

To Our Fellow Shareholders and Investors

Promise Co., Ltd., posted continuous growth throughout the fiscal year ended March 31, 2001, and was able to increase revenues and profits for the ninth consecutive term. In recent years, we have implemented many policies aimed at boosting performance, the results of which provide solid proof that our efforts are paying off. What follows is a discussion of Promise's financial situation and business performance.

The Japanese economy has shown no clear signs of recovery, and consumer spending is still flat. Furthermore, in March of the year under review, the Bank of Japan, in an attempt to revive the struggling economy, eased monetary policy and cut interest rates to nearly zero. The grim conditions driving the implementation of such drastic measures are likely to persist for the foreseeable future.

Of late, there have been two major shifts in the consumer finance industry. First, in June 2000 the revised Contributions Law of Japan came into effect, thereby lowering the maximum allowable interest rate that nonbank financial companies can charge. Second, competition in the industry has intensified due to an influx of banks and foreign capital



Masaaki Uchino,
Chairman and
Representative Director

Hiroki Jinnai,
President and
Representative Director

entering the market. As Promise had already been operating with interest rates that were lower than those mandated by the revised Contributions Law, the change did not exert a direct influence on its operations. However, faced with the incursion of new competition into the market, Promise has stepped up efforts to increase its sales potential through leveraging its know-how and developing financial products tailored to meet the demands of the market. In other words, at Promise, we are working to identify market trends and adapt our business accordingly.

Reacting quickly, Promise has taken advantage of shifts in its operating environment to aggressively implement a new strategic agenda. Underlying this agenda is Promise Vision, the long-term guidelines we unveiled in December 1998. Three goals are set forth in Promise Vision: specialization, focus, and evolution. Specialization represents our commitment to sharpening our aim within the consumer finance industry. Focus underscores our intent to strengthen our product development and improve our IT-based customer services. Evolution signifies our drive to make Promise into our customers' long-term "Personal Main Bank."


In January 1999, we delivered on our plan to strengthen the Promise brand by introducing a Visual Identity (VI) program based on the Promise Vision guidelines. Through this program, we introduced a new black and yellow logo that distinguishes us from our competitors and which has resulted in increased brand recognition, a wider customer base, and a higher level of customer retention. Another success has been the Promise–JCB credit card, which we issued with the goal of fostering long-term relationships with our customers.

In the fiscal year under review, Promise jumped ahead of the competition to create and implement an M&A strategy that involved purchasing three companies—Rich Co., Ltd., Shinkou Co., Ltd., and Towa Co., Ltd.—and making them wholly owned Promise subsidiaries. Viewed in conjunction with the establishment of MOBIT Co., Ltd., a joint venture with the Sanwa Bank, Ltd., that began operations in September 2000, this strategic approach has moved Promise toward providing customers with comprehensive consumer finance services. In addition, plans are on track to develop more M&A strategies, strengthen the Promise Group, and boost consolidated performance.

In the period under review, Promise experienced strong growth and improved business performance. The consolidated balance of loans outstanding grew 22.4% over the previous year, to ¥1,418.6 billion, consolidated total operating income rose 19.6% from the previous fiscal year, to ¥359.6 billion, income before income taxes gained 4.1%, to reach ¥107.3 billion, and net income climbed 10.7% over the previous year, to ¥64.8 billion. In addition, we will be paying dividends of ¥90 per share. Once again, we are proud of this term's performance as we feel it reflects the success of our strategic approach. We pledge to remain flexible in our response to the rapid market changes that we face and to redouble our efforts to ensure that we live up to the expectations of our investors and shareholders.

July 2001


Masaaki Uchino,
Chairman and Representative Director


Hiroki Jinnai,
President and Representative Director