Contents of attached document

1. Business Results

(1) Analysis of Business Results

Business Results for the Fiscal Year

During the fiscal year ended March 31, 2011, the Japanese economy recovered despite weakness in exports and manufacturing. Although there were some signs of a recovery, the overall economy was difficult during the fiscal year because of high unemployment and other problems. Furthermore, amid this lackluster recovery in private-sector demand, there are also fears about the impact of the Great East Japan Earthquake of March 11, 2011. The result is even greater concerns about the economic outlook in Japan.

In the consumer finance industry, restrictions on the business operations of moneylenders became even tighter. One example is the limit on total credit extensions to borrowers following full enforcement of the Money Lending Business Law. Many moneylenders are being forced to shut down or downsize operations as a result. The number of interest repayment claims, which were decreasing at one point in the fiscal year, remained high in the fiscal year’s final months because of the bankruptcy filing by a large consumer finance company. Overall, the operating climate remained challenging in the consumer finance industry.

In this difficult environment, the Promise Group continued making progress with the business structural reform plan that was announced in the previous fiscal year. The goal is to establish a powerful framework for business operations and generate stable earnings. Forceful actions were taken in four areas: changes to marketing activities and reorganization, structural cost reforms, a review of marketing strategies, and a review of group strategies. Group companies moved quickly with structural reforms. Some reforms took place ahead of schedule, including a voluntary retirement program to reduce the workforce and the termination of unprofitable businesses. Starting in the fiscal year’s third quarter, the Promise Group concentrated on measures to strengthen marketing activities as we prepare to switch to an offensive stance in our business operations.

Results for the fiscal year ended March 31, 2011, by business are as follows:

1) Financing business

There were many actions to transform the loan portfolio in response to full enforcement of the Money Lending Business Law. Credit scoring standards were tightened and there were more activities to attract new customers and increase the volume of loans extended to creditworthy customers. New products were launched as well, including a card loan for business owner-proprietors and the *Omatome* Loan, which is for individuals who exceed the new limit on total credit extensions to borrowers. All 123 staffed branches that remained as of March 31, 2010 were closed during the fiscal year. Customer oversight and other management functions associated with loans have been centralized at six Customer Service Centers in three areas of Japan (and reduced to four centers in three areas on April 1, 2011). Measures are now under way to further improve the efficiency of marketing activities and upgrade the operations of these centers. As a new type of staffed customer service sites, Promise opened 21 Customer Service Plazas in all areas of Japan. The primary roles of these plazas are face-to-face counseling and communications with the area served by each plaza. By taking actions like these, Promise moved quickly to build a new marketing framework.

Operating income decreased 34.3% to 179,945 million yen because of a decrease in consumer loans receivable. This decline was caused mainly by the limit on total credit extensions to borrowers and other restrictions resulting from full enforcement of the Money Lending Business Law and by the removal from consolidation of POCKET CARD CO., LTD. Earnings benefited from a big reduction in other operating expenses due to progress with business structural reforms. However, there was an operating loss of 61,464 million yen because of a provision for the allowance for losses on interest repayments.

2) Loan Guarantee business

Guarantees of loans using a joint business scheme with Sumitomo Mitsui Banking Corporation (SMBC) contributed to earnings. In addition, there were four new loan guarantee agreements with regional financial institutions, the result of aggressive sales activities targeting this market sector. A loan guarantee agreement signed with ORIX Credit Corporation on March 11, 2011 was another illustration of the steady progress made in expanding this business. Loan guarantee revenues decreased 9.6% to 43,317 million yen because of the exclusion from consolidation of POCKET CARD CO., LTD. However, operating profit was up 48.6% to 17,834 million yen because of reductions in selling and administrative costs and a decline in the provision for accruals for debt guarantees. To continue expanding the loan guarantee business, more steps will be taken to further deepen the alliance with SMBC and focus on joint loan guarantee operations. Another growth-oriented initiative is improving products and adding new services for current loan guarantee partners.

3) Servicer business

The servicer business began the fiscal year with a new base of operations when PAL Servicer Co., Ltd. and Sanyo Shinpan Servicer Co., Ltd. merged to form Abilio Servicer Co., Ltd. on April 1, 2010. With the goal of covering loan servicing needs extending from small to large loans, the new company strengthened its loan purchasing activities and made its collection activities more efficient. However, the operating environment was very challenging in Japan's loan servicing market. Financial institutions had to limit their sales of non-performing loans in part because of the effect of a law to make loans more accessible to small and midsize companies. This produced more competition and higher prices in the loan purchasing market. As a result, operating income decreased 5.0% to 11,842 million yen. Operating profit decreased 17.0% to 3,866 million yen partly because of a provision for the allowance for credit losses.

4) Overseas business

Promise established an Overseas Business Department on June 1, 2010 and created a headquarters function at its Hong Kong subsidiary on October 19, 2010. These actions strengthened the ability to supervise overseas subsidiaries and established a base for growth in Asia. With this organization, progress was made in launching business operations in China to create new sources of earnings. In July 2010, Promise started a consumer finance business in Shenzhen, China. The following December, a business permit was received for consumer finance operations in Shenyang, China. In addition, existing subsidiaries in Hong Kong and other locations are performing well and taking steps to expand their operations. Overseas business operating income decreased 2.2% to 9,550 million yen because of the yen's strength. Operating profit increased 7.9% to 4,099 million yen due in part to a smaller provision for the allowance for credit losses.

5) Other business

The Promise Group uses resources and knowledge gained from its business activities to operate a number of businesses associated with finance, such as an IT system development service, and other businesses. The Group has been centralizing and realigning these businesses in order to focus resources on the core consumer finance business. More unprofitable businesses in this segment will be closed or downsized. Due to these activities, operating income decreased 33.2% to 6,439 million yen and operating profit was 719 million yen.

Total consolidated operating income decreased 29.7% to 238,427 million yen and there was an operating loss of 51,160 million yen and an recurring loss of 48,811 million yen. There was extraordinary income from the sale of the Promise head office land and building but extraordinary losses for the impairment of fixed assets, the realignment of group businesses, and additional retirement payments associated with a voluntary retirement program. The result was a net loss of 96,010 million yen.

Outlook for the Fiscal Year Ending March 2012

The Japanese economy continues to face many challenges and the March 2011 Great East Japan Earthquake has made the outlook even more uncertain. In the consumer finance industry, the operating environment is difficult because of tighter restrictions on business activities imposed by full enforcement of the Money Lending Business Law and other challenges. The Promise Group is taking steps to maintain stable earnings in this difficult environment. Extensive marketing initiatives will continue in order to maintain and increase the volume of consumer loans receivable. At the same time, in the loan guarantee, servicer, and overseas businesses, Promise is aiming for higher earnings by further strengthening these operations.

Based on this outlook, for the fiscal year ending March 2012, Promise forecasts operating income of 195,000 million yen, operating profit of 22,000 million yen, recurring profit of 21,400 million yen and net income of 17,500 million yen.

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets decreased 484,678 million yen from the end of the previous fiscal year to 1,079,164 million yen due to a decline of 418,388 million yen in consumer loans outstanding.

Total liabilities decreased 358,662 million yen to 905,573 million yen. This was mainly the result of declines in the balance of interest-bearing debt of 309,925 million yen, due to the decline in consumer loans outstanding, and the allowance for losses on interest repayments of 23,521 million yen.

Net assets decreased 126,015 million yen to 173,590 million yen. This was mainly the result of a 97,196 million yen decline in retained earnings that was caused by the large net loss compared to the previous fiscal year.

2) Cash Flows

Consolidated cash and cash equivalents at the end of the fiscal year under review increased 41,599 million yen, or 28.3%, from the end of the previous fiscal year, to 188,673 million yen.

Net cash provided by operating activities was 186,728 million yen. Cash was provided by a 292,669 million yen decrease in consumer loans receivable, 47,823 million yen of amortization of goodwill, a non-cash expense, a 20,421 million yen increase in securitized loan liabilities, and other items. Cash flows were reduced by the loss before income taxes and minority interests of 92,086 million yen, a 51,088 million yen decrease in the allowance for credit losses, a 16,481 million yen decrease in the allowance for losses on interest repayments, and other items.

Net cash provided by investing activities was 65,071 million yen. The major components were a 72,711 million yen gain on the sale of property and equipment due to a sale of Head Office building.

Net cash used in financing activities was 199,046 million yen. This was primarily the result of a 104,183 million yen net decrease in long-term debt, a 54,955 million yen decrease in bonds, and a 38,456 million yen net decease in short-term borrowings.

(3) Fundamental Policy for Distribution of Earnings and Dividends in the Fiscal Year Ended March 2011 and the Fiscal Year Ending March 2012

Promise places priority on the distribution of earnings to shareholders. The fundamental policy is to pay a stable and consistent dividend that reflects operating results, the business climate, the outlook for operations, and all other applicable items.

There was no interim dividend in the fiscal year ended March 2011 and, as planned, there will be no year-end dividend either. The Promise Group conducted a large-scale restructuring program during the fiscal year based on the Business Structural Reform Plan that was announced in January 2010. Actions included a voluntary retirement program to reduce the workforce, the termination of unprofitable businesses and other measures. There was also an addition to allowances to prepare for losses resulting from the consistently high volume of interest repayment claims. The result was a large net loss and negative retained earnings that were available for dividends. In addition, Promise must increase retained earnings as much as possible for the time being. For these reasons, no interim dividend is planned in the fiscal year ending March 2012. Promise is determined to resume dividend payments as soon as possible and will do everything possible to meet shareholders' expectations by resuming stable dividend payments.

(4) Business Risks

The following is a discussion of the major risk factors which may have an impact on the Promise Group's performance and the Group's ability to conduct business activities. 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 in order to provide greater disclosure for investors.

Being fully aware 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 may 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, 2011.

1) Legal Restrictions and Related Items

[1] Risks concerning restrictions on business activities

The consumer finance companies of the Promise Group are subject to the provisions of the Money Lending Business Law concerning the money lending business.

The purpose of this law is, as stated in December 2006, "in consideration of the role of the Money Lending Business in the Japanese economy and society, (section deleted) to ensure the proper operation of businesses of money lenders and protect the interests of parties requiring capital, as well as to contribute to the proper functioning of the Japanese economy." Just as with other financial laws, the previous regulatory law was amended to switch its jurisdiction to the Financial Services Agency and there were major amendments to the contents of the law. These amendments were enforced in four stages starting in January 2007 and ending with full enforcement on June 18, 2010 (limit on total credit extensions to borrowers, requirement to provide paper documents in advance, requirement to have money lending supervisors, tighter basic financial requirements for moneylenders, and other restrictions).

Due to this situation, the Promise Group has establish the business framework needed to adapt properly to amendments to the Money Lending Business Law.

However, if the ongoing revision of related laws should not be in the Group's favor, there may be a significant negative impact on performance and ability to conduct business activities in the future.

[2] Risks involving interest rates

The Promise Group is also subject to the provisions of the Capital Subscription Law and the Interest Rate Restriction Law.

The maximum interest rate under the Capital Subscription Law is 29.2%. The Interest Rate Restriction Law states that monetary consumer loan contracts are invalid with regard to the portion that exceeds the maximum interest rate of 20% for principal below 100,000 yen, 18% for principal of 100,000 yen or more but less than 1,000,000 yen, and 15% for principal of 1,000,000 yen or more. However, Article 43 of the Money Lending Business Law states that the payment of this excess portion of interest is a valid loan repayment (deemed repayment) irrespective of Article 1, Item 1 of the Interest Rate Restriction Law in cases where certain conditions are met. These conditions include the voluntary payment of the excess portion by the borrower as loan interest, and the provision to the borrower of written documents prescribed in Articles 17 and 18 of the Money Lending Business Law.

However, under the full enforced Money Lending Business Law in June 18, 2010, deemed repayments is abolished. In addition, the maximum interest rate of the Capital Subscription Law is lowered to 20.0% annually, the same maximum interest rate prescribed by the Interest Rate Restriction Law.

To comply with the Interest Rate Restriction Law and the Capital Subscription Law, Promise has been extending to new customers only loans with an annual interest rate of not more than 17.8% since December 19, 2007. For current customers, interest rates have been reduced depending on the status of each customer relationship.

In addition, Group companies are also offering loans with less than the maximum interest rate of the Interest Rate Restriction Law. However, if new amendments lower the maximum interest rate of the Capital Subscription Law and the Interest Rate Restriction Law, there may be a significant negative impact on the Promise Group's operations and performance.

[3] Risks involving additional losses on interest repayments

The Promise Group has loans based on contracts signed before the above interest rate reduction that have interest rates exceeding the maximum rate prescribed by the Interest Rate Restriction Law.

A January 2006 ruling by the Japanese Supreme Court noted that payment of the portion of interest that exceeds the maximum interest rate prescribed by the Interest Rate Restriction Law is mandatory in the event that a contractual interest payment is late and there is an acceleration clause. The court therefore concluded that such payments do not fulfill the qualifications for deemed repayments because these repayments are not voluntary. In January 2009, the Supreme Court of Japan ruled that the statute of limitations for when customers can claim excess interest repayments starts when all loans are repaid rather than when the right to submit a claim starts for an individual loan.

In response, the Promise Group recalculated its related allowances for losses on interest repayments, which amounted to the provision of 238,403 million yen in the fiscal year ended March 2011. These additions to allowances provide protection for risks involving future interest repayments.

Nevertheless, if the interest repayment amount exceeds the expected amount, if the Supreme Court of Japan concludes in a manner disadvantageous to moneylenders, or if the ongoing revision of related laws should not be in the Group's favor, interest repayments could have a significant negative impact on the Promise Group's operations and performance.

[4] Risks involving other laws associated with money lending

The operations of the Promise Group are subject to many other laws and regulations as well. New laws or regulations that place restrictions on the Group's operations, or amendments to existing laws and regulations could have a negative impact on the Promise Group's performance depending on their contents.

2) Risk Regarding Loans Made to Consumers by Multiple Indebtedness Problem

Solving the multiple indebtedness problem was one of the central themes of debates concerning amendments to the Money Lending Business Law, which was passed in 2006. Following enforcement of this law, the Japanese Cabinet established a multiple indebtedness countermeasures unit for the purpose of efficiently and effectively taking steps to deal with this problem. Subsequently, numerous actions were taken that used stronger ties among all associated parties. One example is the April 2007 announcement of the Multiple Indebtedness Problem Improvement Program. Within the consumer finance industry, the Japan Financial Services Association took actions aimed at solving the multiple indebtedness problem. By collaborating with government agencies and its members (money lending companies), the association conducted activities to give the public basic knowledge and other information about the proper use of consumer finance and established a service to handle complaints about debt. The Promise Group also took its own steps to reduce the occurrence of multiple indebtedness among its customers by offering repayment consultations, revisions of repayment plans, and other services depending on the status of individual customers.

In addition to these activities concerning the problem of multiple indebtedness, to prepare for the risk of credit losses resulting from the declining financial soundness of borrowers, additions were made to the allowance for credit losses as necessary in relation to the status of the loan portfolio and the actual occurrence of credit losses.

Despite these actions, if a future economic downturn or other event causes an increase in the number of borrowers with multiple indebtedness that results in loan losses that are greater than expected, there may be a negative impact on the Promise Group’s performance and the Group’s ability to conduct business activities in the future.

3) Risk Regarding Handling of Personal Information and the Information Privacy Law

Because the core business of the Promise Group is the unsecured loan business, 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 is 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 tampering 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, monitors and maintains a record of database access, and disallows the use of memory media that could be taken off the premises, such as CD-Rs. Moreover, the Group has a variety of rules, produces guidance manuals, carries out thorough compliance training, and takes other preemptive steps to prevent an information leak. In addition, the Promise Group is improving its information management capabilities by learning from other companies’ problems so that measures can be taken to prevent similar problems at the Group. In October 2006, Promise received the Privacy Mark from the Japan Information Processing Development Corporation (JIPDEC). This is certification that Promise has established a personal information protection system.

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

On April 1, 2005, the Private Information Protection Law 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 a competent authority if deemed necessary. In the event of a violation of this obligation, the controlling authority is empowered to advise or command that necessary measures be taken if they are recognized to be in the best interest of the individuals.

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

4) Risk Regarding New Market Entrants and Competition

Japan’s consumer finance industry is realigning and many companies are ceasing operations due to the impact of the full enforcement of the Money Lending Business Law. The number of registered moneylenders is much lower than before the Money Lending Business Law was passed.

However, should the number of new market entrants with abundant capital resources increase, or should a major capital tie-up, merger, or acquisition be conducted, it could create a new competitive playing field within the industry that might have a negative impact on the performance of the Promise Group.

5) Risk Regarding Significant Litigation and Other Legal Proceedings

The Promise Group has business operations, primarily in the unsecured loan business, in Japan and other countries. In conjunction with these operations, the Group may be subject to lawsuits or other legal proceedings initiated by business partners, customers, alliance partners, employees, or others. It is difficult to predict the occurrence of lawsuits and other legal proceedings that name, or could name, Promise as a defendant or otherwise involved party. However, if such legal actions end with a result that is unfavorable for the Promise Group, there could be a negative impact on the Promise Group's performance.

6) Risk Regarding Fund Raising

[1] Fund raising and interest rates on financing

The fundamental strategy of the Promise Group is to procure long-term funds in order to minimize exposure to fund procurement risk. In line with this policy, Group companies use a variety of direct and indirect procurement methods, such as loans from financial institutions and the sale of bonds in Japan and other countries. To minimize exposure to risk associated with an increase in interest rates, the fundamental policy is to procure funds with fixed interest rates. This includes the use of interest rate swaps to convert floating-rate debt to fixed-rate debt. When procuring funds in foreign currencies, currency swaps are used to hedge risks associated with changes in foreign exchange rates. The objectives of these activities are to stabilize and reduce the cost of fund procurement activities.

However, there may be a change in the willingness of financial institutions to extend loans to the Promise Group due to turmoil in financial markets, a downturn in the operating results of the Group, or some other reason. Furthermore, the fund procurement environment may become more difficult than expected due to weakened market sentiment, an increase in interest rates, a reduction in the credit rating of a Promise Group company, or some other negative development. These events may prevent the Group from procuring funds in a timely manner and raise the cost of fund raising activities, resulting in a negative impact on the Group's operation and performance.

[2] Financial covenants concerning funds procured

Some loans at the Promise Group have financial covenants. If there is a violation of a covenant, a lender may invoke the acceleration clause under which the entire loan subject to the covenant would have to be repaid immediately.

7) Effect of Decline in Stock Prices

The Promise Group holds marketable securities for the purpose of maintaining sound long-term relationships with business partners, financial institutions and other companies. In general, the prices of these securities are volatile. A significant decline in stock prices, depending on the magnitude of the downturn, may force the Promise Group to post losses on sales of securities and valuation losses that could have a negative impact on the Group's operation and performance.

8) Risk Concerning Changes in Retirement Benefit Liabilities

The Promise Group calculates retirement benefit expenses and liabilities based on the market value and expected return of plan assets and actuarial assumptions concerning future payments. However, if actual payments and other events differ from these assumptions, additional losses may be incurred that could have a negative impact on the Group's operation and performance.

9) Risk Regarding Computer System Failure

As a result of progressive use of IT systems along with the expansion of the 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.

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

Promise has formed strategic business and capital alliances with Sumitomo Mitsui Financial Group, Inc., and its group companies (SMFG). In addition, the Promise Group, which is a member of SMFG, had loans totaling 202,976 million yen from SMFG as of March 31, 2011.

However, should performance not proceed as planned due to a sudden change in the business climate or other factors, it might have a damaging influence on the performance of the Promise Group and a negative impact on loan transactions between the Promise Group and SMBC. In addition, if there are changes in the Banking Law or other related laws or if SMFG were to acquire more than a certain proportion of the outstanding shares of Promise Co., Ltd., it is possible that operations might be restricted to the scope of the businesses of the Company or its subsidiaries.

11) Country Risk

The Promise Group is developing business in overseas markets for the purpose of establishing a new earnings base.

It is possible that overseas Group companies could experience losses or face operating difficulties due to country risk factors of their resident country, such as market trends, existence of competitors, politics, economics, legal regulations, culture, religion, customs, exchange rates, or others. Should such a situation arise, it could impact negatively on the operation and performance of the Promise Group.

12) Group Strategy and Performance Trends

The Promise Group will pursue its Group strategy under business and capital alliances with SMFG and cooperation with other business partners while taking into account various factors, including its operating environment. 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 competitive conditions, such a situation could have a negative impact on the operation and performance of the Promise Group.

As part of this strategy, the Promise Group may seek to expand established businesses and diversify our profit structure in order to increase its corporate value. To accomplish this goal, the Promise Group has acquired other companies and entered into business alliances that include joint investments, and it may take similar actions in the future. These actions may have a temporary impact on the Group's earnings because of a large investment, amortization of goodwill, or other factors. When reaching decisions involving acquisitions and alliances, management will conduct an extensive due-diligence process that includes evaluations of the target company's performance and financial position, the contract terms, and other items in order to identify and avoid risks. However, the occurrence of contingent liabilities, unrecognized liabilities, and other problems may prevent the investment or alliance from producing the expected benefits. This could have a negative impact on the operation and performance of the Promise Group.

13) Risk Regarding Natural Disasters

There is a risk of physical damage to offices and other Promise Group facilities from major earthquakes, tsunamis, typhoons, and other natural disasters as well as a risk of injury to employees and customers. There may also be social and other demands on the Group caused by a major natural disaster. These events could have a negative impact on the operation and performance of the Promise Group.

2. Company Profile

(1) The Promise Group consists of Promise Co., Ltd., eight consolidated subsidiaries, five non-consolidated subsidiaries, one affiliated company accounted for by the equity method of consolidation, one affiliated company not accounted for by the equity method, and two associated companies as of March 31, 2011. The Group's principal business activities and the operations of each subsidiary and affiliated company are described below.

Financing Business

This business involves primarily the provision of small loans with no collateral or guarantees directly to consumers (the consumer finance business) by Promise Co., Ltd., Do Financial Service Co., Ltd. (consolidated subsidiary), AZ Card Co., Ltd. (consolidated subsidiary), At-Loan Co., Ltd. (consolidated subsidiary), and MOBIT CO., LTD. (equity-method affiliate).

Promise merged with At-Loan (consolidated subsidiary) on April 1, 2011.

Loan Guarantee Business

This business involves loan guarantees provided by Promise Co., Ltd. and At-Loan Co., Ltd. (consolidated subsidiary) for unsecured loans extended to individuals by SMBC and regional financial institutions.

Promise merged with At-Loan (consolidated subsidiary) on April 1, 2011.

Servicer Business

This business involves transactions (servicer business) with financial institutions throughout Japan by Abilio Servicer Co., Ltd. (consolidated subsidiary).

Overseas Business

This business involves consumer finance businesses operated by PROMISE (HONG KONG) CO., LTD. (consolidated subsidiary) in Hong Kong, PROMISE (THAILAND) CO., LTD., in Thailand (consolidated subsidiary), and PROMISE (SHENYANG) CO., LTD. (non-consolidated subsidiary), and PROMISE (SHENZHEN) CO., LTD. (non-equity-method affiliate) in China. In addition, Liang Jing Co., Ltd., (consolidated subsidiary) is engaged in the servicer business in Taiwan.

There are two companies classified as associated companies: Sumitomo Mitsui Banking Corporation, which is engaged in the banking business, and Sumitomo Mitsui Financial Group, Inc., which performs management, administration, and related services for its group companies.

Related companies not contained in the above section and their business activities are listed as follows:

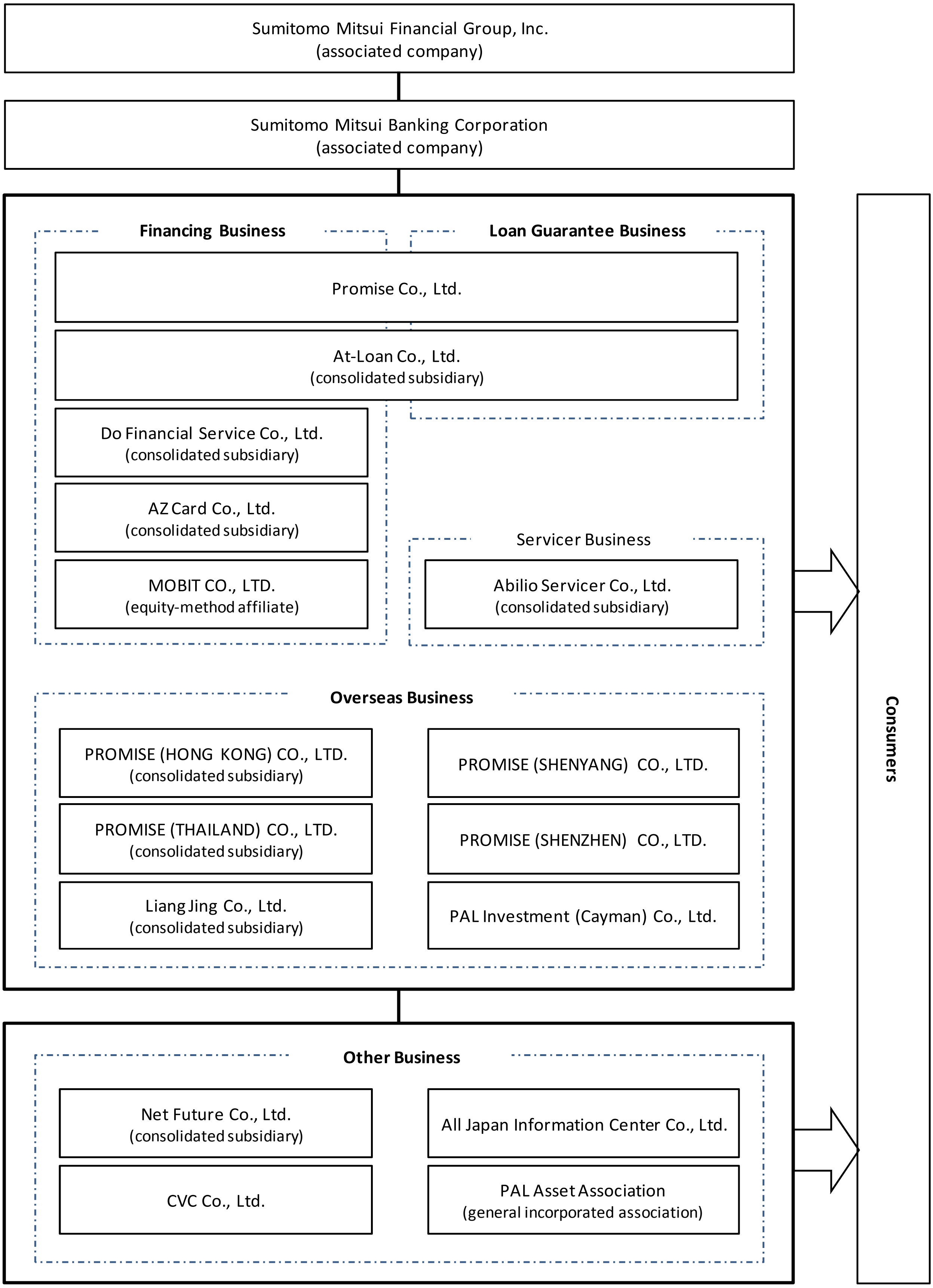
[Domestic subsidiaries]

Name	Location	Principal business	Remarks
Net Future Co., Ltd.	Chiyoda-ku, Tokyo	System development, maintenance and management of ATMs, and leasing and management of real estate	Consolidated subsidiary
CVC Co., Ltd.	Hakata-ku, Fukuoka	Comprehensive investigation services	Non-Consolidated Subsidiary
All Japan Information Center Co., Ltd.	Chiyoda-ku, Tokyo	Holding of securities	Non-Consolidated Subsidiary
PAL Asset Association (general incorporated association)	Chuo-ku, Tokyo	Title management for automobiles held as collateral	Non-Consolidated Subsidiary

[Overseas subsidiaries]

Name	Location	Principal business	Remarks
PAL Investment (Cayman) Co., Ltd.	Grand Cayman, Cayman Island	Investment in China	Non-Consolidated Subsidiary

(2) Promise Group Organization



Note: Promise merged with At-Loan (consolidated subsidiary) on April 1, 2011.

(3) Status of Consolidated Subsidiaries, Equity-method Affiliates, and Associated Companies

Name	Location	Capital	Principal business	Percentage of voting rights (%)	Type of relation			
					Number of concurrent directors	Capital support	Type of business	Leased facilities
Consolidated Subsidiaries								
At-Loan Co., Ltd. (Note 2)	Minato-ku, Tokyo	10,912 million yen	Financing and loan guarantee	50.0	5 (2)	—	ATM and other network tie-ups and guarantees on unsecured loans	—
Do Financial Service Co., Ltd.	Koto-ku, Tokyo	5,000 million yen	Financing	100.0	4 (2)	Loans	ATM network tie-ups	—
AZ Card Co., Ltd.	Hakata-ku, Fukuoka	400 million yen	Financing	100.0	3 (3)	Loans	ATM network tie-ups	—
Abilio Servicer Co., Ltd.	Chiyoda-ku, Tokyo	500 million yen	Servicer	100.0	5 (3)	Loans	—	Offices
Net Future Co., Ltd.	Chiyoda-ku, Tokyo	390 million yen	Other	100.0	1 (1)	Loans	System development	Offices
PROMISE (HONG KONG) CO., LTD.	Hong Kong, China	HKD 45,000 thousand	Overseas	100.0	3 (2)	—	—	—
Liang Jing Co., Ltd.	Taipei, Taiwan	TWD 290,000 thousand	Overseas	100.0	5 (3)	—	—	—
PROMISE (THAILAND) CO., LTD.	Bangkok, Thailand	THB 1,000,000 thousand	Overseas	100.0	3 (3)	Loans and debt guarantees	—	—
Equity-method Affiliates								
MOBIT CO., LTD. (Notes 3 and 4)	Shinjuku-ku, Tokyo	20,000 million yen	Financing	50.0 (5.0)	5 (1)	—	ATM network tie-ups	—

Notes: 1. Names of business segments are used in the “Principal business” column.
2. Special subsidiary
3. Jointly controlled company
4. The figure in parentheses under “percentage of voting rights” represents the percentage of indirectly owned voting rights.
5. The figure in parentheses under “Number of concurrent directors” represents the number of directors within the Company serving in concurrent positions.

Status of Associated Companies

Name	Location	Capital	Principal business	Percentage of voting rights (%)	Type of relation			
					Number of concurrent directors	Capital support	Type of business	Leased facilities
Sumitomo Mitsui Financial Group, Inc. (Notes 1 and 2)	Chiyoda-ku, Tokyo	2,337,895 million yen	Holding company	22.0 (22.0)	—	—	—	—
Sumitomo Mitsui Banking Corporation (Note 2)	Chiyoda-ku, Tokyo	1,770,996 million yen	Banking	22.0	—	—	Loan-related and deposit-related transactions and guarantees of unsecured loans	—

Notes: 1. The figure in parentheses under “percentage of voting rights” represents the percentage of indirectly owned voting rights.
2. The company submits a Securities Report (*Yuka Shoken Hokokusho*).

3. Management Policies

(1) Basic Management Policies

The Promise Group pursues its business based on the corporate philosophy of "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."

By increasing its social contribution through higher levels of customer satisfaction and efforts to prevent multiple indebtedness among individuals, Promise is working to become a "personal main bank" with the capability to offer financial advice and support to each and every one of our customers.

In line with these policies and vision, the Promise Group is working to enhance and expand its consumer finance services. In addition, the Group is dedicated to earning the trust of customers and other stakeholders and meeting their expectations by executing a rigorous compliance program (adherence to ethical standards and laws and regulations), reinforcing internal control systems, and maintaining a firm commitment to corporate social responsibility. The objective is to maximize corporate value based on commitments to both earnings growth and corporate citizenship.

(2) 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) and return on equity (ROE) as business performance indicators and targets improvement in these figures.

(3) Medium- and Long-Term Business Plan

The consumer finance market in Japan is shrinking and competition continues to intensify in response to the limit on total credit extensions to borrowers and other regulations imposed following full enforcement of the Money Lending Business Law. The Promise Group must deal with a declining balance of consumer loans receivable, falling interest rates on these loans and other factors that are lowering operating income. In addition, the number of interest repayment claims, after briefly declining during the past fiscal year, has been consistently high after the beginning of civil rehabilitation proceedings by a large consumer finance company. The result is an extremely challenging operating environment.

To establish a base for consistent profitability in the future, the Promise Group has been taking many actions in line with the Business Structural Reform Plan that was announced in January 2010. Initiatives include significant cost reductions and the termination of unprofitable businesses. The Group has also been improving operating efficiency by changing marketing activities and reorganizing the group and upgrading customer services by taking many actions.

To maintain and increase the volume of consumer loans receivable, the Promise Group will work aggressively on attracting new customers, strengthening relationships with current customers, targeting new customer segments, and conducting other marketing activities. In addition, in the loan guarantee, servicer, and overseas businesses, Promise is aiming for higher earnings by further strengthening these operations.

(4) Major Issues Facing the Company

In Japan's consumer finance industry, earnings are falling, the market is shrinking and competition is intensifying because of the limit on total credit extensions to borrowers and other changes resulting from the enforcement of the Money Lending Business Law. Furthermore, the volume of interest repayment claims has been consistently high after the beginning of civil rehabilitation proceedings by a large consumer finance company. These and other events are making the operating environment uncertain and very challenging.

In response to these challenges, the Promise Group plans to reinforce marketing capabilities through a strategic focus of resources on key activities. By quickly establishing a powerful framework for business operations, the Group aims to achieve more growth over the medium and long terms. The ultimate objective is to become Japan's leading consumer finance company in terms of quality and quantity.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)**
Assets		
Current assets:		
Cash and deposits	138,772	**175,416**
Notes and accounts receivable	*1 672	***1 24**
Consumer loans receivable: Principal	*2, 4, 5, 9, 10 1,297,985	***2, 4, 5, 9, 10 879,597**
Installment receivables	*3, 5 78,843	**7,723**
Purchased receivables	27,774	**24,743**
Short-term loans receivable	*11 11,548	***11 32,987**
Deferred tax assets	8,464	**2,222**
Claim for indemnities	32,453	**27,591**
Other	*4 46,701	***4 47,958**
Allowance for credit losses	*13 (245,372)	***13 (175,315)**
Total current assets	1,397,844	**1,022,947**
Fixed assets:		
Property and equipment:		
Buildings and structures	28,302	**19,419**
Accumulated depreciation	(17,340)	**(13,016)**
Buildings and structures—net	10,961	**6,403**
Machinery, fixtures and equipment, and vehicles	23,832	**18,504**
Accumulated depreciation	(20,611)	**(16,585)**
Machinery, fixtures and equipment, and vehicles—net	3,220	**1,918**
Land	49,663	**10,041**
Lease assets	602	**237**
Accumulated depreciation	(259)	**(164)**
Lease assets—net	343	**72**
Total property and equipment	64,188	**18,436**
Intangible fixed assets:		
Software	10,894	**5,357**
Goodwill	47,823	**—**
Other	178	**45**
Total intangible fixed assets	58,896	**5,403**
Investments and advances:		
Investments in securities	*4, 6 24,212	***4, 6 23,732**
Deferred tax assets	4,036	**935**
Other	*4, 7 14,665	***4, 7, 9 7,709**
Total investments and advances	42,914	**32,376**
Total fixed assets	165,998	**56,216**
Total assets	1,563,843	**1,079,164**

(Continued) (Millions of yen)

	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)**
Liabilities		
Current liabilities:		
Notes and accounts payable	11,817	**14**
Short-term borrowings	152,203	**72,416**
Current portion of long-term debt	*4 236,908	*4 **150,952**
Commercial paper	11,700	—
Bonds scheduled for redemption within one year	74,100	**59,300**
Current portion of securitized loan liabilities due in one year	—	*5 **35,463**
Accrued income taxes	1,601	**1,678**
Accrued bonuses to employees	2,949	**1,507**
Allowance for point services	690	—
Accruals for debt guarantees	18,668	**12,680**
Allowance for losses on interest repayments	73,108	**49,901**
Allowance for business reorganization losses	—	**6,163**
Allowance for business restructuring expense	3,292	**1,648**
Other	39,907	**32,254**
Total current liabilities	626,946	**423,980**
Long-term liabilities:		
Corporate bonds	205,456	**146,372**
Convertible bonds	42,000	**42,000**
Long-term debt	*4 201,341	*4 **144,321**
Securitized loan liabilities	*5 72,000	*5 **34,958**
Deferred tax liabilities	788	**85**
Accrued severance indemnities	5,581	**4,986**
Allowance for losses on interest repayments	107,517	**107,202**
Other	2,603	**1,666**
Total long-term liabilities	637,289	**481,593**
Total liabilities	1,264,236	**905,573**
Net assets		
Shareholders' equity:		
Common stock	80,737	**80,737**
Capital surplus	127,332	**127,326**
Retained earnings	112,866	**15,670**
Treasury stock	(57,425)	**(57,419)**
Total shareholders' equity	263,511	**166,316**
Accumulated other comprehensive income:		
Net unrealized gain on securities	776	**47**
Foreign currency translation adjustments	(4,947)	**(7,953)**
Total accumulated other comprehensive income	(4,171)	**(7,905)**
Stock acquisition rights	23	**42**
Minority interests	40,243	**15,137**
Total net assets	299,606	**173,590**
Total liabilities and net assets	1,563,843	**1,079,164**

(2) Consolidated Statements of Income and Statements of Comprehensive Income
Consolidated Statements of Income (Loss)

(Millions of yen)

	Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)**
Operating income:		
Interest on consumer loans	261,479	**180,422**
Other financial income	*1 131	***1 126**
Sales	3,191	**1,988**
Other	74,179	**55,889**
Total operating income	338,982	**238,427**
Operating expenses:		
Financial expenses	*2 20,444	***2 15,867**
Cost of sales	632	**385**
Other operating expenses:		
Advertising expenses	9,636	**5,893**
Provision for uncollectible loans	127,833	**101,813**
Accruals for point services	637	—
Provision for accruals for debt guarantees	16,954	**11,413**
Provision for losses on interest repayments	24,611	**80,396**
Loss on sales of credit	6,735	**902**
Employees’ salaries and bonuses	26,950	**16,749**
Provision for bonuses	2,952	**1,692**
Net periodic benefit cost	3,433	**1,587**
Employee welfare expenses	4,288	**2,987**
Rent expenses	8,528	**6,615**
Depreciation	7,602	**4,355**
Fee expenses	29,981	**18,808**
Communications expenses	5,087	**2,196**
Amortization of goodwill	6,376	**6,376**
Other	17,801	**11,545**
Total other operating expenses	299,411	**273,334**
Total operating expenses	320,488	**289,588**
Operating profit (loss)	18,493	**(51,160)**
Non-operating income:		
Interest and dividend income on investments	377	**260**
Insurance money received and insurance dividends	158	**138**
Equity in net gain of affiliated companies	301	**2,522**
Other	552	**619**
Total non-operating income	1,390	**3,540**
Non-operating expenses:		
Interest expense	857	**735**
Provision for uncollectible loans	512	—
Expense for relocation of offices	162	**122**
Other	423	**333**
Total non-operating expenses	1,955	**1,191**
Recurring profit (loss)	17,929	**(48,811)**

(Continued) (Millions of yen)

	Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)**
Extraordinary income:		
Gain on sales of fixed assets	—	***3 30,457**
Net gain on sales of investments in securities	40	**275**
Reversal of accrued bonuses to employees	686	**530**
Liquidation dividend	546	**—**
Other	72	**2,056**
Total extraordinary income	1,346	**33,320**
Extraordinary losses:		
Loss on disposal of property and equipment	*4 972	***4 377**
Loss on sales of property and equipment	*5 120	***5 108**
Impairment loss	*6 578	***6 43,101**
Loss on valuation of investments in securities	6	**7**
Loss on valuation of investments in subsidiaries	*7 370	***7 687**
Loss on sales of investments in subsidiaries	626	**10,407**
Loss on reorganization of business	*8 60	***8 6,276**
Provision for losses on business restructuring expenses	*9 3,292	***9 1,164**
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	**2,004**
Other	351	**12,459**
Total extraordinary losses	6,379	**76,595**
Income (loss) before income taxes and minority interests	12,895	**(92,086)**
Income taxes: Current	3,101	**2,948**
Income taxes: Deferred	(4,378)	**(461)**
Total income taxes	(1,277)	**2,486**
Loss before minority interest	—	**(94,572)**
Minority interests in net income (loss) of consolidated subsidiaries	(393)	**1,438**
Net income (loss)	14,566	**(96,010)**

Consolidated Statements of Comprehensive Income (Loss) (Millions of yen)

	Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)**
Loss before minority interest	—	**(94,572)**
Other comprehensive income (loss):		
Net unrealized loss on securities	—	**(733)**
Foreign currency translation adjustments	—	**(3,005)**
Total other comprehensive loss	—	***2 (3,739)**
Comprehensive loss	—	***1 (98,311)**
(Breakdown)		
Comprehensive loss attributable to owners of the parent	—	**(99,745)**
Comprehensive income attributable to minority interests	—	**1,433**

(3) Consolidated Statements of Changes in Net Assets (Millions of yen)

	Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)**
Shareholders' equity:		
Common stock		
Balance at the end of previous fiscal year	80,737	**80,737**
Changes during the fiscal year:		
Total changes during the fiscal year	—	**—**
Balance at the end of the fiscal year	80,737	**80,737**
Capital surplus		
Balance at the end of previous fiscal year	127,332	**127,332**
Changes during the fiscal year:		
Sales of treasury stock	—	**(5)**
Total changes during the fiscal year	—	**(5)**
Balance at the end of the fiscal year	127,332	**127,326**
Retained earnings		
Balance at the end of previous fiscal year	98,222	**112,866**
Changes during the fiscal year:		
Cash dividends paid	—	**(1,268)**
Increase due to merger	—	**83**
Increase due to inclusion of a company in consolidation	77	**—**
Net income (loss)	14,566	**(96,010)**
Total changes during the fiscal year	14,643	**(97,196)**
Balance at the end of the fiscal year	112,866	**15,670**
Treasury stock		
Balance at the end of previous fiscal year	(57,425)	**(57,425)**
Changes during the fiscal year:		
Purchase of treasury stock	(0)	**(0)**
Sales of treasury stock	—	**6**
Total changes during the fiscal year	(0)	**6**
Balance at the end of the fiscal year	(57,425)	**(57,419)**
Total shareholders' equity		
Balance at the end of previous fiscal year	248,867	**263,511**
Changes during the fiscal year:		
Cash dividends paid	—	**(1,268)**
Increase of capital surplus due to exclusion of a company in consolidation	—	**83**
Increase of retained earnings due to inclusion of a company in consolidation	77	**—**
Net income (loss)	14,566	**(96,010)**
Purchase of treasury stock	(0)	**(0)**
Sales of treasury stock	—	**0**
Total changes during the fiscal year	14,643	**(97,195)**
Balance at the end of the fiscal year	263,511	**166,316**

(Continued) (Millions of yen)

	Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)**
Revaluation and translation adjustments:		
Net unrealized gains on securities		
Balance at the end of previous fiscal year	(1,463)	**776**
Changes during the fiscal year:		
Changes of items other than shareholders' equity during the fiscal year—net	2,240	**(728)**
Total changes during the fiscal year	2,240	**(728)**
Balance at the end of the fiscal year	776	**47**
Foreign currency translation adjustments		
Balance at the end of previous fiscal year	(5,230)	**(4,947)**
Changes during the fiscal year:		
Changes of items other than shareholders' equity during the fiscal year—net	283	**(3,005)**
Total changes during the fiscal year	283	**(3,005)**
Balance at the end of the fiscal year	(4,947)	**(7,953)**
Total revaluation and translation adjustments		
Balance at the end of previous fiscal year	(6,694)	**(4,171)**
Changes during the fiscal year:		
Changes of items other than shareholders' equity during the fiscal year—net	2,523	**(3,734)**
Total changes during the fiscal year	2,523	**(3,734)**
Balance at the end of the fiscal year	(4,171)	**(7,905)**
Stock acquisition rights		
Balance at the end of previous fiscal year	—	**23**
Changes during the fiscal year		
Changes of items other than shareholders' equity during the fiscal year—net	23	**19**
Total changes during the fiscal year	23	**19**
Balance at the end of the fiscal year	23	**42**
Minority interests		
Balance at the end of previous fiscal year	41,016	**40,243**
Changes during the fiscal year:		
Changes of items other than shareholders' equity during the fiscal year—net	(773)	**(25,105)**
Total changes during the fiscal year	(773)	**(25,105)**
Balance at the end of the fiscal year	40,243	**15,137**
Total net assets:		
Balance at the end of previous fiscal year	283,189	**299,606**
Changes during the fiscal year:		
Cash dividends paid	—	**(1,268)**
Increase due to merger	—	**83**
Increase of retained earnings due to inclusion of a company in consolidation	77	**—**
Net income (loss)	14,566	**(96,010)**
Purchase of treasury stock	(0)	**(0)**
Sales of treasury stock	—	**0**
Changes of items other than shareholders' equity during the fiscal year—net	1,773	**(28,820)**
Total changes during the fiscal year	16,416	**(126,015)**
Balance at the end of the fiscal year	299,606	**173,590**

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)**
Operating activities		
Income (loss) before income taxes and minority interests	12,895	**(92,086)**
Depreciation and amortization	7,602	**4,355**
Impairment loss	578	**1,654**
Amortization of goodwill	6,376	**47,823**
Decrease in allowance for credit losses	(50,150)	**(51,088)**
Decrease in provision for bonuses	(648)	**(1,229)**
Increase in accruals for debt guarantees	1,225	**(4,447)**
Decrease in allowance for losses on interest repayments	(90,322)	**(16,481)**
Decrease in allowance for losses on sales of receivables	(1,112)	**—**
(Decrease) increase in allowance for business reorganization losses	(10,176)	**6,163**
Increase (decrease) in allowance for business restructuring expenses	2,901	**(1,644)**
Decrease in provision for accrued severance indemnities	(1,744)	**(327)**
Decrease in allowance for retirement benefits for directors and auditors	(330)	**(16)**
Interest and dividend income	(923)	**(260)**
Interest expense	857	**739**
Equity in net gain of affiliated company	(301)	**(2,522)**
Net gain on sales of investments in securities	(37)	**(274)**
Loss on valuation of investments in securities	6	**7**
Loss on sales of investments in subsidiaries	626	**10,369**
Gain on valuation of investments in subsidiaries	370	**687**
Net loss (gain) on sales or disposal of property and equipment	1,046	**(29,971)**
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	**2,004**
Decrease in consumer loans receivable: Principal	241,445	**292,669**
Decrease in notes and accounts receivable	4,166	**14,399**
(Decrease) increase in claim for indemnities	(4,319)	**995**
(Increase) decrease in purchased receivables	(2,265)	**3,031**
Decrease in accounts payable	(36)	**(2,740)**
Increase in securitized loan liabilities	61,000	**20,421**
Other	2,964	**(12,461)**
Subtotal	181,691	**189,770**
Interest and dividend income	886	**466**
Interest expense	(857)	**(739)**
Income taxes paid	(3,773)	**(2,769)**
Net cash provided by operating activities	177,946	**186,728**

(Continued) (Millions of yen)

	Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	**Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)**
Investing activities		
Decrease (increase) in time deposits	1,444	**(17,062)**
Decrease in marketable securities	11,900	—
Payment for purchase of property and equipment	(659)	**(1,209)**
Proceeds from sales of property and equipment	329	**72,711**
Payment for purchase of intangible fixed assets	(3,038)	**(1,637)**
Proceeds from sales of intangible fixed assets	0	**418**
Proceeds from sales of investments in securities	85	**357**
Payment for purchase of shares of subsidiaries	(87)	**(1,054)**
Proceeds for sales of shares of subsidiaries	1,041	**10,118**
Payment for sales of shares of subsidiaries resulting from the change in scope of consolidation	*2 (76)	***2 (205)**
Increase in loans	(667)	**(60)**
Decrease in loans	259	**1,192**
Decrease in other investments	738	**1,501**
Net cash provided by investing activities	11,270	**65,071**
Financing activities		
Decrease of commercial paper	(8,800)	—
Proceeds from short-term borrowings	405,386	**49,934**
Repayments of short-term borrowings	(398,725)	**(88,391)**
Repayments of financing lease	(98)	**(206)**
Proceeds from long-term debt	100,327	**129,780**
Repayments of long-term debt	(226,275)	**(233,963)**
Proceeds from issuance of bonds, net of expenses	—	**9,844**
Redemption of bonds	(57,200)	**(64,800)**
Cash dividends paid	(293)	**(1,268)**
Cash dividends paid to minority shareholders	(1)	**(1)**
Other	38	**25**
Net cash used in financing activities	(185,642)	**(199,046)**
Effect of exchange rate changes on cash and cash equivalents	371	**(3,019)**
Net increase in cash and cash equivalents	3,946	**49,734**
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)**
Effect of the increase in scope of merger	—	**109**
Cash and cash equivalents at end of the year	*1 147,074	***1 188,673**

(5) Precaution Concerning Going-concern Assumption

Not applicable

(6) Basis of Presentation of Consolidated Financial Statements

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
1. Scope of Consolidation 1) Number of Consolidated Subsidiaries: 15 Company Name [Domestic]: At-Loan Co., Ltd., PAL Servicer Co., Ltd., PAL Life Co., Ltd., Net Future Co., Ltd., Do Financial Service Co., Ltd., Asahi Enterprise Co., Ltd., SANYO SHINPAN FINANCE CO., LTD., POCKET CARD CO., LTD., AZ Card Co., Ltd., Sanyo Shinpan Servicer Co., Ltd., POCKET DIRECT CO., LTD., Car Conveni Club Co., Ltd. [Overseas]: PROMISE (HONG KONG) CO., LTD., Liang Jing Co., Ltd., PROMISE (THAILAND) CO., LTD. Due to the increased materiality of its business operations, Car Conveni Club Co., Ltd., has been included in the scope of consolidation commencing with the fiscal year ended March 2010. Cau-ichi Co., Ltd., which was a consolidated subsidiary in previous fiscal years, was excluded from the scope of consolidation commencing with October 1, 2009, due to the sale of all shares the Company owned. SANYO ASSET MANAGEMENT CO., LTD., which was a consolidated subsidiary in previous fiscal years, was excluded from the scope of consolidation commencing with March 22, 2010, due to liquidation. POCKET DIRECT CO., LTD., which was consolidated subsidiary in previous fiscal years, and its fiscal term was February, was dissolved on March 1, 2010, due to its merger with consolidated subsidiary POCKET CARD CO., LTD.	**1. Scope of Consolidation** 1) Number of Consolidated Subsidiaries: 8 Company Name [Domestic]: At-Loan Co., Ltd., Do Financial Service Co., Ltd., AZ Card Co., Ltd., Abilio Servicer Co., Ltd., Net Future Co., Ltd. [Overseas]: PROMISE (HONG KONG) CO., LTD., Liang Jing Co., Ltd., PROMISE (THAILAND) CO., LTD. Car Conveni Club Co., Ltd., which was a consolidated subsidiary in previous fiscal years, was excluded from the scope of consolidation commencing with January 19, 2011, due to the sale of all shares the Company owned. POCKET DIRECT CO., LTD., which was consolidated subsidiary in previous fiscal years, and its fiscal term was February, was excluded from the scope of consolidation commencing with March 1, 2010, due to its merger with consolidated subsidiary POCKET CARD CO., LTD. POCKET CARD CO., LTD. was excluded from the scope of consolidation commencing with this fiscal year because Promise no longer has effective control over this company following its reclassification to an equity-method affiliate of Promise. PAL Servicer Co., Ltd. was dissolved due its merger with Sanyo Shinpan Servicer Co., Ltd. (which was renamed Abilio Servicer Co., Ltd.), which was the surviving company. SANYO SHINPAN FINANCE CO., LTD. and Asahi Enterprise Co., Ltd. were dissolved due to their merger with Promise Co., Ltd., which was the surviving company. Also, PAL Life Co., Ltd. and Sanyo Enterprise Co., Ltd., which is a non-consolidated subsidiary, were dissolved due to their merger with Net Future Co., Ltd., which was the surviving company.
2) Major Non-Consolidated Subsidiary PROMISE (EUROPE) S.A. (Reason for exclusion from consolidation) The remaining non-consolidated subsidiaries were not consolidated because their aggregate amount of total assets, operating income, net income (amount corresponding to ownership), and retained earnings (amount corresponding to ownership) were not material to the consolidated financial statement.	2) Major Non-Consolidated Subsidiary CVC Co., Ltd. (Reason for exclusion from consolidation) The remaining non-consolidated subsidiaries were not consolidated because their aggregate amount of total assets, operating income, net income (amount corresponding to ownership), and retained earnings (amount corresponding to ownership) were not material to the consolidated financial statement. On October 25, 2010, Promise sold all shares of PROMISE (EUROPE) S.A., which was a major non-consolidated subsidiary in previous fiscal years.

<table>
<tr><th>Fiscal Year Ended Mar. 2010
(Apr. 1, 2009 – Mar. 31, 2010)</th><th>Fiscal Year Ended Mar. 2011
(Apr. 1, 2010 – Mar. 31, 2011)</th></tr>
<tr><td>3) ――――――</td><td>3) Name of company that was not treated as a subsidiary even though the Company owned the majority of voting rights
PROMISE (SHENZHEN) CO., LTD.
Reason for exclusion from subsidiaries
The Company holds 60% of the voting rights of PROMISE (SHENZHEN) CO., LTD. However, this company is not treated as a subsidiary because the agreement of all other parties that jointly control this company is required to reach decisions concerning important financial and business matters.</td></tr>
<tr><td>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., because their net income and retained earnings (amount corresponding to ownership) were not material to consolidated net income and retained earnings, and have no overall material influence on the consolidated financial statement.

3) The fiscal year-end of the Company applied the equity method coincides with the fiscal year-end of the consolidated financial statements.</td><td>2. Application of Equity Method
1) Number of Companies to Which Equity Method has been applied: 2
Company Name: MOBIT CO., LTD., POCKET CARD CO., LTD.
On March 31, 2011, the Company sold all its shares of POCKET CARD CO., LTD. (February fiscal year-end), which was an equity-method affiliate in previous fiscal years.

2) PROMISE (SHENZHEN) CO., LTD., an affiliate not accounted for by the equity method, and CVC Co., Ltd., a non-consolidated subsidiary not accounted for by the equity method, have been excluded from the equity method because their net income and retained earnings (amount corresponding to the Company's ownership) were not material to consolidated net income (loss) and retained earnings and these companies have no material influence on the consolidated financial statements.
In addition, Promise sold all its shares of PROMISE (EUROPE) S.A., which was a non-consolidated subsidiary but not an equity-method affiliate in previous fiscal years, on October 25, 2010.

3) The following equity-method affiliate has a fiscal year-end that differs from the fiscal year -end used for the consolidated financial statements.

Company Name: POCKET CARD CO., LTD. — Fiscal Year-End: February 28

Financial statements as of the fiscal year-end of this equity-method affiliate are used in the consolidated financial statements. However, adjustments are made as required for consolidation if there are any significant transactions between the affiliate's fiscal year-end and the fiscal year-end of the consolidated financial statements.
(Changes in accounting policy)
Effective from the fiscal year ended March 2011, the Company has adopted "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (ASBJ PITF No. 24, March 10, 2008).
This change had no effect on operating profit, recurring profit or income before income taxes and minority interests.</td></tr>
</table>

<table>
<tr><th>Fiscal Year Ended Mar. 2010
(Apr. 1, 2009 – Mar. 31, 2010)</th><th>Fiscal Year Ended Mar. 2011
(Apr. 1, 2010 – Mar. 31, 2011)</th></tr>
<tr><td>3. Fiscal Year-End of Consolidated Subsidiaries
Consolidated subsidiaries whose fiscal year-end differs from the end of the consolidated fiscal year-end are as follows:

Company Name — Fiscal Year-End
Car Conveni Club Co., Ltd. — December 31
PROMISE (HONG KONG) CO., LTD. — December 31
Liang Jing Co., Ltd. — December 31
PROMISE (THAILAND) CO., LTD. — December 31
POCKET CARD CO., LTD. — February 28
POCKET DIRECT CO., LTD. — February 28

For the above consolidated subsidiaries, financial statements compiled as of their respective fiscal year-ends are used to tabulate consolidated results. However, significant transactions that occur between that time and the consolidated fiscal year-end are necessarily reflected in the consolidated financial statements.</td><td>3. Fiscal Year-End of Consolidated Subsidiaries
Consolidated subsidiaries whose fiscal year-end differs from the end of 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 (THAILAND) 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, significant transactions that occur between that time and the consolidated fiscal year-end are necessarily reflected in the consolidated financial statements.</td></tr>
<tr><td>4. Summary of Significant Accounting Policies
1) Standards and Methods for Valuing Assets
(1) Investment securities
Other securities
a. 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 net assets. Costs of their sales are determined by the moving average method.
b. Other securities that are not marketable are stated at cost, with cost being determined by the moving average method.
(2) Derivatives
Derivatives are stated at market value.
(3) Purchased receivables
Purchased receivables are stated at specific cost method.</td><td>4. Summary of Significant Accounting Policies
1) Standards and Methods for Valuing Assets
(1) Investment securities
(No change)
(2) Derivatives
(No change)
(3) Purchased receivables
(No change)</td></tr>
</table>

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
2) Method of Depreciation of Material Depreciable Assets (1) Property and equipment (Excluding Lease assets) Buildings (excluding Fixtures) a. Depreciation on property and equipment acquired before and on March 31, 1998, is computed by the former declining-balance method. b. Depreciation on property and equipment acquired on April 1, 1998, through March 31, 2007, is computed primarily by the former straight-line method. c. Depreciation on property and equipment acquired on and after April 1, 2007, is computed primarily by the straight-line method. Assets, excluding buildings a. Depreciation on assets, excluding buildings, acquired before and on March 31, 2007, is computed by the former declining-balance method. b. Depreciation on assets, excluding buildings, acquired on and after April 1, 2007, is computed by the declining-balance method. The main useful lives are as follows: Buildings and structures: 3–50 years Fixtures and equipment, vehicles: 2–20 years	2) Method of Depreciation of Material Depreciable Assets (1) Property and equipment (Excluding Lease assets) (No change)
(2) Intangible fixed assets (Excluding Lease assets) Intangible fixed assets are amortized 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.	(2) Intangible fixed assets (Excluding Lease assets) (No change)
(3) Lease assets Finance leases and leased assets where there is no transfer of ownership Method in which the leasing period is the useful life and the residual value is zero.	(3) Lease assets (No change)
3) Method of Transaction of Deferred Assets (1) Bond issue expenses Bond issue expenses are charged to the entire amount expensed as incurred.	3) Method of Transaction of Deferred Assets (1) Bond issue expenses (No change)
(2) Stock delivery expenses Stock delivery expenses are charged to the entire amount expensed as incurred.	(2) Stock delivery expenses (No change)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
4) Accounting Basis for Allowances (1) Allowance for credit losses Concerning general loans, the allowance for credit losses for consumer loans outstanding is provided based on the actual loss rate. Concerning specific loans including doubtful credit losses, each uncollectible debt is accounted for based on the probability of collection. In addition, overseas consolidated subsidiaries provided reserve in amounts based on the probability of collection.	4) Accounting Basis for Allowances (1) Allowance for credit losses (No change)
(2) Accrued bonuses to employees To provide bonuses to employees at the end of the fiscal year, the Company provides an allowance for that fiscal year portion based on the expected amount.	(2) Accrued bonuses to employees (No change)
(3) Accrued bonuses to directors and corporate auditors To provide bonuses to directors and corporate auditors, the Company provides an allowance for that fiscal year portion based on the expected future payment amount.	(3) Accrued bonuses to directors and corporate auditors (No change)
(4) Allowance for point services To provide for liabilities related to bonus points issued to cardholders (in accordance with the bonus points system for promoting the use of cards) by certain consolidated subsidiaries, the Company provides an allowance equivalent to the estimated cost of redemption of bonus points at the end of the fiscal year.	(4) ——————————
(5) Accruals for debt guarantees Accruals for debt guarantees are provided to cover possible future losses on guarantees at the end of the fiscal year.	(5) Accruals for debt guarantees (No change)
(6) Allowance for losses on interest repayments The provision to the allowance is rationally estimated and booked based on the number of repayment claims by debtors, etc., for interest paid in excess of the ceiling under the Interest Rate Restriction Law for which out-of-court settlements have not already been reached and the historical amount of repayments while also taking into consideration the recent repayment conditions.	(6) Allowance for losses on interest repayments (No change)
(7) ——————————	(7) Allowance for business reorganization losses To provide for losses resulting from the sale of stock in related companies, the Company maintains an allowance equivalent to estimated losses.
(8) Allowance for business restructuring expenses To provide for losses resulting from the reorganization of the branch network in accordance with scrap-and-build programs, the Company provides an allowance equivalent to estimated losses for the fiscal year.	(8) Allowance for business restructuring expenses (No change)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
(9) 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. Certain consolidated subsidiaries amortize actuarial differences lump sum in the year following the year in which they are recognized. 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. (Changes in accounting policy) Effective from the fiscal year ended March 2010, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008) has been applied. This change had no effect on operating profit, recurring profit or income before income taxes and minority interests. (Additional information) The Promise Board of Directors approved a resolution on May 11, 2009, to terminate the retirement benefit plan for executive officers. On June 23, 2009, the Board of Directors approved a resolution to pay executive officers retirement benefits based on their respective length of service in accordance with the previous rules at the time each executive officer leaves their post or is elected a Promise director or corporate auditor.	(9) 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.
(10) Allowance for retirement benefits for directors and corporate auditors The past service cost for directors and corporate auditors at some consolidated subsidiaries is determined based on the required payment amount at the end of the fiscal year as stipulated in the Company's bylaws. (Additional information) The Promise Board of Directors approved a resolution on May 11, 2009, to terminate the retirement benefit plan for directors and corporate auditors at the end of the annual shareholders' meeting held on for June 23, 2009. At this annual shareholders' meeting, the shareholders approved a resolution to pay directors and corporate auditors retirement benefits based on their respective length of service in accordance with the previous rules at the time each director or corporate auditor leaves their post.	(10) Allowance for retirement benefits for directors and corporate auditors The past service cost for directors and corporate auditors at some consolidated subsidiaries is determined based on the required payment amount at the end of the fiscal year as stipulated in the Company's bylaws.

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
5) Important Accounting for Revenues and Expenses (1) Interest on consumer loans Interest on consumer loans is recognized on an accrual basis. For the Company and its 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.	5) Important Accounting for Revenues and Expenses (1) Interest on consumer loans (No change)
(2) Other operating income a. Loan guarantee revenues Booked based on the remaining balance method b. Fees and commissions from credit cards (i) Customer commission fees are booked based on the remaining balance method or the Rule of 78 (seventy eight). (ii) Franchise outlet commission fees are booked at the point of receiving business. c. Fees and commissions from installment sales (i) Customer commission fees are booked based on the remaining balance method or the Rule of 78 (seventy eight). (ii) Franchise outlet commission fees are booked at the point of receiving business. Note: The methods of recognition under principal methods are as follows: In the remaining balance method, the remaining balance of principal is used to calculate commission fees based on a fixed rate, which are then booked as revenues. Under the Rule of 78, commission fees are divided on the basis of the number of installments, and then recognized as accrued revenue.	(2) Other operating income (No change)
6) 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 subsidiaries are translated into Japanese yen at the spot rate prevailing on the balance sheet date. Income and expenses are translated at the average rate for the period. Translation differences are included in Foreign currency translation adjustments under the net assets section on the consolidated balance sheet.	6) Foreign Currency Translations (Assets and liabilities denominated in major foreign currencies) (No change)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
7) Hedging (1) Hedge accounting method The Company uses the deferred method for hedge accounting. The exceptional accrual method is used to account for interest rate swap agreements that meet specified conditions. The specific allocation method is used to account for interest rate swap agreements that qualify for accounting treatment under this method.	7) Hedging (1) Hedge accounting method (No change)
(2) Hedging instruments and hedging targets a. Hedges related to interest rates Hedging instruments: 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) b. Hedges related to currency Hedging instruments: Currency swap agreements Hedging targets: Foreign currency denominated bonds	(2) Hedging instruments and hedging targets (No change)
(3) Hedging policy The basic hedging policy is to minimize the impact of sharp movements in interest rates on procured funds.	(3) Hedging policy (No change)
(4) 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. Certain consolidated subsidiaries do not assess the effectiveness of interest rate swaps agreements accounted for by the exceptional accrual method.	(4) 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.
(5) 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. Consolidated subsidiaries also operate using the same system.	(5) 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.

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
8) ―――――――――――― 9) ―――――――――――― 10) Other Material Items in Basis of Presentation of Consolidated Financial Statements (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 consolidated subsidiaries. Nondeductible consumption taxes subject to fixed assets are recorded in Other under Investments and advances on the relevant balance sheet and are amortized over five years for the Company and certain consolidated subsidiaries.	8) Goodwill Amortization Method and Period Goodwill is amortized by the straight-line method over a period of 10 years. However, goodwill of insignificant amount is amortized in the year in which it is recognized. 9) Scope of Cash on Consolidated Statements of Cash Flows The scope of cash (cash and cash equivalents) on the consolidated statements of cash flows is cash on hand, deposits readily convertible to cash and short-term investments that mature within three months and that carry little risk of price fluctuation. 10) Other Material Items in Basis of Presentation of Consolidated Financial Statements (Accounting for consumption taxes) (No change)
5. Valuation of Assets and Liabilities of Consolidated Subsidiaries Assets and liabilities of the consolidated subsidiaries that exist at the date of acquisition are recorded at their fair value.	**5.** ――――――――――
6. Amortization of Goodwill Goodwill is amortized by the straight-line method over a period of 10 years. However, goodwill of insignificant amount is amortized in the year in which it is recognized.	**6.** ――――――――――
7. Scope of Cash on Consolidated Statements of Cash Flows The scope of cash (cash and cash equivalents) on the consolidated statements of cash flows is cash on hand, deposits readily convertible to cash and short-term investments that mature within three months and that carry little risk of price fluctuation.	**7.** ――――――――――

(7) Changes in Basis of Presentation of Consolidated Financial Statements

(Changes in Accounting Practices)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
――――――――	(Application of Accounting Standard for Asset Retirement Obligations) Effective from the fiscal year ended March 2011, the Company has adopted “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). This change increased the operating loss and recurring loss by 325 million yen each and increased the loss before income taxes and minority interests by 2,330 million yen.
――――――――	(Application of Accounting Standard for Business Combinations and other standards) Effective from the fiscal year ended March 2011, the Company has adopted “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 the Accounting Standard for Research and Development Costs” (ASBJ Statement No. 23, December 26, 2008), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, December 26, 2008), “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, December 26, 2008), and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

(Changes in Presentation)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
(Consolidated Balance Sheet) Effective from the fiscal year ended March 2010, Allowance for retirement benefits for directors and corporate auditors (45 million yen at the end of the fiscal year ended March 2010), classified and presented individually in the previous fiscal year, was reclassified in Other under long-term liabilities because the amount became insignificant.	――――――――
(Consolidated Statements of Income) Effective from the fiscal year ended March 2010, Provision for retirement benefits for directors and corporate auditors (28 million yen in the fiscal year ended March 2010), classified and presented individually in previous fiscal year, was reclassified in Other under other operating expenses because the amount became insignificant.	(Consolidated Statements of Income) 1. Effective from the fiscal year ended March 2011, the Company is including “Loss before minority interests” in the consolidated statements of income due to the application of the “Cabinet Office Ordinance Partially Revising Regulations on the Terminology, Format and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5, March 24, 2009) in accordance with “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008). 2. Effective from the fiscal year ended March 2011, gain on sales of property and equipment (46 million yen in the previous fiscal year), included in Other under extraordinary income in the previous fiscal year was reclassified and presented individually in view of its increased importance in the context of the consolidated financial statements.

(Changes in Presentation)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
(Consolidated Statements of Cash Flows) 1. In the fiscal year ended March 2009, the "Payment from sales of shares of subsidiaries" item in investing activities has been changed to "Payment from sales of shares of subsidiaries due to change in scope of consolidation" in the fiscal year ended March 2010, because of a change in EDINET Taxonomy account items. 2. Effective from the fiscal year ended March 2010, the "Proceeds from sales of treasury stock" and "Increase in treasury stock" items in financing activities in the previous fiscal year were reclassified in "Others" because the amounts are immaterial. In the fiscal year ended March 2010, "Others" includes 0 million yen of proceeds from sales of treasury stock and a 0 million yen increase in treasury stock.	――――――――――

(Additional Information)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
――――――――――	Effective from the fiscal year ended March 2011, the Company had adopted "Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, June 30, 2010). However, the "Accumulated other comprehensive income" and "Total accumulated other comprehensive income" items for the previous fiscal year show the amounts for "Revaluation and translation adjustments" and "Total revaluation and translation adjustments," respectively.

(8) Notes to Consolidated Financial Statements

(Footnotes to Consolidated Balance Sheets)

Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)

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

(Millions of yen)

Details		Amount
Sales	Notes receivable	16
	Accounts receivable	656
Total		672

2. Unsecured consumer loans to individual customers, which were included in Consumer loans receivable, were 1,287,443 million yen.

3. Installment receivables include off-balance-sheet receivables of 15,900 million yen that have been securitized and sold.

4. Assets pledged and corresponding liabilities

a) Assets pledged

(Millions of yen)

Type	Book value at end of fiscal year
Consumer loans receivable	51,368
Other	1
Total	51,370

b) Corresponding liabilities

(Millions of yen)

Item	Balance at end of fiscal year
Current portion of long-term debt	36,234
Long-term loans payable	13,082
Total	49,316

In addition to the above, the Companies entered into forward contracts of assigning for consumer loans receivable of 197,909 million yen. Corresponding liabilities were long-term loans payable of 194,964 million yen, including the current portion of long-term debt of 93,741 million yen.

In other current liabilities, a deposit paid of 15,648 million yen was collateral for a hedge (currency swap) against currency fluctuation risk associated with foreign currency-denominated bonds, and 22 million yen of the total amount of investment securities was used as collateral for sales guarantees.

5. Securitized loan liabilities

Funds procured through the securitization and sale of consumer loans receivable and installment receivables as trust beneficiary rights

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

Investments in securities (equity securities): 11,956 million yen

[Investments in securities for jointly controlled companies: 9,976 million yen]

Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)

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

(Millions of yen)

Details		Amount
Sales	Accounts receivable	24
Total		24

2. Unsecured consumer loans to individual customers, which were included in Consumer loans receivable, were 863,048 million yen.

3. ――――――――――

4. Assets pledged and corresponding liabilities

a) Assets pledged

(Millions of yen)

Type	Book value at end of fiscal year
Consumer loans receivable	43,953
Other	1
Total	43,955

b) Corresponding liabilities

(Millions of yen)

Item	Balance at end of fiscal year
Current portion of long-term debt	33,985
Long-term loans payable	8,017
Total	42,002

In addition to the above, the Companies entered into forward contracts of assigning for consumer loans receivable of 193,618 million yen. Corresponding liabilities were long-term loans payable of 191,651 million yen, including the current portion of long-term debt of 83,034 million yen.

In other current liabilities, a deposit paid of 21,487 million yen was collateral for a hedge (currency swap) against currency fluctuation risk associated with foreign currency-denominated bonds, and 22 million yen of the total amount of investment securities was used as collateral for sales guarantees.

5. Securitized loan liabilities

Funds procured through the securitization and sale of consumer loans receivable as trust beneficiary rights

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

Investments in securities (equity securities): 13,261 million yen

[Investments in securities for jointly controlled companies: 12,653 million yen]

Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)
7. Allowance for credit losses included in Other in Investments and advances was 599 million yen.	**7.** Allowance for credit losses included in Other in Investments and advances was 129 million yen.
8. Contingent liabilities 1) Guarantee obligations in the loan guarantee business: 545,544 million yen Guarantee obligations include loans for some borrowers where accrued interest is not included because accrued interest cannot be determined for these borrowers. 2) Early redemption liability of convertible bonds: 2,100 million yen In July 2008, Promise sold 42,000 million yen of euro-yen convertible bonds that mature in 2015. The bonds include an early redemption clause that gives holders of these bonds the option to demand redemption on July 24, 2013, at 105% of face value, which would result in a payment of 44,100 million yen for all bonds. An amount equivalent to 5% of this early redemption (2,100 million yen) has been recognized as an early redemption liability.	**8. Contingent liabilities** 1) Guarantee obligations in the loan guarantee business: 534,017 million yen Guarantee obligations include loans for some borrowers where accrued interest is not included because accrued interest cannot be determined for these borrowers. 2) Early redemption liability of convertible bonds: 2,100 million yen (No change)
9. Status of non-performing loans (Millions of yen) Classification / Amount Credits of bankrupt borrowers: 2,040 Delinquent loans: 11,899 Delinquent loans three months or more past the due date: 21,047 Restructured loans: 85,040 Total: 120,028 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.	**9. Status of non-performing loans** (Millions of yen) Classification / Amount Credits of bankrupt borrowers: 1,063 Delinquent loans: 5,584 Delinquent loans three months or more past the due date: 13,971 Restructured loans: 62,071 Total: 82,690 1) (No change) 2) (No change) 3) (No change)

Status of non-performing loans (Millions of yen):

Classification	Amount (Mar. 31, 2010)	Amount (Mar. 31, 2011)
Credits of bankrupt borrowers	2,040	1,063
Delinquent loans	11,899	5,584
Delinquent loans three months or more past the due date	21,047	13,971
Restructured loans	85,040	62,071
Total	120,028	82,690

<table>
<tr><th>Fiscal Year Ended Mar. 2010
(Mar. 31, 2010)</th><th>Fiscal Year Ended Mar. 2011
(Mar. 31, 2011)</th></tr>
<tr><td>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 85,040 million yen in restructured loans, restructured loans which are 30 days or less past due were 77,506 million yen.</td><td>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 62,071 million yen in restructured loans, restructured loans which are 30 days or less past due were 55,671 million yen.</td></tr>
<tr><td>10. Revolving credit facility
The contract for consumer loans receivable is based on revolving credit facility agreements (automatic renewal through basic revolving loan contracts). 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 1,524,848 million yen (including 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 good reasons, each contract contains a clause in which the Companies can deny financing for loan applications and upwardly or downwardly revise the credit line.
Even after the completion of contracts, the Companies periodically revise contract details and adopt measures to ensure credit safety.</td><td>10. Revolving credit facility
The contract for consumer loans receivable is based on revolving credit facility agreements (automatic renewal through basic revolving loan contracts). 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 129,110 million yen (including 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 good reasons, each contract contains a clause in which the Companies can deny financing for loan applications and upwardly or downwardly revise the credit line.
Even after the completion of contracts, the Companies periodically revise contract details and adopt measures to ensure credit safety.</td></tr>
<tr><td>11. Loan collateral
A repurchase agreement of 10,993 million yen was included in Short-term loans receivable.
Consequently, the type and market value at the end of the fiscal year for marketable securities as collateral received from the seller of the repurchased agreement is as follows:
(Millions of yen)
<table><tr><td>Type</td><td>Market value</td></tr><tr><td>Securities</td><td>11,010</td></tr><tr><td>Total</td><td>11,010</td></tr></table></td><td>11. Loan collateral
A repurchase agreement of 32,987 million yen was included in Short-term loans receivable.
Consequently, the type and market value at the end of the fiscal year for marketable securities as collateral received from the seller of the repurchased agreement is as follows:
(Millions of yen)
<table><tr><td>Type</td><td>Market value</td></tr><tr><td>Securities</td><td>32,886</td></tr><tr><td>Total</td><td>32,886</td></tr></table></td></tr>
</table>

Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)
12. The unutilized balance from overdraft contracts on current accounts (including similar contracts) and contracts for loan commitment were as follows: (Overdraft contracts on current accounts) (Millions of yen) Total contracts: 116,044 Contracts exercised: 98,203 Difference: 17,841	**12.** The unutilized balance from overdraft contracts on current accounts (including similar contracts) was as follows: (Overdraft contracts on current accounts) (Millions of yen) Total contracts: 78,752 Contracts exercised: 57,500 Difference: 21,252
13. Of the allowance for credit losses, 130,451 million yen of estimated interest repayments was included as repayment applied to principal of loans.	**13.** Of the allowance for credit losses, 81,300 million yen of estimated interest repayments was included as repayment applied to principal of loans.

(Footnotes to Consolidated Statements of Income)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
1. Other financial income (Millions of yen) Interest on deposits: 63 Interest on loans: 20 Interest on marketable securities: 10 Other: 36 Total: 131	**1. Other financial income** (Millions of yen) Interest on deposits: 75 Interest on loans: 26 Interest on marketable securities: 2 Other: 20 Total: 126
2. Financial expenses (Millions of yen) Interest expense: 12,093 Bond interest: 6,646 Other: 1,704 Total: 20,444	**2. Financial expenses** (Millions of yen) Interest expense: 10,211 Bond interest: 5,180 Other: 476 Total: 15,867
3. ――――――――――	**3. Gain on sales of property and equipment** (Millions of yen) Buildings and structures: 1 Fixtures and equipment, vehicles: 8 Land: 30,447 Total: 30,457
4. Loss on disposal of property and equipment (Millions of yen) Buildings and structures: 319 Fixtures and equipment, vehicles: 179 Software: 432 Other: 40 Total: 972	**4. Loss on disposal of property and equipment** (Millions of yen) Buildings and structures: 188 Fixtures and equipment, vehicles: 63 Software: 84 Other: 41 Total: 377

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

5. Loss on sales of property and equipment

(Millions of yen)

Buildings and structures	51
Fixtures and equipment, vehicles	25
Land	43
Telephone rights	0
Other	0
Total	120

6. During the fiscal year ended March 31, 2010, the following groups of assets of the Company have been charged with impairment losses.

Use	Category	Location
Idle assets	Land, buildings, structures, fixtures and equipment, telephone rights	Tokyo, etc.

(Method of Grouping Assets)

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

Certain consolidated subsidiaries are grouped according to classifications used for management accounting as a minimum unit, in which subsidiaries are grouped based on geographical segments.

(Process of Recognizing Impairment Losses and Amount Recorded)

Book value has been reduced to the amounts that can be recovered for idle assets where market prices have fallen significantly below book values. The resulting impairment loss of 578 million yen was recorded as an extraordinary loss.

Of that amount, 217 million yen was for buildings, 184 million yen was for fixtures and equipment, 92 million yen was for land, 56 million yen was for telephone rights, 10 million yen was for lease assets, 1 million yen was for structures, and 14 million yen for other.

(Method of Calculating Recovery Value)

Recovery value was stated as net sales value. It is calculated using the assessment provided by a real estate appraiser. Telephone rights were carried at recent sale value.

7. Loss on valuation of investments in subsidiaries represents impairment loss on valuation of investments. Of the total amount, the impairment loss on All Japan Information Center Co., Ltd., stock was 54 million yen, and on Car-ichi Co., Ltd., stock was 315 million yen.

8. Loss on business restructuring expenses represent expenses incurred in branch network reorganizations at the Company.

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

5. Loss on sales of property and equipment

(Millions of yen)

Buildings and structures	57
Fixtures and equipment, vehicles	29
Land	21
Telephone rights	0
Total	108

6. During the fiscal year ended March 31, 2011, the following groups of assets of the Company have been charged with impairment losses.

Use	Category	Location
Idle assets	Land, buildings, structures, fixtures and equipment, telephone rights	Tokyo, etc.
Other	Goodwill	–

(Method of Grouping Assets)

The Companies divides its asset groups categories, based on independent cash flow units according to separate standards for different types of business segments.

Assets that are leased and idle assets are grouped individually for each asset.

(Process of Recognizing Impairment Losses and Amount Recorded)

Book value has been reduced to the amounts that can be recovered for idle assets where market prices have fallen significant below book values and for goodwill where the initially anticipated level of earnings can no longer be expected. The resulting impairment loss of 43,101 million yen was recorded as an extraordinary loss.

Of that amount, 1,271 million yen was for land, 334 million yen was for buildings, 15 million yen was for fixtures and equipment, 11 million yen was for structures, 6 million yen was for telephone rights, 41,447 million yen was for goodwill, and 15 million yen for other.

(Method of Calculating Recovery Value)

Recovery value was stated as net sales value or utilization value. Net sales value is calculated using assessments provided by a real estate appraiser and recent sale value. Utilization value is calculated by discounting future cash flows at a rate of 5.8%.

7. Loss on valuation of investments in subsidiaries represents impairment loss on valuation of investments. Of the total amount, the impairment loss on PROMISE (EUROPE) S.A., stock was 677 million yen, and on PAL Investment (Cayman) Co., Ltd., stock was 10 million yen.

8. (No change)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
9. Provision for losses on business restructuring expenses is provided in the amount derived from estimating losses resulting from branch eliminations planned in the next consolidated fiscal year.	**9.** (No change)
10. The basis for classification of financial income and financial expenses in the financing business on the consolidated statements of income is as follows: 1) Scope of financial income expressed as operating income. Financial income excludes all loan interest and dividends at affiliated companies classified under other operations as well as interest and dividends on investment securities. 2) Scope of financial expenses 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 income and financial expenses in the financing business on the consolidated statements of income is as follows: 1) Scope of financial income expressed as operating income. Financial income excludes all loan interest and dividends at affiliated companies classified under other as well as interest and dividends on investment securities. 2) Scope of financial expenses expressed as operating expenses. (No change)

(Footnotes to Consolidated Statements of Comprehensive Income)

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

1. Comprehensive income in previous fiscal year

	(Millions of yen)
Comprehensive loss attributable to owners of the parent	17,089
Comprehensive income attributable to minority interests	(392)
Total	16,697

2. Other comprehensive income in previous fiscal year

	(Millions of yen)
Net unrealized loss on securities	2,241
Foreign currency translation adjustments	283
Total	2,524

(Footnotes to Consolidated Statements of Changes in Net Assets)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

1. Shares issued and outstanding

(Shares)

Type of shares	Fiscal Year Ended Mar. 2009 (Mar. 31, 2009)	Increase	Decrease	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)
Common shares	134,866,665	—	—	134,866,665

2. Treasury stock

(Shares)

Type of shares	Fiscal Year Ended Mar. 2009 (Mar. 31, 2009)	Increase	Decrease	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)
Common shares	8,051,288	180	—	8,051,468

(Summary of changes)
Increase in the number of shares is as follows:
Purchase of odd-lot shares: 180 shares

3. Stock acquisition rights and stock acquisition rights held by the Company

Company name	Items	Type of shares	Number of shares (thousands)				Balance at the end of the Fiscal Year Ended Mar.2010 (Millions of yen)
			Fiscal Year Ended Mar. 2009 (Mar. 31, 2009)	Increase	Decrease	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	
Issuing Company	Stock acquisition rights issued as stock options	—	—	—	—	—	23

4. Dividends

1) Dividends paid
Not applicable

2) Of the dividends for which the record date was in the fiscal year ended March 31, 2010, dividends for which the effective date falls after the end of the fiscal year ended March 31, 2011.

Resolution	Type of shares	Source of funds for dividends	Aggregate dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders Meeting, Jun. 22, 2010	Common shares	Retained earnings	1,268	10.00	Mar. 31, 2010	Jun. 23, 2010

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

1. Shares issued and outstanding

(Shares)

Type of shares	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	Increase	Decrease	Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)
Common shares	134,866,665	—	—	134,866,665

2. Treasury stock

(Shares)

Type of shares	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	Increase	Decrease	Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)
Common shares	8,051,468	162	904	8,050,726

(Summary of changes)
Increase in the number of shares is as follows:
Purchase of odd-lot shares: 162 shares
Decrease in the number of shares is as follows:
Sale of shares to shareholders holding odd-lot shares: 54 shares
Exercise of stock options in 2009: 850 shares

3. Stock acquisition rights and stock acquisition rights held by the Company

Company name	Items	Type of shares	Number of shares (thousands)				Balance at the end of the Fiscal Year Ended Mar.2011 (Millions of yen)
			Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	Increase	Decrease	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	
Issuing Company	Euro-yen convertible bonds due in 2015 (issued July 24, 2008)	Common shares	14,893	—	—	14,893	(Note)
	Stock acquisition rights issued as stock options in 2009	—	—	—	—	—	22
	Stock acquisition rights issued as stock options in 2010	—	—	—	—	—	20
Total			14,893	—	—	14,893	42

Note: The bundling method is used for the convertible bonds.

4. Dividends

1) Dividends paid

Resolution	Type of shares	Aggregate dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
General Shareholders Meeting, Jun. 22, 2010	Common shares	1,268	10.00	Mar. 31, 2010	Jun. 23, 2010

2) Of the dividends for which the record date was in the fiscal year ended March 31, 2011, dividends for which the effective date falls after the end of the fiscal year ending March 31, 2012.
Not applicable

(Footnotes to Consolidated Statements of Cash Flows)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

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 was as follows:

	(Millions of yen)
Cash and deposits	138,772
Short-term loans receivable	11,548
Total	150,321
Time deposits and negotiable deposits with maturity exceeding three months	(2,692)
Short-term loans receivable excluding repurchase agreements	(554)
Cash and cash equivalents	147,074

2. Significant assets and liabilities of subsidiaries excluded from consolidation due to sales of stock

Cau-ichi Co., Ltd. (As of October 1, 2009)

	(Millions of yen)
Current assets	366
Fixed assets	310
Total assets	676

	(Millions of yen)
Current liabilities	124
Fixed liabilities	–
Total liabilities	124

	(Millions of yen)
Sale price of stock	53
Cash and cash equivalents	(129)
Balance: Payment for sales	(76)

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

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 was as follows:

	(Millions of yen)
Cash and deposits	175,416
Short-term loans receivable	32,987
Total	208,403
Time deposits and negotiable deposits with maturity exceeding three months	(19,729)
Short-term loans receivable excluding repurchase agreements	—
Cash and cash equivalents	188,673

2. Significant assets and liabilities of subsidiaries excluded from consolidation due to sales of stock

Car Conveni Club Co., Ltd. (As of September 30, 2010)

	(Millions of yen)
Current assets	536
Fixed assets	2,336
Total assets	2,873

	(Millions of yen)
Current liabilities	1,911
Fixed liabilities	493
Total liabilities	2,404

	(Millions of yen)
Sale price of stock	0
Cash and cash equivalents	(205)
Balance: Payment for sales	(205)

(Footnotes to Financial Instruments)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

(Additional Information)

Beginning with the fiscal year ended March 31, 2011, "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 10, 2008) have been applied.

1. Financial Instruments

1) Policy on financial instruments

The Company is engaged in the financial and other businesses. In order to operate these businesses, the Company minimizes the risk of financing and raises the long-term financing mainly through bank borrowings, issuance of bonds, commercial paper, and liquidation of credit as the basic strategy. The Company uses derivative transactions to avoid interest rate fluctuation risks and not for speculative purposes. The Company has a policy of not using derivatives on its own for the purpose of earning short-term capital gains or for speculative purposes.

Funds that are not required for a short time are invested in deposits and other financial instruments with a high degree of safety.

2) Financial products and their risks

The main financial assets of the Promise Group consist of consumer loans receivable and installment accounts receivable from credit sales. These assets are exposed to the credit risk of customer default. In addition, there is a possibility that customers will not fulfill their contractual repayment obligations because of economic conditions in Japan, the establishment of legal systems to aid consumers and other items.

Investment in securities are held for business cooperation purposes and exposed to market risk.

Long-term debt is exposed to liquidation risk from the economic trend. Some of the Group's loans have financial covenants. If these covenants are violated and there is a demand from lenders, the Group may have to repay the entire applicable loan in accordance with the acceleration clause.

The Group also has loans with floating interest rates. Although these loans expose the Group to interest rate volatility risk, this risk is hedged for some of these loans by using interest rate swaps. For bonds denominated in foreign currencies, the Group uses currency swaps when the bonds are issued to hedge exposure to foreign exchange rate volatility risk.

Information about hedging methods, hedging instruments and targets, hedging policies and the method for determining hedging effectiveness is contained in "Footnote to Hedging" of the "Summary of Significant Accounting Standards" section above.

3) Risk management for financial instruments

(1) Credit risk management

The Group has established and operates a system for managing the extension of credit. In accordance with laws, regulations and the Group's internal rules, the Group has credit investigations, credit limits, credit information management, management of outstanding credit, measures to deal with non-performing receivables and other measures concerning consumer loans receivable and installment receivables. Each office is responsible for performing this credit management for the purpose of reducing exposure to credit risk. In addition, the Credit Management Department supervises the credit investigation and approval system that is the nucleus of credit management activities. Credit scoring standards are revised as necessary in response to changes in laws and regulations, shifts in the social environment, the status of consumer receivables and other items. In addition, the Internal Audit Department confirms on a regular basis that the credit management system is operating properly.

For derivatives, only large financial institutions are used as the counterparties in order to reduce exposure to counterparty risk.

(2) Market Risk Management

The Group uses interest rate swaps and currency swaps to reduce exposure to interest rate volatility risk with regard to loans and to foreign exchange rate volatility risk with regard to foreign currency-denominated bonds.

Derivative transactions are operated according to internal regulations and reported to the managements periodically.

The Companies manage the investment in securities with its financial information.

(3) Liquidity Risk Management regarding to fund procurement

The Companies prepare the cash schedule monthly and manage liquidity risk.

In addition, the Company supervises cash for the entire Group and reports are submitted periodically to the Board of Directors to facilitate management of liquidity risk for the Group.

4) Supplemental explanations of matters relating to the fair value of financial instruments and others

The fair values of financial instruments include the values based on market prices and those deemed as market prices obtained by a reasonable estimate when the financial instruments do not have market prices. Since certain assumptions are adopted for calculating such values, they may differ when different assumptions are adopted.

Furthermore, contractual amounts and other information about derivative transactions in the “Footnote to Derivative Transactions” are not indications of the amount of market risk associated with derivative transactions.

2. Matters Relating to the Fair Value of Financial Instruments and Others

The following are the consolidated balance sheet amounts, fair values, and differences between them as of March 31, 2010. Unlisted stocks and others, the fair values of which are extremely difficult to determine, have been excluded.

(Millions of yen)

	Consolidated balance sheet amounts	Fair values	Differences
1) Cash and deposit	138,772	138,772	—
2) Investments in securities			
Other securities	9,190	9,190	—
Assets	147,963	147,963	—
1) Short-term borrowings	152,203	152,203	—
2) Bonds scheduled for redemption within one year and corporate bonds	279,556	256,282	(23,273)
3) Convertible bonds	42,000	35,805	(6,195)
4) Current portion of long-term debt and long-term debt	438,250	430,700	(7,550)
Liabilities	912,009	874,991	(37,018)
Derivative transactions	—	—	—

Notes: 1. Calculation of fair values of financial instruments and information concerning securities and derivatives

Assets

1) Cash and deposit

Since all deposits are short term, book values are used as fair values because the two figures are virtually identical.

2) Investments in securities

Fair values of stocks and bonds are the prices on securities exchanges.

See the “Footnote to Securities” for more information about securities classified by the purpose of ownership.

Liabilities

1) Short-term borrowings

Since all short-term loans are repaid within a short time, book values are used as fair values because the two figures are virtually identical.

2) Bonds scheduled for redemption within one year and corporate bonds

3) Convertible bonds

The fair values are based on market price.

4) Current portion of long-term debt and long-term debt

For long-term debt, fair values are calculated by using totals for interest and principal for separate categories based on the number of years remaining and then discounting these totals to present value by using the weighted average of interest rate for similar debt that was newly contracted during the applicable fiscal year.

*For long-term loans subject to special treatment for interest rate swaps, the total of interest and principal using the effective fixed interest rate following the swap

Derivatives transaction

See the “Footnote to Derivative Transactions.”

2. Financial instruments whose fair values are deemed too difficult to determine. (Millions of yen)

	Consolidated balance sheet amount
(1) Consumer loans receivable: Principle *1	1,297,985
(2) Installment accounts receivable *2	78,843
(3) Non-listed securities *3,4	13,980
(4) Investments in association *5	40
(5) Preferred equity securities *3	1,000
Total	1,391,850

*1 Consumer loans receivable are not subject to the disclosure of fair values. The upcoming full enforcement of the Money Lending Business Law in June 2010 makes it extremely difficult at this time to establish an estimate for future cash flows from interest and principal payments for loans outstanding at the end of the fiscal year. This is due to the difficulty of determining the monetary effect of this law, evaluating risk factors associated with repayments received in the past and other problems.

*2 The Group operates its consumer finance business and credit card business as a unified business. Installment receivables in the credit card business will be affected by the Money Lending Business Law just as consumer loans receivable in the consumer finance business. Consequently, fair values for these installment receivables are not presented because it is extremely difficult at this time to establish an estimate for future cash flows from interest and principal payments for receivables outstanding at the end of the fiscal year.

*3 Non-listed securities and preferred equity securities are not subject to the disclosure of fair values because it is extremely difficult to determine fair values due to the lack of market prices and the inability to estimate future cash flows.

*4 The Companies recognized an impairment loss of ¥370 million on non-listed securities in the fiscal year ended March 2010.

*5 Investments in associations that consist of assets such as non-listed equity securities for which it is extremely difficult to determine fair values are not subject to the disclosure of fair values.

3. Scheduled redemption amount of financial assets and securities with maturities. (Millions of yen)

	Up to one year	More than one year and up to five years	More than five years and up to 10 years	More than 10 years
Cash and deposits	138,772	—	—	—
Investments in securities				
Other investments with maturity:				
Government bonds	—	—	21	—
Others	—	—	—	1,000
Total	138,772	—	21	1,000

4. Scheduled repayment of loans payable and bonds payable after the accounting period. (Millions of yen)

	Up to one year	More than one year and up to two years	More than two years and up to three years	More than three years and up to four years	More than four years and up to five years
Short-term borrowings	152,203	—	—	—	—
Corporate bonds	74,100	50,000	90,456	55,000	10,000
Long-term debt	236,908	106,329	59,893	26,208	8,910
Total	463,211	156,329	150,349	81,208	18,910

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

1. Financial Instruments

1) Policy on financial instruments

The Company is engaged in the financial, loan guarantee, servicer, and overseas businesses. In order to operate these businesses, the Company minimizes the risk of financing and raises the long-term financing mainly through bank borrowings, issuance of bonds, commercial paper, and liquidation of credit as the basic strategy. The Company uses derivative transactions to avoid interest rate fluctuation risks and not for speculative purposes. The Company has a policy of not using derivatives on its own for the purpose of earning short-term capital gains or for speculative purposes.

Funds that are not required for a short time are invested in deposits and other financial instruments with a high degree of safety.

2) Financial products and their risks

The main financial assets of the Promise Group consist of consumer loans receivable and installment accounts receivable from credit sales. These assets are exposed to the credit risk of customer default. In addition, there is a possibility that customers will not fulfill their contractual repayment obligations because of economic conditions in Japan, the establishment of legal systems to aid consumers and other items.

Investment in securities are held for business cooperation purposes and exposed to market risk.

Long-term debt is exposed to liquidation risk from the economic trend. Some of the Group’s loans have financial covenants. If these covenants are violated and there is a demand from lenders, the Group may have to repay the entire applicable loan in accordance with the acceleration clause.

The Group also has loans with floating interest rates. Although these loans expose the Group to interest rate volatility risk, this risk is hedged for some of these loans by using interest rate swaps. For bonds denominated in foreign currencies, the Group uses currency swaps when the bonds are issued to hedge exposure to foreign exchange rate volatility risk.

Information about hedging methods, hedging instruments and targets, hedging policies and the method for determining hedging effectiveness is contained in “Footnote to Hedging” of the “Summary of Significant Accounting Standards” section above.

3) Risk management for financial instruments

(1) Credit risk management

The Group has established and operates a system for managing the extension of credit. In accordance with laws, regulations and the Group’s internal rules, the Group has credit investigations, credit limits, credit information management, management of outstanding credit, measures to deal with non-performing receivables and other measures concerning consumer loans receivable. Each office is responsible for performing this credit management for the purpose of reducing exposure to credit risk. In addition, the Credit Management Department supervises the credit investigation and approval system that is the nucleus of credit management activities. Credit scoring standards are revised as necessary in response to changes in laws and regulations, shifts in the social environment, the status of consumer receivables and other items. In addition, the Internal Audit Department confirms on a regular basis that the credit management system is operating properly.

For derivatives, only large financial institutions are used as the counterparties in order to reduce exposure to counterparty risk.

(2) Market Risk Management

The Group uses interest rate swaps and currency swaps to reduce exposure to interest rate volatility risk with regard to loans and to foreign exchange rate volatility risk with regard to foreign currency-denominated bonds.

Derivative transactions are operated according to internal regulations and reported to the managements periodically.

The Companies manage the investment in securities with its financial information.

(3) Liquidity Risk Management regarding to fund procurement

The Companies prepare the cash schedule monthly and manage liquidity risk.

In addition, the Company supervises cash for the entire Group and reports are submitted periodically to the Board of Directors to facilitate management of liquidity risk for the Group.

4) Supplemental explanations of matters relating to the fair value of financial instruments and others

The fair values of financial instruments include the values based on market prices and those deemed as market prices obtained by a reasonable estimate when the financial instruments do not have market prices. Since certain assumptions are adopted for calculating such values, they may differ when different assumptions are adopted.

Furthermore, contractual amounts and other information about derivative transactions in the "Footnote to Derivative Transactions" are not indications of the amount of market risk associated with derivative transactions.

2. Matters Relating to the Fair Value of Financial Instruments and Others

The following are the consolidated balance sheet amounts, fair values, and differences between them as of March 31, 2011. Unlisted stocks and others, the fair values of which are extremely difficult to determine, have been excluded.

(Millions of yen)

	Consolidated balance sheet amounts	Fair values	Differences
1) Cash and deposit	175,416	175,416	—
2) Consumer loans receivable: Principal	879,597		
Allowance for credit losses	(156,506)		
	723,090	887,799	164,709
3) Investments in securities			
Other securities	7,646	7,646	—
Assets	906,153	1,070,863	164,709
1) Short-term borrowings	72,416	72,416	—
2) Bonds scheduled for redemption within one year and corporate bonds	205,672	194,966	(10,705)
3) Convertible bonds	42,000	36,650	(5,349)
4) Current portion of long-term debt and long-term debt	295,274	289,660	(5,613)
Liabilities	615,362	593,693	(21,669)
Derivative transactions	—	—	—

Notes: 1. Calculation of fair values of financial instruments and information concerning securities and derivatives

Assets

1) Cash and deposit

Since all deposits are short term, book values are used as fair values because the two figures are virtually identical.

2) Consumer loans receivable: Principal

Principal at the end of the fiscal year is the present value of estimated future cash flows from interest and principal, adjusted for the likelihood of recovering these amounts, using the market interest rate as the discount rate.

3) Investments in securities

Fair values of stocks and bonds are the prices on securities exchanges.

See the "Footnote to Securities" for more information about securities classified by the purpose of ownership.

Liabilities

1) Short-term borrowings

Since all short-term loans are repaid within a short time, book values are used as fair values because the two figures are virtually identical.

2) Bonds scheduled for redemption within one year and corporate bonds and 3) Convertible bonds

The fair values are based on market price.

4) Current portion of long-term debt and long-term debt

For long-term debt, fair values are calculated by using totals for interest and principal for separate categories based on the number of years remaining and then discounting these totals to present value by using the weighted average of interest rate for similar debt that was newly contracted during the applicable fiscal year.

*For long-term loans subject to special treatment for interest rate swaps, the total of interest and principal using the effective fixed interest rate following the swap

Derivatives transaction

See the "Footnote to Derivative Transactions."

2. Financial instruments whose fair values are deemed too difficult to determine. (Millions of yen)

	Consolidated balance sheet amount
(1) Non-listed securities *1,2	15,057
(2) Investments in association *3	27
(3) Preferred equity securities *1	1,000
Total	16,085

*1 Non-listed securities and preferred equity securities are not subject to the disclosure of fair values because it is extremely difficult to determine fair values due to the lack of market prices and the inability to estimate future cash flows.
*2 The Companies recognized an impairment loss of ¥693 million on non-listed securities in the fiscal year ended March 2011.
*3 Investments in associations that consist of assets such as non-listed equity securities for which it is extremely difficult to determine fair values are not subject to the disclosure of fair values.

3. Scheduled redemption amount of financial assets and securities with maturities. (Millions of yen)

	Up to one year	More than one year and up to five years	More than five years and up to 10 years	More than 10 years
Cash and deposits	175,416	—	—	—
Consumer loans receivable:				
Principal*	230,542	645,231	3,822	—
Investments in securities				
Other investments with maturity:				
Government bonds	—	—	21	—
Others	—	—	—	1,000
Total	405,958	645,231	3,844	1,000

* Consumer loans receivable are expected payments assuming that the average minimum payments are received on the same day of each month.

4. Scheduled repayment of loans payable and bonds payable after the accounting period. (Millions of yen)

	Up to one year	More than one year and up to two years	More than two years and up to three years	More than three years and up to four years	More than four years and up to five years
Short-term borrowings	72,416	—	—	—	—
Corporate bonds	59,300	88,100	49,900	8,000	400
Long-term debt	150,952	85,435	35,211	16,190	7,485
Total	282,668	173,535	85,111	24,190	7,885

(Footnotes to Securities)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

1. Other securities (As of March 31, 2010)

(Millions of yen)

	Consolidated balance sheet amount	Acquisition cost	Differences
Securities whose book values on the accompanying consolidated balance sheet exceed their acquisition costs			
1) Equity securities	8,078	6,034	2,043
2) Bonds			
Government, Municipal	22	21	0
3) Other	—	—	—
Subtotal	8,100	6,056	2,044
Securities whose book values on the accompanying consolidated balance sheet do not exceed their acquisition costs			
1) Equity securities	1,089	1,395	(305)
2) Bonds			
Government, Municipal	—	—	—
3) Other	—	—	—
Subtotal	1,089	1,395	(305)
Total	9,190	7,451	1,739

Notes: 1. Acquisition cost in the above table are book values after deducting impairment losses.
2. In the fiscal year ended March 2010, the Company recognized an impairment loss of 6 million yen on a write-down of listed Other securities.
3. Regarding impairment accounting, if the fair market value of 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 that 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 (Apr. 1, 2009 – Mar. 31, 2010)

(Millions of yen)

	Proceeds from sales	Gain on sales	Loss on sales
Equity securities	85	40	3

Note: Includes sales of non-listed equity securities

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

1. Other securities (As of March 31, 2011)

(Millions of yen)

	Consolidated balance sheet amount	Acquisition cost	Differences
Securities whose book values on the accompanying consolidated balance sheet exceed their acquisition costs			
1) Equity securities	6,406	5,607	799
2) Bonds			
Government, Municipal	22	21	0
3) Other	—	—	—
Subtotal	6,429	5,629	799
Securities whose book values on the accompanying consolidated balance sheet do not exceed their acquisition costs			
1) Equity securities	1,217	1,719	(502)
2) Bonds			
Government, Municipal	—	—	—
3) Other	—	—	—
Subtotal	1,217	1,719	(502)
Total	7,646	7,348	297

Notes: 1. Acquisition cost in the above table are book values after deducting impairment losses.
2. In the fiscal year ended March 2011, the Company recognized an impairment loss of 6 million yen on a write-down of listed Other securities.
3. Regarding impairment accounting, if the fair market value of 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 that 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 (Apr. 1, 2010 – Mar. 31, 2011)

(Millions of yen)

	Proceeds from sales	Gain on sales	Loss on sales
Equity securities	343	275	1

Note: Includes sales of non-listed equity securities

(Footnotes to Derivative Transactions)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

1. Derivative transactions exempt from hedge accounting

Not applicable

2. Derivative transactions subject to hedge accounting

1) Hedges related to currency

Hedge accounting method	Type of derivative transactions	Hedging targets	Contractual amount, etc. (Millions of yen)	Contractual amount of more than one year (Millions of yen)	Fair value
Specific allocation for currency forward agreements, etc.	Currency swap transaction	Corporate bonds	60,500	60,500	(Note)

Note: For hedges where the specific allocation method is used for currency forward agreements, etc., fair value include the fair values of the hedged bonds because the forward agreements and bonds are treated as a single unit.

2) Hedges related to interest rates

Hedge accounting method	Type of derivative transactions	Hedging targets	Contractual amount, etc. (Millions of yen)	Contractual amount of more than one year (Millions of yen)	Fair value
Interest rate swap exceptional treatment	interest rate swap transaction Pay fixed, receive floating	Long-term debt	98,699	53,429	(Note)

Note: For hedges where the exceptional treatment of interest rate swaps is used, fair value include the fair values of the hedged long-term loans because the swaps and loans are treated as a single unit.

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010– Mar. 31, 2011)

1. Derivative transactions exempt from hedge accounting

Not applicable

2. Derivative transactions subject to hedge accounting

1) Hedges related to currency

Hedge accounting method	Type of derivative transactions	Hedging targets	Contractual amount, etc. (Millions of yen)	Contractual amount of more than one year (Millions of yen)	Fair value
Specific allocation for currency forward agreements, etc.	Currency swap transaction	Corporate bonds	60,500	60,500	(Note)

Note: For hedges where the specific allocation method is used for currency forward agreements, etc., fair value include the fair values of the hedged bonds because the forward agreements and bonds are treated as a single unit.

2) Hedges related to interest rates

Hedge accounting method	Type of derivative transactions	Hedging targets	Contractual amount, etc. (Millions of yen)	Contractual amount of more than one year (Millions of yen)	Fair value
Interest rate swap exceptional treatment	interest rate swap transaction Pay fixed, receive floating	Long-term debt	70,370	32,175	(Note)

Note: For hedges where the exceptional treatment of interest rate swaps is used, fair value include the fair values of the hedged long-term loans because the swaps and loans are treated as a single unit.

(Footnotes to Retirement Benefits)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

1. **Overview of retirement benefit plans**

The Company and its domestic consolidated subsidiaries have three types of defined benefits plans: defined benefit pension plans, tax-qualified pension plans, and lump-sum payments severance plans. In addition, some consolidated subsidiaries have defined contribution pension plans.

The Company adopted a defined benefits pension plan (cash balance plan).

Certain domestic consolidated subsidiaries have tax-qualified pension plans, covering the full portion of their defined contribution pension plans and 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	(20,050)
(2) Plan assets	14,362
(3) Funded status	(5,687)
(4) Unrecognized net actuarial gain	127
(5) Net liability recognized in balance sheet	(5,559)
(6) Prepaid pension expenses	22
(7) Accrued severance indemnities for employees [(5)-(6)]	(5,581)

Note: Certain subsidiaries' benefit obligations were calculated using a simplified method.

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

1. **Overview of retirement benefit plans**

The Company and its domestic consolidated subsidiaries have two types of defined benefits plans: defined benefit pension plans and lump-sum payments severance plans. In addition, some consolidated subsidiaries have defined contribution pension 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	(12,305)
(2) Plan assets	7,318
(3) Funded status	(4,986)
(4) Unrecognized net actuarial gain	—
(5) Net liability recognized in balance sheet	(4,986)
(6) Prepaid pension expenses	—
(7) Accrued severance indemnities for employees [(5)-(6)]	(4,986)

Note: Certain subsidiaries' benefit obligations were calculated using a simplified method.

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)
3. Net periodic benefit cost	**3. Net periodic benefit cost**

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

3. Net periodic benefit cost

	(Millions of yen)
(1) Service cost (Notes 1 and 2)	1,262
(2) Interest cost	453
(3) Expected return on plan assets	(211)
(4) Contributions to defined-contribution pension plan	144
(5) One-time payments of additional retirement benefits	3,322
(6) Net actuarial gain	(1,639)
(7) Other periodic benefit cost	110
(8) Net periodic benefit cost [(1)+(2)+(3)+(4)+(5)+(6)+(7)]	3,442

Notes: 1. Net periodic benefit cost of consolidated subsidiaries using the simplified method are added up in (1) Service cost.
2. Within Service cost, 8 million yen was included in Cost of sales and Software.

4. Assumptions in calculating retirement benefit obligations

1) Allocation of projected retirement benefit obligations: Based on length of service
2) Discount rate: 1.5%–2.1%
3) Expected rate of return on investments:
(Tax-qualified pension plan) 1.0%
(Defined benefit corporate pension plan) 1.4%
4) Years for amortizing past service cost: In year incurred
5) Years for amortizing net actuarial gain (loss): Mainly in year incurred

Note: Certain subsidiaries recognize the entire unrecognized actuarial gain or loss in a lump sum in the following fiscal year.
In addition, certain consolidated subsidiaries have paid 49 million yen as premium severance payments in addition to the above net periodic benefit costs. These severance payments were recognized as extraordinary losses.

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

3. Net periodic benefit cost

	(Millions of yen)
(1) Service cost (Notes 1 and 2)	963
(2) Interest cost	378
(3) Expected return on plan assets	(182)
(4) Contributions to defined-contribution pension plan	114
(5) One-time payments of additional retirement benefits	5,570
(6) Net actuarial gain	327
(7) Other periodic benefit cost	—
(8) Net periodic benefit cost [(1)+(2)+(3)+(4)+(5)+(6)+(7)]	7,173

Notes: 1. Net periodic benefit cost of consolidated subsidiaries using the simplified method are added up in (1) Service cost.
2. Within Service cost, 14 million yen was included in Cost of sales and Software.

4. Assumptions in calculating retirement benefit obligations

1) Allocation of projected retirement benefit obligations: Based on length of service
2) Discount rate: 2.1%
3) Expected rate of return on investments:
(Defined benefit corporate pension plan) 1.3%
4) Years for amortizing past service cost: In year incurred
5) Years for amortizing net actuarial gain (loss): Mainly in year incurred

(Footnotes to Stock Options)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

1. Amount recorded as expense in fiscal year and financial statement item on consolidated basis

Other operating expenses (stock compensation expenses): 18 million yen

2. Details, scope, and changes in stock options

1) Details of stock options

Company name	Promise Co., Ltd.
Date of shareholder approval	July 30, 2009
Type and number of eligible participants	Directors of the Company: 8 Executive officers, and advisers who are treated as executive officers: 14
Type of stock and number to be granted	Common shares: 31,050
Grant date	August 19, 2009
Vesting conditions	The Company's directors, corporate auditors, executive officers, and advisers who are treated as executive officers can exercise their stock options over a five-year period starting on the day after an individual no longer holds any of these positions. Other conditions are prescribed in stock option allocation contracts between the Company and recipients of stock options in accordance with resolutions of the Board of Directors.
Period of employment	Not specified
Exercise period	August 20, 2009 to July 31, 2049

2) Scope and Changes in Stock Options

(1) Number of Stock Options

Company name	Promise Co., Ltd.
Date of shareholder approval	July 30, 2009
Before allotment date	
End of Fiscal Year ended March 2009	—
Granted	31,050 shares
Expired	1,600 shares
Allotted	850 shares
Not allotted	28,600 shares
After allotment	
End of Fiscal Year ended March 2009	—
Allotted	850 shares
Rights exercised	—
Expired	—
Not exercised	850 shares

(2) Unit Price Data

Company name	Promise Co., Ltd.
Date of shareholder approval	July 30, 2009
Exercise price	1 yen
Average stock price at time of exercise	—
Fair unit price at grant date	782 yen

3. Method for estimating fair unit price of stock options granted during the fiscal year on consolidated basis

1) Calculation method used
Black-Scholes

2) Major figures used and estimation method

(1) Stock price volatility: 40.954% – 46.279%
Calculated by using stock price data between July 22, 2004 to August 19, 2009

(2) Forecast for time until expiration: 5.075 years
The forecast for time until expiration is the estimated number of remaining years as a director or corporate auditor following the date the stock options were granted based on past data for the length of service of directors and corporate auditors and on the number of years the recipient had served in the current post up to the date the stock options were granted.

(3) Dividend forecast: 20 yen per share
Based on dividends paid for the fiscal year ended March 2009

(4) Risk-free interest rate: 0.661%
Japanese government bond yield for the period corresponding to the forecast for time until expiration

4. Method for estimating number of valid stock options

Since it is not possible to determine a reasonable estimate for the number of options that will expire, the estimate is calculated by incorporating only the actual number of options that have expired.

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

1. Amount recorded as expense in fiscal year and financial statement item on consolidated basis

Other operating expenses (stock compensation expenses): 20 million yen

2. Details, scope, and changes in stock options

1) Details of stock options

Company name	Promise Co., Ltd.
Date of shareholder approval	July 30, 2009
Type and number of eligible participants	Directors of the Company: 8 Executive officers, and advisers who are treated as executive officers: 14
Type of stock and number to be granted	Common shares: 31,050
Grant date	August 19, 2009
Vesting conditions	The Company's directors, corporate auditors, executive officers, and advisers who are treated as executive officers can exercise their stock options over a five-year period starting on the day after an individual no longer holds any of these positions. Other conditions are prescribed in stock option allocation contracts between the Company and recipients of stock options in accordance with resolutions of the Board of Directors.
Period of employment	Not specified
Exercise period	August 20, 2009 to July 31, 2049

Company name	Promise Co., Ltd.
Date of shareholder approval	July 28, 2010
Type and number of eligible participants	Directors of the Company: 5 Executive officers, and advisers who are treated as executive officers: 10
Type of stock and number to be granted	Common shares: 36,000
Grant date	August 17, 2010
Vesting conditions	The Company's directors, corporate auditors, executive officers, and advisers who are treated as executive officers can exercise their stock options over a five-year period starting on the day after an individual no longer holds any of these positions. Other conditions are prescribed in stock option allocation contracts between the Company and recipients of stock options in accordance with resolutions of the Board of Directors.
Period of employment	Not specified
Exercise period	August 18, 2010 to July 31, 2050

2) Scope and Changes in Stock Options

(1) Number of Stock Options

Company name	Promise Co., Ltd.	Promise Co., Ltd.
Date of shareholder approval	July 30, 2009	July 28, 2010
Before allotment date		
End of Fiscal Year ended March 2010	28,600 shares	—
Granted	—	36,000 shares
Expired	250 shares	3,000 shares
Allotted	11,800 shares	1,600 shares
Not allotted	16,550 shares	31,400 shares
After allotment		
End of Fiscal Year ended March 2009	850 shares	—
Allotted	11,800 shares	1,600 shares
Rights exercised	850 shares	—
Expired	—	—
Not exercised	11,800 shares	1,600 shares

(2) Unit Price Data

Company name	Promise Co., Ltd.	Promise Co., Ltd.
Date of shareholder approval	July 30, 2009	July 28, 2010
Exercise price	1 yen	1 yen
Average stock price at time of exercise	698 yen	—
Fair unit price at grant date	782 yen	620 yen

3. Method for estimating fair unit price of stock options granted during the fiscal year on consolidated basis

1) Calculation method used
Black-Scholes

2) Major figures used and estimation method

(1) Stock price volatility: 55.409%
Calculated by using stock price data between October 22, 2005 to August 17, 2010

(2) Forecast for time until expiration: 4.818 years
The forecast for time until expiration is the estimated number of remaining years as a director or corporate auditor following the date the stock options were granted based on past data for the length of service of directors and corporate auditors and on the number of years the recipient had served in the current post up to the date the stock options were granted.

(3) Dividend forecast: 10 yen per share
Based on dividends paid for the fiscal year ended March 2010

(4) Risk-free interest rate: 0.294%
Japanese government bond yield for the period corresponding to the forecast for time until expiration

4. Method for estimating number of valid stock options

Since it is not possible to determine a reasonable estimate for the number of options that will expire, the estimate is calculated by incorporating only the actual number of options that have expired.

(Footnotes to Tax Effect Accounting)

Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)

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

	(Millions of yen)
Deferred tax assets:	
Credit losses for receivables and consumer loans	41,442
Allowance for credit losses	32,684
Accrued income	2,952
Accrued bonuses to employees	1,204
Accruals for debt guarantees	9,758
Allowance for losses on interest repayments	73,404
Accrued severance indemnities for employees	2,245
Credit losses for claim for indemnities	5,280
Allowance for business restructuring expense	1,273
Loss on valuation of investments in securities	408
Loss on valuation of investments in subsidiaries	1,818
Valuation of assets based on unqualified exchange of stock	537
Net operating loss carry forwards	142,448
Other	2,894
Subtotal	318,353
Less: Valuation allowance	(305,852)
Total deferred tax assets	12,501
Deferred tax liabilities:	
Net unrealized loss on securities	(788)
Total deferred tax liabilities	(788)
Net deferred tax assets	11,712

Note: Net deferred tax assets for the fiscal year ended March 2010, are included in the following balance sheet items.

	(Millions of yen)
Current assets – Deferred tax assets	8,464
Fixed assets – Deferred tax assets	4,036
Long-term liabilities – Deferred tax liabilities	(788)

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

Statutory tax rate	40.7%
Items which will never be accounted in loss such as expense allowance	1.6%
Items which will never be accounted in income such as dividend income on investments	(3.2%)
Inhabitant tax per capita	0.5%
Less: Valuation allowance	(59.7%)
Amortization of goodwill	20.1%
Different tax rates applied to foreign consolidated subsidiaries	(10.3%)
Other	0.4%
Effective tax rate	(9.9%)

Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)

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

	(Millions of yen)
Deferred tax assets:	
Credit losses for receivables and consumer loans	45,958
Allowance for credit losses	18,183
Accrued income	3,770
Accrued bonuses to employees	629
Accruals for debt guarantees	6,714
Allowance for losses on interest repayments	63,923
Accrued severance indemnities for employees	2,051
Credit losses for claim for indemnities	5,200
Allowance for business restructuring expense	651
Loss on valuation of investments in subsidiaries	207
Net operating loss carry forwards	189,035
Other	4,638
Subtotal	340,963
Less: Valuation allowance	(337,806)
Total deferred tax assets	3,157
Deferred tax liabilities:	
Net unrealized loss on securities	(85)
Total deferred tax liabilities	(85)
Net deferred tax assets	3,071

Note: Net deferred tax assets for the fiscal year ended March 2011, are included in the following balance sheet items.

	(Millions of yen)
Current assets – Deferred tax assets	2,222
Fixed assets – Deferred tax assets	935
Long-term liabilities – Deferred tax liabilities	(85)

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

No causes of this difference are listed because there was a loss before income taxes and minority interests in the fiscal year ended March 2011.

(Footnotes to Business Combinations)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

No significant business combinations

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

Transactions under common control

1. Summary

1) Names and business activities of companies that were combined

(1) SANYO SHINPAN FINANCE CO., LTD.
Consumer finance

(2) Asahi Enterprise Co., Ltd.
Holding company of SANYO SHINPAN FINANCE CO., LTD. (Promise's wholly owned subsidiary)

2) Date of business combination

October 1, 2010

3) Legal method of business combination

SANYO SHINPAN FINANCE CO., LTD. merged with Asahi Enterprise Co., Ltd. after which Asahi Enterprise Co., Ltd. was dissolved. Immediately after this merger and on the same day as this merger, the Company and SANYO SHINPAN FINANCE CO., LTD. merged after which SANYO SHINPAN FINANCE CO., LTD. was dissolved.

4) Company name after business combination

Promise Co., Ltd.

5) Information concerning summary of the mergers

SANYO SHINPAN FINANCE CO., LTD. became a consolidated subsidiary of the Company in September 2007. This was followed by dual-brand marketing activities using the Promise brand and Pocket Bank brand of SANYO SHINPAN with the aim of increasing the number of customers. In September 2008, cost reductions were achieved by sharing resources through actions like integration customer service channels and IT systems, which resulted in a more powerful base of operations. However, the increasingly challenging operating environment required more actions to generate consistent earnings. This situation led to the decision to enact sweeping business structural reforms to make even greater changes across the entire Promise Group. As part of these reforms, these mergers were conducted for the purpose of enabling the Group to operate even more efficiently.

2. Summary of accounting treatment of mergers

The Company accounted for these mergers as transactions under common control in accordance with "Accounting Standard for Business Combinations (ASBJ Statement No. 21, December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

(Footnotes to Asset Retirement Obligations)

Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)

The Company recognizes as asset retirement obligations the obligations associated with restoring leased branches and other property to its original condition as specified in real estate lease agreements when vacating this property. Instead of posting asset retirement obligations for the retirement of these assets as liabilities, the Company first determined a reasonable estimate of the amount of the security deposit for an applicable real estate lease agreement that will not be returned. The Company then recognized as an expense the portion of the security deposit not returned that was applicable to the fiscal year ended March 2011.

Note: Beginning with the fiscal year ended March 2011, “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 applied.

(Footnotes to Segment Information, etc.)

Operations by business segment

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

Since the consumer finance business accounts for more than 90% of total operating income, operating profit and asset value for all segments, business segment information was omitted.

Operations by geographic segment

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

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

Overseas operating income

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

Since overseas operating income accounts for less than 10% of total operating income, overseas operating income information was omitted.

(Segment Information)

1. Summary of Reportable Segments

The Company's reportable business segments are business units for which the Company can obtain financial information separately to enable the Board of Directors to perform regular investigations for determining the distribution of resources and evaluating business performance.

The Financing Business is primarily the consumer finance business, which involves extending small loans without collateral or guarantees directly to individuals. The Loan Guarantee Business uses resources gained from the provision of consumer finance services to guarantee the unsecured consumer loans of Sumitomo Mitsui Banking Corporation and regional financial institutions. The Servicer Business uses the Company's expertise concerning the management and collection of receivables to conduct transactions (the loan management and collection business) with financial institutions in all areas of Japan. This business is conducted by wholly owned subsidiary Abilio Servicer Co., Ltd. The Overseas Business uses expertise gained from operations in Japan to conduct business activities associated with consumer finance in other countries, primarily in Asia.

2. Method of calculating operating income, income (loss), assets and other items for each reportable business segment

The accounting procedure for the reportable business segments is based on "Basis of Presentation of Consolidated Financial Statements." The income or loss for each reportable business segment is based on operating profit or loss. In principle, prevailing market prices are used for operating income and transfers for inter-segment transactions.

3. Reportable segment operating income, income (loss), assets and other items

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009– Mar. 31, 2010)

(Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	Financing business	Loan guarantee business	Servicer business	Overseas business	Sub total				
Operating income									
1) Customers	272,260	37,782	12,471	9,766	332,281	6,558	338,840	142	338,982
2) Inter-segment	1,535	10,141	0	—	11,677	3,079	14,756	(14,756)	—
Total	273,795	47,923	12,472	9,766	343,958	9,638	353,596	(14,614)	338,982
Segment operating profit (loss)	16,610	12,003	4,657	3,800	37,072	(207)	36,865	(18,371)	18,493
Segment assets	1,294,508	40,231	34,469	31,323	1,400,532	14,579	1,415,112	148,730	1,563,843
Other items									
Provision for uncollectible loans	114,126	8,928	1,946	2,723	127,724	108	127,833	—	127,833
Provision for losses on interest repayments	24,611	—	—	—	24,611	—	24,611	—	24,611
Depreciation	5,219	1,501	126	77	6,925	325	7,250	351	7,602
Amortization of goodwill	5,547	828	—	—	6,376	—	6,376	—	6,376
Impairment loss	440	—	—	—	440	139	580	(1)	578
Increase in Property and equipment and Intangible fixed assets	2,414	568	163	51	3,197	330	3,528	364	3,892

Notes: 1. “Other” is a business segment that is not included in reportable segments. “Other” includes real estate operations, telemarketing, development and operation of computer systems, automobile maintenance and repairs, automotive body work and other activities.

2. Adjustments include the following items.
   (1) The adjustment of negative 18,371 million yen for segment operating profit (loss) includes deductions of 1,321 million yen for inter-segment transactions and 17,050 million yen for corporate expenses that cannot be assigned to any particular segment. Corporate expenses consist primarily of operating expenses that do not belong to any particular segment.
   (2) The adjustment of 148,730 million yen for segment assets includes a deduction of 10,950 million yen for inter-segment transactions and the addition of corporate assets of 159,681 million yen that cannot be assigned to any particular segment. Corporate assets consist primarily of cash and deposits that do not belong to any particular segment.
   (3) The adjustment of 364 million yen for the increase in property and equipment and intangible fixed assets represents primarily software used for head office administrative operations.

3. Segment income (loss) figures have been adjusted for consistency with operating income on the consolidated statement of income.

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

(Millions of yen)

	Reportable Segments					Other (Note 1)	Total	Adjustment (Note 2)	Amount on consolidated statements of income (Note 3)
	Financing business	Loan guarantee business	Servicer business	Overseas business	Sub total				
Operating income									
1) Customers	179,892	33,067	11,841	9,550	234,352	3,968	238,320	106	238,427
2) Inter-segment	52	10,250	0	—	10,303	2,471	12,774	(12,774)	—
Total	179,945	43,317	11,842	9,550	244,655	6,439	251,095	(12,667)	238,427
Segment operating profit (loss)	(61,464)	17,834	3,866	4,099	(35,664)	719	(34,944)	(16,216)	(51,160)
Segment assets	759,861	20,807	25,248	29,761	835,678	10,943	846,622	232,542	1,079,164
Other items									
Provision for uncollectible loans	88,164	8,284	3,252	2,118	101,819	(6)	101,813	—	101,813
Provision for losses on interest repayments	80,396	—	—	—	80,396	—	80,396	—	80,396
Depreciation	2,443	772	170	64	3,451	148	3,600	755	4,355
Amortization of goodwill	5,547	828	—	—	6,376	—	6,376	—	6,376
Impairment loss	37,663	5,388	—	—	43,051	4	43,055	46	43,101
Increase in Property and equipment and Intangible fixed assets	1,499	105	239	75	1,920	236	2,156	271	2,427

Notes: **1.** "Other" is a business segment that is not included in reportable segments. "Other" includes real estate operations, telemarketing, development and operation of computer systems, automobile maintenance and repairs, automotive body work and other activities.

2. Adjustments include the following items.

(1) The adjustment of negative 16,216 million yen for segment operating profit (loss) includes deductions of 58 million yen for inter-segment transactions and 16,274 million yen for corporate expenses that cannot be assigned to any particular segment. Corporate expenses consist primarily of operating expenses that do not belong to any particular segment.

(2) The adjustment of 232,542 million yen for segment assets includes a deduction of 3,375 million yen for inter-segment transactions and the addition of corporate assets of 235,917 million yen that cannot be assigned to any particular segment. Corporate assets consist primarily of cash and deposits that do not belong to any particular segment.

(3) The adjustment of 271 million yen for the increase in property and equipment and intangible fixed assets represents primarily software used for head office administrative operations.

3. Segment income (loss) figures have been adjusted for consistency with operating income on the consolidated statement of income.

(Additional Information)

Beginning with the fiscal year ended March 2011, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) have been applied.

(Related Information)

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

1. Information for Products and Services

(Millions of yen)

	Financing business	Loan guarantee business	Servicer business	Other business	Total
Operating income from inter-segment	188,173	33,067	13,111	4,074	238,427

2. Information for Geographic Regions

1) Operating income

Since the customers in Japan account for more than 90% of operating income on the consolidated statement of income, information for geographic regions was omitted.

2) Property and equipment

Since the property and equipment in Japan account for more than 90% of property and equipment on the consolidated balance sheet, information for geographic regions was omitted.

3. Information for Major Customers

Since no single customer accounts for more than 10% of operating income from external customers on the consolidated statement of income, information for major customers was omitted.

(Information for impairment loss of fixed assets by reportable segment)

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

Omitted because the same information is provided in segment information

(Information for goodwill amortization and remaining goodwill by reportable segment)

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

Omitted because the same information is provided in segment information. There was no remaining goodwill at the end of the fiscal year.

(Information for gains on negative goodwill by reportable segment)

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

Not applicable

(Footnotes to Per Share Data)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)		Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)	
Net assets per share	2,045.02 yen	Net assets per share	1,249.13 yen
Net income per share	114.86 yen	Net loss per share	(757.09) yen
Diluted net income per share	102.77 yen	Although there are common stock equivalents, diluted net income per share are not shown because there was a net loss.	

Note: Base of calculations

1. Net assets per share

Item	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)
Total net assets on consolidated balance sheets	299,606 million yen	173,590 million yen
Net assets related to common stock	259,340 million yen	158,410 million yen
Major balance		
Stock acquisition rights	23 million yen	42 million yen
Minority interests	40,243 million yen	15,137 million yen
Number of common stock issued	134,866 thousand	134,866 thousand
Number of treasury stock	8,051 thousand	8,050 thousand
Number of common stock included in the calculation of net assets per share	126,815 thousand	126,815 thousand

2. Net income (loss) per share, diluted net income per share

Item	Fiscal Year Ended Mar. 2010 (Mar. 31, 2010)	Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)
Net income (loss) on consolidated statements of income	14,566 million yen	(96,010) million yen
Net income (loss) related to common stock	14,566 million yen	(96,010) million yen
Principal category of funds not available to shareholders of common stock	— million yen	— million yen
Amount not attributable to common stock	— million yen	— million yen
Average number of common stock outstanding in fiscal year	126,815 thousand	126,815 thousand
Major adjustments to net income included in the calculation of diluted net income per share	— million yen	— million yen
Adjustment to net income	— million yen	— million yen
Major categories of the additional number of common stock included in the calculation of diluted net income per share		
Euro-yen convertible bonds due in 2015	14,893 thousand	— thousand
Stock options as compensation	19 thousand	— thousand
Increased number of common stock	14,912 thousand	— thousand
A summary of dilutive shares which were not included in the calculation of diluted net income per share since there were no dilutive effects.	————	Euro-yen convertible bonds due in 2015 Stock options as compensation

(Subsequent events)

Fiscal Year Ended Mar. 2010 (Apr. 1, 2009 – Mar. 31, 2010)

Merger agreement with subsidiary

On May 10, 2010, the Board of Directors of Promise Co., Ltd., approved a resolution to sign merger contracts regarding the merger with wholly owned subsidiary Asahi Enterprise Co., Ltd., and SANYO SHINPAN FINANCE CO., LTD., which is wholly owned by Asahi Enterprise. The merger will take place on October 1, 2010.

1. Purpose of Mergers

After SANYO SHINPAN joined the Promise Group in September 2007, the Group enlarged its customer base by using the Promise brand and the Pocket Bank brand of SANYO SHINPAN. In September 2008, the marketing channels and IT systems of Promise and SANYO SHINPAN were integrated, and other actions were taken to share resources. These measures contributed to lowering costs and building a stronger base of operations.

However, the operating environment for Promise has become increasingly challenging. Promise has decided that enacting dramatic business structural reforms covering the entire Group will be vital to establishing an operating framework that is consistently profitable. The resolution to conduct the two mergers in order to improve the Group's efficiency is one part of these reforms.

2. Timetable

Board of Directors' meeting to sign merger contracts: May 10, 2010
Merger contract signing date: May 10, 2010
Approval for the merger at the shareholders' meeting: June 22, 2010 (Promise and Asahi Enterprise)
SANYO SHINPAN will conduct this merger without receiving the approval of shareholders pursuant to Article 796, Paragraph 1 and Article 784, Paragraph 1 of the Company Law (short-form merger).
Merger date (date of effectiveness): October 1, 2010 (tentative)

3. Merger method

The merger will begin with the merger of SANYO SHINPAN, which will remain, and Asahi Enterprise, which will be dissolved. Immediately afterward, with a date of effectiveness on the same day, Promise, which will remain, will merge with SANYO SHINPAN, which will be dissolved.

4. Allocation of shares for mergers

For the merger of SANYO SHINPAN and Asahi Enterprise, SANYO SHINPAN will allocate 10 shares of its treasury stock to Promise in lieu of Asahi Enterprise common stock.

For the merger of Promise and SANYO SHINPAN, which is a wholly owned subsidiary of Promise, there will be no cash payment or other compensation to the shareholder of SANYO SHINPAN.

5. Principal business and scale of companies concerned (SANYO SHINPAN and Asahi Enterprise)

(As of March 31, 2010)

Trade name	Asahi Enterprise Co., Ltd.	SANYO SHINPAN FINANCE CO., LTD.
Description of business	Investment in SANYO SHINPAN FINANCE., CO., LTD	Consumer finance
Operating income	—	51,910 million yen
Net income (loss)	(53) million yen	14,304 million yen
Amount of assets	105,824 million yen	217,646 million yen
Amount of liabilities	100,137 million yen	159,687 million yen
Amount of net assets	5,686 million yen	57,959 million yen
Number of employees	—	403

6. Summary of accounting treatment

The accounting treatment for "transactions under common control" was applied in accordance with "Accounting Standard for Business Combinations" (Business Accounting Council of Japan, October 31, 2003) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guideline No. 10, final revision December 26, 2008).

Offering of the voluntary retirement

On May 19, 2010, the board of directors of the Company and its subsidiary SANYO SHINPAN FINANCE CO., LTD. decided to encourage voluntary retirement to reform the business structure, for example, facilitate sales transformation and organization restructuring, review group businesses strategy, and drastically change cost structure.

1. Guidelines for applicants

Target person	Permanent employees of the Company and SANYO SHINPAN FINANCE CO., LTD. aged 30 to 58 years as of April 1, 2010, or meet the conditions below.	
	(Promise)	Permanent position and working as a restricted area worker as of March 31, 2010
	(SANYO SHINPAN)	Permanent position and working as a restricted area worker as of April 1, 2010
Number of employees targeted for voluntary retirement	A total of 900 from both companies	
Offer period	(Promise)	From June 7, 2010, to June 23, 2010
	(SANYO SHINPAN)	From June 14, 2010, to June 30, 2010
Retirement date	(Promise)	On a stated day between July 2, 2010, and October 31, 2010
	(SANYO SHINPAN)	On September 30, 2010
Preferential treatment	Issue normal retirement benefits and premium severance pay	
Support for re-employment	Support applicants for re-employment through an outplacement consulting firm	

2. Future prospects

The Company anticipates accruing an additional amount for particular retirement, approximately 7.5 billion, if the number of applicants constitutes a quorum.

Further, it is expected that employee cost will decrease by around 3.8 billion in fiscal 2011; thereafter, around 7.5 billion.

The Company will merge SANYO SHINPAN CO., LTD. on October 1, 2010, as the date of entry into force.

Significant Change in the Scope of Consolidation

The Company included POCKET CARD CO., LTD. in the scope of consolidation due to substantial control, despite the share of voting rights being less than 50%.

However, the election of the board members was approved and determined at the general shareholders' meeting of POCKET CARD CO., LTD. on May 27, 2010. On June 11, 2010, the board of directors of the Company resolved that POCKET CARD CO., LTD. was excluded from the scope of consolidation as of April 1, 2010 as the effective control had been ended.

Fiscal Year Ended Mar. 2011 (Apr. 1, 2010 – Mar. 31, 2011)

Merger with subsidiary

In accordance with a merger agreement approved by the Company's Board of Directors on November 26, 2010, the Company merged with subsidiary At-Loan Co., Ltd. on April 1, 2011 and At-Loan was dissolved.

1. Purpose of Mergers

At-Loan is a consumer finance company that was established as part of the strategic business alliance between the Company and Sumitomo Mitsui Financial Group. At-Loan was the core company for the loan guarantee business that was operated jointly by the Company and Sumitomo Mitsui Banking Corporation. By drawing on the strengths of these two companies, At-Loan performed well since its formation. However, the significant changes that have occurred in the consumer finance business have created the need for Promise to operate with even greater efficiency. Consequently, the Company reached an agreement with Sumitomo Mitsui Financial Group and Sumitomo Mitsui Banking Corporation to purchase all At-Loan shares that were held by Sumitomo Mitsui Banking Corporation. Following this purchase, At-Loan became a wholly owned subsidiary of the Company and subsequently merged with the Company.

2. Timetable

Board of Directors' meeting to sign merger contracts:	November 26, 2010
Merger contract signing date:	November 26, 2010
Date of effectiveness:	April 1, 2011

3. Merger method

Promise absorbed At-Loan and remained following the merger. At-Loan was dissolved.

4. Allocation of stock in association with the At-Loan merger

No new stock was allocated because Promise merged with At-Loan after making this company a wholly owned subsidiary.

5. Principal business and scale of company concerned

(As of March 31, 2010)

Trade name	At-Loan Co., Ltd.
Description of business	Consumer finance
Operating income	21,412 million yen
Net income	4,471 million yen
Amount of assets	114,128 million yen
Amount of liabilities	86,533 million yen
Amount of net assets	27,594 million yen
Number of employees	149

6. Summary of accounting treatment

The accounting treatment for "transactions under common control" was applied in accordance with "Accounting Standard for Business Combinations" (Business Accounting Council of Japan, October 31, 2003) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guideline No. 10, final revision December 26, 2008).