Consolidated Financial Results for the Fiscal Year Ended March 31, 2005

The summary of this document (unaudited) has been translated from the original Japanese document released on April 25, 2005 for reference only.
In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

Company Name: Promise Co., Ltd.
Stock Code: 8574
(URL: http://cyber.promise.co.jp/)
Stock Listing: Tokyo Stock Exchange
Head Office: Tokyo

President and Representative Director: Hiroki Jinnai
Inquiries: Yasuhiko Katsumi, General Manager, Corporate Communications Dept.
TEL: 81-3-3287-1515

Date of Board of Directors' Meeting on Fiscal Year-End Account Closing: April 25, 2005
Name of Parent Company, Etc: Sumitomo Mitsui Financial Group, Inc. (Stock Code: 8316) and one other company
Ownership of Voting Rights for Parent Company, Etc.: 16.0%
Application of U.S. GAAP: Not applicable

1. Consolidated Financial Results for the Fiscal Year Ended March 2005 (Apr. 1, 2004 — Mar. 31, 2005)

(1) Consolidated Operating Results

(Note: In this report, amounts of less than one million yen are omitted and per share figures are rounded down to two decimal places.)

	Operating income		Operating profit		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended Mar. 31, 2005	369,860	(5.4)	128,301	46.0	130,821	45.6
Year ended Mar. 31, 2004	390,980	(4.8)	87,869	(17.8)	89,858	(16.8)

	Net income		Net income per share	Diluted net income per share	ROE	Recurring profit to total asset ratio	Recurring profit to operating income ratio
	Millions of yen	%	Yen	Yen	%	%	%
Year ended Mar. 31, 2005	75,378	81.3	576.04	575.88	10.5	7.5	35.4
Year ended Mar. 31, 2004	41,576	(31.5)	342.18	—	6.6	5.0	23.0

Notes: 1. Equity in net gain of affiliate
Year ended Mar. 31, 2005: ¥399 million
Year ended Mar. 31, 2004: ¥94 million
2. Average number of shares
Year ended Mar. 31, 2005: 130,622,213
Year ended Mar. 31, 2004: 121,256,422
3. Change in accounting method: Applicable (early application of asset impairment accounting)
4. Percentages for operating income, operating profit, recurring profit and net income represent percentage changes from the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Year ended Mar. 31, 2005	1,785,142	793,986	44.5	5,901.62
Year ended Mar. 31, 2004	1,718,721	636,667	37.0	5,260.21

Note: Number of shares outstanding
Mar. 31, 2005: 134,866,665
Mar. 31, 2004: 121,018,416

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash (used in) provided by investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended Mar. 31, 2005	107,742	(14,387)	(83,893)	110,853
Year ended Mar. 31, 2004	93,967	28,956	(127,970)	101,110

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 10
Non-consolidated subsidiaries accounted for by the equity method: —
Affiliates accounted for by the equity method: 1

(5) Changes in Scope of Consolidation and Application of Equity Method

Newly consolidated subsidiaries: 2
Subsidiaries excluded from consolidation: —
Companies newly included in equity method accounting: —
Companies excluded from equity method accounting: —

2. Forecast for the Fiscal Year Ending March 31, 2006 (Apr. 1, 2005 — Mar. 31, 2006)

	Operating income	Recurring profit	Net income
	Millions of yen	Millions of yen	Millions of yen
Six months ending Sept. 30, 2005	191,760	49,800	29,100
Year ending Mar. 31, 2006	386,885	103,000	63,000

Reference: Projected net income per share for the fiscal year ending Mar. 31, 2006: ¥467.35

Notes:
1. Projected net income per share for the fiscal year ending Mar. 31, 2006 is calculated based on projected average number of shares of 134,514,360.
2. The above forecasts are based on information currently available to the Company at the time of the release of this report. Actual results could differ materially from projections due to various factors.

Appendix

1. Company Profile

(1) The Promise Group consists of Promise Co., Ltd., 10 consolidated subsidiaries, 4 non-consolidated subsidiaries, 2 affiliated companies (including 1 accounted for by the equity method of consolidation) and 1 associated company and its subsidiary. The Group's principal business activities and the operations of each subsidiary and affiliated company are described below.

Financing Business

The financing business is the Promise Group's principal business. It mainly involves the direct provision of both unsecured and unguaranteed small-lot loans (i.e., the consumer finance business) to general consumers based on simplified credit analysis.

The Group is constructing a system that will enable it to provide comprehensive consumer loan services to a wide range of customers. In Japan, Promise Co., Ltd., Plat Corporation (consolidated subsidiary), Sun Life Co., Ltd. (consolidated subsidiary), At-Loan Co., Ltd. (consolidated subsidiary) and MOBIT CO., LTD. (equity-method affiliate) operate consumer loan businesses.

Overseas, PROMISE (HONG KONG) CO., LTD. (consolidated subsidiary) operates a consumer loan business in Hong Kong.

Promise, At-Loan and MOBIT also provide guarantees on loans made by financial institutions to individuals. PAL Servicer Co., Ltd. (consolidated subsidiary) operates a loan management and collection business.

Note: Promise's purchase of shares in the third-party allotment carried out by At-Loan Co., Ltd. resulted in Promise's ownership of voting rights for At-Loan exceeding 50%. Consequently, At-Loan has been accounted for as a consolidated subsidiary beginning with the fiscal year ended March 31, 2005. Because the deemed date of share acquisition was the fiscal year under review, At-Loan has only been included in the consolidated balance sheet.

Other Businesses

In addition to the aforementioned businesses, the Promise Group leverages the know-how cultivated in its core consumer loan business to develop finance-related businesses.

PAL Life Co., Ltd. (consolidated subsidiary) operates a real estate business, centered on the Pal Building, for the collection of rents for tenant-occupied buildings. PAL Life also provides a variety of services, including travel arrangements and credit verification, to Group companies.

Net Future Co., Ltd. (consolidated subsidiary) provides telemarketing services to Group companies. STC Co., Ltd. (consolidated subsidiary) provides computer system design, operation and management for Group companies.

Overseas, in Taiwan, PROMISE (TAIWAN) Co., Ltd. (consolidated subsidiary) provides credit appraisal and analysis for loans and purchase of claimable assets services to a local bank. In addition, Liang Jing Co., Ltd. (consolidated subsidiary) operates a loan management and collection business.

Notes:
1. System Trinity Co., Ltd. changed its name to STC Co., Ltd., effective July 1, 2004.
2. Due to the increased materiality of the business operations of PROMISE (TAIWAN) Co., Ltd., it has been included in the scope of consolidation commencing with the fiscal year under review.
3. Following its establishment in August 1989, Liang Jing Co., Ltd. operated an automobile installment sales business. From October 27, 2004, it changed its business to loan management and collection services.

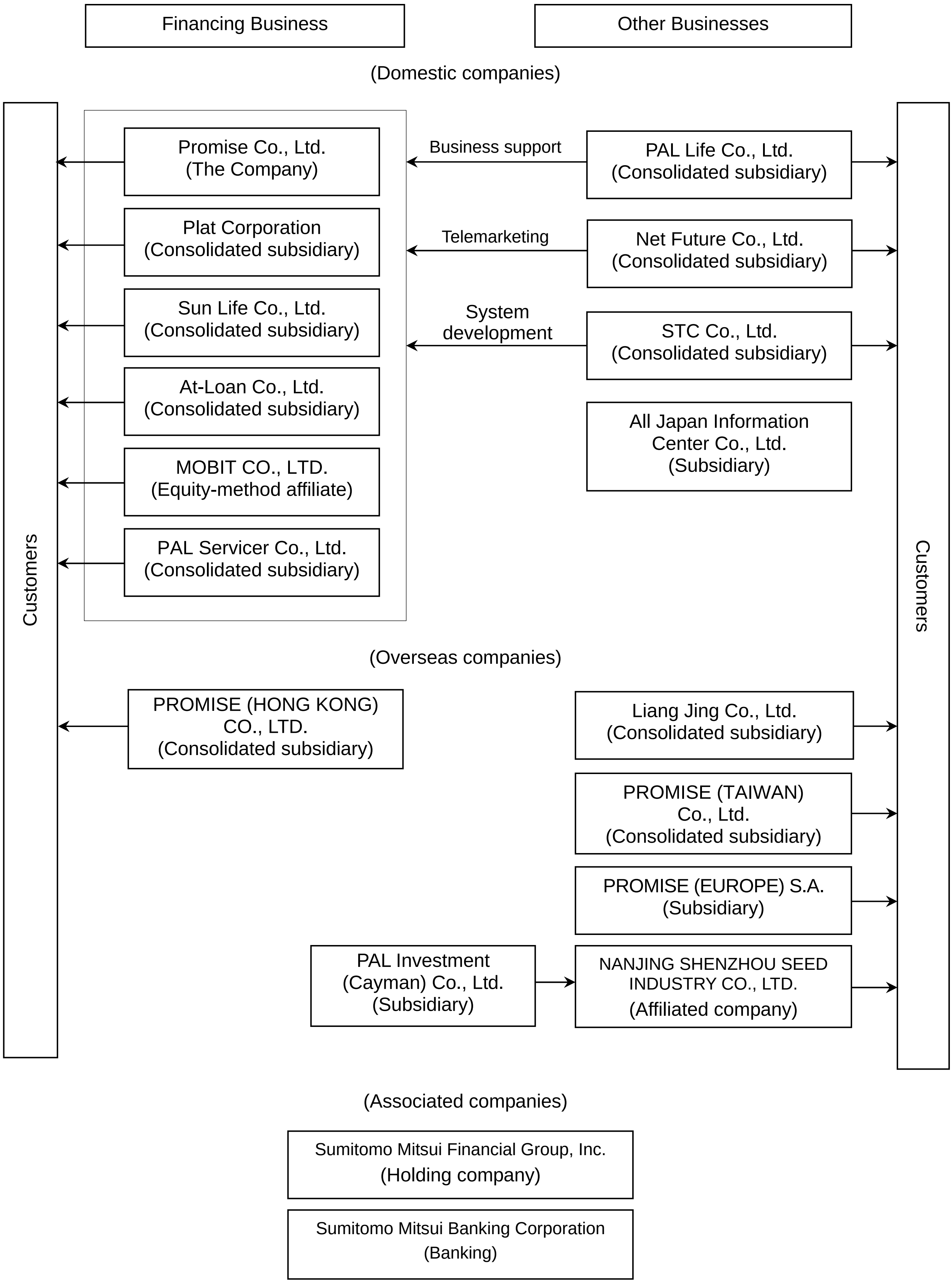
Categorized under associated companies, Sumitomo Mitsui Banking Corporation runs its own banking business while Sumitomo Mitsui Financial Group, Inc. performs business management and related businesses for its associated companies.

The names and business descriptions of other affiliated companies are listed below.

[Domestic subsidiary]	[Business description]
All Japan Information Center Co., Ltd.	Holding of securities

[Overseas subsidiaries and affiliated company]	[Business Description]
PROMISE (EUROPE) S.A.	Management of golf courses
PAL Investment (Cayman) Co., Ltd.	Investment in China (NANJING SHENZHOU SEED INDUSTRY CO., LTD.)
NANJING SHENZHOU SEED INDUSTRY CO., LTD.	Production, processing and sales of agricultural seeds
PROMISE (THAILAND) Co., Ltd.	Consumer finance business in Thailand (preparing for start-up)

(2) Promise Group Organization



(3) Status of Consolidated Subsidiaries

Name	Location	Capital	Principal business	% of voting rights	Related information				Notes
					Directors	Capital support	Business dealings	Leased facilities	
Plat Corporation	Kita-ku, Osaka	¥2,400 million	Consumer finance	100.00	7 (5)	Debt guarantees and loans	ATM network tie-up	Offices	1
Sun Life Co., Ltd.	Takamatsu, Kagawa Prefecture	¥185 million	Consumer finance	100.00	4 (3)	Loans	ATM network tie-up	Offices	—
At-Loan Co., Ltd.	Shinjuku-ku, Tokyo	¥10,912 million	Consumer finance	51.00	4 (3)	—	—	—	1 & 2
PAL Servicer Co., Ltd.	Setagaya-ku, Tokyo	¥500 million	Loan management and collection	100.00	5 (3)	Loans	—	—	—
PAL Life Co., Ltd.	Chiyoda-ku, Tokyo	¥3,000 million	Credit obligation investigations, management of leased real estate	100.00	5 (3)	Loans	—	Offices	—
Net Future Co., Ltd.	Chiyoda-ku, Tokyo	¥300 million	Telemarketing, ATM management / administration	100.00	5 (4)	Debt guarantees and loans	—	Offices	—
STC Co., Ltd.	Chiyoda-ku, Tokyo	¥90 million	Computer system design, operation and management	100.00	5 (2)	Loans	—	Offices	3
PROMISE (HONG KONG) CO., LTD.	Hong Kong	HK$45,000 thousand	Consumer finance	100.00	4 (3)	Debt guarantees	—	—	—
Liang Jing Co., Ltd.	Taipei, Taiwan	NT$290,000 thousand	Loan management and collection	100.00	4 (3)	Debt guarantees	—	—	—
PROMISE (TAIWAN) Co., Ltd.	Taipei, Taiwan	NT$250,000 thousand	Credit appraisal and analysis for loans and purchase of claimable assets	70.00	3 (2)	Debt guarantees	—	—	4

Notes:
1. Of the above subsidiaries, Plat Corporation and At-Loan Co., Ltd. are specified subsidiaries.
2. Promise's purchase of shares in the third-party allotment carried out by At-Loan Co., Ltd. resulted in Promise's ownership of voting rights for At-Loan exceeding 50%. Consequently, At-Loan has been accounted for as a consolidated subsidiary beginning with the fiscal year ended March 31, 2005. Because the deemed date of share acquisition was the fiscal year under review, At-Loan has only been included in the consolidated balance sheet.
3. System Trinity Co., Ltd. changed its name to STC Co., Ltd., effective July 1, 2004.
4. Due to the increased materiality of the business operations of PROMISE (TAIWAN) Co., Ltd., it has been included in the scope of consolidation commencing with the fiscal year under review.
5. The figure in parentheses under Directors represents the number of directors serving in concurrent positions.

(4) Status of Equity-Method Affiliate

Name	Location	Capital	Principal business	% of voting rights	Related information				Notes
					Directors	Capital support	Business dealings	Leased facilities	
MOBIT CO., LTD.	Shinjuku-ku, Tokyo	¥20,000 million	Consumer finance	45.00	5 (2)	—	ATM network tie-up	—	—

Note: The figure in parentheses under Directors represents the number of directors serving in concurrent positions.

2. Management Policies, Business Results and Financial Condition, Business Risks

(1) Management Policies

1) Basic Management Policies

The Promise Group's corporate philosophy is to "Support affluent lifestyles and aim to be a trusted corporate citizen"; "Target appropriate profit levels through efficient management and seek to achieve sustainable growth"; and "Be appreciated by customers and cooperate with society to realize mutual harmony and benefit together with employees." Guided by our compliance efforts, we pursue our business with the intention of living up to the trust and expectations of our customers and other stakeholders.

Based on our recognition of the importance of maximizing corporate value by increasing our social contribution through higher levels of customer satisfaction and efforts to prevent multiple debt among consumers, we have committed our full efforts Groupwide to realizing the Promise Vision.

The Promise Vision is a paradigm for the Company to specialize in the consumer finance business and focus on businesses that evolve in tandem with customer needs and the times. The Promise Vision is also a roadmap for evolution from lender-borrower relationships to advisor-client relationships. Through such initiatives, Promise aims to evolve into a personal main bank that can provide financial support and advice to customers on a one-to-one basis.

Competition in the consumer finance market has further intensified, spilling over the lines of demarcation between industries and types of businesses. The Promise Group intends to build a strong business base through the formation of a high-quality consumer loan portfolio while targeting sustainable growth by accurately responding to changes in the business environment or the times.

2) Dividend Policy

The Promise Group considers returning a portion of profits to shareholders on a stable and continuous basis to be an issue of the highest priority.

The Promise Group will work to improve earnings by drawing on a solid business foundation formed by high-quality assets and promoting business alliances and will return profits in accordance with shareholder expectations while maintaining a strong financial condition and retained earnings.

In view of the market environment, the Company's policy regarding the use of retained earnings is to strengthen the Group's business structure through effective investment in such areas as product development, information technology, human resource development and new business development by pursuing strategic business alliances to achieve growth in earning power, corporate worth and, by extension, shareholder value.

As one means of returning profits to shareholders, Promise has introduced a special benefit plan for shareholders. Registered shareholders or beneficial owners of shares on the fiscal year-end record date with at least 50 shares (one unit) will receive without exception a gift card worth ¥3,000, which is exchangeable for regional specialty products.

3) View and Policy on Reduction of the Investment Unit for Shareholders

With the goal of expanding its shareholder base and increasing the liquidity of its shares, Promise reduced the investment unit for its shares to 50 in August 2002.

The Company will consider further decreases in the investment unit based on its business performance and stock price trends and will act accordingly.

4) Business Performance Indicators

Reflecting its goals of improving business efficiency and maintaining high profitability, the Promise Group gives high priority to return on assets (ROA) as a business performance indicator and targets improvement in this figure.

5) Medium- and Long-Term Business Plan

Working toward the goals of the Promise Vision, the Promise Group is seeking to expand its core consumer finance business based on its full-line interest rate strategy and through its business alliance with Sumitomo Mitsui Financial Group, Inc. In addition, the Promise Group is working to establish a medium-to-long-term earnings base through the expansion of peripheral financial businesses centered on loan guarantees and debt collection services and its overseas financial operations.

Promise's full-line interest rate strategy aims to address the cash needs of a broad base of consumers by offering different brands within the Promise Group, each with a different interest rate range. Under the business alliance with Sumitomo Mitsui Financial Group, Inc., the Cascade Scheme has been introduced to link three brands of loans: Sumitomo Mitsui Banking Corporation (interest rates 8-12%), At-Loan Co., Ltd. (interest rates 15-18%) and Promise (18-25.55%). Offering a comprehensive range of credit, simultaneous application for multiple loan brands and reciprocal cross-selling, this scheme enables further improvements in efficiency and effectiveness. By combining the Cascade Scheme with the existing products of MOBIT CO., LTD. (interest rates 15-18%) and Plat Corporation and Sun Life Co., Ltd. (interest rate 29.2%), the Promise Group plans to expand its customer base by leveraging its broad range of interest rates.

Moreover, through the business alliance, the Promise Group will expand into peripheral financial businesses. The Group is aiming to grow its loan guarantee services, debt collection services and other businesses as well as considering entering the small business loan market.

To achieve growth in its overseas operations, Promise is expanding the businesses of PROMISE (HONG KONG) CO., LTD. (consumer finance) and PROMISE (TAIWAN) Co., Ltd. (loan guarantees) while researching new markets throughout Asia, with a view to developing new earnings bases.

6) Basic Stance on Corporate Governance and Status of Policy Execution

[1] Basic Stance on Corporate Governance

The Promise Group believes that, as a trusted corporate citizen, a corporate governance system is essential to maintaining a relationship of coexistence and coprosperity with society. The Group considers that increasing management efficiency, soundness and transparency and achieving strict compliance with rules and regulations are extremely important to realizing this goal, and the Group is taking steps to strengthen and expand its related organizations accordingly.

[2] Status of Corporate Governance Organization for Business Decisions and Execution by Management and Audit Function

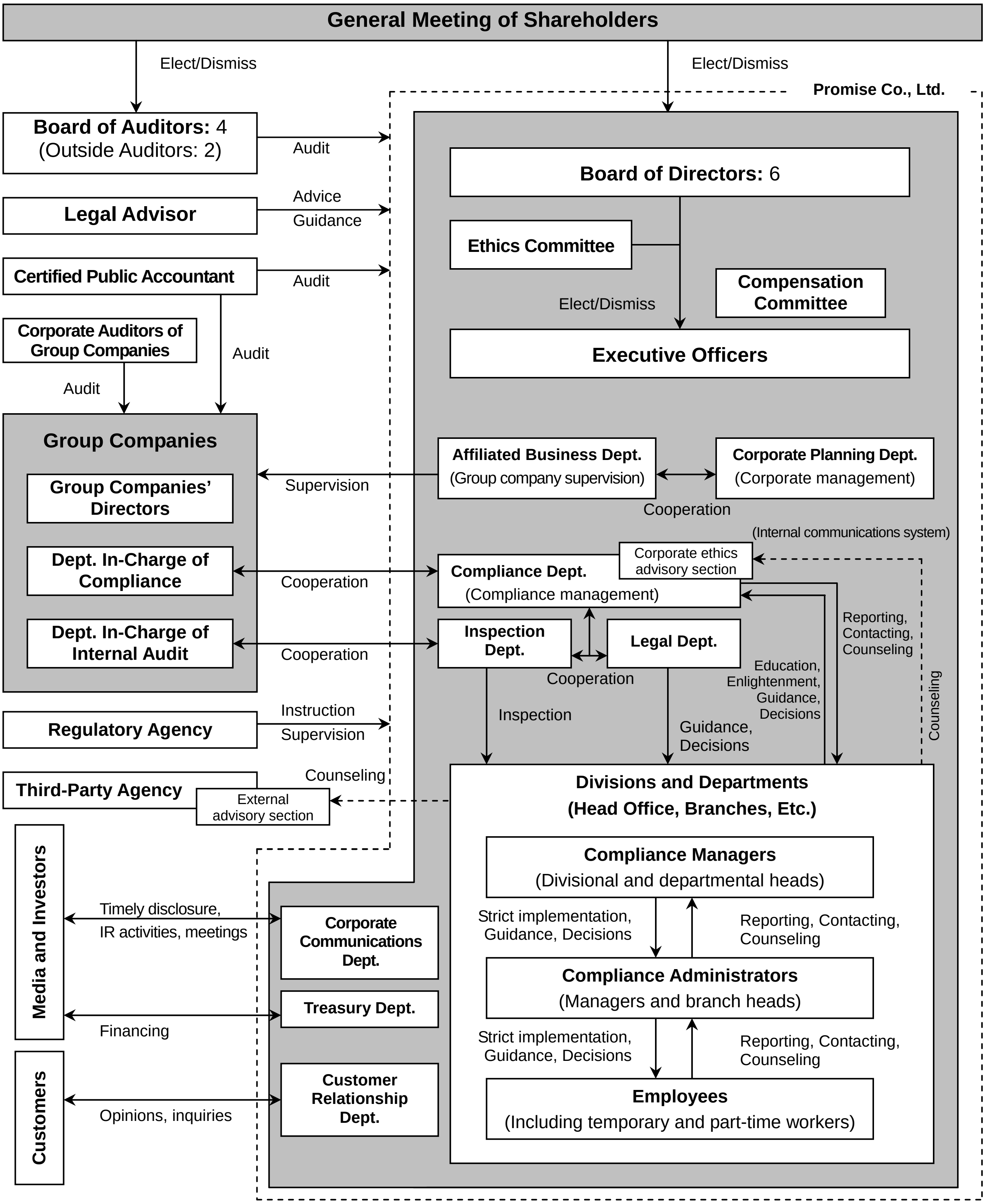
The Company introduced an executive officer system in June 2002. As a result, the Board of Directors has been reduced to six members, enabling the Board to adequately deliberate strategies to deal with pressing issues and to make speedy business decisions.

In its management audit function, Promise employs a corporate auditor system that consists of four auditors, of which two are outside auditors. In addition to monitoring the Board of Directors, the auditors fulfill an audit function for business execution by sitting in on the Executive Officers' meetings and other important meetings.

Authority and responsibility for the overall business activities of the Company are clarified by in-house regulations and other rules. A structure also has been established to ensure sound and appropriate business activities. When necessary, the appropriate action to take on issues can be confirmed with several sections, including the Compliance Department and the Legal Department, and the Inspection Department conducts regular internal inspections. Furthermore, the Company is strengthening the cooperation among the internal auditing departments of individual Group companies and is taking steps to establish a Groupwide internal auditing system.

Promise's outside auditors have no business relationships with the Company or other conflicts of interest regarding their positions.

The following is a schematic of the Promise Group's corporate governance organization.



[3] Reinforcing the Compliance System

Led by its Compliance Department, which was established in October 2001, Promise works to ensure ethical and legal compliance Groupwide by establishing guidance systems and maintaining ongoing programs to raise awareness of compliance among employees.

In November 2004, to complement its existing internal corporate ethics advisory section, Promise set up an external advisory section (Promise Ethics Hot Line) at an independent, unbiased third-party agency. In addition, Promise is developing its compliance organization by producing rules, manuals and other publications, by appointing compliance managers and administrators for all business sections, including branches, and by requiring employees to adopt a code of ethics, create compliance implementation proposals and inspect compliance status every quarter.

Since 2003, Promise has also encouraged its employees to acquire an external certification, the Compliance Officer Certification Examination (Consumer Finance Course) offered by *Kinzai* Institute for Financial Affairs, Inc. A total of 2,105 employees have passed this examination, and for the past two years Promise employees have won the Best Group Performance Award. Other measures taken by Promise to firmly ingrain the concept of compliance in its corporate culture include special training programs about the law protecting the privacy of personal information, harassment and other issues; discussion method courses using case studies; and internal publications.

[4] Strengthening and Expanding Disclosure

From the point of view of improving the transparency of management and strengthening its disclosure for shareholders, the Company is actively carrying out IR activities in Japan and abroad, working to bolster and expand its disclosure.

Through press releases, financial information and other IR tools and its web site (http://cyber.promise.co.jp/), Promise promotes greater understanding of its management strategies and business developments. Top management takes the initiative in this process by personally explaining the Company’s activities to others through information meetings and regular contact with securities analysts and investors. At the same time, top management listens carefully to the opinions and wishes of shareholders and investors regarding management, using them as feedback regarding the Company’s management practices.

[5] Accounting Auditors

Promise has appointed ChuoAoyama PricewaterhouseCoopers as its accounting auditors under the Commercial Code and the Securities and Exchange Law. ChuoAoyama PricewaterhouseCoopers and its employees carrying out the audit have no special vested interest in Promise. Moreover, the auditing firm has voluntarily implemented a system whereby no Managing Partner working on the Promise audit may be involved with the project beyond a specific period of time. Promise has signed an auditing agreement with ChuoAoyama PricewaterhouseCoopers that outlines the compensation to be paid the auditing firm. The names of the certified public accountants responsible for the audit of the fiscal year under review and a breakdown of certified public accountants and trainees working on the project are as follows.

Certified Public Accountants Responsible for the Audit

Designated Employees, Managing Partners: Masayuki Tominaga, Shigehiko Kataoka, Hidenori Nagano

Breakdown of Auditing Team

Certified Public Accountants:	5 persons
Trainees:	4 persons

[6] Board Members' Compensation and Auditing Firm's Compensation for Auditing Services

The compensation paid the directors and auditors of Promise and the compensation paid the auditing firm for its audit for the fiscal year under review are as follows.

i. Breakdown of Board Members' Compensation

Compensation paid directors and auditors

Directors 7 persons: ¥143 million
Auditors 4 persons: ¥56 million

Compensation granted directors and auditors by resolution at General Meeting of Shareholders

Directors: ¥300 million
Auditors: ¥80 million

Profit-sharing bonus paid

Directors 7 persons: ¥59 million
Auditors 4 persons: ¥13 million

ii. Auditing Firm's Compensation for Auditing Services

Certified Public Accountant Law (Law No. 103, 1948)

Compensation for work stipulated by Article 2, Paragraph 1: ¥36 million

Other compensation: ¥0 million

7) Items regarding Parent Company, Etc.

[1] Name of Parent Company, Etc. (As of March 31, 2005)

Parent company, etc.	Category	Ownership of Promise voting rights by parent company, etc. (%)	Stock exchanges on which the parent company, etc.'s stocks are listed
Sumitomo Mitsui Financial Group, Inc.	Categorized as other company when listed company is the affiliate of the other company	16.05 [16.05]	First Section: Tokyo Stock Exchange, Inc. Osaka Securities Exchange Co., Ltd. Nagoya Stock Exchange, Inc.
Sumitomo Mitsui Banking Corporation	Categorized as other company when listed company is the affiliate of the other company	16.05	None

Note: The figure in parentheses under Ownership of Promise voting rights by parent company, etc., indicates percentage of indirect ownership.

[2] Among Parent Company, Etc., the Company Considered to Have the Greatest Impact on the Listed Company and the Reason

Name of company considered to have the greatest impact on the listed company	Reason
Sumitomo Mitsui Financial Group, Inc.	Sumitomo Mitsui Banking Corporation, which owns 16.05% of Promise's share, is a wholly owned subsidiary of Sumitomo Mitsui Financial Group, Inc.

[3] Positioning of the Listed Company to the Corporate Group of the Parent Company, Etc., and Its Relationship with the Parent Company, Etc., and Other Listed Companies

Sumitomo Mitsui Financial Group, Inc. concluded a fundamental business tie-up agreement with Promise Co., Ltd. to establish the two partners as the top providers of consumer finance in Japan. Under the business alliance, both companies are strategic partners. They are committed to making the utmost efforts to supply the customers of both companies with products and services by combining their brands, customer bases, know-how and experience.

To further strengthen their broad business alliance, the partners decided to form capital alliances, and Sumitomo Mitsui Financial Group, Inc. invested in Promise Co., Ltd. As a result, Promise Co., Ltd. is now an equity-method affiliate of Sumitomo Mitsui Financial Group, Inc.

On the other hand, as part of the strategic business alliance in the consumer finance business, Promise Co., Ltd. acquired a 51% stake in At-Loan Co., Ltd., a previously wholly owned subsidiary of

Sumitomo Mitsui Banking Corporation, through a third-party allotment conducted by At-Loan, making that company a consolidated subsidiary of Promise Co., Ltd. These capital alliances have been formed based on the premise of the two partners developing joint business on an equal footing and have no significant impact on the independence of Promise Co., Ltd. as a listed company.

Promise Co., Ltd. has appointed one executive officer from Sumitomo Mitsui Financial Group, Inc. and has seconded 224 employees to Sumitomo Mitsui Banking Corporation to be used in a joint venture.

[4] Items regarding Transactions with the Parent Company, Etc.

During the fiscal year under review, Promise borrowed a total of ¥20,000 million from Sumitomo Mitsui Banking Corporation. At March 31, 2005, the balance of the loan amounted to ¥20,572 million.

8) Other Important Management Issues

Business and Capital Alliances with Sumitomo Mitsui Financial Group, Inc.

In September 2004, the Company concluded a business agreement with Sumitomo Mitsui Financial Group, Inc.

Through a fusion of the strengths of both partners in such areas as brand, infrastructure and know-how, Promise is seeking to achieve business synergies. Centered on the newly introduced Cascade Scheme, the Company is moving ahead with the establishment of a new base for growth. In advance, to standardize the sharing of profits and strengthen the business tie-up, Promise made a third-party allotment of shares in July 2004 in which new shares and treasury stock was sold to Sumitomo Mitsui Banking Corporation.

Based on the strategic alliance, Promise is proceeding with a variety of strategies, such as the acquisition of At-Loan Co., Ltd. (converted to consolidated subsidiary) and the conclusion of a basic agreement on a business tie-up between Plat Corporation and QUOQ Inc.

(2) Business Results and Financial Condition

1) Overview of the Fiscal Year Ended March 31, 2005 and Business Results

During the fiscal year under review, there was a tapering off of such factors as strong exports, the digital economy and improvement in consumer sentiment that had recently driven the Japanese economy. Although the overall performance of Japanese companies was favorable, a gap appeared in performance depending on industry and scale. On the other hand, recovery in employment and personal incomes, the environment for which changed little during the year, continued to be delayed, with unemployment remaining at a high level and growth in actual wage levels flat.

In the Promise Group's core business of consumer finance, there was a downward trend in the number of applications for personal bankruptcy, but competition that goes beyond the lines of demarcation between industries and types of businesses intensified further, with a variety of business alliances being formed between inter-industry companies as well as IT companies entering the market.

Under these business conditions, the Promise Group gave top priority to the issues of minimizing non-performing loans and strengthening the Group's ability to retain customers. While introducing new measures, principally in its consumer finance business, and working to improve business efficiency, Promise made progress with the establishment of an organization aimed at rapid realization of the businesses covered by the business alliance with Sumitomo Mitsui Financial Group, Inc.

Results for the fiscal year ended March 31, 2005 by business are provided below.

[1] Financing Business

In the core consumer finance business, although there were encouraging signs in the market, there were also many uncertainties about its direction. As a result of the use of stricter standards for approving loans and the impact of the sale of GC Co., Ltd. in the previous fiscal year, the balance of consumer loans outstanding decreased slightly.

Consequently, in the fiscal year ended March 31, 2005, the consumer finance business posted financial revenues of ¥359,571 million, down ¥18,391 million, or 4.9%, from the previous fiscal year.

The major policies undertaken in the fiscal year ended March 31, 2005 are outlined below.

(Strengthening organizational structure)

In response to the ever-changing business environment, the Promise Group flexibly reviews its organizational structure to ensure that its organization demonstrates its maximum capabilities from the points of view of efficiency and results.

In August 2004, with the goal of strengthening the functions of its Marketing Division, Promise Co., Ltd. integrated its marketing planning development capabilities, which had been dispersed among several departments, into the Marketing Planning Department. At the same time, the Company spun off its advertising and promotion functions into the new, independent Advertising Department. Furthermore, in conjunction with the strategic alliance with Sumitomo Mitsui Financial Group, Inc., Promise set up the Strategic Alliance Project. Within this framework, project teams are formed using a horizontal organizational structure that combines members from different departments, with the goal of quickly establishing businesses covered by the agreement.

(Improving loan portfolio quality)

The Promise Group addresses its major issues of minimizing non-performing loans and increasing customer retention through detailed responses to the needs of each customer based on thorough communication.

Promise has an automated credit provision system based on statistical analysis. The system is optimized by revising it in response to changes in the business environment, a process that has highly refined its precision. In addition, the Company has introduced a “Navigation System” that further refines the approval process by recording transaction details and individual conditions and other qualitative information into a database and assigning such details greater weight than previously in the credit approval process.

Promise has taken a variety of steps to enable more effective use of this “Navigation System.” It has established a seamless loan management system whereby branches manage their new loans comprehensively from inception to collection and revised its Loan Collection Guidelines, strict self-regulatory standards aimed at achieving legal compliance. Besides making progress with the implementation of these systems and rules, the Company is continuously focusing its attention on improving the customer counseling abilities of employees through various training courses and on-the-job training and on achieving their thorough compliance with rules and regulations.

In addition, Promise’s loan management know-how is being put to use by Plat Corporation and Sun Life Co., Ltd. By revising its loan management system as needed, the Company is striving to strengthen its lending system and improve the quality of its loan portfolio.

(Expanding product line and business channel network)

Promise is making efforts to expand its services using IT and business alliances for the purpose of acquiring new customers and increasing the level of satisfaction of existing ones.

Among products, the Company is enlarging its unsecured loan product line principally around free and expanded services for its cashing services. Promise also aims to develop products and systems that meet customers’ diverse needs, such as issuing a membership card with cashing privileges based on business tie-ups with other companies or commercial organizations or providing consumer loans through business tie-ups. In November 2004, Promise 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 its Internet shops.

The Company has continued to extend its payment/withdrawal channel, forming alliances with financial institutions and convenience stores. At the end of March 2005, Promise had a total of 121,703 locations (106,580 ATMs and CDs, 15,123 convenience stores) in its payment/withdrawal channel, including its own ATMs and those of its 419 alliance partners, making it the industry leader in terms of network scale. The Company has also worked to provide customers with an environment where it is “easy to borrow, easy to repay” no matter what the time or place, making repayment using its Internet Repayment Service, an Internet banking based instant repayment system, free of commission charges and expanding the number of financial institutions that can be used to withdraw or repay funds.

In response to customer demand for shorter loan approval times, the Company has been progressing with the installation of *Chosoku* loan processing machines. *Chosoku* are compact, low-cost terminals that require only 5-10 minutes to process new applications, conduct provisional credit analyses, and issue temporary cards. At the end of March 2005, a total of 452 of these terminals had been installed, principally in commercial areas in major cities and in suburban shopping centers. From November 2004, customers have been able to make new loan applications through e-Tower, a multimedia terminal located inside Three F Co., Ltd.’ s convenience stores. This is the first time such a service has been offered by a company in the consumer finance industry.

At staffed branches and other existing channels, the Company strove to strengthen sales capabilities and achieve low-cost operations by reviewing operations from the point of view of customer processing flow and changing branch types or combining branches.

(Acquiring new profit bases)

The Company is developing a loan guarantee business that provides guarantees for the unsecured consumer loans of other financial institutions. By leveraging its lending know-how cultivated over many years in the consumer finance industry, Promise is aiming to establish a new profit base in this field. The resulting balance of loan guarantees is firm, totaling ¥4,818 million at the end of March 2005. As part of such efforts, in March 2005 Promise began providing The Japan Net Bank, Limited with loan guarantee services under the business alliance with Sumitomo Mitsui Financial Group, Inc. Moreover, the Company also concluded tie-ups with The Minato Bank, Ltd. and The Nagano Bank, Ltd., with the related loan guarantee business commencing from April 1, 2005. Altogether, Promise now provides 8 banks with loan guarantee services.

From the point of view of efficient use of business resources, the Company is opening up its own ATM network throughout Japan to other companies. At the end of March 2005, a total of 31 companies had access to Promise's ATM network: 3 bank affiliated credit card companies, 9 sales finance (*shinpan*) companies and 19 consumer finance companies, of which 3 were Promise Group companies.

With consumer finance as its core business, the Company plans to utilize its know-how in this area to establish new profit bases in other finance and peripheral financial businesses to expand its business base and strengthen its earning power.

[2] Other Businesses

In other businesses, such peripheral financial business as the telemarketing business of Net Future Co., Ltd. and computer system development for financial institutions provided by STC Co., Ltd. (System Trinity Co., Ltd. changed its name to STC Co., Ltd. in July 2004), the Company is pursuing the development of new business outside the Group, targeting the expansion of its earnings base.

Nevertheless, revenues from other businesses declined during the fiscal year under review against a backdrop of intensified competition in the Japanese market and the June 2004 sale of the installment credit assets of Liang Jing Co., Ltd., an automobile installment sales company in Taiwan, to the International Bank of Taipei as part of a strategy to concentrate Group business resources. Other operating revenues for the fiscal year declined ¥2,729 million, or 21.0%, to ¥10,289 million.

As a result of the aforementioned activities, in the fiscal year ended March 31, 2005, consolidated operating income declined ¥21,120 million, or 5.4%, from the previous fiscal year, to ¥369,860 million. However, thanks to a decrease in loan losses related expenses due to the reduction in the number of applications for personal bankruptcy and other factors in conjunction with cost reductions from restructuring efforts, recurring profit increased ¥40,963 million, or 45.6%, from the previous fiscal year, to ¥130,821 million, while net income jumped ¥33,802 million, or 81.3%, to ¥75,378 million.

2) Financial Position

Assets, liabilities and shareholders' equity at the end of the fiscal year ended March 31, 2005 are shown below.

Total assets	¥1,785,142 million	(up 3.9% from March 31, 2004)
Shareholders' equity	¥793,986 million	(up 24.7% from March 31, 2004)
Shareholders' equity ratio	44.5%	(up 7.5 percentage points from March 31, 2004)

Total assets at March 31, 2005 increased ¥66,421 million from the end of the previous fiscal year, to ¥1,785,142 million. Despite the decline in unsecured consumer loans outstanding, a key performance indicator of the Promise Group's core consumer finance business, the increase in assets is mainly attributable to the acquisition of At-Loan Co., Ltd.

Total liabilities declined ¥101,752 million, to ¥980,301 million, reflecting mainly a ¥45,808 million decline in borrowings and a ¥40,000 million decline in corporate bonds outstanding.

Shareholders' equity expanded ¥157,319 million, reflecting the 8,900,000 shares issued to Sumitomo Mitsui Banking Corporation in a third-party allotment and the 4,330,000 shares sold to the same company from treasury stock that resulted in a ¥31,684 million increase in common stock and a ¥46,170 million increase in additional paid-in capital; an ¥18,009 million decrease in treasury stock (an item deducted from shareholders' equity); and a ¥62,411 million rise in retained earnings due to higher net income.

Consolidated cash flows for the fiscal year ended March 31, 2005 are shown below.

At March 31, 2005, cash and cash equivalents (hereinafter, “cash”) increased ¥9,742 million, or 9.6%, from the end of the previous fiscal year, to ¥110,853 million. This reflected net cash provided by operating activities of ¥107,742 million, net cash used in investing activities of ¥14,387 million and net cash used in financing activities of ¥83,893 million.

(Net cash provided by operating activities)

Net cash provided by operating activities amounted to ¥107,742 million, up ¥13,775 million from the previous fiscal year. This gain can mainly be attributed to an increase in income before income taxes and a decrease in income taxes paid.

(Net cash used in investing activities)

Net cash used in investing activities declined ¥43,344 million from the previous fiscal year, to ¥14,387 million. The decrease was principally due to a fall in proceeds from collection of loans receivable and the fact that there was no income during the year under review from sales of investments in consolidated subsidiaries while there were expenses incurred for the purchase of shares of subsidiaries to gain control of its subsidiary.

(Net cash used in financing activities)

Net cash used in financing activities amounted to ¥83,893 million, an increase of ¥44,076 million from the previous fiscal year. Despite greater constraints on fund raising through borrowings and corporate bond issues compared with the previous fiscal year, net cash used in financing activities declined because of the proceeds from the third-party allotment of shares and the sale of treasury stock to Sumitomo Mitsui Banking Corporation.

3) Outlook for the Fiscal Year Ending March 31, 2006 and Company Issues

The outlook for the Japanese economy is for overall favorable corporate performance. However, the business environment is expected to remain severe because of rising oil prices, concern over the impact of the strong yen, the delay in the recovery of employment and personal income conditions and the still high level of the number of applications for personal bankruptcy despite the declining trend.

Under these circumstances, the Company will continue to give priority to the issues of minimizing non-performing loans and increasing customer retention to secure a stable flow of earnings and achieve corporate growth.

To those ends, the Promise Group continues to emphasize improving loan quality and deploying a full-line interest rate strategy that is aimed at meeting the funding needs of a diverse consumer base. In doing so, the Group aims to diversify its risk exposure while increasing its loan balance.

To realize the concept of “Promise is number one in the minds of customers,” the Company will continue to pursue structural reforms, establish a corporate infrastructure and expand its services for customers. In addition, Promise will take steps to ensure an early materialization of operations under the strategic alliance with Sumitomo Mitsui Financial Group, Inc.

For the fiscal year ending March 31, 2006, the Company is forecasting operating income of ¥386,885 million, an increase of 4.6% from the previous fiscal year. Recurring profit is expected to fall 21.3%, to ¥103,000 million, while net income is projected to decline 16.4%, to ¥63,000 million.

Note: Figures in the sections “Management Policies” and “Business Results and Financial Condition” do not include consumption tax.

(3) Business Risks

The following is a discussion of the major factors thought to have an impact on the business, performance and financial condition of the Promise Group. Matters that may not necessarily be equivalent to risk but are deemed important for investment decisions and a better understanding of the Group’s business activities have also been included from the point of view of providing greater disclosure for investors.

Cognizant of the potential risks described below, the Promise Group takes steps to prevent these risks from materializing and to respond promptly when problems arise. However, it should be noted that the risks described below do not represent complete coverage of the risks faced by the Group. Forward-looking statements contained in the following text are based upon assessments made as of March 31, 2005.

1) *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 (hereinafter termed the “Capital Subscription Law”) is 29.2%. All of the Group’s consumer finance companies in Japan lend money at interest rates below this ceiling. However, Article 12, Paragraph 2 of the supplementary provisions of the Partial Revision Law regarding the Money Lending Business Control and Regulation Law and Law Concerning Control on Acceptance of Capital Contributions, Deposits and Interest (hereinafter termed the “Money Lending and Capital Subscription Partial Revision Law”), which was announced on August 1, 2003, states that the ceiling on interest rates stipulated in Article 5, Paragraph 2 of the Capital Subscription Law 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 one, this may have a negative impact on the business and performance of the Promise Group.

A portion of this maximum interest rate is in excess of the maximum interest rate chargeable stipulated in Article 1, Paragraph 1 of the Interest Rate Restriction Law (allowed annual rates on loans with principal of less than ¥100,000, 20%; with principal of ¥100,000 or more but less than ¥1,000,000, 18%; with principal of ¥1,000,000 or more, 15%). Under Article 1, Paragraph 1 of the Interest Rate Restriction Law, interest rate agreements on consumer loans made for commercial purposes for this portion are invalid. However, according to Paragraph 2 of the same article, if the debtor voluntarily pays this excessive portion, the debtor is not entitled to request a refund.

Moreover, according to Article 43 of the Money Lending Business Control and Regulation Law (hereinafter termed the “Regulatory Law”), if the debtor complies with all the requirements of voluntarily paying the excessive portion as interest, receives the written documents stipulated in Article 17 of the Regulatory Law at the time of concluding the loan agreement and receives a receipt as stipulated in Article 18 of the same law immediately on payment, the transaction will be deemed a valid repayment of interest on the debt regardless of the provisions of Article 1, Paragraph 1 of the Interest Rate Restriction Law.

Nevertheless, on June 1, 2000, the Financial Services Agency revised its business guidelines for the industry, placing a stricter obligation on operators to supply borrowers with proper documentation. As a result, the number of suits by borrowers demanding reimbursement of the said excessive portion due to the lack of proper documentation has increased annually, and several decisions ruling against the application of Article 43 of the Regulatory Law have been handed down by the legal system. In the future, should the number of such suits increase and the total reimbursement amount rise or further revisions be made in the laws and regulations, they could have a negative influence on the performance of the Promise Group.

2) *Regulatory Risk regarding Business Restrictions under the Regulatory Law*

The consumer finance companies of the Promise Group have been registered as operators as stipulated in Article 3 of the Regulatory Law and are governed by the various business regulations of that law (prohibition of excessive lending, disclosure of loan conditions, publicizing of loan conditions, prohibition of exaggerated advertising, exchange of written documentation, exchange of receipts, booking of loans, restrictions on obtaining a blank power of attorney, restrictions on loan collection activities, return of loan agreement, disclosure of official registration details, restrictions on resale of loans).

As the regulator of the consumer finance industry, the Financial Services Agency has the power to take administrative measures, including suspension of the operations or a portion of the operations of an operator that has violated the laws or regulations and cancellation of the operator’s registration.

The moneylenders associations of each prefecture and the Federation of Moneylenders Association of Japan also have self-regulatory rules to ensure sound lending, loan collection and advertising. The companies of the Promise Group comply with these rules.

Despite the Group’s efforts to comply with regulations, in the event that some violation triggered administrative measures by the regulator 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.

3) *Risk regarding Multiple Indebtedness Problem and Loans Made to Consumers*

In recent years, against the backdrop of the economic conditions in Japan and the establishment of a legal framework for consumer debt relief (passing of the Designated Mediator Law and the individuals for Civil Rehabilitation Laws and the revision of the Judicial Scrivener Law), increases in multiple indebtedness among individuals (including customers of the Promise Group) and in the number of individuals seeking legal protection from creditors under personal bankruptcy laws have become social issues.

In response to these issues, in January 1997, the consumer finance industry formed the Liaison Group of Consumer Finance Companies to carry out activities to enlighten and educate consumers and to financially support various related counseling services.

The Promise Group also uses data from consumer credit associations and its own credit appraisal system to evaluate the loan repayment capability of customers and continues to regularly revise credit limits after the loan has been made. Based on this system, the Group avoids excessive credit risk and seeks to prevent an increase in multiple indebtedness among individuals and curtail the occurrence of uncollectible loans. Furthermore, the Group provides for expected future credit losses by booking a provision for uncollectible loans as necessary in view of calculations based on such details as the historical default rate and the balance of loans outstanding.

In spite of these precautions, should economic conditions suddenly deteriorate or the quality of loans suddenly worsen due to changes in the legal system or the numbers of people applying for bankruptcy or legal arbitration increase, loan losses would increase and could impact on the performance of the Promise Group.

4) *Risk regarding the Handling of Personal Information and the Information Privacy Law*

Because the core business of the Promise Group is consumer finance in which the Group provides loans based on the credit standing of customers, the Group is a member of personal credit information bureaus and can access bureau databases. In addition, information received from customers for the purpose of credit evaluation is stored in Promise's databases and shared in-house.

The Promise Group treats this personal data as highly confidential information and takes appropriate steps to protect it and ensure its proper use. The Group has a thorough security system to prevent external break-ins and has also introduced an IC card and fingerprint recognition security system for all information terminals. Among other preventative measures, the Group sets restrictions on access to personal data, maintains a record of database access and disallows the use of such memory media as CD-Rs that could be taken off the premises. Moreover, the Group has a variety of rules, produces guidance manuals, carries out thorough compliance training and takes other preemptive steps to prevent the leakage of information from within the Group.

Nevertheless, if for some reason a problem were to arise because of the leakage of customer information, the repercussions could adversely affect the Promise Group's performance and business development.

On April 1, 2005, the law protecting the privacy of personal information came into force in full. Under this law, businesses handling personal information (major companies of the Promise Group fall into this category) are obliged to make certain reports to the authority if deemed necessary. For violations of this obligation, the minister of the main authority is empowered to advise or command that necessary measures be taken if they are recognized to be in the best interests of the individuals.

The Promise Group has focused its efforts on appropriately responding to this law and related guidelines. However, should some violation occur that results in administrative action being taken against the Group or its operations be restricted by some future revision in the law, the consequences could impact negatively on the Group's performance.

5) *Risk regarding the Liberalization of Regulations*

Recently, the Ministry of Finance and other government organizations have adopted measures to deregulate the financial system and to promote competition. And various plans for further deregulation of financial services companies are in progress. The effects have been seen even in the consumer finance industry, where capital alliances and joint ventures have been formed with banks and foreign financial services companies and companies from other industries have entered the market.

Because the previously mentioned laws have placed greater restrictions on moneylenders, it is difficult to foresee more companies from other industries entering the consumer finance market at this time. However, should these regulations be liberalized, and the number of new market entrants increase or a major capital tie-up or merger or acquisition be concluded by a company with abundant capital resources, it could create a new competitive playing field within the industry that might have a negative impact on the performance of the Promise Group.

6) *Fund Raising and Interest Rates on Financing*

Since the enforcement of the Nonbank Bond Issuing Law in May 1999, the Promise Group has actively issued bonds. Moreover, the Group has sought to diversify its funding sources with borrowings from financial institutions, fixed interest rate long-term bonds and syndicated loans. To minimize interest rate risk, the Group hedges its exposure using interest rate caps and uses interest rate swaps while also obtaining commitment line agreements to secure alternate sources of funds in preparation for sudden changes in the financing environment. Through these and other measures, the Group aims to achieve stable fund procurement at low cost.

The Promise Group does not anticipate any difficulties in raising funds under current conditions. However, should interest rates rise or should the financing environment deteriorate markedly beyond currently foreseen levels, systematic fund raising might become difficult and adversely influence Group performance.

7) Potential of Computer System Failure

As a result of progressive use of IT systems along with the expansion of its consumer finance business, the Promise Group has come to depend much more on its computer systems and networks. For that reason, the Group has implemented measures to deal with system problems, such as strengthening security, creating a backup system for data and adding and updating hardware to cope with greater volumes of data and higher access frequency. Regardless of these measures, if human error or a natural disaster were to cause a problem with the Group's computer systems, it could not only directly damage the operations of the Promise Group but also result in a loss in confidence in the services being offered by the Promise Group.

8) Business and Capital Alliances with Sumitomo Mitsui Financial Group, Inc.

As previously mentioned, the Company has formed business and capital alliances with Sumitomo Mitsui Financial Group, Inc. In the future, the Company will consider each of the members of Sumitomo Mitsui Financial Group, Inc as a strategic partner in the consumer finance business, combining the brand power and know-how developed by both sides to provide top-class products and services to the customers of both partners. However, if there were a change in the Banking Law or other related laws or if Sumitomo Mitsui Banking Corporation were to acquire more than a certain proportion of the outstanding shares of Promise Co., Ltd., it is possible that operations might be restricted to the scope of the businesses of the Company or its subsidiaries.

9) Group Strategy and Performance Trends

The business climate of the Promise Group includes a high level of credit losses due to the deteriorating quality of the loan portfolio, stagnant growth in numbers of customers due to declining spending sentiment among consumers, increasing competition from market entrants from other fields and growing competition with other companies in the market. Consequently, each of the companies of the Group faces a difficult operating environment.

In response, the Promise Group has initiated a variety of measures, pursuing a Group strategy centered on the full-line interest rate strategy. In the event that the Promise Group is not able to achieve results as planned under the Group strategy because of a change in the direction of the Japanese economy or in the competitive conditions, such a situation could have a negative impact on the performance of the Promise Group.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Classification	FY 2004 (Mar. 31, 2004)			FY 2005 (Mar. 31, 2005)			Change
	Amount		%	Amount		%	Amount
(Assets)							
I Current assets							
1 Cash and deposits		52,233			67,302		15,068
2 Notes and accounts receivable		7,439			968		(6,470)
3 Consumer loans receivable:							
Principal		1,529,054			1,599,635		70,580
4 Short-term loans		48,994			44,376		(4,618)
5 Deferred tax assets		40,337			29,660		(10,676)
6 Other		28,895			32,013		3,118
Allowance for credit losses		(133,392)			(130,352)		3,040
Total current assets		1,573,562	91.6		1,643,604	92.1	70,041
II Fixed assets							
1 Property and equipment							
(1) Buildings and structures	31,355			31,824			
Accumulated depreciation	14,223	17,132		15,404	16,420		(712)
(2) Furniture, fixtures and equipment	30,660			29,551			
Accumulated depreciation	20,217	10,442		17,456	12,094		1,652
(3) Land		52,061			50,711		(1,350)
(4) Construction work in progress		—			301		301
Total property and equipment		79,636	4.6		79,527	4.4	(109)
2 Intangible fixed assets							
(1) Excess investment cost over net assets of consolidated subsidiaries acquired, net		5,649			14,486		8,836
(2) Other		6,114			10,456		4,342
Total intangible fixed assets		11,763	0.7		24,942	1.4	13,178
3 Investments and advances							
(1) Investments in securities		34,742			18,650		(16,092)
(2) Deferred tax assets		3,933			4,658		725
(3) Other		15,081			13,758		(1,323)
Total investments and advances		53,758	3.1		37,067	2.1	(16,690)
Total fixed assets		145,158	8.4		141,538	7.9	(3,620)
Total assets		1,718,721	100.0		1,785,142	100.0	66,421

(Millions of yen)

Classification	FY 2004 (Mar. 31, 2004) Amount	%	FY 2005 (Mar. 31, 2005) Amount	%	Change Amount
(Liabilities)					
I Current liabilities					
1 Accounts payable: Trade	189		327		137
2 Short-term borrowings	15,423		82,706		67,283
3 Current portion of long-term debt	196,998		188,123		(8,874)
4 Bonds scheduled for redemption within one year	50,000		50,000		—
5 Accrued income taxes	15,739		25,879		10,140
6 Reserve for bonuses	3,678		3,571		(107)
7 Accruals for debt guarantees	70		923		853
8 Other	41,126		16,100		(25,026)
Total current liabilities	323,226	18.8	367,632	20.6	44,406
II Long-term liabilities					
1 Corporate bonds	255,000		215,000		(40,000)
2 Long-term debt	484,642		380,424		(104,218)
3 Accrued severance indemnities for employees	13,333		14,333		999
4 Allowance for retirement benefits for directors and auditors	361		378		16
5 Accruals for loss guarantees	2,700		860		(1,839)
6 Other	2,789		1,672		(1,116)
Total long-term liabilities	758,827	44.2	612,669	34.3	(146,158)
Total liabilities	1,082,054	63.0	980,301	54.9	(101,752)
(Minority interest)					
Minority interest	—	—	10,854	0.6	10,854
(Shareholders' equity)					
I Common stock	49,053	2.9	80,737	4.5	31,684
II Additional paid-in capital	92,287	5.4	138,458	7.8	46,170
III Retained earnings	512,784	29.8	575,196	32.2	62,411
IV Net unrealized gain on securities	4,150	0.2	3,432	0.2	(718)
V Foreign currency translation adjustments	(813)	(0.1)	(1,051)	(0.1)	(237)
VI Treasury stock	(20,795)	(1.2)	(2,786)	(0.1)	18,009
Total shareholders' equity	636,667	37.0	793,986	44.5	157,319
Total liabilities, minority interest and shareholders' equity	1,718,721	100.0	1,785,142	100.0	66,421

(2) Consolidated Statements of Income

(Millions of yen)

Classification	FY 2004 (Apr. 1, 2003 — Mar. 31, 2004) Amount		%	FY 2005 (Apr. 1, 2004 — Mar. 31, 2005) Amount		%	Change Amount
I Operating income							
1 Interest on consumer loans		368,662			352,330		
2 Other financial revenues		40			17		
3 Sales		8,199			2,761		
4 Other operating income		14,077			14,751		
Total operating income		390,980	100.0		369,860	100.0	(21,120)
II Operating expenses							
1 Financial expenses		21,398			17,777		
2 Cost of sales		7,151			1,780		
3 Other operating expenses							
(1) Advertising expenses	15,608			16,441			
(2) Provision for uncollectible loans	136,525			97,539			
(3) Credit losses	9,887			—			
(4) Employees' salaries and bonuses	30,882			25,943			
(5) Provision for bonuses	3,806			3,450			
(6) Net periodic benefit cost	3,160			2,940			
(7) Allowance for retirement accounts for directors and auditors	85			81			
(8) Employee welfare expenses	4,169			3,323			
(9) Rent expenses	12,758			9,748			
(10) Depreciation	6,768			6,869			
(11) Fee expenses	17,713			18,298			
(12) Communications expenses	4,893			4,473			
(13) Amortization of difference between cost of investment and equity in net assets of consolidated subsidiaries	854			890			
(14) Other	27,447	274,560		32,000	222,001		
Total operating expenses		303,111	77.5		241,559	65.3	(61,552)
Operating profit		87,869	22.5		128,301	34.7	40,431
III Non-operating revenues							
1 Interest and dividend income on investments	1,559			1,349			
2 Insurance money received and insurance dividends	242			319			
3 Equity in earnings of Tokumei Kumiai	691			639			
4 Equity in net gain of affiliated companies	94			399			
5 Other	428	3,016	0.8	807	3,514	1.0	498

(Continued) (Millions of yen)

Classification	FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)			FY 2005 (Apr.1, 2004 — Mar. 31, 2005)			Change
	Amount		%	Amount		%	Amount
IV Non-operating expenses							
1 Interest expense	192			82			
2 New share issuing expenses	—			230			
3 Expense for relocation of offices	346			265			
4 Other	488	1,027	0.3	415	994	0.3	(32)
Recurring profit		89,858	23.0		130,821	35.4	40,963
V Extraordinary income							
1 Gain on sales of investment in subsidiaries	12,868			—			
2 Net gain on sales of investments in securities	503			702			
3 Other	1	13,373	3.4	6	709	0.2	(12,664)
VI Extraordinary losses							
1 Net loss on sales or disposal of property and equipment	1,862			1,372			
2 Asset impairment loss	—			1,268			
3 Loss on sale of receivables	—			383			
4 Net loss on sales of investments in securities	61			—			
5 Impairment loss on deposits for golf club membership	66			38			
6 Loss on valuation of investments in subsidiaries	—			1,256			
7 Provision for loss guarantees	2,700			—			
8 Special retirement payments	18,745			—			
9 Other	657	24,094	6.2	36	4,356	1.2	(19,737)
Income before income taxes		79,138	20.2		127,174	34.4	48,036
Income taxes Current	41,283			41,569			
Deferred	(3,722)	37,561	9.6	10,438	52,007	14.1	14,446
Minority interest		—			212	0.1	212
Net income		41,576	10.6		75,378	20.4	33,802

(3) Consolidated Statements of Retained Earnings

(Millions of yen)

Classification	FY 2004 (Apr. 1, 2003 — Mar. 31, 2004) Amount		FY 2005 (Apr. 1, 2004 — Mar. 31, 2005) Amount	
(Additional paid-in capital)				
I Additional paid-in capital at beginning of the year		92,287		92,287
II Increase in additional paid-in capital				
1 Shares issued in capital increase	—		31,684	
2 Gain on disposal of treasury shares	—	—	14,486	46,170
III Additional paid-in capital at end of the year		92,287		138,458
(Retained earnings)				
I Retained earnings at beginning of period		483,972		512,784
II Increase in retained earnings				
Net income		41,576		75,378
III Decrease in retained earnings				
1 Cash dividends paid	12,291		12,770	
2 Bonuses to directors and corporate auditors	100		84	
3 Loss on sales of treasury stock	33		—	
4 Decrease due to inclusion of a company in consolidation	338	12,764	112	12,966
IV Retained earnings at end of the year		512,784		575,196

(4) Consolidated Statements of Cash Flows

(Millions of yen)

Classification	FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)	FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)	Change
	Amount	Amount	Amount
I Operating activities			
1 Income before income taxes	79,138	127,174	48,036
2 Depreciation and amortization	6,768	6,869	101
3 Asset impairment loss	—	1,268	1,268
4 Loss on sale of receivables	—	383	383
5 Amortization of difference between cost of investment and equity in net assets of consolidated subsidiaries	854	890	36
6 Increase (decrease) in allowance for credit losses	26,856	(11,706)	(38,563)
7 Decrease in provision for bonuses	(806)	(169)	637
8 Increase in accruals for debt guarantees	70	123	53
9 Increase (decrease) in provision for accrued severance indemnities	(4,163)	999	5,163
10 Increase in allowance for retirement benefits for directors and auditors	46	11	(35)
11 Increase (decrease) in accruals for loss guarantees	2,700	(1,839)	(4,539)
12 Interest and dividend income on investments	(1,559)	(1,349)	210
13 Interest expense	192	82	(110)
14 Equity in net gain of affiliated companies	(94)	(399)	(305)
15 Gain on sales of investment in subsidiaries	(12,868)	—	12,868
16 Net gain on sales of investments in securities	(503)	(702)	(199)
17 Loss on valuation of investments in subsidiaries	—	1,256	1,256
18 Net loss on sales or disposal of property and equipment	1,862	1,372	(489)
19 Equity in earnings of Tokumei Kumiai	(691)	(639)	52
20 Special retirement payments	18,745	—	(18,745)
21 Decrease in consumer loans receivable: Principal	29,572	31,281	1,708
22 Decrease in sales credits	4,185	7,690	3,504
23 Increase (decrease) in procurement obligations	4,550	(4,612)	(9,162)
24 Other	(4,950)	(983)	3,966
Subtotal	149,904	157,000	7,096
25 Interest and dividend income	1,572	1,347	(224)
26 Interest expense	(192)	(82)	110
27 Special retirement payable	—	(18,745)	(18,745)
28 Income taxes paid	(57,316)	(31,777)	25,538
Net cash provided by operating activities	93,967	107,742	13,775
II Investing activities			
1 Payment for purchase of property and equipment	(44,389)	(7,426)	36,963
2 Proceeds from sales of property and equipment	31	159	127
3 Payment for purchase of investments in securities	(0)	(5)	(4)
4 Proceeds from sales of investments in securities	1,569	1,801	232
5 Proceeds from redemption of beneficial interest in trust	—	13,300	13,300
6 Payment for purchase of shares of subsidiaries resulted in the change in scope of consolidation	—	(19,497)	(19,497)
7 Proceeds from sales of investments in subsidiaries resulted in the change in scope of consolidation	25,247	—	(25,247)
8 Payment for purchase of shares of subsidiaries	(357)	(319)	37
9 Payment for loans made	(30)	—	30
10 Proceeds from collection of loans receivable	41,816	39	(41,777)
11 Other	5,069	(2,439)	(7,508)
Net cash provided by (used in) investing activities	28,956	(14,387)	(43,344)

(Continued) (Millions of yen)

Classification	FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)	FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)	Change
	Amount	Amount	Amount
III Financing activities			
1 Net repayment of commercial paper	(420)	(2,031)	(1,610)
2 Proceeds from short-term borrowings	71,670	28,970	(42,699)
3 Repayments of short-term borrowings	(77,769)	(40,711)	37,058
4 Proceeds from long-term debt	177,314	110,621	(66,693)
5 Repayments of long-term debt	(255,111)	(223,507)	31,603
6 Proceeds from issuance of bonds, net of expenses	14,896	9,901	(4,994)
7 Redemption of bonds	(32,000)	(50,000)	(18,000)
8 Proceeds from issuance of shares	—	63,137	63,137
9 Proceeds from sale of treasury stock	1,159	32,504	31,344
10 Increase in treasury stock	(15,417)	(8)	15,408
11 Cash dividends paid	(12,291)	(12,770)	(478)
Net cash used in financing activities	(127,970)	(83,893)	44,076
IV Effect of exchange rate changes on cash and cash equivalents	(91)	(32)	59
V Net decrease (increase) in cash and cash equivalents	(5,138)	9,428	14,567
VI Cash and cash equivalents at beginning of the year	105,760	101,110	(4,650)
VII Effect of the increase in scope of consolidated subsidiaries	487	313	(173)
VIII Cash and cash equivalents at end of the year	101,110	110,853	9,742

(5) Material Items in Basis of Presentation of Consolidated Financial Statements

1) Scope of Consolidation

[1] Number of Consolidated Subsidiaries: 10

Company Name

[Domestic]: Plat Corporation
Sun Life Co., Ltd.
At-Loan Co., Ltd. (Newly added, Note 1)
PAL Servicer Co., Ltd.
PAL Life Co., Ltd.
Net Future Co., Ltd.
STC Co., Ltd. (Note 2)
Total of 7 companies

[Overseas]: PROMISE (HONG KONG) CO., LTD.
Liang Jing Co., Ltd.
PROMISE (TAIWAN) Co., Ltd. (Newly added, Note 3)
Total of 3 companies

Notes: 1. Promise's purchase of shares in the third-party allotment carried out by At-Loan Co., Ltd. resulted in Promise's ownership of voting rights for At-Loan exceeding 50%. Consequently, At-Loan has been accounted for as a consolidated subsidiary beginning with the fiscal year ended March 31, 2005. Because the deemed date of share acquisition was the fiscal year under review, At-Loan has only been included in the consolidated balance sheet.
2. System Trinity Co., Ltd. changed its name to STC Co., Ltd., effective July 1. 2004.
3. Due to the increased materiality of the business operations of PROMISE (TAIWAN) Co., Ltd., it has been included in the scope of consolidation commencing with the fiscal year under review.

[2] Major Non-Consolidated Subsidiaries

PROMISE (EUROPE) S.A. and other

(Reason for exclusion from consolidation)

The remaining non-consolidated subsidiaries were not consolidated because their aggregate amounts of assets, operating income, net income (amount corresponding with equity), and retained earnings (amount corresponding with equity) were not material to the consolidated results of operations.

2) Application of Equity Method

[1] Number of Companies to which Equity Method Has Been Applied: 1

Company name: MOBIT CO., LTD.

[2] The equity method was not applied to non-consolidated subsidiary PROMISE (EUROPE) S.A. and affiliated company NANJING SHENZHOU SEED INDUSTRY CO., LTD. because their net income and retained earnings were not material to consolidated net income and retained earnings, respectively, and have no overall material influence on the Company's operations.

[3] The date of application of the equity method coincides with the last day of the fiscal year.

3) Fiscal Year-End for Consolidated Subsidiaries

Consolidated subsidiaries whose fiscal year-end differs from the consolidated fiscal year-end are as follows:

Company Name	Fiscal Year-End
PROMISE (HONG KONG) CO., LTD.	December 31
Liang Jing Co., Ltd.	December 31
PROMISE (TAIWAN) Co., Ltd.	December 31

For the above consolidated subsidiaries, financial statements compiled as of their respective fiscal year-ends are used to tabulate consolidated results. However, material events that occur between that time and the consolidated fiscal year-end are necessarily reflected in the consolidated financial statements.

4) Summary of Significant Accounting Policies

[1] Standards and Methods for Valuing Material Assets

a. Investment securities

Other securities

1. Marketable Other securities are stated at market value as of the fiscal year-end. Adjustments to market value are recorded as an increase or decrease in shareholders' equity. Costs of their sales are determined by the moving average method.
2. Other securities that are not marketable are stated at cost, with cost being determined by the moving average method.

b. Derivatives

Derivatives are stated at market value.

[2] Method of Depreciation of Material Depreciable Assets

a. Property and equipment

Property and equipment are principally depreciated using the declining-balance method.

However, buildings (excluding associated equipment) acquired on or after April 1, 1998 are depreciated using the straight-line method over the estimated useful lives of the assets.

The main useful lives are as follows:

Buildings and structures:	3–50 years
Equipment and fixtures and vehicles:	2–20 years

b. Intangible fixed assets

Intangible fixed assets are depreciated using the straight-line method.

However, amortization of computer software (for internal use) is principally calculated using the straight-line method over five years, the estimated useful life.

c. Long-term prepaid expenses

Long-term prepaid expenses are amortized on an average basis.

[3] Method of Transaction of Deferred Assets

New share issuing expenses are charged to entire amount expensed as incurred.

[4] Accounting Basis for Reserves

a. Allowance for credit losses

The allowance for credit losses is provisioned at the actual loss rate.

Additional provisions are made in amounts deemed necessary to cover possible non-collectible accounts in accordance with the state of consumer loans outstanding.

In addition, overseas subsidiaries provision the reserve in amounts based on the probability of debt recovery.

b. Reserve for bonuses

Reserve for bonuses to employees on the payroll at the end of the fiscal year is provisioned based on the expected payment amount.

c. Accruals for debt guarantees

Accruals for debt guarantees are provided to cover possible future losses on guarantees at the end of the fiscal year.

d. Accrued severance indemnities for employees

The amount of accrued severance indemnities for employees is provided based on the amount of the benefit obligation and plan assets as of the fiscal year-end.

Prior service cost and actuarial differences are charged to income in a lump sum in the fiscal year in which they occur.

The accrued severance indemnities for executive officers are determined separately based on the required payment amount at the end of the fiscal year as stipulated in the Company's bylaws.

e. Allowance for retirement benefits for directors and auditors

The past service cost for directors is determined based on the required payment amount at the end of the fiscal year as stipulated in the Company's bylaws.

f. Accruals for loss guarantees

The Company has made a provision for estimated loss to cover non-collectible amounts of claims for indemnities due to the sales of investments in subsidiaries.

[5] Foreign Currency Translations (assets and liabilities denominated in major foreign currencies)

Foreign currency denominated receivables and payables are translated into Japanese yen at the spot rate prevailing on the respective balance sheet dates. Translation differences are treated as gains and losses.

Assets and liabilities of overseas companies are translated into Japanese yen at the spot rate prevailing on the respective balance sheet dates. Income and expenses are translated at the average rate for the period. Translation differences are included in Foreign currency translation adjustments in Shareholders' equity on the consolidated balance sheet.

[6] Lease Transactions

Where financing leases do not transfer ownership of the leased property to the lessee during the term of the lease, the leased property is not capitalized and the lease expenses are charged to income in the period they are incurred.

[7] Hedging

a. Hedge accounting method

The Company uses deferral hedge accounting.

Exceptional accounting is used to account for interest rate swap agreements and interest rate cap agreements that meet specified conditions.

b. Hedging instruments and hedging targets

Hedging instruments: Interest rate cap agreements and interest rate swap agreements

Hedging targets: Funds procured at variable interest rates, for which a rise in market interest rates will contribute to an increase in fund procurement costs (interest payment).

c. Hedging policy

The basic hedging policy is to minimize the impact of sharp movements in interest rates on procured funds.

d. Determining hedging effectiveness

The hedging instruments are measured for effectiveness by correlation with respect to the difference between interest rate indicators upon the instruments and positions being hedged.

e. Risk management system

The Company manages market risk in accordance with methods for managing the various risks arising from financial activities as set forth in Guidelines for Managing Risk by Type, which is contained in the Company's Finance Regulations.

Guidelines for Managing Risk by Type is revised in a timely manner in response to changes in the risk environment, whereupon such revisions shall be reported to the Board of Directors.

Also, consolidated subsidiaries conduct hedging transactions with prior approval from the Company.

[8] Other Material Items Related to Basis of Presentation of Consolidated Financial Statements

a. Accounting for revenues and expenses

Interest on consumer loans

Interest on consumer loans is recognized on an accrual basis.

For the Company and domestic subsidiaries, accrued interest on loans is determined using the lower of the interest rate specified in the Interest Rate Restriction Law or the contracted interest rate. For overseas subsidiaries, accrued interest on loans is determined using the contracted interest rate.

b. Accounting for consumption taxes

National consumption taxes and regional consumption taxes are accounted for at the Company using the net-of-tax method, with the same method principally applied at subsidiaries.

However, consumption taxes not subject to fixed asset related exclusion are recorded in Other in Investments and advances on the relevant balance sheets and are amortized over five years.

5) Material Items Related to Valuation of Assets and Liabilities of Consolidated Subsidiaries

All assets and liabilities of consolidated subsidiaries are valued using the mark-to-market method.

6) Materials Items Related to Amortization of Difference between Cost of Investment and Equity in Net Assets of Consolidated Subsidiaries

The difference between cost of investment and equity in net assets of consolidated subsidiaries is amortized equally over a 10-year period.

However, the item not significant is amortized in full when occurred.

7) Material Items Related to Handling of Appropriation of Income and Other Matters

The appropriation of income of consolidated companies on the consolidated statement of retained earnings is prepared based on the appropriation of income confirmed during the consolidated fiscal year.

8) Funds Included on Consolidated Statement of Cash Flows

Funds (cash and cash equivalents) included on the consolidated statement of cash flows include cash on hand, deposits readily convertible to cash and instruments easily converted to cash. Also included are short-term investments that mature within three months and that carry little risk of price fluctuation.

9) Changes in Accounting Practices

Accounting standards for impairment of fixed assets

The Company has adopted accounting standards for impairment of fixed assets (Opinion on the Establishment of Accounting Standards for Impairment of Fixed Assets (Business Accounting Council, August 9, 2002)) and Guidance on Accounting Standards for Impairment of Fixed Assets (Accounting Standards Board of Japan, Practical Guidance No. 6, October 31, 2003) from the fiscal year ended March 31, 2005.

Application of these standards resulted in a reduction of ¥1,268 million in income before income taxes.

The cumulative impairment loss after revision has been directly charged to individual asset accounts in accordance with regulations for presentation of the consolidated financial statements.

10) Change in Disclosure Method

Loss on valuation of investments in subsidiaries (¥189 million in the previous fiscal year), which in the past has been included in Other in Extraordinary losses, has been set off as a separate item commencing with the fiscal year under review because its amount was in excess of 10% of total extraordinary losses.

11) Additional Information

The Local Taxes Amendment Law (Law No. 9, 2003) was promulgated on March 31, 2003, resulting in the introduction of a pro-forma standard taxation system for fiscal years commencing on or after April 1, 2004. In accordance with the introduction of this system, the added value and asset portions of enterprise tax are recorded in Other operating expenses as given in Practical Solution on Presentation for Corporate Size Based Aspect of Corporate Income Tax on Income Statement (Accounting Standards Board of Japan, Practical Guidance No. 12, February 13, 2004) beginning with the fiscal year ended March 31, 2005.

As a result of these changes, other operating expenses increased ¥955 million, while operating profit, recurring profit and income before income taxes decreased ¥955 million.

(6) Explanatory Notes

(Footnotes to Consolidated Balance Sheets)

FY 2004 (Mar. 31, 2004)

1. A breakdown of notes and accounts receivable is as follows:

(Millions of yen)

Details		Amount
Installment Sales	Installment notes receivable	4,914
	Installment accounts receivable	1,873
	Subtotal	6,787
Sales	Accounts receivable	651
Total		7,439

2. Unsecured consumer loans to individual customers, which were included in Consumer loans receivable, were ¥1,523,667 million.

3. Assets pledged and corresponding liabilities

a) Assets pledged (Millions of yen)

Type	Book value at end of fiscal year
Deposits	6
Notes and accounts receivable	1,913
Consumer loans receivable	186,019
Buildings and land	8,016
Other	43
Total	196,000

b) Corresponding liabilities (Millions of yen)

Item	Balance at end of fiscal year
Short-term borrowings	315
Current portion of long-term debt	50,549
Current liabilities, other	535
Long-term debt	132,560
Total	183,959

In addition to the above, Promise entered into forward contracts of assigning for consumer loans receivable of ¥314,500 million. Corresponding liabilities were current portion of long-term debt of ¥87,960 million and long-term debt of ¥216,026 million.

FY 2005 (Mar. 31, 2005)

1. A breakdown of notes and accounts receivable is as follows:

(Millions of yen)

Details		Amount
Installment Sales	Installment notes receivable	284
	Installment accounts receivable	161
	Subtotal	446
Sales	Accounts receivable	522
Total		968

2. Unsecured consumer loans to individual customers, which were included in Consumer loans receivable, were ¥1,595,397 million.

3. Assets pledged and corresponding liabilities

a) Assets pledged (Millions of yen)

Type	Book value at end of fiscal year
Deposits	4
Consumer loans receivable	156,374
Buildings and land	7,911
Other	42
Total	164,332

b) Corresponding liabilities (Millions of yen)

Item	Balance at end of fiscal year
Current portion of long-term debt	52,898
Long-term debt	100,008
Total	152,906

In addition to the above, Promise entered into forward contracts of assigning for consumer loans receivable of ¥283,180 million. Corresponding liabilities were current portion of long-term debt of ¥78,646 million and long-term debt of ¥195,109 million.

FY 2004 (Mar. 31, 2004)	FY 2005 (Mar. 31, 2005)
4. Status of non-performing loans	**4. Status of non-performing loans**

FY 2004 (Mar. 31, 2004)

4. Status of non-performing loans

(Millions of yen)

Classification	Amount
Credits of bankrupt borrowers	1,693
Delinquent loans	601
Delinquent loans three months or more past the due date	13,857
Restructured loans	57,853
Total	74,007

(1) Credits of bankrupt borrowers are loans under declaration of bankruptcy, reconstruction and similar proceedings, 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.

(2) 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.

(3) 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.

(4) 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.

Of ¥57,853 million in restructured loans, restructured loans which are 30 days or less past due were ¥51,703 million.

5. Securities in non-consolidated subsidiaries and affiliated companies were as follows.

Investments in securities (equity securities) ¥7,780 million

6. Allowance for credit losses included in Other in Investments and advances was ¥484 million.

7. Commercial paper included in Other in Current liabilities was ¥1,968 million.

FY 2005 (Mar. 31, 2005)

4. Status of non-performing loans

(Millions of yen)

Classification	Amount
Credits of bankrupt borrowers	2,847
Delinquent loans	2,104
Delinquent loans three months or more past the due date	11,639
Restructured loans	70,067
Total	86,659

(1) (No change)

(2) (No change)

(3) (No change)

(4) 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.

Of ¥70,067 million in restructured loans, restructured loans which are 30 days or less past due were ¥63,999 million.

5. Securities in non-consolidated subsidiaries and affiliated companies were as follows.

Investments in securities (equity securities) ¥6,636 million

6. Allowance for credit losses included in Other in Investments and advances was ¥236 million.

7. ―――――

FY 2004 (Mar. 31, 2004)	FY 2005 (Mar. 31, 2005)
8. Contingent liabilities (1) Guarantee obligations in the loan guarantee business ¥2,778 million (2) Contingent liabilities related to business in foreign consolidated subsidiary for purchasing loans with conditions precedent ¥224 million (3) ―――― (4) Warranty obligations ¥29,858 million This obligation was entailed in the transfer of the entire amount of stock held by Promise in subsidiary GC Co., Ltd. to General Electric Capital Consumer Finance Co., Ltd. (currently GE Consumer Finance Co., Ltd.) and represents the remaining balance of obligations that fall under the category of warranty obligations, which are only one portion of Company debt obligations.	**8. Contingent liabilities** (1) Guarantee obligations in the loan guarantee business ¥23,935 million (2) Contingent liabilities related to business in foreign consolidated subsidiary for purchasing loans with conditions precedent ¥67 million (3) Contingent liabilities related to business in foreign consolidated subsidiary for credit appraisal and analysis for loans to a bank and purchase of claimable assets from a bank ¥33,153 million (4) Warranty obligations ¥15,410 million (No change)
9. Revolving credit facility Within lending commitment line contracts for consumer loans, ¥1,528,307 million was in revolving credit facility agreements (automatic renewal through basic revolving loan contract). These are agreements whereby companies can 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 was ¥378,477 million (including ¥252 million in secured revolving credit facilities). This balance includes credit facilities of customers without any loan balance, except for those making no payments or receipt for two years or more. There are also contracts whose term ends without the lending option being executed, and thus do not necessarily have an impact on future cash flows of the companies. For changes in the credit status of customers or other credible reasons, each contract contains a provision in which the companies can deny financing for loan applications and upwardly or downwardly revise the maximum credit line. Even after the completion of contracts, the companies periodically revise contract details and adopt measures to ensure credit safely.	**9. Revolving credit facility** Within lending commitment line contracts for consumer loans, ¥1,599,083 million was in revolving credit facility agreements (automatic renewal through basic revolving loan contract). These are agreements whereby companies can 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 was ¥400,888 million (including ¥226 million in secured revolving credit facilities). This balance includes credit facilities of customers without any loan balance, except for those making no payments or receipt for two years or more. There are also contracts whose term ends without the lending option being executed, and thus do not necessarily have an impact on future cash flows of the companies. For changes in the credit status of customers or other credible reasons, each contract contains a provision in which the companies can deny financing for loan applications and upwardly or downwardly revise the maximum credit line. Even after the completion of contracts, the companies periodically revise contract details and adopt measures to ensure credit safely.

FY 2004 (Mar. 31, 2004)

10. Loan collateral

A repurchase agreement of ¥48,964 million is included in Short-term loans.

Consequently, marketable securities are accepted as collateral from the seller of repurchased marketable securities.

The market value for marketable securities received is as follows:

(Millions of yen)

Type	Market value
Commercial paper	32,994
Securities	12,996
Beneficial interest in trust	2,970
Total	48,961

11. The unutilized balance from overdraft contracts on current accounts (including contracts based on overdraft contracts on current accounts) and contracts for the commitment line of loans are as follows:

(Overdraft contracts on current accounts)

(Millions of yen)

Total contracts	18,293
Contracts exercised	12,416
Difference	5,876

(Contracts for the commitment line of loans)

(Millions of yen)

Total contracts	253,250
Contracts exercised	9,798
Difference	243,452

12. Total number of shares issued of the Company consists of 125,966 thousand common shares.

13. Number of shares of treasury stock held

Number of shares of treasury stock held by the Company

4,948 thousand shares

FY 2005 (Mar. 31, 2005)

10. Loan collateral

A repurchase agreement of ¥44,376 million is included in Short-term loans.

Consequently, marketable securities are accepted as collateral from the seller of repurchased marketable securities.

The market value for marketable securities received is as follows:

(Millions of yen)

Type	Market value
Commercial paper	24,997
Securities	18,005
Beneficial interest in trust	1,380
Total	44,382

11. The unutilized balance from overdraft contracts on current accounts (including contracts based on overdraft contracts on current accounts) and contracts for the commitment line of loans are as follows:

(Overdraft contracts on current accounts)

(Millions of yen)

Total contracts	3,890
Contracts exercised	13
Difference	3,876

(Contracts for the commitment line of loans)

(Millions of yen)

Total contracts	364,821
Contracts exercised	88,045
Difference	276,776

12. Total number of shares issued of the Company consists of 134,866 thousand common shares.

13. Number of shares of treasury stock held

Number of shares of treasury stock held by the Company

352 thousand shares

(Footnotes to Consolidated Statements of Income)

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)

1. Other financial revenues

(Millions of yen)

(1) Interest on deposits	3
(2) Interest on securities	0
(3) Interest on loans	27
(4) Other	9
Total	40

2. Financial expenses

(Millions of yen)

(1) Interest expense	14,438
(2) Bond interest	5,657
(3) Other	1,302
Total	21,398

3. Interest and dividend income on investments included ¥1,348 million in dividends on preference shares.

4. Net loss on sales or disposal of property and equipment comprised a ¥1,847 million disposal loss related to buildings, fixtures and equipment and a ¥14 million loss on sales related to fixtures and equipment.

5. ————

FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)

1. Other financial revenues

(Millions of yen)

(1) Interest on deposits	7
(2) Interest on securities	—
(3) Interest on loans	10
(4) Other	—
Total	17

2. Financial expenses

(Millions of yen)

(1) Interest expense	11,503
(2) Bond interest	5,124
(3) Other	1,148
Total	17,777

3. Interest and dividend income on investments included ¥1,177 million in dividends on preference shares.

4. Net loss on sales or disposal of property and equipment comprised a ¥1,219 million disposal loss related to buildings, fixtures and equipment and a ¥152 million loss on sales related to buildings and land.

5. During the fiscal year ended March 31, 2005, the following groups of assets of the Group have been charged with impairment losses.

Prefecture	Use	Category
Ishikawa	Rental real estate	Land
Hyogo	Rental apts.	Buildings, land
Tokyo	Training center	Land
Kagawa	Idle asset	Land
Tokyo	Idle asset	Land
Ishikawa	Idle asset	Land
Aichi	Idle asset	Lease rights
Osaka	Idle asset	Land
Hiroshima	Idle asset	Land

<u>Method of Grouping Assets</u>

The Promise Group divides its asset groups in such categories of finance, rental, and idle assets based on independent cash flow units according to separate standards for different types of business segments.

<u>Process of Recognizing Asset Impairment Losses and Amount Recorded</u>

Book values are reduced to their potential recovery values. For rental properties, this is implemented when a consistent decline occurs in the land value and operating rate. For idle assets, this is implemented when a notable drop in market value below book value occurs. Of the reduction amount, an impairment loss of ¥1,268 million was booked as extraordinary losses. Of that amount, ¥1,230 million was for land, ¥10 million for lease rights and ¥27 million for buildings.

<u>Method of Calculating Recovery Value</u>

Recovery value is stated as the higher of net sales value or utility value. If net sale value is used, it is calculated using the assessment value, etc., of a real estate appraiser. If utility value is used, it is calculated as 4.1% of discounted future cash flow.

FY 2004 (Apr. 1, 2003—Mar. 31, 2004)	FY 2005 (Apr. 1, 2004—Mar. 31, 2005)
6. ――――――	**6.** Loss on sale of receivables comprises losses recorded on the sale of the installment credit assets of Liang Jing Co., Ltd. to the International Bank of Taipei.
7. Impairment loss on deposits for golf club membership comprised impairment losses on golf club memberships.	**7.** Impairment loss on deposits for golf club membership comprised impairment losses on golf club memberships.
8. ――――――	**8.** Loss on valuation of investments in subsidiaries resulted from an investment loss in PROMISE (EUROPE) S.A. (non-consolidated subsidiary).
9. Special retirement payments is a special added portion resulting from the implementation of a voluntary retirement program.	**9.** ――――――
10. The basis for classification of financial revenues and financial expenses in the financing business on the consolidated statement of income is as follows: (1) Financial revenues are expressed as operating income. Financial revenues exclude all loan interest and dividends at affiliated companies classified under other operations as well as interest and dividends on investment securities. (2) Financial expenses are expressed as operating expenses. Financial expenses exclude all interest paid that cannot be clearly matched to operating income.	**10.** The basis for classification of financial revenues and financial expenses in the financing business on the consolidated statement of income is as follows: (1) Financial revenues are expressed as operating income. (No change) (2) Financial expenses are expressed as operating expenses. (No change)

(Footnotes to Consolidated Statements of Cash Flows)

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)

1. The relationship between cash and cash equivalents and the amounts in the line items of the balance sheet as of the end of the fiscal year is as follows.

(Millions of yen)

Cash and deposits	52,233
Short-term loans	48,994
Total	101,228
Time deposits with maturity exceeding three months	(87)
Short-term loans excluding repurchase agreements	(30)
Cash and cash equivalents	101,110

2. ―――――

3. Breakdown of principal assets and liabilities of companies that are no longer consolidated subsidiaries due to the sale of their shares

The following shows a breakdown of the assets and liabilities of GC Co., Ltd. and MITSUWAKAI Co., Ltd. at the point of their removal from consolidation along with the sale of shares of those companies.

(Millions of yen)

	GC	MITSUWAKAI
Current assets	112,874	2,244
Fixed assets	5,799	391
Total assets	118,673	2,636
Current liabilities	51,305	2,418
Long-term liabilities	48,113	29
Total liabilities	99,418	2,448

FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)

1. The relationship between cash and cash equivalents and the amounts in the line items of the balance sheet as of the end of the fiscal year is as follows.

(Millions of yen)

Cash and deposits	67,302
Short-term loans	44,376
Total	111,678
Time deposits with maturity exceeding three months	(824)
Short-term loans excluding repurchase agreements	—
Cash and cash equivalents	110,853

2. Breakdown of principal assets and liabilities of newly consolidated subsidiary acquired through share purchase

The following shows a breakdown of the assets and liabilities at the point of consolidation of At-Loan Co., Ltd. as a result of its consolidation by Promise due to the acquisition of shares.

(Millions of yen)

Current assets	98,348
Fixed assets	3,999
Total assets	102,347
Current liabilities	80,191
Long-term liabilities	5
Total liabilities	80,196

3. ―――――

(Footnotes to Lease Transactions)

FY 2004
(Apr. 1, 2003 — Mar. 31, 2004)

1. Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee

(1) Equivalent of acquisition cost, accumulated depreciation and net book value of the leased assets at fiscal year-end

(Millions of yen)

	Equivalent of acquisition cost	Equivalent of accumulated depreciation	Equivalent of net book value
Equipment and fixtures	4,310	2,426	1,884
Intangible fixed assets and other	118	80	38
Total	4,429	2,506	1,922

(2) Equivalent of aggregate future lease payments

(Millions of yen)

Due within one year	1,050
Due after one year	937
Total	1,988

(3) Lease fees, equivalent of depreciation and equivalent of interest expense

(Millions of yen)

Lease fees	1,199
Equivalent of depreciation	1,118
Equivalent of interest expense	77

(4) Method of calculation of equivalent of depreciation
The equivalent of depreciation is calculated by using the straight-line method, assuming that the lease period corresponds to the useful life of the asset and has a residual value of zero.

(5) Method of calculation of equivalent of interest expense
The equivalent of interest expense is regarded as the difference between the total lease payments and the amount equivalent to acquisition cost of the asset. The interest method is used to calculate the portion applicable to each accounting period.

2. Operating leases

Unexpired leases (Millions of yen)

Due within one year	106
Due after one year	113
Total	219

FY 2005
(Apr. 1, 2004 — Mar. 31, 2005)

1. Finance lease transactions other than those where ownership of the leased asset is transferred to the lessee

(1) Equivalent of acquisition cost, accumulated depreciation and net book value of the leased assets at fiscal year-end

(Millions of yen)

	Equivalent of acquisition cost	Equivalent of accumulated depreciation	Equivalent of net book value
Equipment and fixtures	6,104	4,427	1,676
Intangible fixed assets and other	131	96	35
Total	6,236	4,524	1,712

(2) Equivalent of aggregate future lease payments

(Millions of yen)

Due within one year	1,139
Due after one year	647
Total	1,787

(3) Lease fees, equivalent of depreciation and equivalent of interest expense

(Millions of yen)

Lease fees	1,530
Equivalent of depreciation	1,407
Equivalent of interest expense	103

(4) Method of calculation of equivalent of depreciation
(No change)

(5) Method of calculation of equivalent of interest expense
(No change)

2. Operating leases

Unexpired leases (Millions of yen)

Due within one year	105
Due after one year	14
Total	119

(Footnotes to Securities)

I. FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)

1. Other securities stated at market value

(Millions of yen)

	Acquisition cost	Book value per consolidated balance sheet at end of fiscal year	Difference
(Securities whose book values on the accompanying consolidated balance sheet exceed their acquisition costs)			
(1) Equity securities	6,207	13,036	6,829
(2) Others	115	172	57
Subtotal	6,322	13,208	6,886
(Securities whose book values on the accompanying consolidated balance sheet do not exceed their acquisition costs)			
(1) Equity securities	1	1	(0)
Subtotal	1	1	(0)
Total	6,324	13,210	6,886

Note: Regarding impairment accounting for Other securities, if the market value of such securities has declined more than 50% below book value at fiscal year-end, any decreases in the carrying amount are charged to income as a loss on valuation of investments in securities. In the case their fair market value has declined more than 30% but less than 50% of their book value, impairment accounting is applied to the necessary amount upon considering such factors as the possibility of a recovery in value.

2. Other securities sold during the fiscal year

(Millions of yen)

Proceeds from sales	Gain on sales	Loss on sales
1,596	503	61

3. Other securities with no market value and book value per consolidated balance sheet

(Other securities) (Millions of yen)

Non-listed equity securities (excluding OTC-traded equity securities)	451
Preference shares	13,300

4. Scheduled redemption amount for other securities reaching maturity

(Millions of yen)

	Within one year	Over one year and within five years	Over five years and within ten years	Over ten years
Stock fund	105	—	—	—

II. FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)

1. Other securities stated at market value

(Millions of yen)

	Acquisition cost	Book value per consolidated balance sheet at end of fiscal year	Difference
(Securities whose book values on the accompanying consolidated balance sheet exceed their acquisition costs)			
(1) Equity securities	5,109	10,786	5,676
(2) Others	115	172	56
Subtotal	5,225	10,958	5,733

(Securities whose book values on the accompanying consolidated balance sheet do not exceed their acquisition costs)

No special items to report.

Note: An impairment of ¥29 million was recorded for equity securities within Other securities with no market value during the fiscal year.

Regarding impairment accounting for Other securities, if the market value of such securities has declined more than 50% below book value at fiscal year-end, any decreases in the carrying amount are charged to income as a loss on valuation of investments in securities. In the case their fair market value has declined more than 30% but less than 50% of their book value, impairment accounting is applied to the necessary amount upon considering such factors as the possibility of a recovery in value.

When Other securities with no market value fall notably because of deterioration in the financial condition of the issuing company, impairment accounting shall be applied in an equivalent amount.

2. Other securities sold during the fiscal year

(Millions of yen)

Proceeds from sales	Gain on sales	Loss on sales
1,801	702	—

3. Other securities with no market value and book value per consolidated balance sheet

(Other securities) (Millions of yen)

Non-listed equity securities (excluding OTC-traded equity securities)	426
Other	629

4. Scheduled redemption amount for other securities reaching maturity

No special items to report.

(Footnotes to Derivatives Transactions)

1. Matters Related to the State of Derivatives Transactions

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)	FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)
1. Details of transactions Promise engages in interest rate cap and interest rate swap transactions.	**1. Details of transactions** (No change)
2. Policy regarding transactions The Company does not independently engage in derivatives transactions for trading to achieve short-term buying and selling gains or in transactions for speculative purposes.	**2. Policy regarding transactions** (No change)
3. Purpose of transactions Regarding variable-rate interest payments on procured funds, to avoid the impact of a rise in future market interest rates on fund procurement costs (interest expenses), the Company establishes fixed ceilings using interest rate caps to hedge rises in interest expenses. In addition, the Company uses interest rate swaps to fix its cost of funds procured at variable interest rates.	**3. Purpose of transactions** (No change)
4. Transaction risks Derivatives transactions involve market risk and credit risk. However, market risk resulting from fluctuations in market interest rates is offset by risk resulting from fluctuations in market interest rates on funds procured (liabilities) at variable interest rates. Moreover, the Company believes there is no significant credit risk since it engages in transactions only with large financial institutions.	**4. Transaction risks** (No change)
5. Risk management regarding transactions Criteria for determining the need for risk hedging as well as specific hedging methods for each type of risk accompanying the execution of finance activities are stipulated by the Company's Finance Regulations. The Treasury Department executes derivatives transactions in accordance with these regulations. Each derivatives contract is entered into only after obtaining a decision as stipulated by the Work Assignment Regulations. The details of the contract and the aforementioned decision are checked and confirmed by the General Affairs Department, and after a seal is affixed the contract can be executed. Prior approval from Promise is required for consolidated subsidiaries to execute derivatives transactions. Promise will base its decision on whether to approve or disapprove the derivatives transactions in accordance with standards determined by the Company. A director in charge will report periodically to the Board of Directors about the management of derivatives transactions, including those of consolidated subsidiaries. The Inspection Department will check the details of the derivatives contracts that have been inspected by the Treasury Department.	**5. Risk management regarding transactions** (No change)

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)	FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)
6. Supplementary explanation on matters related to market value, etc., of derivatives transactions Notional amounts for derivatives transactions listed in matters related to market value, etc., of derivatives transactions are the notional amounts at the end of the respective fiscal year-end. The figures only represent calculations of notional amounts for nominal contract values of interest rate cap and interest rate swap transactions or for transaction settlements. There is no transfer of monetary assets in accordance with the stated amounts, and these amounts do not indicate market risk or credit risk related to derivatives transactions.	**6. Supplementary explanation on matters related to market value, etc., of derivatives transactions** (No change)

2. Matters Related to Market Value, Etc., of Derivatives Transactions (Interests Rate Swaps)

(Millions of yen)

Classification	Transaction	FY 2004 (Mar. 31, 2004)				FY 2005 (Mar. 31, 2005)			
		Contract amount		Fair value	Valuation gain or loss	Contract amount		Fair value	Valuation gain or loss
			More than one year				More than one year		
Non-market transactions	Interest rate swaps (Fixed payment / variable received)	41,562	37,132	(667)	(667)	63,958	48,379	(1,192)	(1,192)
Total		41,562	37,132	(667)	(667)	63,958	48,379	(1,192)	(1,192)

(Notes)

FY 2004 (Mar. 31, 2004)	FY 2005 (Mar. 31, 2005)
1. Fair value is calculated based on prices presented by financial institutions. In calculating fair value, the Company forms a contract for calculating fair value with a third-party institution not involved in the derivatives transaction. The price presented by the financial institution with which the derivatives contract has been formed is then checked to verify fairness, after which fair value can be used.	**1.** (No change)
2. Derivatives transactions using deferral hedge accounting are excluded.	**2.** (No change)

(Footnotes to Retirement Benefits)

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)

1. Overview of retirement benefit plans

The Company and its domestic consolidated subsidiaries have three types of defined benefits plans: contributory funded benefit pension plans, non-contributory pension plans and lump-sum payments severance plan.

Details are as follows:

The Company has non-contributory pension plans, covering a portion of its severance plans. In addition, the Company has contributory funded benefit pension plans, which are pursuant to the Welfare Pension Insurance Law.

Certain domestic consolidated subsidiaries have non-contributory pension plans, covering a portion or full of their severance plans.

The overseas consolidated subsidiaries have defined contribution plans, with company obligations contributing to retirement funds.

2. Retirement benefit obligations

(Millions of yen)

(1) Benefit obligation	(33,064)
(2) Plan assets	20,510
(3) Funded status	(12,553)
(4) Net liability recognized in balance sheet	(12,553)
(5) Prepaid pension expenses	779
(6) Accrued severance indemnities for employees ((4)-(5))	(13,333)

Notes:
1. Retirement benefits from the voluntary retirement program introduced during the fiscal year under review will be paid in the subsequent fiscal year. As a result, benefit obligation of ¥6,521 million has not been included in Accrued severance indemnities for employees but listed in Other in Current liabilities together with special retirement payments of ¥18,745 million.
2. Substitutional portion of contributory funded benefit pension is included in the above figures.
3. Certain subsidiaries' benefit obligations were calculated using a simplified method.

3. Net periodic benefit cost

(Millions of yen)

(1) Service cost (Notes 1, 2 and 3)	2,600
(2) Interest cost	851
(3) Expected return on plan assets	(3)
(4) Past service cost (Note 4)	593
(5) Net actuarial loss	(871)
(6) Net periodic benefit cost	3,170

Notes:
1. Contributions made by employees to the contributory funded benefit pension plans are excluded.
2. Net periodic benefit cost of consolidated subsidiaries using the simplified method are added up in (1) Service cost.
3. Net periodic cost of ¥9 million, which is listed in Cost of sales, is included in (1) Service cost.
4. The Company revised its regulations regarding the introduction of a reward system (effective April 2003) in this consolidated fiscal year in line with revisions to the Welfare Pension Insurance Law in March 2000. The amount of past service costs due to this change was ¥593 million.
5. In addition to the above net periodic benefit cost, ¥18,745 million in expenses related to voluntary retirement was recorded as an extraordinary losses.

FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)

1. Overview of retirement benefit plans

(No change)

2. Retirement benefit obligations

(Millions of yen)

(1) Benefit obligation	(35,366)
(2) Plan assets	21,033
(3) Funded status	(14,333)
(4) Net liability recognized in balance sheet	(14,333)
(5) Prepaid pension expenses	—
(6) Accrued severance indemnities for employees ((4)-(5))	(14,333)

Notes:
1. Substitutional portion of contributory funded benefit pension is included in the above figures.
2. Certain subsidiaries' benefit obligations were calculated using a simplified method.

3. Net periodic benefit cost

(Millions of yen)

(1) Service cost (Notes 1, 2 and 3)	2,345
(2) Interest cost	647
(3) Expected return on plan assets	(305)
(4) Past service cost (Note 4)	1,024
(5) Net actuarial loss	(763)
(6) Net periodic benefit cost	2,948

Notes:
1. Contributions made by employees to the contributory funded benefit pension plans are excluded.
2. Net periodic benefit cost of consolidated subsidiaries using the simplified method are added up in (1) Service cost.
3. Net periodic cost of ¥8 million, which is listed in Cost of sales, is included in (1) Service cost.
4. The Company has introduced a new personnel system for some classes of employees. The past service cost arising from the introduction of this system amounted to ¥1,024 million.

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)	FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)
4. Assumptions in calculating retirement benefit obligations (1) Allocation of projected retirement benefit obligations: Based on length of service (2) Discount rate: 2.1%–2.5% (3) Expected rate of return on investments: (Tax-qualified pension plan) 0.0%–1.0% (Contributory funded benefit pension plan) 0.0% (4) Years for amortizing past service cost: In year incurred (5) Years for amortizing net actuarial losses: In year incurred	**4. Assumptions in calculating retirement benefit obligations** (1) Allocation of projected retirement benefit obligations: Based on length of service (2) Discount rate: 2.1%–2.5% (3) Expected rate of return on investments: (Tax-qualified pension plan) 1.0%–1.5% (Contributory funded benefit pension plan) 1.5% (4) Years for amortizing past service cost: In year incurred (5) Years for amortizing net actuarial losses: In year incurred

(Footnotes to Tax Effect Accounting)

FY 2004 (Mar. 31, 2004)

1. Major components of deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets due to:	
Credit losses for receivables and consumer loans	16,183
Allowance for credit losses	17,812
Accrued income	3,480
Provision for bonuses	1,486
Accrued severance indemnities for employees	4,693
Provisions for loss guarantees	1,098
Accrued enterprise taxes	1,536
Other	826
Total deferred tax assets	47,118
Deferred tax liabilities due to:	
Net unrealized loss on securities	2,847
Total deferred tax liabilities	2,847
Net deferred tax assets	44,270

Note: Net deferred tax assets for this consolidated fiscal year are included in the items below on the consolidated balance sheet

(Millions of yen)

Current assets – Deferred tax assets	40,337
Fixed assets – Deferred tax assets	3,933

2. The following is a breakdown of the principal categories that are factors underlying significant differentials between the statutory tax rate and income taxes after the application of tax effect accounting. (%)

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

FY 2005 (Mar. 31, 2005)

1. Major components of deferred tax assets and deferred tax liabilities

(Millions of yen)

Deferred tax assets due to:	
Credit losses for receivables and consumer loans	17,067
Allowance for credit losses	5,149
Accrued income	3,791
Provision for bonuses	1,417
Accrued severance indemnities for employees	5,617
Provisions for loss guarantees	564
Accrued enterprise taxes	1,969
Other	1,220
Total deferred tax assets	36,797
Deferred tax liabilities due to:	
Net unrealized loss on securities	2,354
Other	123
Total deferred tax liabilities	2,478
Net deferred tax assets	34,319

Note: Net deferred tax assets for this consolidated fiscal year are included in the items below on the consolidated balance sheet

(Millions of yen)

Current assets – Deferred tax assets	29,660
Fixed assets – Deferred tax assets	4,658

2. The following is a breakdown of the principal categories that are factors underlying significant differentials between the statutory tax rate and income taxes after the application of tax effect accounting.

Because the difference between the statutory tax rate and income taxes after the application of tax effect accounting is 5% or less, this breakdown has been omitted.

(Footnotes to Segment Information)

1. Operations by business segment

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004) and FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)

Because the Company's consumer financing business accounts for more than 90% of total operating income, operating profit and asset value for all segments, business segment information is omitted.

2. Operations by geographic segment

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004) and FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)

Because Japan accounts for more than 90% of the Company's total operating income and asset value for all segments, geographic segment information is omitted.

3. Overseas operating income

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004) and FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)

Because overseas operating income accounts for less than 10% of total operating income, overseas operating income information is omitted.

(Footnotes to Transactions between Related Parties)

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004) and FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)

No special items to report.

(Per Share Data)

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)		FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)	
Net assets per share	¥5,260.21	Net assets per share	¥5,901.62
Net income per share	¥342.18	Net income per share	¥576.04
The figure of diluted net income per share is not disclosed because there was no potential share of common stock that had a dilutive effect.		Diluted net income per share	¥575.88

Note: Calculations of net income per share are based on the following data.

FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)	FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)
Net income on consolidated statement of income ¥41,576 million	Net income on consolidated statement of income ¥75,378 million
Net income for common stock ¥41,492 million	Net income for common stock ¥75,244 million
Principal category of funds not available to shareholders of common stock Bonuses to directors and corporate auditors from the disposition of profits ¥84 million	Principal category of funds not available to shareholders of common stock Bonuses to directors and corporate auditors from the disposition of profits ¥133 million
Principal category of funds not available to shareholders of common stock ¥84 million	Principal category of funds not available to shareholders of common stock ¥133 million
Average number of shares outstanding in fiscal year 121,256 thousand	Average number of shares outstanding in fiscal year 130,622 thousand
Major adjustments to net income included in the calculation of fully diluted net income per share ¥— million	Major adjustments to net income included in the calculation of fully diluted net income per share ¥— million
Adjustment to net income ¥— million	Adjustment to net income ¥— million
Major categories of the additional number of shares included in the calculation of fully diluted net income per share Stock acquisition rights — thousand	Major categories of the additional number of shares included in the calculation of fully diluted net income per share Stock acquisition rights 38 thousand
Additional number of shares — thousand	Additional number of shares 38 thousand
A summary of latent shares is not included in calculations of diluted net income per share because there were no shares with a dilutive effect during the fiscal year. (1) Treasury stock held for stock option: 351,000 shares (2) Stock acquisition rights for stock option: 611,750 shares There were 470,000 shares with stock acquisition rights as of March 31, 2004, reflecting a 141,750 decrease in the number of shares with acquisition rights owing to the loss of rights.	A summary of latent shares is not included in calculations of diluted net income per share because there were no shares with a dilutive effect during the fiscal year. (1) Treasury stock held for stock option: 351,000 shares There were 222,000 shares with stock option as of March 31, 2005, reflecting a 129,000 decrease in the number of shares with acquisition rights owing to the loss of rights. (2) Stock acquisition rights for stock option: ——————

4. Business Results

(1) Operating Income

(Millions of yen)

Classification		FY 2004 (Apr. 1, 2003 — Mar. 31, 2004)		FY 2005 (Apr. 1, 2004 — Mar. 31, 2005)	
		Amount	%	Amount	%
Operating income from financing business	Interest on consumer loans	368,662	94.3	352,330	95.3
	Collection of written-off loans	5,384	1.4	4,901	1.3
	Fees and commissions	2,603	0.7	—	—
	Collection of purchased receivables	1,271	0.3	2,322	0.6
	Other financial revenues	40	0.0	17	0.0
	Subtotal	377,962	96.7	359,571	97.2
Operating income from other businesses	Sales	8,199	2.1	2,761	0.8
	Other	4,819	1.2	7,528	2.0
	Subtotal	13,018	3.3	10,289	2.8
Total		390,980	100.0	369,860	100.0

Notes: 1. Within Operating income from financing business, Other financial revenues include interest on deposits and loans.
2. Within Operating income from other businesses, Other includes income from the leasing of real estate and commission income.
3. Collection of written-off loans, Fees and commissions and Collection of purchased receivables, as well as Other in Operating income from other businesses, are listed in the consolidated statements of income under Other operating income.

(2) Other Indicators

Classification		FY 2004 (Mar. 31, 2004)		FY 2005 (Mar. 31, 2005)	
		Consolidated	Non-consolidated	Consolidated	Non-consolidated
Consumer loans outstanding		1,529,054	1,352,847	1,599,635	1,326,794
(Millions of yen)	Unsecured loans	1,523,667	1,347,657	1,595,397	1,322,701
	Secured loans	5,387	5,189	4,238	4,093
Number of customers		2,940,142	2,441,488	3,023,840	2,383,279
	Unsecured loans	2,938,126	2,439,585	3,022,176	2,381,708
	Secured loans	2,016	1,903	1,664	1,571
Number of branches		1,644	1,478	1,628	1,461
	Staffed branches	544	430	530	418
	Unstaffed branches	1,100	1,048	1,098	1,043
Number of automated contract machines		1,503	1,440	1,880	1,444
Number of ATMs		1,782	1,725	1,769	1,714
Number of loan processing machines		123	123	452	452
Number of employees		4,599	3,323	4,967	3,463
Loan losses (Millions of yen)		119,571	93,955	109,260	88,589
Allowance for credit losses (Millions of yen)		133,876	108,300	130,588	97,400
Net income per share (Yen)		342.18	406.05	576.04	521.02
Shareholders' equity per share (Yen)		5,260.21	5,155.72	5,901.62	5,756.77

Notes: 1. Number of customers is the total number of customers of Promise and each of its consolidated subsidiaries and is derived from the number of debtors listed in the breakdown of customers compiled through computer-aided name identification.
2. Number of automated contract machines is the total number of automated contract machines installed.
3. Number of employees is the number of workers. Seconded employees are included in the number of employees of the companies to which they have been seconded.
4. Allowance for credit losses includes Reserve for loan losses listed under Other in Investments and advances on the consolidated balance sheets.