

**Consolidated Financial Results for Fiscal Year Ended December 31, 2006 (Fiscal 2006)
(Translation of Japanese Flash Report, Released on February 9, 2007)**

Company Name: RISA Partners, Inc.

Stock Listing: Tokyo Stock Exchange (1st section)

Code Number: 8924

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Date of board of directors' meeting for approving financial results: February 9, 2007

Adoption of U.S. accounting standards: No

1. Performance in Fiscal 2006 (January 1, 2006 – December 31, 2006)

(1) Consolidated Results

(Million yen amounts are rounded down to the nearest million yen)

	Net Sales		Operating Income		Ordinary Income	
Fiscal 2006	¥16,607 million	81.5%	¥6,490 million	130.8%	¥5,203 million	107.5%
Fiscal 2005	¥9,152 million	102.2%	¥2,812 million	119.9%	¥2,507 million	125.3%

	Net Income		Net Income per Share	Fully Diluted Net Income per Share
Fiscal 2006	¥3,030 million	119.7%	¥24,407.44	¥20,697.61
Fiscal 2005	¥1,379 million	119.5%	¥13,070.32	¥10,615.78

	Return on Equity (ROE)	Ordinary Income / Total Assets	Ordinary Income Ratio
Fiscal 2006	22.4%	9.3%	31.3%
Fiscal 2005	20.1%	11.8%	27.4%

Notes: 1) Income (Loss) on investments based on the equity method

Fiscal 2006: ¥136 million

Fiscal 2005: ¥61 million

2) Weighted average number of shares outstanding

Fiscal 2006: 124,180 shares

Fiscal 2005: 105,542 shares

3) Changes in accounting methods: Yes

(i) Change to business segments

(ii) Change to method of accounting for expenses related to acquisitions involving real estate and loans.

4) Percentage figures shown in the net sales, operating income, ordinary income and net income columns indicate year-on-year changes for those items.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
Fiscal 2006	¥81,130 million	¥19,367 million	23.8%	¥144,417.79
Fiscal 2005	¥30,437 million	¥7,734 million	25.4%	¥69,894.50

Note: Number of shares issued and outstanding at end of fiscal year (consolidated)

Fiscal 2006: 133,830 shares

Fiscal 2005: 110,660 shares

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Year-End
Fiscal 2006	(¥32,859 million)	(¥10,516 million)	¥45,708 million	¥8,362 million
Fiscal 2005	(¥9,636 million)	(¥4,471 million)	¥15,409 million	¥6,028 million

(4) Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries: 33

Number of unconsolidated subsidiaries accounted for by the equity method: –

Number of affiliates accounted for by the equity method: 4

(5) Changes in Scope of Consolidation and Application of the Equity Method

Newly consolidated companies: 26

Excluded consolidated companies: –

Companies newly accounted for by the equity method: –

Companies excluded from the equity method: 1

2. Forecasts for Fiscal 2007 (January 1, 2007 – December 31, 2007)

	Net Sales	Ordinary Income	Net Income
Interim	¥11,097 million	¥1,986 million	¥1,472 million
Full Year	¥26,708 million	¥7,984 million	¥4,567 million

Reference: Projected net income per share (full year): ¥34,125.35

Note: The forecasts above are based on information available as of the date of publication of this material and assumptions relating to uncertain factors that will affect future business performance as of the date of publication of this material. Actual performance may differ substantially due to a variety of factors. Refer to page 5 of the accompanying materials for matters related to the above forecasts.

3. Business Performance and Financial Position

(1) Business Performance

The consolidated accounting period under review (January 1, 2006 – December 31, 2006) was marked by destabilizing factors such as rising raw material prices and the impact of monetary easing policies. In spite of this, however, the Japanese economy continued to grow to surpass the Izanagi Boom, and recorded the longest economic growth since the end of World War II in November 2006. Due to such factors, the Japanese economy saw gradual expansion backed by favorable corporate performance.

In this economic environment, the financial and real estate industries, in which the RISA Partners Group operates, saw great progress in the disposal of non-performing loans by regional financial institutions. In addition, in the real estate market, increases in land prices in major cities due to more active office demand among other factors as well as accelerated flow of J-REITs and other real estate financial products led to brisk real estate transactions.

In this favorable business environment, the RISA Partners Group achieved robust growth in overall business performance by actively pursuing business opportunities in all business segments with a focus on corporate restructuring, liquidation of real estate and liquidation of loans.

As a result, net sales of ¥16,607 million (up 81.5% year-on-year), ordinary income of ¥5,203 million (up 107.5% year-on-year) and net income of ¥3,030 million (up 119.7% year-on-year) were recorded, achieving substantial growth in both sales and income.

Principal Investment Business

RISA Partners' principal investment business conducts proprietary investment in real estate, loans receivable and corporate equities.

In the consolidated accounting period under review, concerning loan investments, RISA Partners succeeded in purchasing loans far in excess of initial expectations as a result of actively pursuing investment opportunities utilizing a broad network with financial institutions. Notably, RISA Partners managed to considerably build up the investment amount by acquiring loans receivable for Kokuba-Gumi Co., Ltd., Okinawa Prefecture's largest construction company, in March 2006. Presently, RISA Partners is actively launching joint real estate development and other projects through advancing united efforts towards early revival of Kokuba-Gumi as well as combining the strengths of the two companies. Moreover, concerning real estate investment, RISA Partners was successful in earning revenue that sharply exceeded those planned at the beginning of the period by accurately gauging market trends and ensuring that these lead to acquisition and sales transactions.

As a result, sales and income increased considerably, with net sales of ¥11,055 million (up 97.3% year-on-year) and ¥3,085 million in operating income (up 144.9% year-on-year).

Fund Business

RISA Partners' fund business conducts joint real estate investments with Soros Real Estate Investors (SREI) and Cypress Grove International, and is involved in corporate restructuring funds in partnership with regional financial institutions across Japan.

In the joint real estate investment business, RISA Partners succeeded in steadily building up the investment balance, bringing the cumulative investment total to about ¥189.1 billion (on a commitment basis at the end of December 2006). In the corporate restructuring fund business, RISA Partners continued to steadily expand relationships with regional financial institutions and organized joint public-private funds in Okinawa and Chiba Prefectures in March 2006 with investment from the Organization for Small & Medium Enterprises and Regional Innovation, Japan. Combined with the funds established in Ehime and Saitama Prefectures, the joint public-private funds reached ¥11 billion in total.

Furthermore, RISA corporate solution fund was established in September 2006. RISA corporate solution fund is a corporate value enhancement fund that comprehensively utilizes the financial advisory function and real estate, loans receivable and other investment functions of the RISA Partners Group. Although the impact

of this fund on revenue is minor since the fund was only managed for a short period in the consolidated accounting period under review, RISA Partners anticipates the fund to play a vital role in the fund business from the next period onwards.

During the consolidated accounting period under review, RISA Partners made good progress in generating revenue through investments in real estate and loans receivable. This included successfully selling a large property – the first in the joint real estate investment business. Additionally, asset management fees also grew due to an increase in investment balance. As a result, the fund business secured sharp sales and income increases, registering net sales of ¥3,356 million (up 113.1% year-on-year) and operating income of ¥2,583 million (up 160.9% year-on year).

Investment Banking Business

RISA Partners' investment banking business provides corporate restructuring consulting and other financial advisory services and loan servicing, as well as due diligence services. This business also provides financial solutions services by leveraging the expertise gained in providing real estate and financial investment and advisory services.

In the consolidated accounting period under review, significant sales and income growth were registered with net sales being ¥2,700 million (up 35.4% year-on-year) and operating income being ¥1,725 million (up 41.8% year-on-year) due in part to solid performance in each of the services of the investment banking business and brokering of large real estate contributing to revenue.

(2) Financial Position

1) Consolidated Cash Flows for Fiscal 2006

Consolidated cash and cash equivalents (hereafter, net cash) during the consolidated accounting period under review rose ¥2,333 million compared to the end of the previous consolidated accounting period to ¥8,362 million at the end of the consolidated accounting period under review. This increase was a result of recording ¥5,177 million in net income before income taxes and minority interests and procuring funds by means of borrowing from financial institutions and increasing capital through a public offering of new shares, despite expenditures arising from an increase in inventory with the acquisition of for-sale real estate and increase in the acquisition of purchased loans receivable.

Cash flows and their main components during the consolidated accounting period under review were as follows.

Cash Flows from Operating Activities

Net cash used in operating activities stood at ¥32,859 million (up 241.0% year-on-year).

Despite recording ¥5,177 million in net income before income taxes and minority interests, this resulted from major expenditure of ¥27,486 million due to an increase in purchased loans receivable acquired either directly or through corporate restructuring funds and ¥8,374 million due to an increase in inventory with the acquisition of for-sale real estate.

Cash Flows from Investing Activities

Net cash used in investing activities stood at ¥10,516 million (up 135.2% year-on-year).

This was mainly due to payments of ¥5,332 million for investments in silent partnerships in real estate investment funds and corporate restructuring funds as well as payments of ¥4,775 million for the purchase of property and equipment primarily as investment real estate.

Cash Flows from Financing Activities

Net cash provided by financing activities stood at ¥45,708 million (up 196.6% year-on-year).

This was due to a ¥38,226 million increase in the combined total of short- and long-term debt used as funds for real estate investment, loan investment, and silent partnership investments in real estate investment funds and corporate restructuring funds. Another factor was the raising of ¥8,279 million in

funds by increasing capital through a public offering of new shares.

2) Cash Flow Indicator Trends

	Fiscal 2005 (January 1 – December 31, 2005)	Fiscal 2006 (January 1 – December 31, 2006)
Equity ratio	25.4%	23.8%
Shareholders' equity ratio based on market price	201.8%	82.8%
Number of years to repay obligations	–	–
Interest coverage ratio	–	–

Notes: 1) All indicators are based on consolidated financial figures and are calculated as follows.

Equity ratio = Shareholders' equity ÷ Total assets

Shareholders' equity ratio based on market price = Capitalization at market price ÷ Total assets

Number of years to repay obligations = Interest-bearing debt ÷ Operating cash flow

Interest coverage ratio = Operating cash flow ÷ Interest payments

2) Operating cash flow is used for cash flow. Interest-bearing debt covers all interest-bearing debt out of the liabilities recorded on the consolidated balance sheets.

3) The number of years to repay obligations and interest coverage ratio are not indicated because operating cash flow was negative in Fiscal 2005 and Fiscal 2006.

(3) Outlook for Fiscal 2007

During Fiscal 2007, RISA Partners expects ongoing economic expansion in the Japanese economy, in principle, while corporate performance continues to be solid, and believes the disposal of non-performing loans and real estate investment will remain brisk. In the financial and real estate industries, in which the RISA Partners Group operates, RISA Partners foresees the positive business environment to continue and a strong expansion in business opportunities.

In seek of taking maximum advantage of these business opportunities, the RISA corporate solution fund was formed in September 2006 and Frontier Management Inc., a consulting firm focused on turnarounds and M&A, was also established in January 2007. In this manner, the RISA Partners Group is steadily implementing measures directed at capturing revenue in Fiscal 2007 and subsequent fiscal years.

Moreover, the establishment of an investment management unit to respond to the expansion in investment asset size and the development of a structure for internal control that is compliant with the Financial Instruments and Exchange Law (J-SOX) and new Company Law are also well underway.

RISA Partners anticipates that it will steadily secure business opportunities as a result of the foregoing, and forecasts net sales of ¥26,708 million, ordinary income of ¥7,984 million and net income of ¥4,567 million in its financial results forecasts for the full year of Fiscal 2007.

Consolidated Financial Forecasts for Fiscal 2007 (January 1, 2007 – December 31, 2007)

	Net Sales	Ordinary Income	Net Income
Interim	¥11,097 million	¥1,986 million	¥1,472 million
Full Year	¥26,708 million	¥7,984 million	¥4,567 million

Reference: Projected net income per share (full year): ¥34,125.35

Consolidated Balance Sheets

Item	Note	Fiscal 2005 (at December 31, 2005)		Fiscal 2006 (at December 31, 2006)		Increase (Decrease) Over Fiscal 2005
		Amount (million yen)	Share of Total (%)	Amount (million yen)	Share of Total (%)	Amount (million yen)
ASSETS						
Current Assets						
Cash and bank deposits		6,048		8,411		
Notes and accounts receivable, trade		888		1,095		
Inventories	2	7,091		15,466		
Purchased loans receivable	2	7,588		35,075		
Deferred tax assets		99		173		
Other current assets		648		2,353		
Allowance for doubtful accounts		(13)		(36)		
Total Current Assets		22,351	73.4	62,539	77.1	40,187
Fixed Assets						
Property and Equipment						
Building and structures	2	417		2,395		
Accumulated depreciation		39	378	98	2,297	
Land	2		1,261		3,906	
Other		431		514		
Accumulated depreciation		47	383	76	437	
Total Property and Equipment			2,024		6,642	8.2
Intangible Fixed Assets						
Software			28		27	
Consolidation adjustment accounts			326		249	
Other			0		98	
Total Intangible Fixed Assets			354		375	0.5
Investments and Other Assets						
Investments in securities	1		4,745		9,259	
Long-term loans receivable			–		1,337	
Deferred tax assets			3		267	
Other assets	1		957		708	
Total Investments and Other Assets			5,707		11,573	14.2
Total Fixed Assets			8,086		18,590	22.9
Total Assets			30,437		81,130	100.0

Item	Note	Fiscal 2005 (at December 31, 2005)		Fiscal 2006 (at December 31, 2006)		Increase (Decrease) Over Fiscal 2005
		Amount (million yen)	Share of Total (%)	Amount (million yen)	Share of Total (%)	Amount (million yen)
LIABILITIES						
Current Liabilities						
Notes and accounts payable, trade		6		10		
Short-term debt	2	6,650		28,586		
Income taxes payable		847		2,089		
Other current liabilities		1,958		2,376		
Total Current Liabilities		9,463	31.1	33,062	40.7	23,599
Long-Term Liabilities						
Corporate bond		6,680		5,530		
Long-term debt	2	6,335		22,626		
Reserve for employees' retirement benefits		9		–		
Deferred tax liabilities		62		–		
Other		121		543		
Total Long-Term Liabilities		13,208	43.4	28,699	35.4	15,490
Total Liabilities		22,671	74.5	61,762	76.1	39,090
MINORITY INTERESTS						
Minority interests		31	0.1	–	–	–
SHAREHOLDERS' EQUITY						
Capital stock	4	2,471	8.1	–	–	–
Capital surplus		2,608	8.6	–	–	–
Retained earnings		2,556	8.4	–	–	–
Net unrealized gain on other securities		97	0.3	–	–	–
Treasury stock	5	(0)	(0.0)	–	–	–
Total Shareholders' Equity		7,734	25.4	–	–	–
Total Liabilities, Minority Interests and Shareholders' Equity		30,437	100.0	–	–	–
NET ASSETS						
Shareholders' Equity						
Capital stock		–	–	6,852	8.4	–
Capital surplus		–	–	6,990	8.6	–
Retained earnings		–	–	5,421	6.7	–
Treasury stock		–	–	(1)	(0.0)	–
Total Shareholders' Equity		–	–	19,263	23.7	–
Valuation and Translation Adjustments						
Net unrealized gain on other securities		–	–	64	0.1	–
Total Valuation and Translation Adjustments		–	–	64		–
Minority Interests		–	–	40	0.1	–
Total Net Assets		–	–	19,367	23.9	–
Total Liabilities and Net Assets		–	–	81,130		–

Consolidated Statements of Income

Item	Note	Fiscal 2005 (January 1 – December 31, 2005)		Fiscal 2006 (January 1 – December 31, 2006)		Increase (Decrease) Over Fiscal 2005
		Amount (million yen)	Share of Total (%)	Amount (million yen)	Share of Total (%)	Amount (million yen)
Net Sales			100.0		100.0	7,455
Cost of Sales		4,619	50.5	7,606	45.8	2,986
Gross Profit		4,532	49.5	9,001	54.2	4,468
Selling, General and Administrative Expenses	1	1,720	18.8	2,511	15.1	791
Operating Income		2,812	30.7	6,490	39.1	3,677
Other Income						
Interest income		6		4		
Dividend income		0		2		
Equity in earnings of affiliated companies		61		136		
Rental income		21		16		
Other		1	1.0	22	1.1	91
Other Expenses						
Interest expense		214		916		
Loan commissions		37		436		
Rental expense		19		18		
Stock listing changing expenses		34		–		
Share issue expenses		–		43		
Bond issue expenses		80		–		
Other		9	4.3	52	8.8	1,073
Ordinary Income		2,507	27.4	5,203	31.3	2,696
Extraordinary Gains						
Gain on sale of fixed assets		–		0		
Gain on reversal of allowance for doubtful accounts		–	–	0	0.0	0
Extraordinary Losses						
Loss on disposal of fixed assets		0		5		
Office relocation expenses		117		–		
Loss on withdrawing from welfare pension fund		9	1.4	–	0.0	(121)
Net income before profit (loss) distribution to silent partners, income taxes and minority interests		2,380	26.0	5,198	31.3	2,818
Profit (Loss) distribution to silent partners		–		20	0.1	20
Net income before income taxes and minority interests		2,380	26.0	5,177	31.2	2,797
Income taxes		1,056		2,541		
Income taxes – deferred		(59)	10.9	(377)	12.9	1,167
Minority interests in income (loss)		4	0.0	(17)	(0.1)	(21)
Net Income		1,379	15.1	3,030	18.2	1,651

Consolidated Statements of Retained Earnings

		Fiscal 2005 (January 1, 2005 – December 31, 2005)	
Item	Note	Amount (million yen)	
CAPITAL SURPLUS			
Opening Balance			2,477
Increase in Capital Surplus			
New share issue due to execution of stock acquisition rights		56	
New share issue due to conversion of convertible bonds		74	131
Closing Balance			2,608
RETAINED EARNINGS			
Opening Balance			1,177
Increase in Retained Earnings			
Net income		1,379	1,379
Closing Balance			2,556

Consolidated Statements of Cash Flows

		Fiscal 2005 (January 1, 2005 – December 31, 2005)	Fiscal 2006 (January 1, 2006 – December 31, 2006)	Increase (Decrease) Over Fiscal 2005
Item	Note	Amount (million yen)	Amount (million yen)	Amount (million yen)
Cash Flows from Operating Activities				
Net income before income taxes and minority interests		2,380	5,177	
Depreciation and amortization		55	101	
Amortization of long-term prepayment expenses		0	21	
Loss on disposal of property and equipment		51	5	
Amortization of consolidation adjustment accounts		57	76	
Equity in earnings of affiliated companies		(61)	(136)	
Silent partnership contribution received (paid)		–	(1,200)	
Increase (Decrease) in allowance for doubtful accounts		6	22	
Increase (Decrease) in reserve for employees' retirement benefits		(17)	(9)	
Interest income and dividend income		(6)	(7)	
Interest expense		214	916	
Share issue expenses		–	43	
(Increase) Decrease in notes and accounts receivable		(610)	(207)	
(Increase) Decrease in inventories		(5,159)	(8,374)	
(Increase) Decrease in purchased loans receivable		(5,919)	(27,486)	
Increase (Decrease) in notes and accounts payable		(14)	3	
Other		262	366	
Sub total		(8,760)	(30,685)	
Interest and dividend received		4	5	
Interest paid		(222)	(910)	
Income tax paid		(657)	(1,268)	
Net Cash Used in Operating Activities		(9,636)	(32,859)	(23,222)
Cash Flows from Investing Activities				
Payments for purchase of tangible fixed assets		(371)	(4,775)	
Payments for purchase of investments in securities		(653)	(669)	
Payments for acquisition of consolidated subsidiary	2	(340)	–	
Payments for purchase of affiliated company's shares		(9)	(165)	
Payments for investments in companies		(101)	(40)	
Payments for investments in silent partnerships		(5,384)	(5,332)	
Proceeds from dividend of silent partnerships		3,098	2,339	
Payments for loans		(1,335)	(3,690)	
Proceeds from loan collections		894	1,411	
Other		(268)	406	
Net Cash Used in Investing Activities		(4,471)	(10,516)	(6,044)
Cash Flows from Financing Activities				
Increase (Decrease) in short-term debt		3,843	15,858	
Proceeds from long-term debt		6,610	26,172	
Repayment of long-term debt		(2,436)	(3,803)	
Proceeds from bond issuance		7,400	–	
Payments for bonds redeemable		(140)	(660)	
Proceeds from issuance of capital stock		113	8,279	
Payments for acquisition of treasury stock		(0)	(1)	
Cash dividends paid		–	(163)	
Proceeds from minority interests		18	27	
Net Cash Provided by Financing Activities		15,409	45,708	30,299
Increase in Cash and Cash Equivalents		1,300	2,333	1,032
Cash and Cash Equivalents at Beginning of Period		4,727	6,028	1,300
Cash and Cash Equivalents at End of Period	1	6,028	8,362	2,333