,995	1.8	36,317	6.8	38,350	5.6	40,140	4.7	40,291	0.4
Bank-affiliated credit card companies	8,335	6.2	8,730	4.7	9,103	4.3	9,434	3.6	9,531	1.0
Distributor-affiliated credit card companies	7,433	6.9	8,342	12.2	9,199	10.3	9,860	7.2	1,453	-85.3
Others	4,905	-0.3	4,651	-5.2	5,154	10.8	5,492	6.6	14,475	163.6

Note: "YOY" stands for year-on-year percentage increase or decrease.
 Source: Japan Credit Industry Association, *Japan Credit Industry Statistics 2005*

New Consumer Credit, by Type of Lender



Consumer Credit Outstanding, by Type of Lender



Number of Salary Earners, by Annual Income

	(Thousands / %)									
	1999/12	%	2000/12	%	2001/12	%	2002/12	%	2003/12	%
¥2 million or less	8,037	17.9	8,247	18.4	8,615	19.1	8,530	19.1	9,021	20.2
¥3 million or less	6,875	15.3	6,821	15.2	6,878	15.3	7,063	15.8	7,047	15.8
¥4 million or less	8,046	17.9	7,817	17.4	7,875	17.5	7,996	17.9	7,830	17.5
¥5 million or less	6,600	14.7	6,640	14.8	6,600	14.6	6,495	14.5	6,470	14.5
¥6 million or less	4,788	10.6	4,787	10.7	4,830	10.7	4,724	10.6	4,591	10.3
¥7 million or less	3,210	7.1	3,225	7.2	3,153	7.0	3,090	6.9	2,963	6.6
More than ¥7 million	7,427	16.5	7,403	16.5	7,144	15.8	6,828	15.3	6,741	15.1
Total	44,984	100.0	44,939	100.0	45,097	100.0	44,724	100.0	44,661	100.0

Note: “%” figures stands for percentage distribution.

Source: National Tax Agency

Applications for Personal Bankruptcy (Nationwide)

	(%)									
	2001/3	YOY	2002/3	YOY	2003/3	YOY	2004/3	YOY	2005/3	YOY
April	11,120	6.0	12,362	11.2	17,899	44.8	22,126	23.6	19,723	-10.9
May	10,963	24.0	12,707	15.9	17,739	39.6	21,310	20.1	15,800	-25.9
June	12,389	9.3	13,779	11.2	17,274	25.4	21,789	26.1	18,675	-14.3
July	11,073	4.2	13,727	24.0	20,472	49.1	22,991	12.3	17,840	-22.4
August	11,566	17.1	13,528	17.0	16,902	24.9	18,162	7.5	16,206	-10.8
September	11,309	11.5	13,376	18.3	17,586	31.5	19,589	11.4	16,517	-15.7
October	12,125	12.7	16,095	32.7	20,597	28.0	20,851	1.2	16,555	-20.6
November	12,248	13.0	15,917	30.0	19,445	22.2	17,207	-11.5	16,522	-4.0
December	15,421	27.5	17,319	12.3	21,900	26.5	21,682	-1.0	19,820	-8.6
January	7,449	-3.1	11,983	60.9	15,296	27.6	14,000	-8.5	10,856	-22.5
February	11,088	2.4	15,524	40.0	19,511	25.7	17,926	-8.1	14,415	-19.6
March	13,110	4.5	17,313	32.1	21,863	26.3	21,818	-0.2	18,002	-17.5
Total	139,861	10.9	173,630	24.1	226,484	30.4	239,451	5.7	200,931	-16.1

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	2005/3	YOY		
April	336	—	1,059	215.2	1,912	80.5	2,363	23.6		
May	465	—	1,035	122.6	1,952	88.6	1,932	-1.0		
June	631	—	1,034	63.9	2,132	106.2	2,453	15.1		
July	683	—	1,190	74.2	2,258	89.7	2,299	1.8		
August	663	—	1,091	64.6	1,927	76.6	2,093	8.6		
September	668	—	1,198	79.3	2,072	73.0	2,081	0.4		
October	854	—	1,432	67.7	2,343	63.6	2,154	-8.1		
November	902	—	1,472	63.2	2,021	37.3	2,252	11.4		
December	1,008	—	1,649	63.6	2,568	55.7	2,589	0.8		
January	570	—	1,192	109.1	1,583	32.8	1,524	-3.7		
February	762	—	1,460	91.6	2,099	43.8	2,066	-1.6		
March	915	—	1,774	93.9	2,449	38.0	2,482	1.3		
Total	8,457	—	15,586	84.3	25,316	62.4	26,288	3.8		

Note: “YOY” stands for year-on-year percentage increase or decrease.

Source: The Supreme Court

Common Stock

Authorized: 300,000,000 shares

Issued: 134,866,665 shares

Number of Shareholders

5,710

Transfer AgentThe Sumitomo Trust and Banking Company, Limited
4-5-33, Kitahama, Chuo-ku, Osaka 541-0041, Japan**Principal Shareholders**

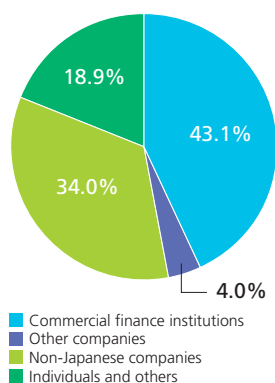
Name	Shareholdings	(Thousands / %)
		Percent of Total Shares Issued
Sumitomo Mitsui Banking Corporation	21,583	16.00
Ryoichi Jinnai	11,000	8.16
Yumiko Jinnai	9,144	6.78
Nippon Life Insurance Company	5,704	4.23
Shinsei Bank, Limited	5,682	4.21
Japan Trustee Services Bank, Ltd. (Trust Account)	5,421	4.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,339	3.96
State Street Bank and Trust Company	4,362	3.24
The Sumitomo Trust and Banking Company, Limited	4,000	2.97
State Street Bank and Trust Company 505103	3,760	2.79
Total	75,999	56.35

Notes: 1. The shares held by The Sumitomo Trust and Banking Company, Limited, include 3,600 thousand shares (representing 2.67% of outstanding shares) that have been entrusted to Japan Trustee Services Bank, Ltd., The Sumitomo Trust and Banking retirement benefit account.

2. In accordance with "Disclosure of large shareholdings" under the Securities and Exchange Law, Promise received notification from Alliance Capital Asset Management (Japan) Ltd. and Alliance Capital Management L.P. that they held a total of 13,478 thousand shares (representing 9.99% of outstanding shares) in Promise as of February 28, 2005. However, at the end of the fiscal year under review, 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, 2005)



	2001/3	2002/3	2003/3	2004/3	(Thousands) 2005/3
Number of shares outstanding at year-end	124,715	125,966	125,966	125,966	134,866
Commercial finance institutions	42,281	42,380	43,196	36,936	58,047
Percentage of total (%)	33.9	33.6	34.3	29.3	43.1
Other companies	6,366	4,851	4,897	6,347	5,391
Percentage of total (%)	5.1	3.9	3.9	5.0	4.0
Non-Japanese companies	28,278	40,171	39,298	45,071	45,888
Percentage of total (%)	22.7	31.9	31.2	35.8	34.0
Individuals and others	47,788	38,563	38,574	37,611	25,539
Percentage of total (%)	38.3	30.6	30.6	29.9	18.9
Number of shareholders	4,660	9,106	9,422	6,210	5,710

Management's Discussion and Analysis

Overview

+1.9%

During the fiscal year ended March 31, 2005, Japan's gross domestic product (GDP) rose 1.9% in real terms (preliminary figures). This was lower than the 2.0% growth posted in the previous year and fell below the government's projection of 2.1% growth. Although overall corporate performance swung upward during the fiscal year under review, there was a lull in the surge in exports and a slowdown in the digital electronics market, which had been driving economic recovery. Moreover, personal consumption showed no signs of a full-scale recovery due to a continuing high unemployment rate and a lack of real growth in wage levels. In short, the Japanese economy leveled off in the fiscal year under review.

-16.1%

Over the past few years, the increase in the number of applications for personal bankruptcy has cast a shadow over the consumer finance industry. However, the number of applications for personal bankruptcy in the period from April 2004 to March 2005 dropped 16.1%, to 200,931—the first decline in 10 years. On the other hand, competition in the consumer finance market across industries or business categories steadily intensified during the fiscal year due to continued market entry by banks, non-banks, and IT-related companies through merger and acquisition strategies.

In this tough operating environment, Promise Co., Ltd., and its consolidated subsidiaries (the "Promise Group") again worked to achieve continued growth. In addition, through the business alliance with Sumitomo Mitsui Financial Group, Inc. (SMFG), the Promise Group targeted a further strengthening of its earnings base.

Results of Operations

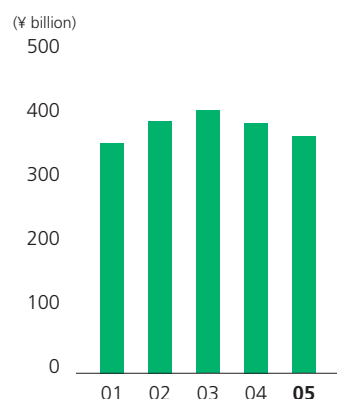
-5.4%

Consolidated total operating income in the fiscal year under review declined 5.4%, to ¥369.9 billion. As in the previous fiscal year, the reason behind the second consecutive year-on-year decrease in total operating income was the fall in consumer loans outstanding. Although consumer loans outstanding increased 4.6%, to ¥1,599.6 billion, this growth was the result of the inclusion of the balance sheet of At-Loan Co., Ltd., which became a consolidated subsidiary at the end of the fiscal year under review. If At-Loan's consumer loans are excluded, consumer loans outstanding decreased 2.1%.

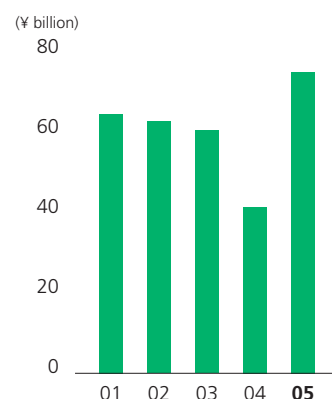
The Promise Group is striving to achieve growth in consumer loans outstanding by meeting the needs of a broad base of consumers through its full-line interest rate strategy. Promise offers loans within an interest rate band of 17.8% to 25.55%, while subsidiaries Plat Corporation (currently, QUOQLOAN INC.) and Sun Life Co., Ltd., supply loans with interest rates up to the legal ceiling of 29.2%. Furthermore, MOBIT CO., LTD., which is accounted for by the equity method, provides loans at 15.0% and 18.0%. Consequently, the Promise Group offers 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 combination of the previously mentioned fierce competition in the industry, a decline in the borrowing sentiment of consumers due to the continued weak economy, and the impact of the Promise Group's stricter credit scoring in light of mounting nonperforming loans. Amid these conditions, a 5.8% increase in the number of new customers, to 317 thousand—the first rebound in 4 years—recorded by Promise was a promising sign of better things to come.

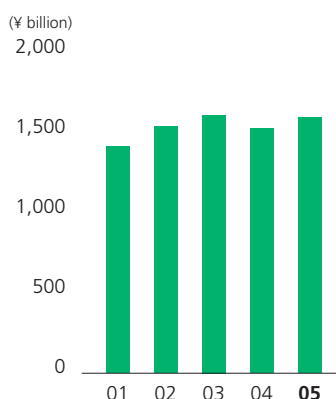
Total Operating Income
(Years ended March 31)



Net Income
(Years ended March 31)



Consumer Loans Outstanding
(As of March 31)



6.83%

Loan loss write-offs of the Promise Group totaled ¥109.3 billion in the fiscal year under review, amounting to 6.83% of its consumer loans outstanding. Although this figure represented a decrease of 0.99 percentage points from 7.82% recorded in the previous fiscal year, it still remained at a high level and contributed to the contraction in consumer loans outstanding.

Operating Expenses

-20.3%

Consolidated total operating expenses dropped 20.3%, to ¥241.6 billion. Among the major components of operating expenses, financial expenses were down 16.9%, to ¥17.8 billion.

As a proportion of total operating expenses, financial expenses edged up to 7.4%, from 7.1% in the previous fiscal year. Another major expense, personnel expenses, decreased 15.1%, to ¥35.7 billion. As a proportion of total operating expenses, however, personnel expenses rose to 14.8%, from 13.9% in the previous fiscal year. The increases in financial expenses and personnel expenses as a proportion of total operating expenses compared with the previous fiscal year was due to a substantial decline in the proportion of credit losses including provision for uncollectible loans in total operating expenses.

-33.4%

Accounting for the highest proportion of total operating expenses, credit losses including provision for uncollectible loans fell 33.4% year on year, to ¥97.5 billion. As a proportion of total operating expenses, credit losses including provision for uncollectible loans decreased to 40.4%, from 48.3% in the previous fiscal year. The drop in credit losses including provision for uncol-

lectible loans signifies lower loan loss write-offs. Behind those lower loan loss write-offs was the first decline in the number of applications for personal bankruptcies in 10 years. However, since the methods of debt restructuring have greatly diversified, it is not possible to predict whether the decline will continue. The Promise Group will continue to curtail growth in loan loss write-offs by conducting appropriate credit scoring and careful loan management.

Profit

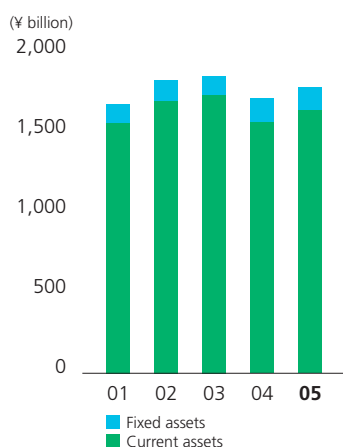
+81.3%

As a result of the above factors, operating profit was up 46.0%, to ¥128.3 billion, while recurring profit grew 45.6%, to ¥130.8 billion. This performance represented the first increase in profits in 4 years. As usual, there was no large gap between operating profit and recurring profit. However, equity in net gain of affiliated company MOBIT amounted to ¥400 million, rising approximately ¥300 million year on year and indicating that the affiliate has returned to stable profitability.

Net income amounted to ¥75.4 billion, up a sharp 81.3% from the previous fiscal year. This jump primarily reflected the large extraordinary losses recorded in the previous fiscal year, when net extraordinary losses related to special retirement payment accompanying the voluntary retirement plan and other expenses amounted to ¥10.7 billion. In the fiscal year under review, however, net extraordinary losses were held to ¥3.6 billion. These extraordinary losses included a ¥1.3 billion impairment loss and a ¥1.4 billion net loss on sales or disposal of property and equipment. The improvement in net extraordinary losses was the main reason for the substantially larger percentage increase in net income compared with the percentage increases in operating and recurring profit.

Total Assets

(As of March 31)



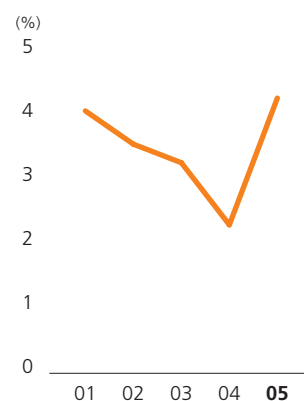
Total Assets Turnover

(Years ended March 31)



ROA

(Years ended March 31)



Financial Condition

44.5%

Total assets of the Promise Group expanded 3.9% from the previous fiscal year-end, to ¥1,785.1 billion. The principal factor in this growth was the previously mentioned increase in consumer loans outstanding, which accounted for 89.6% of total assets. Notes and accounts receivable decreased to ¥1.0 billion, from ¥7.4 billion at the end of the previous fiscal year. This decrease chiefly resulted from the sell-off of most of the receivables of consolidated subsidiary Liang Jing Co., Ltd., after it terminated its automobile installment sales business in Taiwan. As a result, current assets rose 4.5%, to ¥1,643.6 billion. On the other hand, fixed assets declined 2.5%, to ¥141.5 billion. Decreases in the value of land due to the application of asset impairment accounting and in investments in securities due to the redemption of preference shares were the main factors behind the decline in fixed assets.

Current liabilities increased 13.7%, to ¥367.6 billion. Within that amount, short-term borrowings soared to ¥82.7 billion, from ¥17.4 billion at the previous fiscal year-end. This substantial increase resulted from the inclusion of the short-term borrowings of At-Loan—its primary source of funding—in the consolidated balance sheet. However, total interest-bearing debt—short-term borrowings, current portion of long-term debt, and long-term debt—decreased to ¥916.3 billion, from ¥1,004.0 billion at the end of the previous fiscal year. The improvement in interest-bearing debt can be attributed to ¥94.2 billion raised through a third-party allocation made to SMFG and the sale of treasury stock during the fiscal year under review. Therefore, even though current liabilities continued to rise, long-term liabilities fell 19.3%, to ¥612.7 billion. Reflecting higher retained earnings and share issuance, shareholders' equity climbed 24.7%, to ¥794.0 billion. The shareholders' equity ratio reached 44.5%, indicating the soundness of the Promise Group's capital structure.

Fund Raising

85.0%

Of the Promise Group's ¥916.3 billion in interest-bearing debt at fiscal year-end, short-term and long-term borrowings accounted for ¥651.3 billion, or 71.1%, with the remaining ¥265.0 billion taken up by corporate bonds. Short-term funding amounted to ¥82.7 billion, or 9.0% of total interest-bearing debt; the remaining 91.0% was long-term funding. Due to the inclusion of At-Loan's short-term borrowings in the consolidated balance sheet, the proportion of short-term funding increased significantly from the 1.7% recorded at the end of the previous fiscal year. However, there has been no change in the Promise Group's basic policy of raising funds on a long-term and stable basis.

The Promise Group minimizes the interest rate risk on funds by increasing the proportion of fixed interest rate funds within its total financing. This goal is being achieved through the aggressive use of fixed interest rates on loan agreements, derivatives, and fixed rate coupons on its corporate bonds. Nevertheless, in the fiscal year under review the ratio of fixed interest rates in total financing declined to 85.0%, from 96.7% in the previous year, because of the inclusion of At-Loan's short-term borrowings. The average funding rate declined to 1.76%, versus 1.80% in the previous year, contributing to reduced financial expenses.

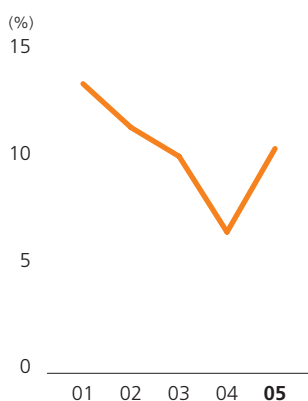
Cash Flows

+¥9.4 billion

At the end of the fiscal year under review, cash and cash equivalents amounted to ¥110.9 billion, up ¥9.7 billion from the beginning of the fiscal year. Net cash inflow from operating, investing, and financing activities totaled ¥9.4 billion. However, due to the effect of an increase in the scope of consolidated subsidiaries, actual net cash inflow was ¥9.7 billion. Despite an outflow related to acquisition of shares of subsidiaries resulted in the change

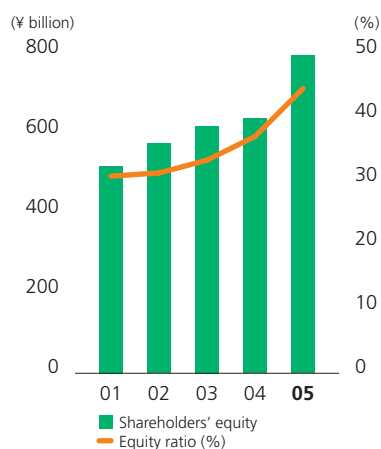
ROE

(Years ended March 31)



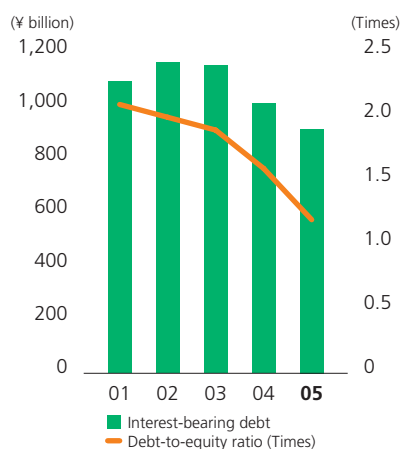
Shareholders' Equity / Equity Ratio

(As of March 31)



Interest-Bearing Debt / Debt-to-Equity Ratio

(As of March 31)



in scope of consolidation in cash flows from investing activities, higher income before income taxes in cash flow from operating activities and proceeds from issuance of common stock in cash flows from financing activities resulted in overall net cash inflow.

Net cash provided by operating activities totaled ¥107.7 billion in the fiscal year under review, compared with ¥94.0 billion in the previous fiscal year, up ¥13.8 billion. This increase can mainly be attributed to the ¥48.0 billion increase in income before income taxes, to ¥127.2 billion, while a ¥25.5 billion decline in income taxes paid also contributed to the improvement in cash. Although there was a ¥38.6 billion decrease from the previous fiscal year in allowance for credit losses and an ¥18.7 billion payment of special retirement allowance, these cash outflows were offset by the substantial cash inflows, resulting in net cash provided by operating activities.

Net cash used in investing activities amounted to ¥14.4 billion, compared with net cash provided by investing activities of ¥29.0 billion in the previous year, representing a ¥43.3 billion decline in cash. Net cash outflow partially reflected the previous year's sales of the stocks of GC Co., Ltd., and MITSUWAKAI Co., Ltd., and the recovery of loans to these companies, which contributed substantially to cash inflow in the previous fiscal year. An outlay of ¥19.5 billion for the purchase of a controlling interest of At-Loan was another reason for the overall net cash outflow from investing activities in the fiscal year under review.

Net cash used in financing activities totaled ¥83.9 billion, declining ¥44.1 billion from the ¥128.0 billion used in the previous fiscal year. Because consumer loans outstanding on a real basis—excluding At-Loan in the balance sheet—continued to decrease, repayment of short-term borrowings and long-term debt exceeded proceeds from short-term borrowings and long-term debt. Cash outlays were somewhat reduced by proceeds from issuance of common stock of ¥63.1 billion and decrease in treasury stock of ¥32.5 billion, but overall there was a net cash outflow. The issuance of shares occurred in a third-party allocation to SMFG.

Business Outlook

+3.4%

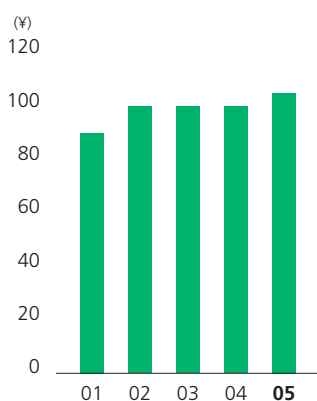
In the fiscal year ending March 31, 2006, the Group forecasts a 3.4% expansion in consumer loans outstanding, to ¥1,654.1 billion. In the fiscal year under review, consumer loans outstanding did return to growth after a two-year lull, but that increase arose from the inclusion of At-Loan in the consolidated balance sheet. On a real basis, consumer loans outstanding declined for the second consecutive year. In the fiscal year ending March 31, 2006, however, the Promise Group does anticipate expansion in consumer loans outstanding on a real basis for the first time in three years. The driver of that growth will be the joint consumer finance business of Sumitomo Mitsui Banking Corporation, At-Loan, and Promise. During the fiscal year ending March 31, 2006, the Promise Group intends to achieve concrete results from its business alliance with SMFG.

-16.4%

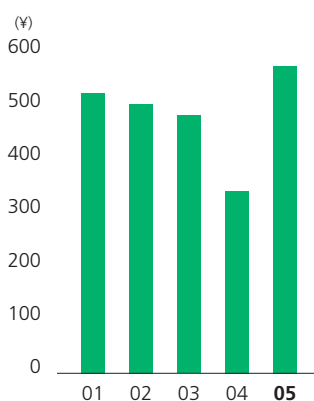
The Promise Group expects that total operating income will increase 4.6%, to ¥386.9 billion in the fiscal year ending March 31, 2006. This figure includes the operating income of At-Loan as both its income statement and its balance sheet will be included in consolidation in the fiscal year ending March 31, 2006. Excluding At-Loan's contribution, total operating income will be flat. Looking at cost forecasts, the Promise Group anticipates that operating expenses will rise due to investments in the start-up of the new joint consumer finance business. Higher expenditures are expected for advertising and sales promotion, rental of the call center, and investments in computer systems for new credit scoring. Consequently, operating profit is expected to decrease 20.2%, to ¥102.4 billion; recurring profit to decline 21.3%, to ¥103.0 billion; and net income to decrease 16.4%, to ¥63.0 billion.

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 Promise Group, actual performance may differ substantially from these predictions.

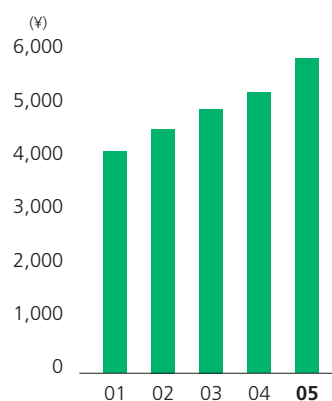
Cash Dividends per Share
(Years ended March 31)



Net Income per Share
(Years ended March 31)



Shareholders' Equity per Share
(As of March 31)



The following is a description of the major risk factors that the Promise Group is exposed to regarding its business, performance, and financial position.

Regulatory Risk regarding Restrictions on Interest Rates on Loans

The maximum interest rate under the Law Concerning Control on Acceptance of Capital Contributions, Deposits and Interest (the Capital Subscription Law) is 29.2%. All of the Promise Group's consumer finance companies in Japan lend money at interest rates at or below this ceiling. However, the Money Lending and Capital Subscription Partial Revision Law that was announced in August 2003, states that the ceiling on interest rates shall be reviewed as necessary about three years after the enforcement of the Money Lending and Capital Subscription Partial Revision Law. If the maximum interest rate is revised to a figure lower than the current rate, this may have a negative impact on the business and performance of the Promise Group.

Regulatory Risk regarding Business Restrictions under the Regulatory Law

The consumer finance companies of the Promise Group are governed by the various business regulations (prohibition of excessive lending, disclosure of loan conditions, prohibition of exaggerated advertising, exchange of written contract, exchange of receipts, and so on) under the Money Lending Business Control and Regulation Law (the Regulatory Law). The companies of the Promise Group comply with these rules; however, in the event that some violation triggered administrative measures by the regulator, the Financial Services Agency, or business became more restricted as a result of a change due to a revision of laws, the performance of the Promise Group or future business development could be affected.

Fund Raising and Interest Rates on Financing

The Promise Group does not anticipate any difficulties in raising funds under current conditions and seeks to reduce its exposure to risk by increasing the proportion of fixed interest rate long-term funds, diversifying its sources of financing, and procuring funds at low interest rates. However, should interest rates rise or should the financing environment deteriorate markedly beyond currently foreseen levels, flexible fund raising might become difficult and adversely influence the Promise Group's performance.

Business and Capital Alliance with SMFG

The Company has formed a business and capital alliance with Sumitomo Mitsui Financial Group, Inc. (SMFG), and at March 31, 2005, SMFG held 16.05% of the voting shares in Promise. If there were changes in the Banking Law or other related laws or if SMFG were to acquire more than a certain proportion of the outstanding shares of Promise, it is possible that the scope of the businesses of the Company or its subsidiaries may become restricted.

Other Risks

Among the other risks the Promise Group is exposed to are the increasing multiple indebtedness and the default of loans made to consumers, the handling of Personal Information and the Information Privacy Law, increased market entry due to deregulation or mergers and acquisitions, and computer system failure.

Financial Section

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Six-Year Summary (Consolidated Basis)

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

	Millions of Yen					
	2005	2004	2003	2002	2001	2000
Results of operations:						
Interest on consumer loans	¥ 352,330	¥ 368,663	¥ 381,126	¥ 362,760	¥ 327,821	¥ 271,743
Other operating income	14,769	14,119	19,624	19,449	19,199	15,202
Total operating income	369,860	390,981	410,619	394,495	359,641	300,724
Financial expenses	17,777	21,399	24,802	24,868	26,714	23,932
General and administrative expenses	124,462	128,148	145,509	147,493	138,407	118,073
Credit losses including provision for uncollectible loans	97,540	146,413	124,810	96,996	55,990	40,483
Total operating expenses	241,559	303,112	303,661	279,977	232,223	194,697
Operating profit	128,301	87,869	106,958	114,518	127,418	106,027
Income before income taxes and minority interests	127,174	79,138	105,806	112,308	107,392	103,201
Net income	75,379	41,576	60,716	62,941	64,845	58,572
Financial position:						
Consumer loans receivable: Principal	¥1,599,636	¥1,529,055	¥1,614,524	¥1,543,288	¥1,418,656	¥1,159,253
Allowance for credit losses (current assets)	130,353	133,393	114,550	86,667	61,138	44,411
Total current assets	1,643,604	1,573,563	1,737,506	1,703,180	1,565,165	1,354,961
Total investments and advances	51,486	55,322	65,249	70,304	54,644	48,288
Property and equipment, net	79,528	79,637	39,008	45,371	44,354	59,907
Fixed leasehold deposits	10,525	10,199	13,590	14,922	15,231	13,166
Total assets	1,785,143	1,718,721	1,855,353	1,833,777	1,679,394	1,477,849
Short-term borrowings and current portion of long-term debt	320,831	264,390	305,745	265,958	305,114	287,781
Total current liabilities	367,633	323,226	366,319	340,165	354,540	339,370
Long-term debt	595,425	739,643	848,341	898,915	789,160	682,817
Total long-term liabilities	612,669	758,828	870,924	918,746	807,350	700,388
Total shareholders' equity	793,987	636,667	618,110	574,866	517,504	438,091
Other financial data and indicators:						
Depreciation and amortization	¥ 6,870	¥ 6,768	¥ 8,714	¥ 8,611	¥ 9,266	¥ 9,547
Ratio of consolidated to non-consolidated operating income (Times)	1.18	1.21	1.25	1.24	1.22	1.13
Ratio of consolidated to non-consolidated net income (Times)	1.10	0.84	0.98	1.02	1.02	1.02
Return on equity (ROE) (%)	10.53	6.62	10.17	11.52	13.57	14.59
Return on assets (ROA) (%)	4.30	2.32	3.29	3.58	4.10	4.14
Amount per share (Yen):						
Net income:						
Basic	¥ 576.05	¥ 342.19	¥ 483.62	¥ 504.78	¥ 525.02	¥ 486.92
Diluted	575.88	—	—	503.23	—	—
Cash dividends	105.00	100.00	100.00	100.00	90.00	80.00

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					
	2005	2004	2003	2002	2001	2000
Results of operations:						
Interest on consumer loans	¥ 305,471	¥ 314,682	¥ 318,068	¥ 306,847	¥ 282,664	¥ 256,414
Other operating income	7,571	7,486	8,488	9,400	10,110	8,585
Total operating income	313,042	322,168	326,556	316,247	292,774	264,999
Financial expenses	17,432	20,137	21,817	21,179	22,069	21,298
General and administrative expenses	101,791	104,041	109,857	114,276	110,700	106,496
Credit losses including provision for uncollectible loans	77,689	115,255	89,463	76,627	43,827	34,866
Total operating expenses	196,912	239,433	221,137	212,082	176,596	162,660
Operating profit	116,130	82,735	105,419	104,165	116,178	102,339
Income before income taxes	114,895	85,124	106,005	106,423	101,853	100,303
Net income	68,174	49,319	61,412	61,250	63,521	57,238
Financial position:						
Consumer loans receivable: Principal	¥1,326,794	¥1,352,847	¥1,375,693	¥1,324,663	¥1,228,026	¥1,100,546
Allowance for credit losses (current assets)	97,400	108,300	87,000	68,000	46,500	39,110
Total current assets	1,480,748	1,502,382	1,567,424	1,529,481	1,381,819	1,228,030
Total investments and advances	94,304	87,948	94,422	98,302	77,582	54,522
Property and equipment, net	68,714	68,567	26,433	30,305	31,886	58,220
Fixed leasehold deposits	9,332	9,237	12,201	12,393	12,632	12,344
Total assets	1,653,098	1,668,134	1,700,480	1,670,481	1,503,919	1,354,079
Short-term borrowings and current portion of long-term debt	235,711	239,555	245,435	221,217	245,107	231,414
Total current liabilities	277,307	295,199	289,908	279,035	279,881	269,247
Long-term debt	586,329	732,077	794,477	821,402	707,247	638,262
Total long-term liabilities	601,305	748,924	813,308	838,557	722,706	654,575
Total shareholders' equity	774,486	624,011	597,264	552,889	501,332	430,257
Other financial data and indicators:						
Credit losses written off	¥ 88,589	¥ 93,955	¥ 70,462	¥ 55,126	¥ 36,437	¥ 29,815
Return on equity (ROE) (%)	9.74	8.07	10.67	11.62	13.63	14.50
Return on assets (ROA) (%)	4.10	2.92	3.64	3.85	4.44	4.40
Amount per share (Yen):						
Net income:						
Basic	¥ 521.02	¥ 406.05	¥ 488.87	¥ 491.09	¥ 513.24	¥ 475.84
Diluted	520.87	—	—	489.71	—	—
Shareholders' equity	5,756.77	5,155.72	4,780.81	4,401.48	4,019.80	3,538.37
Payout ratio (%)	20.15	24.62	20.46	20.40	17.55	16.91

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, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2005	2004	2005
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	¥ 110,854	¥ 101,111	\$ 1,032,252
Time deposits (Note 11)	825	88	7,679
Receivables and consumer loans:			
Notes and accounts receivable (Note 11)	969	7,439	9,022
Consumer loans receivable (Notes 5 and 11):			
Principal	1,599,636	1,529,055	14,895,571
Accrued interest income	14,740	15,011	137,258
Less: Allowance for credit losses (Note 6)	(130,353)	(133,393)	(1,213,825)
	1,484,992	1,418,112	13,828,026
Prepaid expenses	1,807	2,818	16,826
Deferred tax assets (Note 19)	29,661	40,338	276,197
Other current assets	15,465	11,096	144,024
Total current assets	1,643,604	1,573,563	15,305,004
Investments and advances:			
Investments in securities (Note 7)	12,014	26,962	111,876
Investments in and advances to unconsolidated subsidiaries and affiliates	6,636	7,781	61,796
Investments in equity other than capital stock	5	1,155	51
Long-term prepaid expenses	989	1,037	9,206
Excess investment cost over net assets of consolidated subsidiaries acquired, net	14,486	5,650	134,892
Deferred tax assets (Note 19)	4,658	3,933	43,378
Other investments and advances	12,934	9,288	120,426
Less: Allowance for credit losses (Note 6)	(236)	(484)	(2,198)
Total investments and advances	51,486	55,322	479,427
Property and equipment, net (Notes 9 and 11)	79,528	79,637	740,551
Fixed leasehold deposits (Note 10)	10,525	10,199	98,005
Total assets	¥1,785,143	¥1,718,721	\$16,622,987

The accompanying notes are an integral part of these financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2005	2004	2005
LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings (Note 11)	¥ 82,707	¥ 17,392	\$ 770,155
Current portion of long-term debt (Note 11)	238,124	246,998	2,217,372
Accounts payable:			
Trade	710	190	6,610
Other	10,077	32,418	93,836
	10,787	32,608	100,446
Accrued income taxes (Note 19)	25,880	15,740	240,990
Accruals for debt guarantees (Note 2 (12))	923	70	8,597
Accrued expenses	7,321	7,617	68,168
Other current liabilities	1,891	2,801	17,615
Total current liabilities	367,633	323,226	3,423,343
Long-term liabilities:			
Long-term debt (Note 11)	595,425	739,643	5,544,509
Non-current accounts payable	349	968	3,250
Accrued severance indemnities (Note 12)	14,711	13,695	136,991
Accruals for loss guarantees (Note 2 (13))	860	2,700	8,010
Other long-term liabilities	1,324	1,822	12,325
Total long-term liabilities	612,669	758,828	5,705,085
Commitments and contingent liabilities (Notes 5, 11, 13 and 14)			
Minority interests	10,854	—	101,073
Shareholders' equity (Note 15):			
Common stock:			
Authorized—300,000,000 shares			
Issued—134,866,665 shares at March 31, 2005	80,738	—	751,818
125,966,665 shares at March 31, 2004	—	49,054	—
Capital surplus	138,458	92,288	1,289,301
Retained earnings	575,197	512,784	5,356,149
Net unrealized gain on securities	3,432	4,151	31,958
Foreign currency translation adjustments	(1,051)	(814)	(9,790)
Less: Treasury stock—352,305 shares at March 31, 2005	(2,787)	—	(25,950)
4,948,249 shares at March 31, 2004	—	(20,796)	—
Total shareholders' equity	793,987	636,667	7,393,486
Total liabilities, minority interests and shareholders' equity	¥1,785,143	¥1,718,721	\$16,622,987

Consolidated Statements of Income

Promise Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2005	2004	2005
Operating income:			
Interest on consumer loans	¥352,330	¥368,663	\$3,280,848
Sales	2,761	8,199	25,710
Other operating income (Note 16)	14,769	14,119	137,526
Total operating income	369,860	390,981	3,444,084
Operating expenses:			
Financial expenses (Note 17)	17,777	21,399	165,538
Cost of sales	1,780	7,152	16,577
General and administrative expenses (Note 18)	124,462	128,148	1,158,975
Credit losses including provision for uncollectible loans (Note 6)	97,540	146,413	908,273
Total operating expenses	241,559	303,112	2,249,363
Operating profit	128,301	87,869	1,194,721
Other income (expenses):			
Interest and dividend income on investments	1,349	1,559	12,564
Stock issue expenses	(231)	—	(2,149)
Interest expense	(82)	(193)	(766)
Equity in earnings of Tokumei Kumiai	639	691	5,951
Net gain on sales of investments in securities (Note 7)	703	442	6,544
Loss on valuation of investments in securities (Note 7)	(30)	—	(279)
Net loss on sales or disposal of property and equipment	(1,367)	(1,862)	(12,727)
Impairment loss (Note 2 (8))	(1,268)	—	(11,809)
Loss on sales of credit	(384)	—	(3,573)
Gain on sales of investments in subsidiaries	—	12,869	—
Loss on valuation of investments in subsidiaries	(1,257)	(189)	(11,701)
Provision for loss guarantees (Note 2 (13))	—	(2,700)	—
Special retirement payment (Note 12)	—	(18,746)	—
Equity in net gain of affiliated companies	400	95	3,724
Expense for relocation of offices	(266)	(346)	(2,476)
Impairment loss on deposits for golf club membership	(39)	(66)	(361)
Other, net	706	(285)	6,566
Total other expenses, net	(1,127)	(8,731)	(10,492)
Income before income taxes and minority interests	127,174	79,138	1,184,229
Income taxes (Note 19):			
Current	41,569	41,284	387,087
Deferred	10,438	(3,722)	97,204
	52,007	37,562	484,291
Minority interests in net loss of consolidated subsidiary	212	—	1,975
Net income	¥ 75,379	¥ 41,576	\$ 701,913

	Yen		U.S. Dollars (Note 3)
Amount per share (Note 21):			
Net income:			
Basic	¥576.05	¥342.19	\$5.36
Diluted	575.88	—	5.36
Cash dividends	105.00	100.00	0.98
Weighted average number of shares (Thousands):			
Basic	130,622	121,256	
Diluted	130,660	—	

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Shareholders' Equity

Promise Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2005 and 2004

	Millions of Yen						
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Net unrealized gain on securities	Foreign currency translation adjustments	Treasury stock
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)
Net income	—	—	—	75,379	—	—	—
Cash dividends paid	—	—	—	(12,770)	—	—	—
Bonuses to directors and corporate auditors	—	—	—	(84)	—	—	—
Gain on sales of treasury stock	—	—	14,486	—	—	—	—
Decrease due to inclusion of a company in consolidation	—	—	—	(112)	—	—	—
Allocation of new shares to a third party	8,900,000	31,684	31,684	—	—	—	—
Decrease due to valuation of securities, net of tax	—	—	—	—	(719)	—	—
Adjustments on foreign currency financial statement translation	—	—	—	—	—	(237)	—
Decrease in treasury stock	—	—	—	—	—	—	18,009
Balance at March 31, 2005	134,866,665	¥80,738	¥138,458	¥575,197	¥3,432	¥(1,051)	¥ (2,787)

	Thousands of U.S. Dollars (Note 3)					
	Common stock	Capital surplus	Retained earnings	Net unrealized gain on securities	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2004	\$456,781	\$ 859,368	\$4,774,979	\$38,654	\$(7,579)	\$(193,648)
Net income	—	—	701,913	—	—	—
Cash dividends paid	—	—	(118,913)	—	—	—
Bonuses to directors and corporate auditors	—	—	(783)	—	—	—
Gain on sales of treasury stock	—	134,896	—	—	—	—
Decrease due to inclusion of a company in consolidation	—	—	(1,047)	—	—	—
Allocation of new shares to a third party	295,037	295,037	—	—	—	—
Decrease due to valuation of securities, net of tax	—	—	—	(6,696)	—	—
Adjustments on foreign currency financial statement translation	—	—	—	—	(2,211)	—
Decrease in treasury stock	—	—	—	—	—	167,698
Balance at March 31, 2005	\$751,818	\$1,289,301	\$5,356,149	\$31,958	\$(9,790)	\$ (25,950)

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

Promise Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2005	2004	2005
Operating activities:			
Income before income taxes	¥ 127,174	¥ 79,138	\$ 1,184,229
Adjustments for:			
Depreciation and amortization	6,870	6,768	63,969
Increase (decrease) in allowance for credit losses	(11,707)	26,856	(109,013)
Impairment loss	1,268	—	11,809
Loss on sales of credit	384	—	3,573
Increase (decrease) in accrued severance indemnities	1,011	(4,118)	9,414
Equity in earnings of Tokumei Kumiai	(639)	(691)	(5,951)
Net gain on sales of investments in securities	(703)	(442)	(6,544)
Loss on valuation of investments in subsidiaries	1,257	189	11,701
Net loss on sales or disposal of property and equipment	1,367	1,862	12,727
Equity in net gain of affiliated companies	(400)	(95)	(3,724)
Gain on sales of investments in subsidiaries	—	(12,869)	—
Increase in accruals for debt guarantees	123	70	1,145
Increase (decrease) in accruals for loss guarantees	(1,840)	2,700	(17,132)
Special retirement payment	—	18,746	—
Decrease in consumer loans receivable: Principal	31,282	29,573	291,292
Decrease in notes and accounts receivable	6,764	3,997	62,984
Increase (decrease) in accounts payable	(4,326)	4,612	(40,278)
Payment of special retirement allowance	(18,746)	—	(174,558)
Income taxes paid	(31,778)	(57,316)	(295,912)
Other, net	382	(5,012)	3,555
Net cash provided by operating activities	107,743	93,968	1,003,286
Investing activities:			
Payment for purchase of property and equipment	(7,426)	(44,390)	(69,154)
Proceeds from sales of property and equipment	159	31	1,484
Payment for purchase of investments in securities	(5)	(0)	(48)
Proceeds from sales of investments in securities	1,802	1,569	16,777
Redemption of beneficial interest in trust	13,300	—	123,848
Payment for purchase of shares of subsidiaries	(320)	(357)	(2,975)
Acquisition of shares of subsidiaries resulted in the change in scope of consolidation	(19,498)	—	(181,559)
Proceeds from sales of investments in subsidiaries	—	25,248	—
Decrease in loans	39	41,786	363
Decrease (increase) in other investments	(2,439)	5,069	(22,715)
Net cash provided by (used in) investing activities	(14,388)	28,956	(133,979)
Financing activities:			
Proceeds from long-term debt	110,621	177,314	1,030,087
Repayments of long-term debt	(223,508)	(255,112)	(2,081,273)
Proceeds from issuance of bonds, net of expenses	9,902	14,896	92,206
Redemption of bonds	(50,000)	(32,000)	(465,593)
Proceeds from issuance of common stock	63,137	—	587,925
Decrease in short-term borrowings	(13,772)	(6,520)	(128,241)
Decrease (increase) in treasury stock	32,496	(14,258)	302,594
Cash dividends paid	(12,770)	(12,291)	(118,913)
Net cash used in financing activities	(83,894)	(127,971)	(781,208)
Effect of exchange rate changes on cash and cash equivalents	(32)	(91)	(298)
Net increase (decrease) in cash and cash equivalents	9,429	(5,138)	87,801
Cash and cash equivalents at beginning of the year	101,111	105,761	941,528
Effect of the increase in scope of consolidated subsidiaries	314	488	2,923
Cash and cash equivalents at end of the year	¥ 110,854	¥ 101,111	\$ 1,032,252
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	¥ 16,659	¥ 20,013	\$ 155,127

The accompanying notes are an integral part of these financial 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 14 subsidiaries and 2 affiliates as of March 31, 2005 and 12 subsidiaries and 2 affiliates as of March 31, 2004. The accompanying consolidated financial statements include the accounts of the Company and 10 (8 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
STC Co., Ltd. *3	Japan	March 31
At-Loan Co., Ltd. *4	Japan	March 31
PROMISE (HONG KONG) CO., LTD.	Hong Kong	December 31
Liang Jing Co., Ltd. *5	Taiwan	December 31
PROMISE (TAIWAN) CO., LTD. *6	Taiwan	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. System Trinity Co., Ltd. renamed to STC Co., Ltd. on July 1, 2004.

*4. At-Loan Co., Ltd. has been consolidated on the balance sheet at the year ended March 31, 2005 since the Company's share of possession of voting rights exceeded 50 % through allocation of new stocks to third parties.

*5. 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. Lian Jing Co., Ltd. used to operate brokerage of automobile loans, but changed its business on October 27, 2004 and operates as a servicer at present.

*6. PROMISE (TAIWAN) CO., LTD. has been included in consolidation from the year ended March 31, 2005.

7. 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, 2005 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, 2005	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 are 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 records 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 is 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) Impairment of Fixed Assets

In August 2002, the Business Accounting Council in Japan issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the Accounting Standard Board of Japan (ASB) issued ASB Guidance No.6, "Guidance for Accounting Standard for Impairment of Fixed Assets."

Under the new accounting standards, management must consider each period whether there is any indication that assets (asset groups) may be impaired. If there is any such indication, the related assets (asset groups) must be tested for impairment which is first measured by reference to undiscounted cash flows. If impairment exists, the entity must measure impairment by comparing the assets' carrying value to their recoverable value.

The standard shall be effective for fiscal year beginning April 1, 2005. However, the Company and its domestic subsidiaries have adopted this new accounting standard from the year ended March 31, 2005 because an early adoption is permitted for fiscal year beginning April 1, 2004. As a result of the initial application, impairment loss of ¥1,268 million (\$11,809 thousand) was accounted in the accompanying consolidated statements of income.

(9) 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" for the respective periods.

(10) 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.

(11) 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, 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.

(12) 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 ¥923 million (\$8,597 thousand) as of March 31, 2005 are provided to cover possible future losses on these guarantee balances at the balance sheet date.

(13) 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 ¥860 million (\$8,010 thousand) as of March 31, 2005.

(14) Stock Issue Expenses

Stock issue expenses are charged to income as incurred.

(15) Bond Issue Expenses

Bond issue expenses are charged to income as incurred.

(16) 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.

(17) 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 and its domestic subsidiaries have 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.

(18) 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.

(19) 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.

(20) 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 ¥107.39 to U.S.\$1, being the effective rate of exchange at March 31, 2005. 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 ¥107.39 to U.S.\$1 or at any other rate.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included ¥44,376 million (\$413,224 thousand) and ¥48,965 million of short-term commercial notes, as of March 31, 2005 and 2004, respectively. The Companies received securities, commercial paper and others as collateral for short-term commercial notes. Market values of collateral as of March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Securities	¥18,005	¥12,997	\$167,661
Commercial paper	24,997	32,995	232,769
Others	1,380	2,970	12,850
	¥44,382	¥48,962	\$413,280

5. CONSUMER LOANS RECEIVABLE

- (1) Unsecured loans to individual customers, which were included in "Consumer loans receivable", were ¥1,595,397 million (\$14,856,107 thousand) and ¥1,523,667 million as of March 31, 2005 and 2004, 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
	2005	2004	2005
Credits of bankrupt borrowers	¥ 2,848	¥ 1,694	\$ 26,519
Delinquent loans	2,105	601	19,599
Delinquent loans three months or more past the due date	11,640	13,858	108,386
Restructured loans	70,067	57,854	652,457
	¥86,660	¥74,007	\$806,961

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 ¥64,000 million (\$595,954 thousand) and ¥51,704 million as of March 31, 2005 and 2004, 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 ¥400,889 million (\$3,733,019 thousand) and ¥378,478 million as of March 31, 2005 and 2004, respectively. The balance of revolving credit facilities unused and secured was ¥226 million (\$2,105 thousand) and ¥253 million as of March 31, 2005 and 2004, 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, 2005 and 2004 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Balance at beginning of the year	¥ 133,877	¥ 115,398	\$ 1,246,641
Adjustments for newly consolidated subsidiaries and foreign currency translation	8,419	(8,377)	78,395
Credit losses written off against the allowance	(109,247)	(109,684)	(1,017,286)
Provision for uncollectible loans	97,540	136,540	908,273
Balance at end of the year	¥ 130,589	¥ 133,877	\$ 1,216,023

7. INVESTMENTS IN SECURITIES

Investments in securities held by the Companies as of March 31, 2005 and 2004 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Investments in securities:			
Equity securities	¥11,213	¥13,490	\$104,413
Other	801	13,472	7,463
	¥12,014	¥26,962	\$111,876

Book value and acquisition cost information on marketable "Other securities" as of March 31, 2005 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	¥5,110	¥10,786	¥5,676	\$47,583	\$100,438	\$52,855
Other	115	172	57	1,074	1,604	530
	5,225	10,958	5,733	48,657	102,042	53,385
Securities whose book values on the accompanying consolidated balance sheet do not exceed their acquisition costs:						
	—	—	—	—	—	—
	¥5,225	¥10,958	¥5,733	\$48,657	\$102,042	\$53,385

"Other securities" sold during the year ended March 31, 2005 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
	¥1,802	¥703	¥—	\$16,777	\$6,544	\$—

Book values of "Other securities" which were not marketable as of March 31, 2005 are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Investments in securities:	
Equity securities	¥427	\$3,975
Other	629	5,859

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.

As for "Other securities" which are not marketable, if real price of the securities declined remarkably due to aggravation of financial condition of issuing companies, such securities are impaired accordingly.

The Companies recognized ¥30 million (\$279 thousand) in loss on valuation of investments in securities for the year ended March 31, 2005.

Book value and acquisition cost information on marketable "Other securities" as of March 31, 2004 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	¥6,208	¥13,037	¥6,829
Other	115	172	57
	<u>6,323</u>	<u>13,209</u>	<u>6,886</u>
Securities whose book values on the accompanying consolidated balance sheet do not exceed their acquisition costs:			
Equity securities	1	1	(0)
	<u>¥6,324</u>	<u>¥13,210</u>	<u>¥6,886</u>

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

	Millions of Yen		
	Proceeds from sales	Gain on sales	Loss on sales
	¥1,569	¥504	¥62

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

	Millions of Yen
Investments in securities:	
Equity securities	¥ 452
Other:	
Preference share	13,300

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		Fair value	Unrealized loss
	Total	Due after one year		
Year ended March 31, 2005:				
Interest rate swap:				
Changing floating rates into fixed rate	¥63,958	¥48,379	¥(1,192)	¥(1,192)
Year ended March 31, 2004:				
Interest rate swap:				
Changing floating rates into fixed rate	¥41,562	¥37,132	¥ (667)	¥ (667)
	Thousands of U.S. Dollars			
	Notional amount		Fair value	Unrealized loss
	Total	Due after one year		
Year ended March 31, 2005:				
Interest rate swap:				
Changing floating rates into fixed rate	\$595,568	\$450,498	\$(11,101)	\$(11,101)

9. PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2005 and 2004 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Buildings	¥ 27,341	¥ 26,771	\$ 254,600
Structures	4,483	4,585	41,749
Furniture, fixtures and equipment	29,463	30,554	274,356
Other	89	106	824
	61,376	62,016	571,529
Less: Accumulated depreciation	(32,861)	(34,441)	(305,998)
	28,515	27,575	265,531
Land	50,712	52,062	472,216
Construction in process	301	—	2,804
	¥ 79,528	¥ 79,637	\$ 740,551

10. FIXED LEASEHOLD DEPOSITS

Fixed leasehold deposits as of March 31, 2005 and 2004 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, 2005 and 2004 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Short-term bank loans*:			
Secured	¥ —	¥ 315	\$ —
Unsecured	82,707	15,108	770,155
	82,707	15,423	770,155
Commercial paper and other:			
Secured	—	536	—
Unsecured	—	1,433	—
	—	1,969	—
	¥82,707	¥17,392	\$770,155
*Maximum month-end balance outstanding during the period	¥111,091	¥27,465	\$1,034,464
Average month-end balance outstanding during the period	98,921	10,124	921,143
Weighted average interest rate for the period	0.660%	1.037%	

Short-term bank loans were represented mainly by overdrafts with banks bearing interest at annual rates ranging from 0.570% to 5.000% for each of the years ended March 31, 2005 and 2004.

As of March 31, 2005, the principal ranges of annual interest rates applicable to commercial paper and other were not disclosed since the balance of commercial paper and other was nil.

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

(2) Long-term debt outstanding as of March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Loans, principally from banks and other financial institutions with interest rates indicated below*:			
Secured	¥ 152,906	¥ 183,109	\$ 1,423,840
Entered into the forward contract of assigning consumer loans receivable	273,756	303,987	2,549,175
Unsecured	141,887	194,545	1,321,224
	568,549	681,641	5,294,239
Bonds issued by Promise Co., Ltd.:			
2.030% per annum uncollateralized yen bonds, due 2004	—	20,000	—
1.790% per annum uncollateralized yen bonds, due 2004	—	10,000	—
2.270% per annum uncollateralized yen bonds, due 2005	10,000	10,000	93,119
2.510% per annum uncollateralized yen bonds, due 2006	20,000	20,000	186,237
2.950% per annum uncollateralized yen bonds, due 2009	10,000	10,000	93,119
2.560% per annum uncollateralized yen bonds, due 2010	15,000	15,000	139,676
Floating rate (six-month Japanese yen—LIBOR+0.5%) uncollateralized yen bonds, due 2005	—	10,000	—
2.270% per annum uncollateralized yen bonds, due 2008	10,000	10,000	93,119
2.900% per annum uncollateralized yen bonds, due 2012	10,000	10,000	93,119
2.040% per annum uncollateralized yen bonds, due 2007	20,000	20,000	186,237
2.080% per annum uncollateralized yen bonds, due 2005	10,000	10,000	93,119
Floating rate (six-month Japanese yen—LIBOR+0.75%) uncollateralized yen bonds, due 2005	10,000	10,000	93,119
1.750% per annum uncollateralized yen bonds, due 2005	—	10,000	—
1.700% per annum uncollateralized yen bonds, due 2006	10,000	10,000	93,119
1.740% per annum uncollateralized yen bonds, due 2008	10,000	10,000	93,119
1.200% per annum uncollateralized yen bonds, due 2006	15,000	15,000	139,676
1.630% per annum uncollateralized yen bonds, due 2008	10,000	10,000	93,119
1.400% per annum uncollateralized yen bonds, due 2007	20,000	20,000	186,237
0.920% per annum uncollateralized yen bonds, due 2005	20,000	20,000	186,237
1.470% per annum uncollateralized yen bonds, due 2007	10,000	10,000	93,119
2.050% per annum uncollateralized yen bonds, due 2009	10,000	10,000	93,119
2.290% per annum uncollateralized yen bonds, due 2010	10,000	10,000	93,119
1.000% per annum uncollateralized yen bonds, due 2006	10,000	10,000	93,119
1.370% per annum uncollateralized yen bonds, due 2013	15,000	15,000	139,676
2.100% per annum uncollateralized yen bonds, due 2014	10,000	—	93,119
Less: Portion due within one year	(238,124)	(246,998)	(2,217,372)
	¥ 595,425	¥ 739,643	\$ 5,544,509
Weighted average interest rate for the period	1.756%	1.823%	

* Annual interest rates on loans from banks and other financial institutions outstanding as of March 31, 2005 and 2004 ranged from 0.443% to 2.900% and from 0.640% to 3.249%, 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, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Time deposits	¥ 4	¥ 7	\$ 40
Notes and accounts receivable*	—	1,914	—
Consumer loans receivable*	156,374	186,019	1,456,133
Property and equipment	7,912	8,017	73,675
Other	42	44	371
	¥164,332	¥196,001	\$1,530,219

* 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 ¥283,180 million (\$2,636,932 thousand) and ¥314,501 million as of March 31, 2005 and 2004, respectively.

The aggregate annual maturities of long-term debt outstanding, excluding the preceding bonds, as of March 31, 2005 were as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2006	¥188,124	\$1,751,779
2007	141,927	1,321,604
2008	114,699	1,068,058
2009	57,393	534,435
2010 and thereafter	66,406	618,363
	¥568,549	\$5,294,239

(4) The outstanding bank overdraft and loan commitments contracted but not provided for and similar agreements as of March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Bank overdraft commitments:			
Credit facilities	¥ 3,890	¥ 18,293	\$ 36,223
Used	(13)	(12,416)	(125)
Unused	¥ 3,877	¥ 5,877	\$ 36,098
Bank loan commitments:			
Credit facilities	¥364,821	¥253,250	\$3,397,160
Used	(88,045)	(9,798)	(819,862)
Unused	¥276,776	¥243,452	\$2,577,298

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, 2005 and 2004.

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Benefit obligation	¥(35,366)	¥(33,064)	\$(329,328)
Fair value of plan assets	21,033	20,510	195,857
Funded status	(14,333)	(12,554)	(133,471)
Net liability recognized in balance sheet	(14,333)	(12,554)	(133,471)
Prepaid pension expenses	—	780	—
Accrued severance indemnities for employees	¥(14,333)	¥(13,334)	\$(133,471)

Components of net periodic benefit cost for the years ended March 31, 2005 and 2004 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Service cost	¥2,345	¥2,601	\$21,839
Interest cost	647	852	6,025
Expected return on plan assets	(305)	(4)	(2,841)
Past service cost	1,025	593	9,543
Net actuarial gain	(763)	(871)	(7,107)
Net periodic benefit cost	¥2,949	¥3,171	\$27,459

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% for the years ended March 31, 2005 and 2004, respectively. The expected long-term rate of return on the non-contributory pension plan assets and contributory funded benefit pension plan assets ranged from 1.0% to 1.5% and from 0% to 1.0% for the years ended March 31, 2005 and 2004.

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".

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 for the year ended March 31, 2004.

For the year ended March 31, 2005, the Company adopted new personnel management system. The effect of this adoption was to increase past service cost by ¥1,024 million (\$9,543 thousand).

In addition to the above net periodic benefit cost, the special retirement payments of ¥18,746 million 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 statements 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, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Rental expense	¥1,531	¥1,199	\$14,255
Depreciation expense	1,407	1,119	13,102
Interest expense	104	78	968

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, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥1,140	¥1,050	\$10,614
Due after one year	647	938	6,031
	¥1,787	¥1,988	\$16,645

A summary of the leased properties under the above leases as of March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Furniture, fixtures and equipment	¥ 6,105	¥ 4,310	\$ 56,845
Other	132	119	1,229
	6,237	4,429	58,074
Less: Accumulated depreciation	(4,525)	(2,507)	(42,130)
	¥ 1,712	¥ 1,922	\$ 15,944

(2) Aggregate future lease payments under ordinary operating leases as of March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥105	¥106	\$ 978
Due after one year	14	113	133
	¥119	¥219	\$1,111

14. CONTINGENT LIABILITIES

- (1) The Company's subsidiary in Taiwan used to operate brokerage of automobile loans. The subsidiary guarantees to purchase loans under certain conditions occur on them. The amounts were ¥68 million (\$632 thousand) and ¥225 million as of March 31, 2005 and 2004, respectively.
- (2) As described in Note 2 (12), the Company has agreements with financial institutions on debt guarantees. The contracted amount were ¥23,936 million (\$222,885 thousand) and ¥2,779 million as of March 31, 2005 and 2004, respectively.
- (3) PROMISE (TAIWAN) CO., LTD. operates credits appraisal and analysis for loans and purchase of claimable assets. The amounts concerning the business are ¥33,153 million (\$215,597 thousand).
- (4) As described in Note 2 (13), 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 the above transaction were ¥15,411 million (\$143,503 thousand) and ¥29,858 million as of March 31, 2005 and 2004, respectively.

15. SHAREHOLDERS' EQUITY

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 capital surplus.

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.

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.

In connection with above capital alliance, the Company issued 8,900,000 shares of common stocks at price ¥7,120 (\$66.3) per share for net proceeding of ¥63,368 million (\$590,074 thousand) to SMBC. The net proceeding was credited to common stock and capital surplus equally.

In addition to the above issuance, the Company sold 4,330,000 shares of treasury stocks to SMBC at price of ¥7,120 (\$66.3) per share, and the total net proceeding from sales of treasury stocks are to ¥30,830 million (\$287,084 thousand).

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, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Collected amounts	¥4,901	¥5,384	\$45,640

17. FINANCIAL EXPENSES

Interest expense, which was included in "Financial expenses" in the accompanying consolidated statements of income, for the years ended March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Interest expense	¥16,628	¥20,096	\$154,840

18. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses in the accompanying consolidated statements of income for the years ended March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Advertising expenses	¥ 16,441	¥ 15,609	\$ 153,099
Employees' salaries and bonuses	25,944	30,883	241,586
Rent expenses	9,749	12,758	90,778
Other	72,328	68,898	673,512
	¥124,462	¥128,148	\$1,158,975

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 40.7% and 42.0% for each of the years ended March 31, 2005 and 2004.

On March 31, 2003, law governing municipal tax has revised to impose enterprise taxes through 'pro-forma standard taxation' from April 2004. According to this tax reform acts, the part of enterprise tax on corporation is involved in general and administrative expenses and the tax rate of enterprise tax will decline starting in the fiscal year beginning April 1, 2004. The effect of this change was to increase general and administrative expenses by ¥956 million (\$8,900 thousand) and decrease income taxes equally, and a normal effective tax rate will decline because of the declining of the enterprise tax rate.

Overseas consolidated subsidiaries are subject to income taxes of the countries in which they operate.

The difference between the statutory tax rate and the effective tax rate was not disclosed since it was immaterial for the year ended March 31, 2005.

Reconciliation of the statutory tax rate to the effective tax rate for the year ended March 31, 2004 was 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	<u>47.5%</u>

The major components of deferred tax assets and liabilities as of March 31, 2005 and 2004 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Deferred tax assets due to:			
Credit losses for receivables and consumer loans	¥17,067	¥16,183	\$158,928
Allowance for credit losses	5,149	17,813	47,947
Accrued enterprise taxes	1,970	1,537	18,344
Accrued severance indemnities for employees	5,617	4,694	52,306
Accrued income	3,792	3,480	35,307
Other	3,202	3,412	29,819
	36,797	47,119	342,651
Deferred tax liabilities due to:			
Net unrealized gains on securities	(2,355)	(2,848)	(21,925)
Other	(123)	—	(1,151)
	(2,478)	(2,848)	(23,076)
Net deferred tax assets	¥34,319	¥44,271	\$319,575

Net deferred tax assets as of March 31, 2005 and 2004 were included in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Current assets:			
Deferred tax assets	¥29,661	¥40,338	\$276,197
Investments and advances:			
Deferred tax assets	4,658	3,933	43,378
	¥34,319	¥44,271	\$319,575

20. SEGMENT INFORMATION

The Companies' operations by business segment for the years ended March 31, 2005 and 2004 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, 2005 and 2004 are not disclosed since the Companies' business other than in Japan is immaterial.

Information about operating income overseas for the years ended March 31, 2005 and 2004 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, 2005 and 2004 were as follows:

	Yen		U.S. Dollars
	2005	2004	2005
Net income per share—Basic	¥576.05	¥342.19	\$5.36
—Diluted	575.88	—	5.36

The figure of diluted net income per share is not disclosed since there was no potential share of common stock that had dilutive effect for the year ended March 31, 2004.

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

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Net income	¥75,378	¥41,576	\$701,913
Less: The amount not applicable to shareholders of common stock			
Bonuses to directors and corporate auditors	(133)	(84)	(1,245)
Net income applicable to shareholders of common stock	¥75,245	¥41,492	\$700,668

	Shares	
	2005	2004
Weighted average number of shares of common stock	130,622,213	121,256,422

The main adjustment of potential shares for calculating diluted net income per share is increase of 38 thousand common stocks.

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	
	2005	2004
Treasury stock held for stock option	222,000	351,000
Warrant for stock option	—	470,000

22. SUBSEQUENT EVENT

(1) At the general shareholders' meeting of the Company held on June 21, 2005, the payment of cash dividends, ¥55.0 (\$0.51) per share, was approved, which amounted to ¥7,398 million (\$68,892 thousand).

(2) As a result of enactment of the "Defined Benefit Corporate Pension Plan Law," the Company was approved by the Ministry of the Health, Labour and Welfare in Japan for exemption from the obligation for benefits related to future employee service under the substitutional portion on April 22, 2005.

The Company also expects approval by the government for separation of the remaining substitutional portion (that is, the benefit obligation related to past service). Gains or losses related to this separation process shall be recognized at the time of approval and the amount of the effect has not yet been determined.

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, 2005 and 2004, 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, 2005 and 2004, 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.

As described in Note 2, effective from the year ended March 31, 2005, Promise Co., Ltd. and its domestic consolidated subsidiaries have adopted new Japanese accounting standards for impairment of fixed assets.

As described in Note 22 (2), Promise Co., Ltd. was approved by the Ministry of the Health, Labour and Welfare in Japan for exemption from the obligation for benefits related to future employee service under the substitutional portion on April 22, 2005.

The amounts expressed 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 21, 2005

Non-Consolidated Balance Sheets

Promise Co., Ltd.
March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 102,531	¥ 93,533	\$ 954,750
Time deposits	50	50	466
Consumer loans receivable:			
Principal	1,326,794	1,352,847	12,354,917
Accrued interest income	12,138	12,944	113,026
Less: Allowance for credit losses	(97,400)	(108,300)	(906,974)
	1,241,532	1,257,491	11,560,969
Prepaid expenses	1,618	2,622	15,067
Deferred tax assets	25,190	34,789	234,562
Other current assets	109,827	113,897	1,022,695
Total current assets	1,480,748	1,502,382	13,788,509
Investments and advances:			
Investments in securities	11,650	24,763	108,480
Investments in and advances to subsidiaries and affiliates	69,201	51,227	644,388
Investments in equity other than capital stock	—	737	—
Long-term prepaid expenses	962	1,010	8,955
Deferred tax assets	3,821	2,853	35,582
Other investments and advances	8,670	7,358	80,742
Total investments and advances	94,304	87,948	878,147
Property and equipment, net	68,714	68,567	639,858
Fixed leasehold deposits	9,332	9,237	86,894
Total assets	¥1,653,098	¥1,668,134	\$15,393,408

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39 to U.S.\$1, the approximate exchange rate at March 31, 2005.

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	¥ 235,711	¥ 239,555	\$ 2,194,904
Accounts payable	9,343	32,312	86,999
Accrued income taxes	22,586	12,870	210,317
Accruals for debt guarantees	193	70	1,797
Accrued expenses	6,111	6,782	56,909
Other current liabilities	3,363	3,610	31,316
Total current liabilities	277,307	295,199	2,582,242
Long-term liabilities:			
Long-term debt	586,329	732,077	5,459,812
Non-current accounts payable	113	560	1,051
Accrued severance indemnities	13,962	12,977	130,011
Accruals for loss guarantees	860	2,700	8,010
Other long-term liabilities	41	610	379
Total long-term liabilities	601,305	748,924	5,599,263
Commitments			
Shareholders' equity:			
Common stock:			
Authorized—300,000,000 shares			
Issued—134,866,665 shares at March 31, 2005	80,738	—	751,818
125,966,665 shares at March 31, 2004	—	49,054	—
Capital surplus:			
Additional paid-in capital	112,640	80,956	1,048,886
Net gain on sales of treasury stock	14,741	255	137,268
Retained earnings:			
Legal reserve	12,263	12,263	114,195
Voluntary reserve	485,700	448,700	4,522,767
Unappropriated retained earnings	67,759	49,428	630,961
Net unrealized gain on securities	3,432	4,151	31,958
Less: Treasury stock—352,305 shares at March 31, 2005	(2,787)	—	(25,950)
4,948,249 shares at March 31, 2004	—	(20,796)	—
Total shareholders' equity	774,486	624,011	7,211,903
Total liabilities and shareholders' equity	¥1,653,098	¥1,668,134	\$15,393,408

Non-Consolidated Statements of Income

Promise Co., Ltd.
For the years ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Operating income:			
Interest on consumer loans	¥305,471	¥314,682	\$2,844,499
Other operating income	7,571	7,486	70,500
Total operating income	313,042	322,168	2,914,999
Operating expenses:			
Financial expenses	17,432	20,137	162,320
General and administrative expenses	101,791	104,041	947,865
Credit losses including provision for uncollectible loans	77,689	115,255	723,431
Total operating expenses	196,912	239,433	1,833,616
Operating profit	116,130	82,735	1,081,383
Other income (expenses):			
Interest and dividend income on investments	1,317	1,335	12,267
Stock issue expenses	(231)	—	(2,148)
Bond issue expenses	(9)	(8)	(84)
Insurance money received and insurance divided	320	238	2,975
Equity in earnings of Tokumei Kumiai	447	405	4,163
Net gain on sales of investments in securities	703	450	6,544
Loss on valuation of investments in securities	(30)	—	(279)
Net loss on sales or disposal of property and equipment	(1,330)	(1,777)	(12,387)
Impairment loss	(1,015)	—	(9,454)
Gain on sales of investments in subsidiaries	—	23,737	—
Loss on valuation of investments in subsidiaries	(1,560)	(189)	(14,528)
Provision for loss guarantees	—	(2,700)	—
Special retirement payments	—	(18,746)	—
Expense for relocation of offices	(228)	(321)	(2,118)
Impairment loss on deposits for golf club membership	(38)	(48)	(349)
Other, net	419	13	3,900
Total other income (expenses), net	(1,235)	2,389	(11,498)
Income before income taxes	114,895	85,124	1,069,885
Income taxes:			
Current	37,596	37,800	350,086
Deferred	9,125	(1,995)	84,972
	46,721	35,805	435,058
Net income	¥ 68,174	¥ 49,319	\$ 634,827

	Yen	U.S. Dollars
Amount per share:		
Net income:		
Basic	¥521.02	¥406.05
Diluted	520.87	—
Cash dividends	105.00	100.00
Weighted average number of shares (Thousands):		
Basic	130,622	121,278
Diluted	130,660	—

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39 to U.S.\$1, the approximate exchange rate at March 31, 2005.
2. Effective from the year ended March 31, 2004 the Company have adopted the Financial Accounting Standard on "Accounting for Earnings per Share."

Non-Consolidated Statements of Shareholders' Equity

Promise Co., Ltd.
For the years ended March 31, 2005 and 2004

	Millions of Yen								
	Number of shares of common stock	Common stock	Capital surplus		Retained earnings			Net unrealized gain on securities	Treasury stock
			Additional paid-in capital	Net gain on sales of treasury stock	Legal reserve	Voluntary reserve	Unappropriated retained earnings		
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)
Net income	—	—	—	—	—	—	68,174	—	—
Cash dividends paid	—	—	—	—	—	—	(12,770)	—	—
Bonuses to directors and corporate auditors	—	—	—	—	—	—	(73)	—	—
Gain on sales of treasury stock	—	—	—	14,486	—	—	—	—	—
Transfer to voluntary reserve	—	—	—	—	—	37,000	(37,000)	—	—
Allocation of new shares to a third party	8,900,000	31,684	31,684	—	—	—	—	—	—
Decrease due to valuation of securities, net of tax	—	—	—	—	—	—	—	(719)	—
Decrease in treasury stock	—	—	—	—	—	—	—	—	18,009
Balance at March 31, 2005	134,866,665	¥80,738	¥112,640	¥14,741	¥12,263	¥485,700	¥ 67,759	¥3,432	¥ (2,787)

	Thousands of U.S. Dollars								
	Common stock	Additional paid-in capital	Net gain on sales of treasury stock	Retained earnings			Net unrealized gain on securities	Treasury stock	
				Legal reserve	Voluntary reserve	Unappropriated retained earnings			
Balance at March 31, 2004	\$456,781	\$ 753,849	\$ 2,371	\$114,195	\$4,178,229	\$ 460,266	\$38,654	\$(193,648)	
Net income	—	—	—	—	—	634,827	—	—	
Cash dividends paid	—	—	—	—	—	(118,913)	—	—	
Bonuses to directors and corporate auditors	—	—	—	—	—	(681)	—	—	
Gain on sales of treasury stock	—	—	134,897	—	—	—	—	—	
Transfer to voluntary reserve	—	—	—	—	344,538	(344,538)	—	—	
Allocation of new shares to a third party	295,037	295,037	—	—	—	—	—	—	
Decrease due to valuation of securities, net of tax	—	—	—	—	—	—	(6,696)	—	
Decrease in treasury stock	—	—	—	—	—	—	—	167,698	
Balance at March 31, 2005	\$751,818	\$1,048,886	\$137,268	\$114,195	\$4,522,767	\$ 630,961	\$31,958	\$ (25,950)	

Note: U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39 to U.S.\$1, the approximate exchange rate at March 31, 2005.

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
 *Plat changed its corporate name to QUOQLOAN INC., on June 13, 2005

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

At-Loan Co., Ltd.

http://at-loan.jp
 Address: 1-9-2, Higashi-Shimbashi, Minato-ku,
 Tokyo 105-0021
 Paid-in Capital: ¥10,912 million
 Ownership: 51%
 Principal Business: Consumer finance

PAL Servicer Co., Ltd.

http://www.palsvc.co.jp
 Address: 4-1-1, Taishido, Setagaya-ku, Tokyo 154-0004
 Paid-in Capital: ¥500 million
 Ownership: 100%
 Principal Business: Loan management and 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

STC 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

Overseas Subsidiaries

China

PROMISE (HONG KONG) CO., LTD

http://www.promise.com.hk
 Address: 72 Gloucester Road, Wanchai, Hong Kong
 Paid-in Capital: HK\$45 million
 Ownership: 100%
 Principal Business: Consumer finance

Taiwan

Liang Jing Co., Ltd.

Address: 146, Sung Jiang Rd., Taipei
 Paid-in Capital: NT\$290 million
 Ownership: 100%
 Principal Business: Loan management and collection

PROMISE (TAIWAN) CO., LTD.

Address: 146, Sung Jiang Rd., Taipei
 Paid-in Capital: NT\$250 million
 Ownership: 70%
 Principal Business: Credit appraisal and analysis for loans, purchase of claimable assets

Equity-Method Affiliated 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

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/
Date of Establishment:	March 20, 1962
Fiscal Year:	April 1 to March 31
Paid-in Capital:	¥80,738 million
Number of Employees:	3,463
Auditor:	ChuoAoyama PricewaterhouseCoopers
Listing:	First Section of Tokyo Stock Exchange

Expanding Disclosure

Promise Co., Ltd., makes efforts to encourage greater understanding of its management strategies and business development. The Company does so through the publication of a variety of IR tools, including news releases, financial reports, and other materials, as well as through information disclosed on its web site (<http://www.promise.co.jp/english/ir/>). Top management takes the initiative in communicating its message directly by participating in information meetings and maintaining regular contact with stock analysts and investors. Top management is also hearing the opinions and requests of shareholders and investors regarding the Company's business strategies and gives this feedback due consideration.

From the perspective of increasing the transparency of its management practices and enhancing information disclosure to shareholders, Promise is committed to robust IR programs domestically and internationally to expand its disclosure.



<http://www.promise.co.jp/english/ir/>

IR Events for the Fiscal Year Ended March 31, 2005

April 27, 2004	Announcement of financial results for the fiscal year ended March 31, 2004
April 28, 2004	Information meeting for investors in Japan covering the financial results for the fiscal year ended March 31, 2004 Conference call for foreign investors covering the financial results for the fiscal year ended March 31, 2004
May 17 through May 28, 2004	Investor relations tour to meet foreign investors
June 23, 2004	Regular General Meeting of the Shareholders
June 25, 2004	Information meeting for investors in Japan and conference call for foreign investors regarding strategic alliance with Sumitomo Mitsui Financial Group, Inc.
July 27, 2004	Announcement of financial and operating results for the first quarter of the fiscal year ended March 31, 2005
August 2004	Issuance of Promise's Annual Report for the fiscal year ended March 31, 2004
October 26, 2004	Announcement of interim results for the fiscal year ended March 31, 2005
October 27, 2004	Information meeting for investors in Japan covering the financial results for the interim period Conference call for foreign investors covering the financial results for the interim period
November 15 through November 26, 2004	Investor relations tour to meet foreign investors
January 26, 2005	Announcement of financial and operating results for the third quarter of the fiscal year ended March 31, 2005
February 21 through February 23, 2005	Investor relations tour to meet foreign investors

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