Consolidated Financial Results for the Third Quarter (3Q) Ended December 31, 2011
(Based on Japanese Accounting Standards)

The summary of this document (unaudited) has been translated from the original Japanese document released on January 30, 2012, for reference only.
In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

Company Name: Promise Co., Ltd.
Stock Listing: Tokyo Stock Exchange
Stock Code: 8574
URL: http://www.promise.co.jp/english/ir/
President and Representative Director: Ken Kubo
Inquiries: Kazuyuki Aoki, General Manager, Corporate Communications Dept.
Telephone: 81-3-3287-1515
Reporting Date of Quarterly Financial Statements (Planned): February 13, 2012
Date of Payment of Dividends (Planned): —
Preparation of Supplementary Materials for the Quarterly Financial Statements: Yes
Information Meeting for Announcement of Quarterly Earnings: No

(In this report, amounts of less than one million yen are omitted.)

1. Consolidated Financial Results for the 3Q Ended December 31, 2011 (Apr. 1, 2011 – Dec. 31, 2011)
(1) Consolidated Operating Results (Accumulated total)

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

	Operating income		Operating profit (loss)		Recurring profit (loss)		Net income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q, 2011	147,841	(21.2)	(181,000)	—	(179,620)	—	(182,161)	—
3Q, 2010	187,545	(27.6)	19,190	8.8	21,274	20.9	10,426	(34.2)

(Note) Comprehensive income (loss): 3Q ended Dec. 31, 2011: (185,062) million yen [—%] 3Q ended Dec. 31, 2010: 9,138 million yen [—%]

	Net income (loss) per share	Diluted net income per share
	Yen	Yen
3Q, 2011	(1,391.28)	—
3Q, 2010	82.22	73.55

(2) Consolidated Financial Condition

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
Dec. 31, 2011	910,203	93,323	10.2
Mar. 31, 2011	1,079,164	173,590	14.7

(Reference) Shareholders' equity: Dec. 31, 2011: 93,267 million yen Mar. 31, 2011: 158,410 million yen

2. Dividends

	Annual cash dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2011	—	0.00	—	0.00	0.00
Year ending Mar. 31, 2012	—	0.00	—		
Year ending Mar. 31, 2012 (Planned)				0.00	0.00

(Note) Revisions to the dividend forecast announced in the year ended Mar. 31, 2011: No

3. Forecast for the Year Ending March 31, 2012 (Apr. 1, 2011 – Mar. 31, 2012)

(Note: Percentages are year-on-year changes for the six months period of the fiscal year and the fiscal year.)

	Operating income		Operating loss		Recurring loss		Net loss		Net loss per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending Mar. 31, 2012	193,000	(19.1)	(192,700)	—	(191,400)	—	(195,400)	—	(1,049.96)

(Note) Revisions to the forecast announced in the year ended Mar. 31, 2011: No

4. Others

(1) Changes in significant subsidiaries during the 2Q ended September 30, 2011

(Changes in subsidiaries affecting the scope of consolidation): Yes

Excluded: 1 (At-Loan Co., Ltd.)

(2) Use of special accounting methods: No

(3) Revisions in change to accounting standards, accounting estimates and restatement

1. Revisions involving a change to accounting standards: No
2. Other revisions: No
3. Change in accounting estimates: Yes
4. Restatement: No

(Note) See "Summaries of Other Information, (3) Summary of Revisions in Change to Accounting Standards, Accounting Estimates and Restatement" on page 5 for information about change in accounting estimates.

(4) Number of shares issued (Common shares)

1. Shares issued (including treasury stock)
   3Q ended Dec. 31, 2011: 360,855,365 Year ended Mar. 2011: 134,866,665
2. Treasury stock
   3Q ended Dec. 31, 2011: 8,030,628 Year ended Mar. 2011: 8,050,726
3. Average number of shares
   3Q ended Dec. 31, 2011: 130,930,866 3Q ended Dec. 31, 2010: 126,815,161

Information Concerning Quarterly Review Procedure

These consolidated financial results for the 3Q ended December 31, 2011 are exempt from the quarterly review procedures stipulated in the Financial Instruments and Exchange Act. Audit procedures for financial statements stipulated in the Financial Instruments and Exchange Act has been completed on the announcement date of this report.

Explanation Concerning Proper Use of Earnings Forecasts and Other Precautions

Earnings forecasts and other forward-looking statements in this document are based on reasonable judgments of management using information that is currently available and certain assumptions. Actual performance may differ significantly from these forecasts and other forward-looking statements for a number of reasons. See "Qualitative Information on Forecasts for the Year Ending March 31, 2012" on page 4 for information about the assumptions used for earnings forecasts and for precautions concerning the use of these forecasts.

Contents of attached document

1. Qualitative Information on Financial Results for the 3Q

(1) Qualitative Information on Consolidated Financial Results

During the 3Q ended December 31, 2011, the Japanese economy was weak overall due to the effects of the Great East Japan Earthquake that occurred on March 11, 2011. However, the economy is starting to recover due to the benefits of government programs and other factors. Despite this upturn, there is still a risk of a dip in the Japanese economy due to restrictions on the supply of electricity and the effects of the damaged nuclear power plant. Movements in foreign exchange rates and stock prices and the possibility of a downturn in overseas economies caused by the European sovereign debt crisis and other factors are also potential risks.

In Japan's consumer finance industry, the operating environment is extremely challenging. Although signs are emerging of a decline in the number of interest repayment claims, consumer finance companies must cope with the maximum interest rate restriction and the contraction of the entire market, caused by the imposition of a restriction on total credit extensions to borrowers. The result is a decline in the balance of consumer loans at all consumer finance companies in Japan and a continuation in the extremely difficult business climate.

To respond to these challenges, The Promise Group built on the new base of operations established in the previous fiscal year by forcefully enacting cost structural reforms and improving efficiency by tightly focusing resources on key activities. The goal of these actions is to become Japan's leading consumer finance company in terms of quality and quantity. Initiatives have been focused on measures to strengthen business operations, primarily in the core consumer finance business. At the same time, the Group is taking aggressive actions in the Loan Guarantee Business and Overseas Business, two areas with excellent growth prospects, while using costs more efficiently.

The persistently high number of interest repayment claims is severely impacting the Promise Group's financial soundness. We are analyzing data concerning the June 2010 enactment of a restriction on total credit extensions to borrowers and the effects of the September 2010 start of civil rehabilitation proceedings by a large consumer finance company. This analysis is making it possible to calculate estimates of interest repayment allowances (allowance for losses on interest repayments and portion of allowance for credit losses for losses on principal associated with interest repayments). As a result, there was a large increase in these allowances at the end of the 2Q.

In the 3Q, due to a decrease of 38,730 million yen in consumer loans receivable, consolidated operating income decreased 21.2% to 147,841 million yen compared to one year earlier. Also with a large addition to interest repayment allowances at the end of the 2Q, the Provision for uncollectible loans increased 15,155 million yen and the Provision for losses on interest repayments increased 161,468 million yen. The result was an increase of 160,487 million yen in operating expenses to 328,842 million yen, 95.3% higher than one year earlier. As a result, there was an operating loss of 181,000 million yen compared with an operating profit of 19,190 million yen and an ordinary loss of 179,620 million yen compared with ordinary income of 21,274 million yen one year earlier. Extraordinary losses were smaller than one year earlier when there were business restructuring expenses and other expenses. Net loss amounted to 182,161 million yen compared with a net income of 10,426 million yen one year earlier.

The substantial additions to interest repayment allowances in the 3Q have weakened the Promise Group's financial position. Promise reached the decision that additional equity of about 120 billion yen was needed in order to improve financial soundness quickly and establish a base capable of supporting aggressive measures to enact growth strategies in the future. To accomplish this, Promise conducted a third-party allotment on December 26, 2011, with the stock sold to Sumitomo Mitsui Financial Group, Inc. (SMFG). After the completion of this third-party allotment, SMFG replaced Sumitomo Mitsui Banking Corporation (SMBC) as Promise's largest shareholder. Promise plans to further increase its collaboration with members of the SMFG Group and to make extensive use of resources such as the SMBC brand and marketing channels. Furthermore, Promise will utilize the stronger financial position resulting from the private placement to further expand its business operations. The objective is to work with other SMFG Group companies to establish an even more prominent position for the SMFG Group in the consumer finance business.

Results for the 3Q by business segment are as follows:

1) Financing Business

In the previous fiscal year, all staffed branches were closed and customer service and management functions were centralized at four Customer Service Centers that cover all areas of Japan. This allowed the Company to start using a framework that allows mostly non-face-to-face channels to contact with customers. In the 3Q, actions were taken to further upgrade Customer Service Center operations and improve efficiency. Customer Service Plazas were opened at 21 locations to create a new network of staffed branches for customers. The objective of these plazas is to create new types of services and value. They do so by improving face-to-face counseling capabilities and strengthening lines of communication with the communities they serve.

In addition, Promise improved products and services to meet a broad range of customer needs. One step was a reduction in the minimum interest rate on loans to 6.3%. In May 2011, Promise introduced advertisements that incorporate a new Company symbol character. In addition, Promise concentrated on improving the ability to attract new customers and retain current customers.

Operating income was down 26.1%, or 37,264 million yen, from one year earlier to 105,420 million yen because of a decline in consumer loans outstanding and the accompanying downturn in interest income due to the effect of a restriction on total credit extensions to borrowers. Operating expenses increased 122.4%, or 162,231 million yen, to 294,750 million yen. Cost structural reforms implemented in the previous fiscal year reduced personnel expenses and other operating expenses. However, a large addition to interest repayment allowances was required at the end of the 2Q. Consequently, there were large increases from one year earlier in the provisions for uncollectible loans and for losses on interest repayments. The result was an operating loss of 189,987 million yen compared to operating income of 10,217 million yen in the previous year.

2) Loan Guarantee Business

Guarantees of loans using a joint business structure, a consumer loan business, with SMBC continued to contribute to earnings in this business. A loan guarantee agreement was signed with Minami Nippon Bank, Ltd., and Orix Credit Corporation, a member of the SMFG, in April 2011 as Promise conducted aggressive sales activities targeting regional financial institutions. In October 2011, a loan guarantee agreement was signed with The Kyushukougin Shinkumi-Bank. This raised the number of guarantee agreements to 182. Promise is continuing to expand this business, both in terms of the number of financial institutions served and the volume of loans guaranteed.

Operating income increased 4.4%, or 1,091 million yen, to 26,141 million yen. In operating expenses, there was a decrease in the provision for uncollectible loans, and selling and administrative costs benefited from higher efficiency resulting from the mergers of Promise with SANYO SHINPAN FINANCE CO., LTD., and At-Loan Co., Ltd. As a result, operating profit increased 8.1%, or 978 million yen, to 13,103 million yen.

3) Servicer Business

The Act on Facilitation of Succession of Management of Small and Medium Sized Enterprises continued to have a negative effect on the Servicer Business. The business climate remained challenging in Japan’s loan servicer market due to the small volume of non-performing loans that were sold by financial institutions. In this difficult environment, Abilio Servicer Co., Ltd., which conducts the Promise Group’s servicer business, strengthened loan purchasing activities by using pricing that reflects past collection performance in an appropriate and flexible manner. In addition, Abilio Servicer worked on making its collection activities more efficient.

As a result, operating income decreased 7.3%, or 645 million yen, to 8,222 million yen, operating profit was down 16.6%, or 692 million yen, to 3,475 million yen, despite improvements in efficiency which lowered operating expenses.

4) Overseas Business

Promise continues to make steady progress in expanding business operations in China. Following the July 2010 start of operations by a consumer finance business in Shenzhen, Promise began operations at another consumer finance company in Shenyang in May 2011. Subsidiaries in Hong Kong and other locations are performing well as Promise takes steps aimed at increasing earnings at existing overseas subsidiaries.

Performance for the 3Q was strong in all areas on a local currency basis but was negatively affected by the yen’s strength. After conversion into yen, operating income decreased 1.6%, or 117 million yen, to 7,098 million yen. Operating profit increased 12.3%, or 381 million yen, to 3,476 million yen because of a decrease in the provision for uncollectible loans from one year earlier and measures to hold down selling, general and administrative expenses.

5) Other Businesses

The Promise Group uses resources and knowledge gained from its business activities to provide IT system development for financial service companies. In the previous fiscal year, the Group started centralizing and realigning businesses associated with finance-related and other businesses in order to channel management resources to the core consumer finance business. Due to these activities, operating income decreased 80.4%, or 2,935 million yen, to 714 million yen, and operating profit was down 63.5%, or 376 million yen, to 217 million yen.

Note: Segment operating income is after the elimination of inter-segment transactions.

(2) Qualitative Information on Consolidated Financial Condition

Compared with the end of March 2011, total assets decreased 168,961 million yen to 910,203 million yen. This was attributable to decreases of 14,788 million yen in cash and cash equivalents, 105,953 million yen in consumer loans receivable, and 32,987 million yen in short-term borrowings.

Total liabilities decreased 88,694 million yen to 816,879 million yen compared with the end of March 2011. Despite an increase in the allowance for losses on interest repayments of 94,696 million yen, there were decreases of 157,896 million yen in interest-bearing debt decreased along with the decline in consumer loans outstanding and 7,275 million yen in the allowance for losses on loan guarantees.

Net assets decreased 80,267 million yen from the end of March 2011 to 93,323 million yen. Common stock and capital surplus each increased 59,999 million yen because of the third-party allotment. However, net assets decreased due to the consolidated net loss of 182,161 million yen in the 3Q and to a 15,137 million yen decrease in minority interests.

(3) Qualitative Information on Forecasts for the Year Ending March 31, 2012

For the fiscal year ending March 2012, Promise has made no revisions to the forecast that was announced on September 30, 2011: operating income of 193,000 million yen, operating loss of 192,700 million yen, recurring loss of 191,400 million yen, and net loss of 195,400 million yen.

2. Summaries of Other Information

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

Promise merged with its subsidiary At-Loan Co., Ltd., on April 1, 2011. As the Company became the surviving company, At-Loan was dissolved after the merger.

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

None

(3) Summary of Revisions in Change to Accounting Standards, Accounting Estimates, and Restatement

Change to Accounting Estimates

In previous fiscal years, Promise has accounted for determining the allowance for losses on interest repayments and for making a reasonable estimate for additions to the allowance for credit losses for the portion of interest repayments to be allocated to consumer loans (interest repayment allowances). These determinations were based on demands by customers and other parties for the repayment of the interest paid that exceeds the upper limit imposed by the Interest Rate Restriction Law but where settlements have not been reached and actual repayments and recent trends therein.

In the 3Q ended December 31, 2011, Promise analyzed data concerning the June 2010 enactment of a restriction on total credit extensions to borrowers as part of enforcement of the Money Lending Business Law, the effects of the September 2010 start of civil rehabilitation proceedings by a large consumer finance company, and other items. Due to this analysis, Promise is currently able to determine with even greater accuracy its estimates concerning interest repayment allowances. As a result, additional provisions were made for these allowances.

These additional provisions caused operating profit, recurring profit, and income before income taxes and minority interests to decrease by 201,400 million yen each.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)	3Q Ended Dec. 2011 (Dec. 31, 2011)
Assets		
Current assets:		
Cash and deposits	175,416	160,627
Notes and accounts receivable	24	27
Consumer loans receivable: Principal	879,597	773,643
Purchased receivables	24,743	26,078
Short-term loans receivable	32,987	—
Claim for indemnities	27,591	21,825
Other	57,904	53,851
Allowance for credit losses	(175,315)	(169,768)
Total current assets	1,022,947	866,285
Fixed assets:		
Property and equipment	18,436	9,203
Intangible fixed assets	5,403	3,872
Investments and other assets:		
Investments in securities	23,732	23,281
Other	8,774	7,625
Allowance for credit losses	(129)	(66)
Total investments and advances	32,376	30,840
Total fixed assets	56,216	43,917
Total assets	1,079,164	910,203

(Continued) (Millions of yen)

	Fiscal Year Ended Mar. 2011 (Mar. 31, 2011)	3Q Ended Dec. 2011 (Dec. 31, 2011)
Liabilities		
Current liabilities:		
Short-term borrowings	72,416	80,541
Bonds scheduled for redemption within one year	59,300	111,891
Current portion of long-term debt	150,952	115,283
Current portion of securitized loan liabilities due in one year	35,463	28,249
Accrued income taxes	1,678	1,519
Allowance for debt guarantees	12,680	10,974
Allowance for losses on interest repayments	49,901	106,900
Other allowances	9,339	616
Other	32,248	17,264
Total current liabilities	423,980	473,238
Long-term liabilities:		
Corporate bonds	146,372	70,197
Convertible bonds	42,000	—
Long-term debt	144,321	105,726
Securitized loan liabilities	34,958	15,999
Allowance for losses on interest repayments	107,202	144,900
Other allowances	5,015	6,463
Other	1,722	354
Total long-term liabilities	481,593	343,640
Total liabilities	905,573	816,879
Net assets		
Shareholders' equity:		
Common stock	80,737	140,737
Capital surplus	127,326	154,889
Retained earnings	15,670	(134,251)
Treasury stock	(57,419)	(57,270)
Total shareholders' equity	166,316	104,105
Accumulated other comprehensive loss:		
Net unrealized gain (loss) on securities	47	(1,127)
Foreign currency translation adjustments	(7,953)	(9,709)
Total accumulated other comprehensive loss	(7,905)	(10,837)
Stock acquisition rights	42	56
Minority interests	15,137	—
Total net assets	173,590	93,323
Total liabilities and net assets	1,079,164	910,203

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

Consolidated Statements of Income (Loss)

(Millions of yen)

	3Q Ended Dec. 2010 (Apr. 1, 2010 – Dec. 31, 2010)	3Q Ended Dec. 2011 (Apr. 1, 2011 – Dec. 31, 2011)
Operating income:		
Interest on consumer loans	143,059	104,329
Other financial income	90	94
Sales	1,904	231
Other operating income	42,489	43,187
Total operating income	187,545	147,841
Operating expenses:		
Financial expenses	11,958	10,130
Cost of sales	308	187
Other operating expenses:		
Provision for uncollectible loans	56,196	71,352
Provision for losses on interest repayments	32,386	193,854
Other	67,504	53,317
Total other operating expenses	156,087	318,524
Total operating expenses	168,354	328,842
Operating profit (loss)	19,190	(181,000)
Non-operating income:		
Interest income	81	55
Dividends income	160	281
Equity in net gain of affiliated companies	2,089	1,838
Other	595	301
Total non-operating income	2,928	2,477
Non-operating expenses:		
Interest expense	572	671
Foreign exchange loss	—	241
Other	271	183
Total non-operating expenses	844	1,096
Recurring profit (loss)	21,274	(179,620)
Extraordinary income:		
Net gain on sales of property and equipment	12	2,533
Gain on negative goodwill	—	1,085
Other	2,100	454
Total extraordinary income	2,113	4,073
Extraordinary losses:		
Net loss on disposal of property and equipment	45	1,851
Other	9,338	1,690
Total extraordinary losses	9,383	3,541
Income (loss) before income taxes and minority interests	14,004	(179,088)
Income taxes: Current	2,302	2,293
Income taxes: Deferred	118	779
Total income taxes	2,420	3,072
Net income (loss) before minority interests	11,583	(182,161)
Minority interests	1,156	—
Net income (loss)	10,426	(182,161)

Consolidated Statements of Comprehensive Income (Loss)

(Millions of yen)

	3Q Ended Dec. 2010 (Apr. 1, 2010 – Dec. 31, 2010)	3Q Ended Dec. 2011 (Apr. 1, 2011 – Dec. 31, 2011)
Income (loss) before minority interest	11,583	(182,161)
Other comprehensive loss:		
Net unrealized loss on securities	(33)	(1,171)
Foreign currency translation adjustments	(2,411)	(1,709)
Share of other comprehensive income of associates accounted for using equity method	—	(20)
Total other comprehensive loss	(2,445)	(2,901)
Comprehensive income (loss)	9,138	(185,062)
(Breakdown)		
Comprehensive income (loss) attributable to owners of the parent	7,981	(185,062)
Comprehensive income attributable to minority interests	1,156	—

(3) Precaution about Going Concern Assumption

Not applicable

(4) Precaution in the Event of a Significant Change in Shareholders' Equity

In accordance with a resolution approved at the General Meeting of Shareholders held on June 24, 2011, Promise transferred 75,035 million yen of additional paid-in capital to other capital surplus to offset a retained loss.

After the resolution, 32,303 million yen of other capital surplus, 12,263 million yen of legal reserves, and 46,700 million yen of voluntary reserve was transferred to retained earnings to be carried forward. Due to these transfers, there were increases of 42,732 million yen in other capital surplus and 91,267 million yen in retained earnings brought forward. Also, there were decreases of 75,035 million yen in additional paid-in capital, 12,263 million yen in legal reserves, and 46,700 million yen in voluntary reserve.

A third-party allotment of newly issued stock to SMFG was completed on December 26, 2011. The sale of this stock increased common stock by 59,999 million yen and capital surplus by 59,999 million yen.

Retained earnings decreased 182,161 million yen because of a net loss in the 3Q resulting from a large addition to interest repayment allowances.

4. Supplementary Information

(1) Operating Income

Classification	3Q Ended Dec. 31, 2010 (Apr. 1, 2010 – Dec. 31, 2010)		3Q Ended Dec. 31, 2011 (Apr. 1, 2011 – Dec. 31, 2011)		Fiscal year Ended Mar. 31, 2011 (Apr. 1, 2010 – Mar. 31, 2011)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interest on consumer loans	143,059	76.3	104,329	70.6	180,422	75.7
Other financial income	90	0.0	94	0.1	126	0.1
Sales	1,904	1.0	231	0.1	1,988	0.8
Other operating income	42,489	22.7	43,187	29.2	55,889	23.4
Collection of written-off loans	5,299	2.8	6,704	4.5	6,767	2.8
Collection of purchased receivables	9,825	5.3	9,331	6.3	13,111	5.5
Loan guarantee revenues	23,443	12.5	24,423	16.5	31,228	13.1
Other	3,920	2.1	2,727	1.9	4,781	2.0
Total operating income	187,545	100.0	147,841	100.0	238,427	100.0

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

(2) Other Indicators

Classification	3Q Ended Dec. 31, 2010 (Dec. 31, 2010)	3Q Ended Dec. 31, 2011 (Dec. 31, 2011)	Fiscal year Ended Mar. 31, 2011 (Mar. 31, 2011)
Consumer loans outstanding (Millions of yen)	948,407	773,643	879,597
Unsecured loans	939,675	767,351	871,272
Secured loans	8,732	6,292	8,324
Number of customers	2,005,969	1,684,956	1,894,925
Unsecured loans	2,003,391	1,682,868	1,892,471
Secured loans	2,578	2,088	2,454
Number of branches	1,336	1,239	1,265
Staffed branches	48	45	49
Unstaffed branches	1,288	1,194	1,216
Number of automated contract machines	1,335	1,237	1,258
Number of ATMs	1,328	1,232	1,256
Number of employees	2,929	2,670	2,773

Notes: 1. Number of customers is the total number of customers of Promise and each of its consolidated subsidiaries and is derived from the number of debtors listed in the breakdown of customers compiled through computer-aided name identification.
2. Number of automated contract machines is the total number of automated contract machines installed.
3. Number of employees is the number of workers which does not include the PROMISE Group employees assigned to non-group companies but includes employees assigned by non-group companies to the PROMISE Group.