

Consolidated Financial Results for the Third Quarter (3Q) Ended December 31, 2010 (Based on Japanese Accounting Standards)

The summary of this document (unaudited) has been translated from the original Japanese document released on January 28, 2011, 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

President and Representative Director: Ken Kubo

Inquiries: Kazuyuki Aoki, General Manager, Corporate Communications Dept.

Telephone: 81-3-3287-1515

Reporting Date of Quarterly Financial Statements: February 14, 2011

Date of Payment of Dividends (Planned): —

Preparation of Supplementary Materials for Quarterly Financial Statements: Yes

Information Meeting for Announcement of Quarterly Earnings: Yes (for institutional investors and securities analysts)

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.)

1. Consolidated Financial Results for the 3Q Ended December 31, 2010 (Apr. 1, 2010 – Dec. 31, 2010)

(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 (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q 2010	187,545	(27.6)	19,190	8.8	21,274	20.9	10,426	(34.2)
3Q 2009	258,994	(13.0)	17,634	(60.4)	17,591	(61.1)	15,839	(16.2)

	Net income (loss) per share	Diluted net income per share
	Yen	Yen
3Q 2010	82.22	73.55
3Q 2009	124.90	111.76

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Dec. 31, 2010	1,171,018	280,950	22.7	2,097.94
Mar. 31, 2010	1,563,843	299,606	16.6	2,045.02

Reference: Shareholders' equity Dec. 31, 2010: 266,050 million yen Mar. 31, 2010: 259,340 million yen

2. Dividends

	Annual cash dividends				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2010	—	0.00	—	10.00	10.00
Year ending Mar. 31, 2011	—	0.00	—		
Year ending Mar. 31, 2011 (Planned)				0.00	0.00

Note: Revisions to the dividend forecast in the third quarter: No

3. Forecast for the Year Ending March 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)

In the consumer finance industry, there are rapid changes in the operating environment and numerous uncertainties, including the effects of laws and regulations. At this time, we are unable to establish a reliable forecast for our results of operations in the fiscal year ending March 31, 2011. An announcement will be made promptly if Promise is able to determine a forecast later in the fiscal year.

4. Others (For more information, please see “2. Others” on page 4 of the attached document.)

(1) Changes in Significant Subsidiaries during the 3Q ended December 31, 2010: Yes

Newly consolidated: — Excluded: 1 (SANYO SHINPAN FINANCE CO., LTD.)

Note: Changes in specified subsidiaries during the period accompanied by a change in the scope of consolidation

(2) Use of Simplified Accounting Methods and Special Accounting Methods: Yes

Note: Simplified accounting methods and special accounting methods used for preparation of quarterly consolidated financial statements

(3) Revisions in Accounting Rules, Procedures and Presentations

1. Revisions involving changes to accounting standards: Yes
2. Other revisions: No

Note: Revisions in accounting rules, procedures and presentations concerning preparation of quarterly consolidated financial statements, which are written in significant items concerning the basis for preparing quarterly consolidated financial statements

(4) Number of Shares Issued (Common shares)

1. Shares issued at end of period (including treasury stock)
Dec. 31, 2010: 134,866,665 Mar. 31, 2010: 134,866,665
2. Treasury stock at end of period
Dec. 31, 2010: 8,051,556 Mar. 31, 2010: 8,051,468
3. Average number of shares (during the consolidated 3Q)
3Q ended Dec. 31, 2010: 126,815,161 3Q ended Dec. 31, 2009: 126,815,302

Information Concerning Quarterly Review Procedure

These consolidated financial results for the 3Q are exempt from the quarterly review procedures stipulated in the Financial Instruments and Exchange Act. Review procedures for quarterly financial statements stipulated in the Financial Instruments and Exchange Act had not been completed on the announcement date of this report.

Explanation Concerning Proper Use of Earnings Forecasts and Other Precautions

Earnings forecasts and other forward-looking statements in this document are based on reasonable judgments of management using information that is currently available and certain assumptions. Actual performance may differ significantly from these forecasts and other forward-looking statements for a number of reasons.

Contents of attached document

1. Qualitative Information on Consolidated Performance for the 3Q.....	2
(1) Qualitative Information on Consolidated Financial Results.....	2
(2) Qualitative Information on Consolidated Financial Condition	2
(3) Qualitative Information on Forecasts for the Fiscal Year Ending March 31, 2011	3
2. Others	4
(1) Summary of Changes in Significant Subsidiaries During the 3Q.....	4
(2) Summary of Simplified Accounting Methods and Special Accounting Methods	4
(3) Summary of Revisions in Accounting Rules, Procedures and Presentations	4
3. Quarterly Consolidated Financial Statements	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income	7
(3) Consolidated Statements of Cash Flows	9
(4) Precaution about Going Concern Assumption	10
(5) Note in the Event of a Significant Change in Shareholders' Equity	10
(6) Subsequent Event	10
4. Supplementary Information	11
(1) Operating Income	11
(2) Other Indicators	11

Promise held the following information meeting for investors. Promise also promptly posted materials distributed at this meeting on its website.

- January 28, 2011 (Friday), conference call for institutional investors and securities analysts in Japan

In addition to holding this conference call, Promise uses its website to distribute information about business activities and results of operations in a suitable manner to individual investors.

1. Qualitative Information on Consolidated Performance for the 3Q

(1) Qualitative Information on Consolidated Financial Results

During the 3Q ended December 31, 2010, the Japanese economy benefited from higher corporate earnings backed by government economic stimulus measures and by a rebound in consumer spending. However, there are still concerns about further deterioration in the employment situation due to high unemployment and other issues. There are also concerns about a downturn in overseas economies, particularly in Europe and the United States. In addition, changes in foreign exchange rates and stock prices may cause the Japanese economy to weaken.

In the consumer finance industry, full enforcement of the Money Lending Business Law on June 18, 2010, imposed a restriction on total credit extensions to individuals and established other restrictions on business operations of moneylenders. Furthermore, there are concerns about an increase in the number of interest repayment claims due to bankruptcy filings by a large consumer finance company.

The Promise Group's performance in the 3Q was affected by a decrease in interest income as consumer loans receivable declined due to tighter credit scoring standards and other actions to improve the quality of our loan portfolio. Consolidated operating income was 187,545 million yen, recurring profit was 21,274 million yen and net income was 10,426 million yen.

(2) Qualitative Information on Consolidated Financial Condition

1) Assets, Liabilities, and Net Assets

Total current assets were 1,006,614 million yen, 28.0% less than at the end of March 2010. This was caused chiefly by the adoption of tighter credit scoring standards to improve the quality of the loan portfolio and a decline of 349,577 million yen in consumer loans receivable: principal which resulted mainly from the removal from consolidation of POCKET CARD CO., LTD.

Total fixed assets decreased 1.0% to 164,404 million yen. There was a 2,095 million yen decrease in property and equipment and a 10,146 million yen decrease in total intangible fixed assets. However, there was a 10,646 million yen increase in total investments and advances because the reclassification of POCKET CARD from a consolidated subsidiary to an equity-method affiliate company caused investments in securities to increase.

As a result, total assets decreased 25.1% compared with the end of March 2010, to 1,171,018 million yen.

Total current liabilities decreased 32.0% to 426,414 million yen. This was mainly the result of declines in funds procured, including declines of 71,065 million yen in short-term borrowings, 24,100 million yen in bonds scheduled for redemption within one year, 11,700 million yen in commercial paper, and 74,003 million yen in the current portion of long-term debt.

Total long-term liabilities decreased 27.2% to 463,653 million yen. This included declines of 40,064 million yen in bonds, 47,594 million yen in long-term debt, 44,668 million yen in securitized loan liabilities, and 39,433 million yen in the allowance for losses on interest repayments.

As a result, total liabilities decreased 29.6% compared with the end of March 2010, to 890,067 million yen.

Total net assets decreased 6.2% to 280,950 million yen. This was mainly the result of an increase of 9,158 million yen in retained earnings and a decline of 25,387 million yen in minority interests.

2) Consolidated Cash Flows

Consolidated cash and cash equivalents at the end of the 3Q decreased 43,083 million yen, or 29.3%, from the end of the previous fiscal year, to 103,990 million yen. The cash flows for each category are as follows:

(Net cash provided by operating activities)

Net cash provided by operating activities was 140,276 million yen. Major sources of cash were a 223,858 million yen decrease in consumer loans receivable: principal and a 13,189 million yen decrease in notes and accounts receivable. Major deductions were a 53,537 million yen decrease in allowance for credit losses and a 44,982 million yen decrease in allowance for losses on interest payments, which are items that do not involve cash inflows or outflows.

(Net cash used in investing activities)

Net cash used in investing activities was 13,617 million yen. This was primarily the result of a 14,940 million yen increase of time deposits.

(Net cash used in financing activities)

Net cash used in financing activities was 159,222 million yen. The major components were a 29,784 million yen net decrease in short-term borrowings, an 82,880 million yen net decrease in long-term debt, and 45,155 million yen for the redemption of bonds.

(3) Qualitative Information on Forecasts for the Fiscal Year Ending March 31, 2011

The operating environment for the Promise Group is expected to be challenging in the fiscal year ending March 31, 2011. However, the Group will continue to proceed with its Business Structural Reform Plan to quickly establish a powerful operating framework that can withstand challenges created by upcoming changes in market conditions. Promise is unable at this time to establish a reliable forecast for the fiscal year ending March 31, 2011, because of numerous uncertainties, including the effect of full enforcement of the Money Lending Business Law. An announcement will be made promptly if Promise is able to determine a forecast later in the fiscal year.

2. Others

(1) Summary of Changes in Significant Subsidiaries During the 3Q

Promise merged with subsidiary SANYO SHINPAN FINANCE CO., LTD., and this company's holding company Asahi Enterprise Co., Ltd. (a wholly owned subsidiary of Promise), on October 1, 2010.

(2) Summary of Simplified Accounting Methods and Special Accounting Methods

1) Simplified Accounting Methods

Method for Calculating Deferred Tax Assets

Concerning the likelihood of recovering deferred tax assets, there have been no significant changes in the operating environment, temporary differences or other associated factors since the end of the previous fiscal year. Consequently, deferred tax assets and liabilities were calculated in accordance with earnings forecasts and tax planning documents that were used at the end of the previous fiscal year.

2) Special Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements

Not applicable

(3) Summary of Revisions in Accounting Rules, Procedures and Presentations

1) Use of "Accounting Standard for Equity Method of Accounting" and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method"

Effective from the 1Q ended June 30, 2010, "Accounting Standard for Equity Method of Accounting" (ASBJ Statement No. 16, March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, March 10, 2008) have been adopted.

This change had no effect on earnings.

2) Use of Accounting Standard for Asset Retirement Obligations

Effective from the 1Q ended June 30, 2010, "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008) have been adopted.

This change reduced operating profit and recurring profit by 181 million yen each and reduced income before income taxes and minority interests by 2,186 million yen.

3) Use of Accounting Standard for Business Combinations and Other Standards

Effective from the 1Q ended June 30, 2010, "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) have been adopted.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	3Q 2010 (Dec. 31, 2010)	Summary of Fiscal 2010 (Mar. 31, 2010)
Assets		
Current assets:		
Cash and deposits	109,538	138,772
Notes and accounts receivable	260	672
Consumer loans receivable: Principal	948,407	1,297,985
Installment receivables	8,334	78,843
Purchased receivables	24,070	27,774
Short-term loans receivable	12,008	11,548
Deferred tax assets	1,720	8,464
Claim for indemnities	30,522	32,453
Other	44,621	46,701
Less: Allowance for credit losses	(172,870)	(245,372)
Total current assets	1,006,614	1,397,844
Fixed assets:		
Property and equipment	62,093	64,188
Intangible fixed assets		
Goodwill	43,041	47,823
Other	5,708	11,072
Total intangible fixed assets	48,750	58,896
Investments and advances		
Investments in securities	43,315	24,212
Other	10,572	19,301
Less: Allowance for credit losses	(327)	(599)
Total investments and advances	53,560	42,914
Total fixed assets	164,404	165,998
Total assets	1,171,018	1,563,843

(Continued)

(Millions of yen)

	3Q 2010 (Dec. 31, 2010)	Summary of Fiscal 2010 (Mar. 31, 2010)
Liabilities		
Current liabilities:		
Short-term borrowings	81,138	152,203
Bonds scheduled for redemption within one year	50,000	74,100
Commercial paper	—	11,700
Current portion of long-term debt	162,905	236,908
Accrued income taxes	1,364	1,601
Accrued bonuses to employees	872	2,949
Accruals for debt guarantees	12,904	18,668
Allowance for losses on interest repayments	60,518	73,108
Allowance for business restructuring expenses	1,035	3,292
Other allowances	14	700
Other	55,661	51,714
Total current liabilities	426,414	626,946
Long-term liabilities:		
Corporate bonds	165,392	205,456
Convertible bonds	42,000	42,000
Long-term debt	153,747	201,341
Securitized loan liabilities	27,331	72,000
Accrued severance indemnities	4,384	5,581
Allowance for losses on interest repayments	68,084	107,517
Other allowances	41	45
Other	2,671	3,347
Total long-term liabilities	463,653	637,289
Total liabilities	890,067	1,264,236
Net assets		
Shareholders' equity:		
Common stock	80,737	80,737
Capital surplus	127,332	127,332
Retained earnings	122,025	112,866
Less: Treasury stock	(57,425)	(57,425)
Total shareholders' equity	272,670	263,511
Revaluation and translation adjustments:		
Net unrealized gain on securities	740	776
Foreign currency translation adjustments	(7,359)	(4,947)
Total revaluation and translation adjustments	(6,619)	(4,171)
Stock acquisition rights	43	23
Minority interests	14,856	40,243
Total net assets	280,950	299,606
Total liabilities and net assets	1,171,018	1,563,843

(2) Consolidated Statements of Income

(Millions of yen)

	3Q ended Dec. 31, 2009 (Apr. 1, 2009 – Dec. 31, 2009)	3Q ended Dec. 30, 2010 (Apr. 1, 2010 – Dec.31, 2010)
Operating income:		
Interest on consumer loans	202,173	143,059
Other financial income	100	90
Sales	2,505	1,904
Other operating income	54,215	42,489
Total operating income	258,994	187,545
Operating expenses:		
Financial expenses	15,275	11,958
Cost of sales	543	308
Other operating expenses	225,541	156,087
Total operating expenses	241,359	168,354
Operating profit	17,634	19,190
Non-operating income:		
Interest and dividend income on investments	347	242
Equity in net gain of affiliated companies	666	2,089
Other	396	595
Total non-operating income	1,410	2,928
Non-operating expenses:		
Interest expense	671	572
Provision for uncollectible loans	459	—
Other	322	271
Total non-operating expenses	1,453	844
Recurring profit	17,591	21,274
Extraordinary income:		
Net gain on sales of property and equipment	48	12
Net gain on sales of investments in securities	40	275
Reversal of accrued bonuses to employees	684	530
Liquidation dividend	546	—
Settlement received	—	1,000
Other	25	294
Total extraordinary income	1,344	2,113

(Continued)

(Millions of yen)

	3Q ended Dec. 31, 2009 (Apr. 1, 2009 – Dec. 31, 2009)	3Q ended Dec. 31, 2010 (Apr. 1, 2010 – Dec. 31, 2010)
Extraordinary losses:		
Net loss on sales of property and equipment	3	45
Net loss on disposal of property and equipment	309	205
Impairment loss	324	52
Loss on valuation of investments in securities	0	7
Loss on valuation of investments in subsidiaries	370	677
Loss on sales of investments in subsidiaries	626	39
Loss on business restructuring expenses	52	6,158
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,004
Other	5	192
Total extraordinary losses	1,694	9,383
Income before income taxes and minority interests	17,242	14,004
Income taxes: Current	2,697	2,302
Income taxes: Deferred	(2,192)	118
Total income taxes	505	2,420
Net loss before minority interests	—	11,583
Minority interests	896	1,156
Net income	15,839	10,426

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	3Q ended Dec. 31, 2009 (Apr. 1, 2009 – Dec. 31, 2009)	3Q ended Dec. 31, 2010 (Apr. 1, 2010 – Dec. 31, 2010)
Operating activities		
Income before income taxes and minority interests	17,242	14,004
Depreciation and amortization	5,727	3,367
Amortization of goodwill	4,781	4,782
Decrease in allowance for credit losses	(36,729)	(53,537)
Decrease in allowance for losses on interest repayments	(53,384)	(44,982)
Decrease in allowance for business reorganization losses	(10,176)	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	2,004
Decrease in consumer loans receivable: Principal	164,480	223,858
Decrease in notes and accounts receivable	832	13,189
Increase in claim for indemnities	(5,030)	(1,935)
Increase in securitized loan liabilities	11,000	983
Other	(5,939)	(18,906)
Subtotal	92,804	142,828
Interest and dividend income	867	464
Interest expense	(676)	(575)
Income taxes paid	(3,757)	(2,440)
Net cash provided by operating activities	89,237	140,276
Investing activities		
Increase of time deposits	(1,883)	(14,940)
Decrease of securities	11,300	—
Payment for purchase of intangible fixed assets	(2,274)	(1,031)
Payment for purchase of shares of subsidiaries	(87)	(535)
Payment for sales of shares of subsidiaries	(76)	—
Increase in loans	(605)	(60)
Decrease in loans	156	644
Other	587	2,305
Net cash provided by (used in) investing activities	7,115	(13,617)
Financing activities		
Decrease of commercial paper	(1,000)	—
Proceeds from short-term borrowings	284,430	42,411
Repayments of short-term borrowings	(288,315)	(72,195)
Proceeds from long-term debt	91,827	84,760
Repayments of long-term debt	(158,394)	(167,640)
Proceeds from issuance of bonds	—	9,844
Redemption of bonds	(42,200)	(55,000)
Cash dividends paid	(276)	(1,268)
Other	(62)	(133)
Net cash used in financing activities	(113,992)	(159,222)
Effect of exchange rate changes on cash and cash equivalents	(202)	(2,276)
Net decrease in cash and cash equivalents	(17,840)	(34,839)
Cash and cash equivalents at beginning of the year	142,974	147,074
Effect of the increase in scope of consolidated subsidiaries	153	—
Effect of the decrease due to exclusion of consolidated subsidiaries	—	(8,244)
Cash and cash equivalents at end of the 3Q	125,287	103,990

(4) Precaution about Going Concern Assumption

3Q ended December 31, 2010 (Apr. 1, 2010 – Dec. 31, 2010)

Not applicable

(5) Note in the Event of a Significant Change in Shareholders' Equity

3Q ended December 31, 2010 (Apr. 1, 2010 – Dec. 31, 2010)

Not applicable

(6) Subsequent Event

3Q ended December 31, 2010 (Apr. 1, 2010 – Dec. 31, 2010)

The Promise Board of Directors approved a resolution on January 19, 2011, to sell all shares of Car Conveni Club Co., Ltd., stock that was held by Net Future Co., Ltd., which is a wholly owned subsidiary of Promise. Net Future signed a contract to sell this stock on the same day.

1. Reason for sale of Car Conveni Club stock

As part of business structural reform measures aimed at creating a stronger base of operations, Promise is reorganizing its Group companies in order to concentrate resources on the consumer finance business.

2. Purchaser

An individual (a party who has no relation to Promise)

3. Date of sale

January 19, 2011

4. Major business activities of Car Conveni Club

Automobile maintenance and repairs, automotive body work

5. Number of shares sold, sale price, etc.

(1) Number of shares sold	200 shares
(2) Book value when sold	200 yen
(3) Sale price	200 yen
(4) Equity interest following sale	— %

6. Effect on results of operations

The sale of this stock will not have a material effect on the consolidated earnings of Promise.

4. Supplementary Information

(1) Operating Income

Classification	3Q Ended Dec. 31, 2009 (Apr. 1, 2009 – Dec. 31, 2009)		3Q Ended Dec. 31, 2010 (Apr. 1, 2010 – Dec. 31, 2010)		Fiscal Year Ended Mar. 31, 2010 (Apr. 1, 2009 – Mar. 31, 2010)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interest on consumer loans	202,173	78.1	143,059	76.3	261,479	77.1
Other financial income	100	0.0	90	0.0	131	0.0
Sales	2,505	1.0	1,904	1.0	3,191	1.0
Other operating income	54,215	20.9	42,489	22.7	74,179	21.9
Collection of written-off loans	6,133	2.4	5,299	2.8	7,823	2.3
Fees and commissions	7,770	3.0	730	0.4	10,546	3.1
Collection of purchased receivables	9,864	3.8	9,825	5.3	13,534	4.0
Loan guarantee revenues	21,641	8.3	23,443	12.5	29,017	8.6
Other	8,804	3.4	3,190	1.7	13,258	3.9
Total operating income	258,994	100.0	187,545	100.0	338,982	100.0

Note: Other financial income includes interest on deposits and loans (excluding interest on consumer loans).

(2) Other Indicators

Classification	3Q 2009 (Dec. 31, 2009)	3Q 2010 (Dec. 31, 2010)	Fiscal 2010 (Mar. 31, 2010)
Consumer loans outstanding (Millions of yen)	1,374,950	948,407	1,297,985
Unsecured loans	1,363,734	939,675	1,287,448
Secured loans	11,215	8,732	10,537
Number of customers	2,693,634	2,005,969	2,587,582
Unsecured loans	2,690,617	2,003,391	2,584,674
Secured loans	3,017	2,578	2,908
Number of branches	1,555	1,336	1,538
Staffed branches	194	48	169
Unstaffed branches	1,361	1,288	1,369
Number of automated contract machines	1,538	1,335	1,521
Number of ATMs	1,546	1,328	1,522
Number of loan processing machines	179	—	150
Number of employees	4,730	2,929	4,522
Loan losses (Millions of yen)	134,366	117,426	188,831
Allowance for credit losses (Millions of yen)	259,393	173,197	245,971

Notes: 1. The number of customers is the number of individuals who have outstanding loans after eliminating duplications. This is the sum of the number of customers at Promise and each consolidated subsidiary.

2. The number of automated contract machines is the total number of machines installed.

3. The number of employees includes employees of other companies who are assigned to work at Promise Group companies but does not include Promise Group employees on assignment to other companies.

4. Loan losses include claims for indemnities, installment payment and other written-off loans.