

**Consolidated Financial Results for  
First Quarter of Fiscal Year Ending December 31, 2007 (Fiscal 2007)  
(Translation of Japanese Flash Report, Released on May 14, 2007)**

Company Name: RISA Partners, Inc.

Stock Listing: Tokyo Stock Exchange (1st section)

Code Number: 8924

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**1. Matters Concerning Preparation of Quarterly Consolidated Financial Information**

- (i) Adoption of simplified accounting methods: No
- (ii) Changes in accounting methods since most recent consolidated accounting year: No
- (iii) Changes in consolidation and scope of application for equity method: Yes
  - Newly consolidated companies: 5
  - Excluded consolidated companies: –
  - Newly included under equity methods: –
  - Excluded under equity method: –

**2. Performance for the First Quarter of Fiscal 2007 (January 1, 2007 – March 31, 2007)**

(1) Consolidated Results

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

|                              | Net Sales                    |                | Operating Income |                | Ordinary Income |              |
|------------------------------|------------------------------|----------------|------------------|----------------|-----------------|--------------|
|                              | First Quarter of Fiscal 2007 | ¥3,574 million | 60.3%            | ¥1,004 million | 21.9%           | ¥788 million |
| First Quarter of Fiscal 2006 | ¥2,229 million               | 101.9%         | ¥824 million     | 96.2%          | ¥731million     | 98.6%        |
| (Reference) Fiscal 2006      | ¥16,607 million              |                | ¥6,490 million   |                | ¥5,203 million  |              |

|                              | Net Income                   |              | Net Income per Share | Fully Diluted Net Income per Share |
|------------------------------|------------------------------|--------------|----------------------|------------------------------------|
|                              | First Quarter of Fiscal 2007 | ¥532 million | 23.6%                | ¥3,950.22                          |
| First Quarter of Fiscal 2006 | ¥431 million                 | 89.0%        | ¥3,861.54            | ¥3,142.33                          |
| (Reference) Fiscal 2006      | ¥3,030 million               |              | ¥24,407.44           | ¥20,697.61                         |

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

**Qualitative Information Concerning Changes in Consolidated Business Performance**

During the first quarter under review (January 1, 2007 – March 31, 2007), while personal spending trends were slightly weaker, ongoing improvements were seen in corporate capital investment and the employment situation. Consequently, the Japanese economy maintained its tone of moderate economic expansion overall.

The financial market, in which the Group operates, saw active disposal of non-performing loans by financial institutions towards the end of the accounting year due to such factors as the recovery in financial capacity of financial institutions in correlation with the economic expansion and the extensive corporate restructuring moves

by regional financial institutions. In addition, in the real estate market also, the ongoing expansion in the flow of investment funds in Japan and abroad through REITs and private placement funds and the increase in real estate demand in correlation with the economic expansion led to real estate prices rising in the three major metropolitan areas as well as core regional cities.

Under this business environment, the Group managed to steadily make strategic moves towards growth in all business segments – principal investment, fund and investment banking businesses. In January 2007, Frontier Management Inc., an advisory firm focused on M&As and turnarounds, was established as part of steps to reinforce the investment banking business. Furthermore, investment opportunities were steadily seized in the principal investment and fund businesses, along with floating ¥12 billion worth of zero-coupon yen-denominated convertible corporate bonds with stock acquisition rights in April 2007 to secure long-term stable investment funds.

As a result, net sales of ¥3,574 million (up 60.3% year-on-year), ordinary income of ¥788 million (up 7.7% year-on-year) and net income of ¥532 million (up 23.6% year-on-year) were recorded in the first quarter under review, achieving substantial growth in both sales and income.

A breakdown of the performance by business segment is as shown below.

#### (i) Principal Investment Business

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

Concerning real estate, while rent income stably rose in conjunction with expansion of investment scale, capital gains were also steadily generated through the sale of investment real estate. Consequently, RISA Partners managed to register considerable increases in income compared to the same period last year. Concerning loans receivable, the business grew favorably with corporate restructuring and loan collection moves throughout the Group succeeding in steadily accumulating collection profits and enabling the new purchase of about ¥24 billion in loans receivable.

As a result, sales and income increased remarkably in the first quarter under review, with net sales of ¥2,882 million (up 189.4% year-on-year) and operating income of ¥887 million (up 536.5% year-on-year).

#### (ii) Fund Business

RISA Partners' fund business conducts joint real estate investments with Soros Real Estate Investors (hereafter, SREI) among others, and also engages in establishing and operating corporate restructuring funds in partnership with regional financial institutions across Japan. In addition, a new corporate value enhancement fund, RISA Corporate Solution Fund, was formed in September 2006.

In the joint real estate investment business with SREI among others, RISA Partners managed to steadily build up asset management fee income, bringing the cumulative investment total to about ¥191.3 billion (on a commitment basis at the end of March 2007). On the other hand, rent income fell compared to the same period last year at some large properties, but this decrease was attributed to successful tenant exit talks aimed at enhancing value through redevelopment.

In the corporate restructuring fund business, RISA Partners steadily expanded relationships with regional financial institutions and continued to earn robust income, being in partnership with 56 financial institutions and having formed 18 restructuring funds (of which, four are joint public-private funds) as at the end of March 2007.

Furthermore, as for the RISA Corporate Solution Fund, the total value of the fund increased from ¥10 billion to ¥21.85 billion in March 2007 through pension funds and other additional investment commitments and the first investment project was a success. A net of about ¥140 million in income from fees in connection with forming and operating the Fund was generated, but this income was eliminated as an internal transaction in consolidated accounting of the Fund and recorded as an income increase item under minority interests in income (loss).

Meanwhile, although capital gains were generated in correlation with the sale of some real estate fund projects in the same period last year, there were no sales conducted during the first quarter under review due in part to a large sales project being set for during or after the second quarter.

As a result, the performance of the fund business was as initially expected, with net sales of ¥418 million (down 4.2% year-on-year) and operating income of ¥217 million (down 24.8% year-on-year).

(iii) Investment Banking Business

RISA Partners' investment banking business is composed of M&A and corporate restructuring advisory services, due diligence services and servicing services, along with solutions services that are provided by leveraging RISA Partners' expertise in real estate and financial investments as well as advisory services.

In the first quarter under review, along with strong performance in due diligence services, consulting services also registered robust performance with contingency fees being earned from a large project. In addition, Frontier Management Inc. also started operations in earnest and has already successfully earned several consulting projects that are anticipated to largely contribute to income in the future. With servicing services, on the other hand, greater proprietary investments in loans receivable have been pursued since last year and the shifting of resources strategically to proprietary projects led to a drop in consignment commission revenues for parties outside of the Group that charge high fee rates.

Although substantial collection profits from loan investments related to solutions services were recorded in the same period last year, no special factors similar to the same period last year were found with the first quarter under review.

As a result, in the first quarter under review, net sales was ¥498 million (down 41.7% year-on-year) and operating income was ¥191 million (down 71.4% year-on-year).

(2) Consolidated Financial Position

|                              | Total Assets    | Net Assets      | Equity Ratio | Net Assets per Share |
|------------------------------|-----------------|-----------------|--------------|----------------------|
| First Quarter of Fiscal 2007 | ¥98,603 million | ¥22,356 million | 21.0%        | ¥150,917.76          |
| First Quarter of Fiscal 2006 | ¥70,956 million | ¥8,303 million  | 11.7%        | ¥73,569.40           |
| (Reference) Fiscal 2006      | ¥81,130 million | ¥19,367 million | 23.8%        | ¥144,417.79          |

Note: For the first quarter of fiscal 2006, the figures that used to appear as (Shareholders') Equity Ratio now appear under the Equity Ratio column and Shareholders' Equity per Share under the Net Assets per Share column.

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 |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| First Quarter of Fiscal 2007 | (¥17,162 million)                    | (¥2,596 million)                     | ¥18,195 million                      | ¥6,970 million                        |
| First Quarter of Fiscal 2006 | (¥40,225 million)                    | (¥2,463 million)                     | ¥40,531 million                      | ¥3,871 million                        |
| (Reference) Fiscal 2006      | (¥32,859 million)                    | (¥10,516 million)                    | ¥45,708 million                      | ¥8,362 million                        |

**Qualitative Information Concerning Changes in Consolidated Financial Position**

Total assets at the end of the first quarter under review increased by ¥17,473 million compared to the end of the previous consolidated accounting year to ¥98,603 million. This increase was chiefly due to purchased loans receivable increasing ¥14,938 million and investments in silent partnerships increasing ¥3,544 million as a result of proactive effects to build up the investment balance during the first quarter under review.

Liabilities increased by ¥14,485 million compared to the end of the previous consolidated accounting year to ¥76,246 million. This was chiefly due to debt increasing ¥16,743 million in short- and long-term debt combined, mainly as funds for acquisitions accompanying the building up of investment assets as described above.

Furthermore, net assets increased by ¥2,988 million compared to the end of the previous consolidated accounting year to ¥22,356 million. This was chiefly due to minority interests increasing ¥1,653 million in

correlation with the start of full-scale operations of the RISA Corporate Solution Fund, which is subject to consolidation of RISA Partners, and capital stock and capital surplus combined increasing ¥1,087 million from the conversion of yen-denominated convertible corporate bonds with stock acquisition rights among other factors.

#### ***Cash Flows in the First Quarter of Fiscal 2007***

Consolidated cash and cash equivalents (hereafter, net cash) during the first quarter of fiscal 2007 decreased ¥1,391 million compared to the end of the previous consolidated accounting year to ¥6,970 million.

Cash flows and their main components during the first quarter of fiscal 2007 were as follows.

#### ***Cash flows from operating activities***

Net cash used in operating activities stood at ¥17,162 million (down 57.3% year-on-year).

This was mainly due to expenditure of ¥14,938 million resulting from an increase in purchased loans receivable and payment of ¥2,005 million in income taxes.

#### ***Cash flows from investing activities***

Net cash used in investing activities stood at ¥2,596 million (up 5.4% year-on-year).

This was due to substantial payments such as ¥4,289 million in payments for investments in silent partnerships, offsetting proceeds such as ¥1,565 million from loan collections.

#### ***Cash flows from financing activities***

Net cash provided by financing activities stood at ¥18,195 million (down 55.1% year-on-year).

This was due to a ¥16,743 million increase in the total of short- and long-term debt used to self-finance real estate and loans receivable and funds.

Further, long-term stable funds were secured by floating ¥12 billion worth of zero-coupon yen-denominated convertible corporate bonds with stock acquisition rights in April 2007 and part of it transferred to bridge financing for loans receivable, real estate and other investments that were acquired in advance.

**[Reference]**

Consolidated Financial Results 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): ¥33,357.44

**Qualitative Information Concerning Financial Results Forecasts**

The positive business environment and robust performance of each of the principal investment and fund businesses are forecast to continue into the next quarter and onwards. In the principal investment business, RISA Partners succeeded in considerable investment building in the first quarter of fiscal 2007 and income is expected to generate from these projects. In the fund business also, as the investment size of the joint real estate investment business continued to expand and measures to enhance the value of investment projects are steadily underway, capital gains and contingency fees are anticipated from the exits of these projects. Furthermore, in the investment banking business as well, greater fee income is expected to accompany the start of full-scale operations of Frontier Management Inc.

However, due in part to uncertainties still remaining at this stage concerning the consolidated financial results forecasts for fiscal 2007, the financial results forecasts of February 9, 2007 have been left unchanged.

\*The above financial results forecasts are based on information available to RISA Partners at the time this document was released. Financial results may vary from the forecast figures due to various future factors.

## ○ Supplementary Materials

- (1) Summarized Quarterly Consolidated Balance Sheets
- (2) Summarized Quarterly Consolidated Statements of Income
- (3) Quarterly Consolidated Statements of Changes in Shareholders' Equity
- (4) Quarterly Consolidated Statements of Cash Flows
- (5) Segment Information

## Summarized Quarterly Consolidated Financial Statements

## (1) Summarized Quarterly Consolidated Balance Sheets

(Millions of yen)

| Items                                     | Period | End of First Quarter of Fiscal 2007<br>(at March 31, 2007) |                    | End of First Quarter of Fiscal 2006<br>(at March 31, 2006) |                    | Increase (Decrease) |              | End of Fiscal 2006<br>(at December 31, 2006) |                    |
|---|--------|--|--------------------|--|--------------------|---------------------|--------------|--|--------------------|
|   |        | Amount   | Share of Total (%) | Amount   | Share of Total (%) | Amount              | Ratio (%)    | Amount                                       | Share of Total (%) |
| <b>ASSETS</b>                             |        |  |                    |  |                    |                     |              |  |                    |
| <b>Current Assets</b>                     |        |  |                    |  |                    |                     |              |  |                    |
| Cash and bank deposits                    |        | 7,020  |                    | 3,890  |                    | 3,129               |              | 8,411  |                    |
| Notes and accounts receivable, trade      |        | 1,035  |                    | 711  |                    | 324                 |              | 1,095  |                    |
| Inventories                               |        | 15,995   |                    | 9,913  |                    | 6,082               |              | 15,466                                       |                    |
| Purchased loans receivable                |        | 50,013   |                    | 44,935   |                    | 5,078               |              | 35,075                                       |                    |
| Deferred tax assets                       |        | 48   |                    | 48   |                    | (0)                 |              | 173  |                    |
| Other current assets                      |        | 2,136  |                    | 652  |                    | 1,483               |              | 2,353  |                    |
| Allowance for doubtful accounts           |        | (35)   |                    | (9)  |                    | (26)                |              | (36)   |                    |
| <b>Total Current Assets</b>               |        | <b>76,215</b>  | <b>77.3</b>        | <b>60,142</b>  | <b>84.8</b>        | <b>16,072</b>       | <b>26.7</b>  | <b>62,539</b>                                | <b>77.1</b>        |
| <b>Fixed Assets</b>                       |        |  |                    |  |                    |                     |              |  |                    |
| <b>Property and Equipment</b>             |        |  |                    |  |                    |                     |              |  |                    |
| Buildings and structures                  |        | 2,278  |                    | 922  |                    | 1,356               |              | 2,297  |                    |
| Land                                      |        | 3,906  |                    | 1,442  |                    | 2,464               |              | 3,906  |                    |
| Other                                     |        | 448  |                    | 389  |                    | 58                  |              | 437  |                    |
| <b>Total Property and Equipment</b>       |        | <b>6,633</b>   | <b>6.7</b>         | <b>2,754</b>   | <b>3.8</b>         | <b>3,878</b>        | <b>140.8</b> | <b>6,642</b>                                 | <b>8.2</b>         |
| <b>Intangible Fixed Assets</b>            |        |  |                    |  |                    |                     |              |  |                    |
| Software                                  |        | 143  |                    | 24   |                    | 118                 |              | 27   |                    |
| Consolidation adjustment accounts         |        | —  |                    | 307  |                    | (307)               |              | —  |                    |
| Goodwill                                  |        | 230  |                    | —  |                    | 230                 |              | 249  |                    |
| Other                                     |        | 63   |                    | 0  |                    | 63                  |              | 98   |                    |
| <b>Total Intangible Fixed Assets</b>      |        | <b>437</b>   | <b>0.5</b>         | <b>332</b>   | <b>0.5</b>         | <b>105</b>          | <b>31.7</b>  | <b>375</b>                                   | <b>0.5</b>         |
| <b>Investments and Other Assets</b>       |        |  |                    |  |                    |                     |              |  |                    |
| Investments in securities                 |        | 12,842   |                    | 6,394  |                    | 6,448               |              | 9,259  |                    |
| Long-term loans receivable                |        | 1,337  |                    | —  |                    | 1,337               |              | 1,337  |                    |
| Deferred tax assets                       |        | 279  |                    | 3  |                    | 275                 |              | 267  |                    |
| Other assets                              |        | 855  |                    | 1,328  |                    | (472)               |              | 708  |                    |
| <b>Total Investments and Other Assets</b> |        | <b>15,315</b>  | <b>15.5</b>        | <b>7,727</b>   | <b>10.9</b>        | <b>7,588</b>        | <b>98.2</b>  | <b>11,573</b>                                | <b>14.2</b>        |
| <b>Total Fixed Assets</b>                 |        | <b>22,386</b>  | <b>22.7</b>        | <b>10,814</b>  | <b>15.2</b>        | <b>11,572</b>       | <b>107.0</b> | <b>18,590</b>                                | <b>22.9</b>        |
| <b>Total Assets</b>                       |        | <b>98,603</b>  | <b>100.0</b>       | <b>70,956</b>  | <b>100.0</b>       | <b>27,646</b>       | <b>39.0</b>  | <b>81,130</b>                                | <b>100.0</b>       |

(Millions of yen)

| Items   | End of First Quarter of Fiscal 2007<br>(at March 31, 2007) |                    | End of First Quarter of Fiscal 2006<br>(at March 31, 2006) |                    | Increase (Decrease) |              | End of Fiscal 2006<br>(at December 31, 2006) |                    |
|---|--|--------------------|--|--------------------|---------------------|--------------|--|--------------------|
|   | Amount   | Share of Total (%) | Amount   | Share of Total (%) | Amount              | Ratio (%)    | Amount                                       | Share of Total (%) |
| <b>LIABILITIES</b>  |  |                    |  |                    |                     |              |  |                    |
| <b>Current Liabilities</b>  |  |                    |  |                    |                     |              |  |                    |
| Notes and accounts payable, trade                                     | 8  |                    | 6  |                    | 1                   |              | 10   |                    |
| Short-term debt   | 37,136   |                    | 40,510   |                    | (3,373)             |              | 28,586                                       |                    |
| Income taxes payable  | 345  |                    | 257  |                    | 88                  |              | 2,089  |                    |
| Accrued bonuses   | 72   |                    | 47   |                    | 25                  |              | —  |                    |
| Other current liabilities   | 3,010  |                    | 2,125  |                    | 884                 |              | 2,376  |                    |
| <b>Total Current Liabilities</b>                                      | <b>40,574</b>  | <b>41.1</b>        | <b>42,947</b>  | <b>60.6</b>        | <b>(2,373)</b>      | <b>(5.5)</b> | <b>33,062</b>                                | <b>40.7</b>        |
| <b>Long-term Liabilities</b>  |  |                    |  |                    |                     |              |  |                    |
| Corporate bond  | 4,310  |                    | 6,025  |                    | (1,714)             |              | 5,530  |                    |
| Long-term debt  | 30,818   |                    | 13,455   |                    | 17,363              |              | 22,626                                       |                    |
| Reserve for employees' retirement benefits                            | —  |                    | 10   |                    | (10)                |              | —  |                    |
| Deferred tax liabilities  | —  |                    | 58   |                    | (58)                |              | —  |                    |
| Other   | 543  |                    | 121  |                    | 421                 |              | 543  |                    |
| <b>Total Long-term Liabilities</b>                                    | <b>35,672</b>  | <b>36.2</b>        | <b>19,670</b>  | <b>27.7</b>        | <b>16,002</b>       | <b>81.4</b>  | <b>28,699</b>                                | <b>35.4</b>        |
| <b>Total Liabilities</b>  | <b>76,246</b>  | <b>77.3</b>        | <b>62,617</b>  | <b>88.3</b>        | <b>13,628</b>       | <b>21.8</b>  | <b>61,762</b>                                | <b>76.1</b>        |
| <b>MINORITY INTERESTS</b>   |  |                    |  |                    |                     |              |  |                    |
| Minority interests  | —  | —                  | 35   | 0.0                | —                   | —            | —  | —                  |
| <b>SHAREHOLDERS' EQUITY</b>   |  |                    |  |                    |                     |              |  |                    |
| Common stock  | —  | —                  | 2,627  | 3.7                | —                   | —            | —  | —                  |
| Capital surplus   | —  | —                  | 2,764  | 3.9                | —                   | —            | —  | —                  |
| Retained earnings   | —  | —                  | 2,821  | 4.0                | —                   | —            | —  | —                  |
| Net unrealized gain on other securities                               | —  | —                  | 91   | 0.1                | —                   | —            | —  | —                  |
| Treasury stock  | —  | —                  | (1)  | (0.0)              | —                   | —            | —  | —                  |
| <b>Total Shareholders' Equity</b>                                     | <b>—</b>   | <b>—</b>           | <b>8,303</b>   | <b>11.7</b>        | <b>—</b>            | <b>—</b>     | <b>—</b>                                     | <b>—</b>           |
| <b>Total Liabilities, Minority Interests and Shareholders' Equity</b> | <b>—</b>   | <b>—</b>           | <b>70,956</b>  | <b>100.0</b>       | <b>—</b>            | <b>—</b>     | <b>—</b>                                     | <b>—</b>           |

(Millions of yen)

| Items  | End of First Quarter of Fiscal 2007<br>(at March 31, 2007) |                    | End of First Quarter of Fiscal 2006<br>(at March 31, 2006) |                    | Increase (Decrease) |           | End of Fiscal 2006<br>(at December 31, 2006) |                    |
|--|--|--------------------|--|--------------------|---------------------|-----------|--|--------------------|
|  | Amount   | Share of Total (%) | Amount   | Share of Total (%) | Amount              | Ratio (%) | Amount                                       | Share of Total (%) |
| <b>NET ASSETS</b>                                  |  |                    |  |                    |                     |           |  |                    |
| <b>Shareholders' Equity</b>                        |  |                    |  |                    |                     |           |  |                    |
| Capital stock                                      | 7,396  | 7.5                | –  | –                  | –                   | –         | 6,852  | 8.4                |
| Capital surplus                                    | 7,534  | 7.7                | –  | –                  | –                   | –         | 6,990  | 8.6                |
| Retained earnings                                  | 5,686  | 5.8                | –  | –                  | –                   | –         | 5,421  | 6.7                |
| Treasury stock                                     | (1)  | (0.0)              | –  | –                  | –                   | –         | (1)  | (0.0)              |
| <b>Total Shareholders' Equity</b>                  | <b>20,615</b>  | <b>21.0</b>        | –  | –                  | –                   | –         | <b>19,263</b>                                | <b>23.7</b>        |
| <b>Valuation and Translation Adjustments</b>       |  |                    |  |                    |                     |           |  |                    |
| Net unrealized gain on other securities            | 46   |                    | –  | –                  | –                   | –         | 64   |                    |
| <b>Total Valuation and Translation Adjustments</b> | <b>46</b>  | <b>0.0</b>         | –  | –                  | –                   | –         | <b>64</b>                                    | <b>0.1</b>         |
| <b>Minority Interests</b>                          | <b>1,694</b>   | <b>1.7</b>         | –  | –                  | –                   | –         | <b>40</b>                                    | <b>0.1</b>         |
| <b>Total Net Assets</b>                            | <b>22,356</b>  | <b>22.7</b>        | –  | –                  | –                   | –         | <b>19,367</b>                                | <b>23.9</b>        |
| <b>Total Liabilities and Net Assets</b>            | <b>98,603</b>  | <b>100.0</b>       | –  | –                  | –                   | –         | <b>81,130</b>                                | <b>100.0</b>       |

(2) Summarized Quarterly Consolidated Statements of Income

(Millions of yen)

| Items  | First Quarter of Fiscal 2007<br>(January 1, 2007 – March 31, 2007) |                    | First Quarter of Fiscal 2006<br>(January 1, 2006 – March 31, 2006) |                    | Increase (Decrease) |             | Fiscal 2006<br>(January 1, 2006 – December 31, 2006) |                    |
|--|--|--------------------|--|--------------------|---------------------|-------------|--|--------------------|
|  | Amount   | Share of Total (%) | Amount   | Share of Total (%) | Amount              | Ratio (%)   | Amount   | Share of Total (%) |
| <b>Net Sales</b>   | <b>3,574</b>   | <b>100.0</b>       | <b>2,229</b>   | <b>100.0</b>       | <b>1,344</b>        | <b>60.3</b> | <b>16,607</b>  | <b>100.0</b>       |
| <b>Cost of Sales</b>   | 1,860  | 52.0               | 793  | 35.6               | 1,067               | 134.5       | 7,606  | 45.8               |
| Gross Profit   | 1,714  | 48.0               | 1,436  | 64.4               | 277                 | 19.3        | 9,001  | 54.2               |
| <b>Selling, General and Administrative Expenses</b>  | 709  | 19.9               | 612  | 27.4               | 97                  | 15.9        | 2,511  | 15.1               |
| <b>Operating Income</b>  | <b>1,004</b>   | <b>28.1</b>        | <b>824</b>   | <b>37.0</b>        | <b>180</b>          | <b>21.9</b> | <b>6,490</b>   | <b>39.1</b>        |
| <b>Other Income</b>  | 97   | 2.8                | 66   | 3.0                | 31                  | 47.6        | 182  | 1.1                |
| <b>Other Expenses</b>  | 314  | 8.8                | 158  | 7.2                | 155                 | 97.6        | 1,468  | 8.8                |
| <b>Ordinary Income</b>   | <b>788</b>   | <b>22.1</b>        | <b>731</b>   | <b>32.8</b>        | <b>56</b>           | <b>7.7</b>  | <b>5,203</b>   | <b>31.3</b>        |
| <b>Extraordinary Gains</b>   | —  | —                  | —  | —                  | —                   | —           | 0  | 0.0                |
| <b>Extraordinary Losses</b>  | —  | —                  | —  | —                  | —                   | —           | 5  | 0.0                |
| <b>Net income before distribution of profit/loss from silent partnerships, income taxes and minority interests</b> | <b>788</b>   | <b>22.1</b>        | <b>731</b>   | <b>32.8</b>        | <b>56</b>           | <b>7.7</b>  | <b>5,198</b>   | <b>31.3</b>        |
| Distribution of profit/loss from silent partnerships   | 10   | 0.3                | —  | —                  | 10                  | —           | 20   | 0.1                |
| <b>Net income before income taxes and minority interests</b>   | <b>777</b>   | <b>21.8</b>        | <b>731</b>   | <b>32.8</b>        | <b>46</b>           | <b>6.3</b>  | <b>5,177</b>   | <b>31.2</b>        |
| Income taxes   | 261  | 7.3                | 247  | 11.1               | 13                  | 5.6         | 2,541  | 15.3               |
| Income taxes – deferred  | 124  | 3.5                | 50   | 2.3                | 73                  | 145.0       | (377)  | (2.2)              |
| Minority interests in income (loss)  | (141)  | (3.9)              | 1  | 0.1                | (143)               | —           | (17)   | (0.1)              |
| <b>Net Income</b>  | <b>532</b>   | <b>14.9</b>        | <b>431</b>   | <b>19.3</b>        | <b>101</b>          | <b>23.6</b> | <b>3,030</b>   | <b>18.2</b>        |

**(3) Summarized Quarterly Consolidated Statements of Changes in Shareholders' Equity**

First Quarter of Fiscal 2007 (January 1, 2007 – March 31, 2007)

(Millions of yen)

|  | Shareholders' Equity |                 |                   |                |                            | Valuation and Translation Adjustments   | Minority Interests | Total Net Assets |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|---|--------------------|------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity | Net unrealized gain on other securities |                    |                  |
| <b>Balance at December 31, 2006</b>  | <b>6,852</b>         | <b>6,990</b>    | <b>9,139</b>      | <b>(1)</b>     | <b>19,263</b>              | <b>64</b>                               | <b>40</b>          | <b>19,367</b>    |
| <b>Changes during the quarterly consolidated accounting period</b>   |                      |                 |                   |                |                            |   |                    |                  |
| New share issuance   | 543                  | 543             | –                 | –              | 1,087                      | –                                       | –                  | 1,087            |
| Dividends  | –                    | –               | (267)             | –              | (267)                      | –                                       | –                  | (267)            |
| Net income   | –                    | –               | 532               | –              | 532                        | –                                       | –                  | 532              |
| Decrease in retained earnings from new consolidation   | –                    | –               | (0)               | –              | (0)                        | –                                       | –                  | (0)              |
| Changes during the quarterly consolidated accounting period in items not included in shareholders' equity, net | –                    | –               | –                 | –              | –                          | (17)                                    | 1,653              | 1,636            |
| <b>Total changes during the quarterly consolidated accounting period</b>                                       | <b>543</b>           | <b>543</b>      | <b>264</b>        | <b>–</b>       | <b>1,352</b>               | <b>(17)</b>                             | <b>1,653</b>       | <b>2,988</b>     |
| <b>Balance at March 31, 2007</b>   | <b>7,396</b>         | <b>7,534</b>    | <b>5,686</b>      | <b>(1)</b>     | <b>20,615</b>              | <b>46</b>                               | <b>1,694</b>       | <b>22,356</b>    |

#### (4) Summarized Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| Items   | Period | First Quarter of<br>Fiscal 2007<br>(January 1, 2007 –<br>March 31, 2007) | First Quarter of<br>Fiscal 2006<br>(January 1, 2006 –<br>March 31, 2006) | Fiscal 2006<br>(January 1, 2006 –<br>December 31, 2006) |
|---|--------|--|--|---|
|   |        | Amount   | Amount   | Amount  |
| <b>Cash Flows from Operating Activities</b>                         |        |  |  |   |
| Net income before income taxes and minority interests               |        | 777  | 731  | 5,177   |
| Depreciation and amortization                                       |        | 43   | 19   | 101   |
| Amortization of long-term prepayment expenses                       |        | 7  | —  | 21  |
| Loss on disposal of property and equipment                          |        | —  | —  | 5   |
| Amortization of consolidation adjustment accounts                   |        | —  | 19   | —   |
| Amortization of goodwill  |        | 19   | —  | 76  |
| Equity in earnings of affiliated companies                          |        | (76)   | (53)   | (136)   |
| Silent partnership contribution received (paid)                     |        | (10)   | —  | (1,200)   |
| Increase (Decrease) in allowance for doubtful accounts              |        | (0)  | (4)  | 22  |
| Increase (Decrease) in accrued bonuses                              |        | 72   | 47   | —   |
| Increase (Decrease) in reserve for employees' retirement benefits   |        | —  | 0  | (9)   |
| Interest income and dividend income                                 |        | (4)  | (4)  | (7)   |
| Interest expense  |        | 263  | 113  | 916   |
| Share issue expenses  |        | —  | —  | 43  |
| (Increase) Decrease in notes and accounts receivable                |        | 59   | 177  | (207)   |
| (Increase) Decrease in inventories                                  |        | (529)  | (2,821)  | (8,374)   |
| (Increase) Decrease in purchased loans receivable                   |        | (14,938)   | (37,347)   | (27,486)  |
| Increase (Decrease) in notes and accounts payable                   |        | (1)  | (0)  | 3   |
| Other   |        | (557)  | (106)  | 366   |
| Sub total   |        | (14,876)   | (39,227)   | (30,685)  |
| Interest and dividend received                                      |        | 4  | 1  | 5   |
| Interest paid   |        | (284)  | (161)  | (910)   |
| Income tax paid   |        | (2,005)  | (838)  | (1,268)   |
| <b>Net Cash Used in Operating Activities</b>                        |        | <b>(17,162)</b>  | <b>(40,225)</b>  | <b>(32,859)</b>   |
| <b>Cash Flows from Investing Activities</b>                         |        |  |  |   |
| Payments for purchase of property and equipment                     |        | (88)   | (864)  | (4,775)   |
| Payments for purchase of investments in securities                  |        | (139)  | (108)  | (669)   |
| Payments for purchase of affiliated company's shares                |        | (8)  | —  | (165)   |
| Payments for investments in companies                               |        | —  | —  | (40)  |
| Payments for investments in silent partnerships                     |        | (4,289)  | (2,121)  | (5,332)   |
| Proceeds from dividend of silent partnerships                       |        | 766  | 728  | 2,339   |
| Payments for loans  |        | (150)  | (990)  | (3,690)   |
| Proceeds from loan collections                                      |        | 1,565  | 945  | 1,411   |
| Other   |        | (253)  | (52)   | 406   |
| <b>Net Cash Used in Investing Activities</b>                        |        | <b>(2,596)</b>   | <b>(2,463)</b>   | <b>(10,516)</b>   |
| <b>Cash Flows from Financing Activities</b>                         |        |  |  |   |
| Increase in short-term debt   |        | 7,334  | 31,188   | 15,858  |
| Proceeds from long-term debt  |        | 11,900   | 10,145   | 26,172  |
| Repayment of long-term debt   |        | (2,491)  | (354)  | (3,803)   |
| Proceeds from bond issuance   |        | 270  | —  | —   |
| Payments for bonds redeemable                                       |        | (345)  | (315)  | (660)   |
| Proceeds from issuance of capital stock                             |        | —  | 31   | 8,279   |
| Payments for acquisition of treasury stock                          |        | —  | (1)  | (1)   |
| Cash dividends paid   |        | (245)  | (165)  | (163)   |
| Proceeds from minority interests                                    |        | 1,775  | 2  | 27  |
| Other   |        | (2)  | —  | —   |
| <b>Net Cash Provided by Financing Activities</b>                    |        | <b>18,195</b>  | <b>40,531</b>  | <b>45,708</b>   |
| <b>Increase in Cash and Cash Equivalents</b>                        |        | <b>(1,391)</b>   | <b>(2,157)</b>   | <b>2,333</b>  |
| <b>Cash and Cash Equivalents at Beginning of Period</b>             |        | <b>8,362</b>   | <b>6,028</b>   | <b>6,028</b>  |
| <b>Increase in Cash and Cash Equivalents from New Consolidation</b> |        | <b>172</b>   | <b>—</b>   | <b>—</b>  |
| <b>Cash and Cash Equivalents at End of Period</b>                   |        | <b>6,970</b>   | <b>3,871</b>   | <b>8,362</b>  |

## (5) Segment Information

### Segment Information by Business Segment

First Quarter of Fiscal 2007 (January 1, 2007 – March 31, 2007)

(Millions of yen)

|                    | Principal Investment Business | Fund Business | Investment Banking Business | Total | Elimination/Corporate | Consolidated |
|--------------------|-------------------------------|---------------|-----------------------------|-------|-----------------------|--------------|
| Net Sales          | 2,882                         | 418           | 498                         | 3,799 | (225)                 | 3,574        |
| Operating Expenses | 1,994                         | 201           | 307                         | 2,503 | 66                    | 2,569        |
| Operating Income   | 887                           | 217           | 191                         | 1,296 | (291)                 | 1,004        |

Note: The main business lines in each segment are as below.

|                               |   |
|-------------------------------|---|
| Principal Investment Business | Real estate investment<br>Loans receivable investment<br>Equity investment<br>Other business investment   |
| Fund Business                 | Real estate fund investment / asset management<br>Corporate restructuring fund investment / asset management<br>Solution fund investment / asset management |
| Investment Banking Business   | Solutions business<br>Financial advisory services<br>Due diligence<br>Servicing<br>Real estate advisory   |

First Quarter of Fiscal 2006 (January 1, 2006 – March 31, 2006)

(Millions of yen)

|                    | Principal Investment Business | Fund Business | Investment Banking Business | Total | Elimination/Corporate | Consolidated |
|--------------------|-------------------------------|---------------|-----------------------------|-------|-----------------------|--------------|
| Net Sales          | 995                           | 437           | 854                         | 2,287 | (57)                  | 2,229        |
| Operating Expenses | 856                           | 148           | 184                         | 1,189 | 215                   | 1,405        |
| Operating Income   | 139                           | 288           | 669                         | 1,097 | (273)                 | 824          |

(Reference) Fiscal 2006 (January 1, 2006 – December 31, 2006)

(Millions of yen)

|                    | Principal Investment Business | Fund Business | Investment Banking Business | Total  | Elimination/Corporate | Consolidated |
|--------------------|-------------------------------|---------------|-----------------------------|--------|-----------------------|--------------|
| Net Sales          | 11,055                        | 3,356         | 2,700                       | 17,112 | (504)                 | 16,607       |
| Operating Expenses | 7,969                         | 773           | 974                         | 9,717  | 400                   | 10,117       |
| Operating Income   | 3,085                         | 2,583         | 1,725                       | 7,395  | (905)                 | 6,490        |

### Segment Information by Business Location

During the first quarter of fiscal 2006 (January 1, 2006 – March 31, 2006) and first quarter of fiscal 2007 (January 1, 2007 – March 31, 2007), there was no consolidated subsidiary in any country or territory outside Japan and there was no major overseas branch. Thus, this item is inapplicable.