

Financial Results for the Three-Month Period (1Q) Ended June 30, 2008

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Stock Code: 8574

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Stock Listing: Tokyo Stock Exchange

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

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

1. Consolidated Financial Results for the Three-Month Period Ended June 30, 2008 (Apr. 1, 2008 – Jun. 30, 2008)

(1) Consolidated Operating Results (Accumulated total)

(Note: Percentages represent percentage changes from the previous period and the fiscal year.)

	Operating income		Operating profit		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three-Month Period Ended Jun. 30, 2008	104,168	—	19,713	—	20,219	—	11,901	—
Three-Month Period Ended Jun. 30, 2007	87,231	(8.5)	8,439	(28.0)	8,920	(28.4)	6,623	4.4

	Net income per share	Diluted net income (loss) per share
	Yen	Yen
Three-Month Period Ended Jun. 30, 2008	93.84	—
Three-Month Period Ended Jun. 30, 2007	52.23	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Three-Month Period Ended Jun. 30, 2008	1,940,775	426,731	19.9	3,047.16
Mar. 31, 2008	2,019,055	418,885	18.8	2,991.03

Reference: Shareholders' equity Three-month period ended Jun. 30, 2008: 386,433 million yen
Year ended Mar. 31, 2008: 379,316 million yen

2. Dividends

Record Dates	Cash dividends per share				
	Three-month Period	First half-end	Nine-month Period	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2008		20.00		20.00	40.00
Year ended Mar. 31, 2009					
Year ending Mar. 31, 2009 (Planned)		20.00		20.00	40.00

Note: Revisions for planned dividends during the three-month period ended June 30, 2008: No

3. Forecast for Fiscal Year Ending March 2009 (Apr. 1, 2008 – Mar. 31, 2009)

(Percentages are year-on-year changes for the first-half period of the fiscal year and the fiscal year.)

	Operating income		Operating profit		Recurring profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First-half period ending Sept. 30, 2008	206,300	—	16,632	—	16,169	—	3,600	—	28.38
Year ending Mar. 31, 2009	397,979	1.7	41,013	(34.9)	40,964	(36.3)	13,000	(18.5)	102.50

Note: Revisions for forecast for Fiscal Year Ending March 2009 during the three-month period: None

4. Others

(1) Changes in significant subsidiaries during the three-month period ended March 31, 2009.

(Changes in subsidiaries affecting the scope of consolidation): No

(2) Simplified accounting methods and special accounting methods used for preparation of quarterly consolidated financial statements: Yes

Note: Please see "4. Others of [Results of Operations and Financial Condition]" on page 3 for more information.

(3) Revisions in accounting rules, procedures and presentations concerning preparation of quarterly consolidated financial statements (Revisions to be written in significant items concerning the basis for preparing quarterly consolidated financial statements)

1. Revisions involving changes to accounting standards: Yes

2. Other revisions: No

Note: Please see "4. Others of [Results of Operations and Financial Condition]" on page 3 for more information.

(4) Number of shares outstanding (Common shares)

1. Shares issued and outstanding (including treasury stock)

Three-month period ended June 30, 2008: 134,866,665 Year ended March 31, 2008: 134,866,665

2. Treasury stock

Three-month period ended June 30, 2008: 8,049,140 Year ended March 31, 2008: 8,048,944

3. Average number of shares (three-month period of the fiscal year)

Three-month period ended June 30, 2008: 126,817,650 Three-month period ended June 30, 2007: 126,818,289

Explanation of proper use of forecasts and other important items

1. 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.

2. Beginning with the current fiscal year, Promise is using the "Accounting Standards for Quarterly Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 12) and "Implementation Guidance for Accounting Standards for Quarterly Consolidated Financial Statements" (Accounting Standards Board of Japan Implementation Guidance No. 14). In addition, the quarterly consolidated financial statements have been prepared in accordance with "Rules for Quarterly Consolidated Financial Statements."

[Results of Operations and Financial Condition]

1. Results of Operations

During the three-month period ended June 2008, Japan's economic recovery came to a halt as weak corporate earnings and lackluster personal income levels offset the positive effect of growing exports. Furthermore, the Japanese economy may be on the verge of a downturn. One reason is concerns about a U.S. recession resulting from the subprime loan crisis. Recent trends in stock and foreign exchange markets and the sharp increase in the cost of crude oil are further indications of a possible economic downturn in Japan.

In the consumer finance industry, companies continued to face an extremely challenging operating environment. Companies were significantly altering their business portfolios and restructuring operations by closing unprofitable branches, cutting workforces and taking other actions. These changes are forcing many small- and medium-sized consumer finance companies to shut down their operations.

The Promise Group is taking many actions in response to the rapid changes in market conditions. The core strategies are rebuilding the consumer finance business and diversifying the profit structure. The objectives are to build a sound earnings base and establish new sources of growth. In the three-month period, consolidated performance benefited from conclusion of the operations of SANYO SHINPAN and from an improvement in the performance of the loan guarantee and other businesses associated with consumer finance. These contributions more than offset a decrease in non-consolidated interest on consumer loans at Promise. In addition, earnings benefited from cost-reduction programs. As a result, three-month period consolidated operating income increased 19.4% to 104,168 million yen, operating profit increased 126.7% to 20,219 million yen and net income increased 79.7% to 11,901 million yen.

2. Financial Condition

Current assets totaled 1,748,258 million yen at the end of the three-month period, 4.1% less than at the end of March 2008. This was attributable to declines of 47,464 million yen in short-term loans receivable and 41,042 million yen in consumer loans receivable.

Fixed assets decreased 1.4% to 192,516 million yen. There were declines of 816 million yen in property and equipment and 1,798 million yen in intangible fixed assets and other factors.

Compared with the end of March 2008, total assets decreased 3.9% to 1,940,775 million yen.

Current liabilities decreased 6.3% to 602,581 million yen mainly because of declines of 18,029 million yen in short-term borrowings and 18,000 million yen in corporate bonds scheduled for redemption within one year.

Long-term liabilities decreased 4.8% from the end of the previous fiscal year to 911,462 million yen. This was primarily attributable to declines of 27,117 million yen in long-term loans payable and 10,095 million yen in corporate bonds.

Total liabilities decreased 5.4% during the three-month period to 1,514,043 million yen.

Net assets increased 1.9% from the end of the previous fiscal year to 426,731 million yen. The primary cause was an increase of 9,379 million yen in retained earnings.

3. Forecasts for Fiscal Year Ending March 2009

The operating environment for the Promise Group is expected to be challenging in the fiscal year ending March 2009. However, there are no revisions to the first half and fiscal year forecasts announced on May 8, 2008 since the three-month period operating income was about the same as initially planned.

4. Others

- (1) Changes in significant subsidiaries during the three-month period ended June 30, 2008
(Changes in subsidiaries affecting the scope of consolidation): No
- (2) Simplified accounting methods and special accounting methods used for preparation of quarterly financial statements
 - 1) Simplified accounting methods
Method for calculating deferred tax assets
Deferred tax assets were calculated using the same earnings forecast and tax planning as was used at the end of the previous fiscal year to determine the likelihood that these assets can be

recovered. This is because there has been no significant change in the operating environment since the end of the previous fiscal year and no significant change in the occurrence of one-time differences.

Allowance for severance indemnities for employees

Allowance for severance indemnities for employees was calculated by dividing retirement benefits in portion as of the beginning of the year and posting the respective amount in quarterly period as well as in accumulated period from the beginning of the year.

2) Special accounting method used for quarterly consolidated financial statements
Not applicable

(3) Revisions in accounting principles, procedures and presentations used for quarterly consolidated financial statements

1) Accounting standard for quarterly consolidated financial statements

Beginning with the current fiscal year, Promise is using the "Accounting Standards for Quarterly Financial Statements" (Accounting Standards Board of Japan Statement No. 12) and "Implementation Guidance for Accounting Standards for Quarterly Financial Statements" (Accounting Standards Board of Japan Implementation Guidance No. 14). In addition, the quarterly financial statements have been prepared in accordance with "Rules for Quarterly Consolidated Financial Statements."

2) Current treatment for accounting purposes of foreign subsidiaries for consolidated financial statements

Beginning with the current fiscal year, Promise is using "Current Treatment for Accounting Purposes of Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan, May 17, 2006, Practical Solution Report No. 18) and has made the required revisions to the consolidated financial statements. Adoption of this practical solution did not result in significant differences in operating profit, recurring profit or net income before income taxes and minority interests compared with the previous accounting method.

5. Consolidated Financial Statements

(1) Summary of Consolidated Balance Sheets

(Millions of yen)

Classification	Three-Month Period Ended Jun. 30, 2008	Fiscal Year Ended Mar.31, 2008
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	112,150	122,994
Notes and accounts receivable	571	612
Consumer loans receivable: Principal	1,706,693	1,747,736
Installment receivable	71,049	65,767
Marketable Securities	16,400	11,000
Purchased receivable	26,288	27,298
Short-term loans receivables	39,834	87,298
Deferred tax assets	42,122	46,058
Claim for indemnities	22,767	22,333
Other	35,625	36,365
Allowance for credit losses	(325,243)	(343,576)
Total current assets	1,748,258	1,823,888
Fixed assets		
Property and equipment	70,831	71,648
Intangible fixed assets		
Goodwill	58,982	60,576
Other	17,141	17,345
Total intangible fixed assets	76,124	77,922
Investments and advances		
Investment in securities	29,109	28,389
Other	16,451	17,206
Total investments and advances	45,561	45,596
Total fixed assets	192,516	195,166
Total assets	1,940,775	2,019,055
(Liabilities)		
Current liabilities		
Short-term borrowings	219,463	237,492
Bonds scheduled for redemption within one year	20,200	38,200
Commercial paper	30,000	25,000
Current portion of long-term debt	186,259	189,195
Accrued bonuses to employees	2,671	4,047
Accruals for debt guarantees	14,829	14,902
Allowance for losses on interest repayments	87,807	87,693
Other	41,350	46,447
Total current liabilities	602,581	642,979
Long-term liabilities		
Corporate bonds	326,624	336,720
Long-term debt	391,318	418,435
Accrued severance indemnities	4,507	4,005
Allowance for retirement benefits for directors and corporate auditors	328	339
Allowance for losses on interest repayments	186,598	196,194
Other	2,085	1,496
Total long-term liabilities	911,462	957,191
Total liabilities	1,514,043	1,600,170

(Continued)

(Millions of yen)

Classification	Three-Month Period Ended Jun. 30, 2008	Fiscal Year Ended Mar.31, 2008
	Amount	Amount
(Net assets)		
Shareholders' equity		
Common stock	80,737	80,737
Capital surplus	138,413	138,413
Retained earnings	226,706	217,327
Treasury stock	(57,424)	(57,424)
Total shareholders' equity	388,432	379,054
Revaluation and translation adjustments		
Net unrealized gain on securities	788	96
Net deferred hedge gains and losses	0	(7)
Foreign currency translation adjustments	(2,787)	172
Total valuation and translation adjustments	(1,998)	262
Minority interests	40,297	39,568
Total net assets	426,731	418,885
Total liabilities and net assets	1,940,755	2,019,055

(2) Summary of Consolidated Statements of Income

(Millions of yen)

Classification	Three-Month Period (Apr.1, 2008 –Jun.30, 2008)
	Amount
Operating income	
Interest on consumer loans	87,364
Other financial income	153
Sales	112
Other	16,538
Total operating income	104,168
Operating expenses	
Financial expenses	5,587
Cost of sales	73
Other	78,793
Total operating expenses	84,455
Operating profit	19,713
Non-operating income	
Interest and dividend income on investments	527
Equity in net gain of affiliated companies	345
Other	165
Total non-operating income	1,038
Non-operating expenses	
Interest expense	379
Other	152
Total non-operating expenses	531
Recurring profit	20,219
Extraordinary income	
Gain on sales of property and equipment	8
Gain on sales of investment in securities	5
Total extraordinary income	14
Extraordinary losses	
Loss on revision for losses of previous year	63
Loss on disposal of property and equipment	86
Loss on sales of property and equipment	25
Loss on valuation of investments in subsidiaries	1,218
Other	103
Total extraordinary losses	1,496
Income before income taxes and minority interests	18,737
Income taxes	
Current	2,169
Deferred	3,837
Total income taxes	6,007
Minority interests in net income of consolidated subsidiaries	828
Net income	11,901

Beginning with the current fiscal year, Promise is using the “Accounting Standards for Quarterly Consolidated Financial Statements” (Accounting Standards Board of Japan Statement No. 12) and “Implementation Guidance for Accounting Standards for Quarterly Consolidated Financial Statements” (Accounting Standards Board of Japan Implementation Guidance No. 14). In addition, the quarterly consolidated financial statements have been prepared in accordance with “Rules for Quarterly Consolidated Financial Statements.”

(3) Note for Conditions for Going Business

Not applicable

(4) Note for Significant Changes on Shareholders' Equity

Not applicable

6. Other Information

(1) Operating Income

(Millions of yen)

Classification		Three-Month Period (Apr.1, 2008 - Jun.30, 2008)	
		Amount	%
Operating income from financing business	Interest on consumer loans	87,364	83.9
	Collection of written-off loans	2,127	2.0
	Fees and commissions	2,031	2.0
	Collection of purchased receivables	4,386	4.2
	Loan guarantee revenues	5,988	5.8
	Other financial revenues	153	0.1
Subtotal		102,051	98.0
Operating income from other businesses	Sales	112	0.1
	Other	2,004	1.9
	Subtotal	2,116	2.0
Total		104,168	100.0

Note: Within Operating income from financing business, Collection of written-off loans, Fees and commissions, Collection of purchased receivables, Loan guarantee revenues and Other in Operating income from other businesses, quarterly statements of income under Other operating income.

(2) Other Indicators

Classification		Three-Month Period Ended Jun. 30, 2008
Consumer loans outstanding (Millions of yen)		1,710,956
	Unsecured loans	1,695,651
	Secured loans	15,304
Number of customers		3,263,180
	Unsecured loans	3,259,425
	Secured loans	3,755
Number of branches		2,105
	Staffed branches	361
	Unstaffed branches	1,744
Number of automated contract machines		2,071
Number of ATMs		2,333
Number of loan processing machines		363
Number of employees		5,880
Loan losses (Millions of yen)		45,751
Allowance for credit losses (Millions of yen)		325,620
Net income per share (Yen)		93.84
Net assets per share (Yen)		3,047.16

Notes: 1. Consumer loans outstanding includes off-balance-sheet loans of 4,263 million yen that have been securitized and sold.
 2. 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.
 3. Number of automated contract machines is the total number of automated contract machines installed.
 4. 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.
 5. Loan losses include losses on claims for indemnity and installment receivables.
 6. Allowance for credit losses includes Reserve for loan losses listed under Other in Investments and advances on the consolidated balance sheets.

(3) Note

(Subsequent Event)

Three-Month Period Ended June. 30, 2008

(Apr. 1, 2008 – Jun. 30, 2008)

The Board of Directors of Promise Co., Ltd. meeting on July 8 and July 9, 2008, approved a resolution to issue Euro yen-denominated zero-coupon convertible bonds (*tenkanshasaigata shinkabu yoyakuken-tsuki shasai*) due 2015. The details are as follows:

1. Aggregate issue amount: 42,000 million yen
2. Issue price: 100% of face value (face value: 10 million yen)
3. Subscription price: 102.5% of face value
4. Redemption price: 100% of face value
5. Interest rate: Zero coupon
6. Maturity: July 24, 2015
7. Payment and issue date: July 24, 2008
8. Use of proceeds: The Company intends to use the net proceeds from the issue of the convertible bonds principally for repaying the remaining balance of the bridge loan facility relating to the acquisition of Sanyo Shinpan Finance Co., Ltd.
9. Collateral and guarantees: None
10. Total number of stock acquisition rights to be issued: 4,200
11. Exercise period of stock acquisition rights: A holder of the convertible bonds is entitled to exercise the stock acquisition rights and obtain such shares of common stock in the period from June 1, 2015 or earlier if any one of certain specified corporate events are proposed with respect to the Company, up to July 16, 2015.
12. Assets to be used for the exercise of stock acquisition rights and the method of valuation
 - (1) Bonds attached to the stock acquisition right being exercised shall be submitted.
 - (2) The value of assets to be paid for the acquisition of one stock acquisition right shall be equal to the face value of the bond.
13. Bond repurchase covenant: Between July 24, 2011 and April 30, 2015 (an approximate three years and nine month period beginning from the third year from the issue date up to approximately three months prior to the maturity) the Company may acquire the convertible bonds from the holders if the Company's share price over a specified period is trading at or above 130% of the conversion price of the convertible bonds then in effect. Between May 1, 2015 and July 15, 2015 (an approximate three month period beginning approximately three months prior to the maturity and up to approximately one week prior to the maturity) the Company may acquire the convertible bonds from the holders irrespective of the Company's share price. Any such acquisition of the convertible bonds by the Company will be made in exchange for a yen cash amount for the principal amount and certain shares of common stock of the Company determined in accordance with the terms and conditions of the convertible bonds.
14. Early redemption covenant: Holders of the convertible bonds will be entitled to require the Company to redeem their convertible bonds on July 24, 2013 at 105% of the principal amount.

(Reference)

Consolidated Financial Statements for the Three-Month Period Ended June 30, 2007

Summary of Consolidated Statements of Income for the Previous Three-Month Period (Millions of yen)

Classification	Three-Month Period (Apr. 1, 2007 – Jun. 30, 2007)
	Amount
Operating income	
Interest on consumer loans	80,176
Sales	447
Other	6,607
Total operating income	87,231
Operating expenses	
Financial expenses	4,623
Cost of sales	425
Other	73,744
Total operating expenses	78,792
Operating profit	8,439
Non-operating income	
Interest and dividend income on investments	109
Equity in net gain of affiliated companies	200
Other	211
Total non-operating income	521
Non-operating expenses	40
Recurring profit	8,920
Extraordinary income	0
Extraordinary losses	399
Income before income taxes and minority interests	8,521
Income taxes	
Current	1,637
Deferred	(153)
Minority interests in net income of consolidated subsidiaries	414
Net income	6,623

(Reference)

Non-Consolidated Financial Statements

(1) Summary of Non-Consolidated Balance Sheets

(Millions of yen)

Classification	Three-Month Period Ended Jun. 30, 2008	Fiscal Year Ended Mar.31, 2008
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	56,155	51,299
Consumer loans receivable: Principal	1,122,513	1,143,770
Marketable Securities	16,400	11,000
Short-term loans receivables	160,269	197,833
Other	67,951	72,452
Allowance for credit losses	(212,789)	(221,306)
Total current assets	1,210,500	1,255,049
Fixed assets		
Property and equipment	58,390	58,944
Intangible fixed assets	7,192	7,113
Investments and advances	74,686	74,715
Total fixed assets	140,268	140,772
Total assets	1,350,768	1,395,821
(Liabilities)		
Current liabilities		
Short-term borrowings	101,000	101,000
Bonds scheduled for redemption within one year	20,000	30,000
Current portion of long-term debt	112,031	112,726
Accrued bonuses to employees	1,327	2,825
Accruals for debt guarantees	14,437	13,911
Allowance for losses on interest repayments	60,000	60,000
Other	7,689	10,542
Total current liabilities	316,484	331,004
Long-term liabilities		
Corporate bonds	250,424	260,420
Long-term debt	290,080	311,013
Accrued severance indemnities	2,887	2,887
Allowance for losses on interest repayments	134,700	138,000
Other	983	460
Total long-term liabilities	679,075	712,781
Total liabilities	995,560	1,043,785
(Net assets)		
Shareholders' equity		
Common stock	80,737	80,737
Capital surplus	127,336	127,336
Retained earnings	203,568	201,164
Treasury stock	(57,424)	(57,424)
Total shareholders' equity	354,217	351,813
Revaluation and translation adjustments		
Net unrealized gain on securities	990	229
Net deferred hedge gains and losses	0	(7)
Total valuation and translation adjustments	990	222
Total net assets	355,208	352,036
Total liabilities and net assets	1,350,768	1,395,821

(2) Summary of Non-Consolidated Statements of Income

(Millions of yen)

Classification	Three-Month Period Ended Jun.30, 2008 (Apr. 1, 2008 –Jun. 30, 2008)
	Amount
Operating income	
Interest on consumer loans	57,109
Other	7,869
Total operating income	64,978
Operating expenses	
Financial expenses	3,472
Other	50,944
Total operating expenses	54,417
Operating profit	10,561
Non-operating income	
Interest income on investments	532
Dividend income on investments	278
Other	44
Total non-operating income	856
Non-operating expenses	
Interest expense	366
Provision for uncollectible loans	359
Other	43
Total non-operating expenses	768
Recurring profit	10,649
Extraordinary income	
Gain on sales of property and equipment	5
Gain on sales of investment in securities	5
Total extraordinary income	11
Extraordinary losses	
Loss on valuation of investments in subsidiaries	1,218
Other	48
Total extraordinary losses	1,266
Income before income taxes	9,394
Income taxes	
Current	95
Deferred	4,357
Total income taxes	4,453
Net income	4,940

The disclosed quarterly consolidated financial statements are based on "Rules for Quarterly Consolidated Financial Statements." However, they are not prepared for the purpose of reviewing at legal disclosure.