

**Consolidated Financial Results for Third Quarter of Fiscal 2005,
Ended September 30, 2005
(Translation of Japanese Flash Report, Released on November 14, 2005)**

Company Name: RISA Partners, Inc.

Stock Listing: Tokyo Stock Exchange (Mothers)

Code number: 8924

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1. Matters Concerning Preparation of Quarterly Consolidated Financial Information

(1) Standard for preparation of quarterly consolidated financial statements: Standard for preparation of interim consolidated financial statements

(2) Changes in accounting methods: Not applicable

(3) Changes in Consolidation and Scope of Application for Equity Method

Newly consolidated companies: 3

Excluded consolidated companies: -

Newly included under equity method: -

Excluded under equity method: -

(4) Involvement of corporate auditor

The quarterly consolidated financial statements are subject to the procedures for the expression of an opinion based on the Standard Concerning the Expression of an Opinion on Quarterly Financial Statements specified in the appendix of the Tokyo Stock Exchange's Treatment of Rules Concerning Timely Disclosure of Corporate Information by Issuers of Listed Securities.

2. Performance in Third Quarter of Fiscal 2005 (from January 1, 2005 - September 30, 2005)

(1) Results

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income
Third Quarter of Fiscal 2005	¥4,887 (82.0%)	¥1,729 (100.0%)	¥1,529 (103.2%)
Third Quarter of Fiscal 2004	¥2,685 (-)	¥864 (-)	¥752 (-)
Fiscal 2004	¥4,526 (66.7%)	¥1,278 (125.7%)	¥1,113 (91.0%)

	Net Income	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Third Quarter of Fiscal 2005	¥845 (96.4%)	¥8,028.15	¥6,848.65
Third Quarter of Fiscal 2004	¥430 (-)	¥4,956.81	¥4,284.28
Fiscal 2004	¥628 (68.4%)	¥6,923.54	¥6,020.48

Notes: 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 on Consolidated Business Performance

Despite the uncertain factor of the hike in the price of crude oil, the Japanese economy overall maintained its tone of recovery in the third quarter of fiscal 2005, backed by improved corporate earnings and the upturn in private consumption.

In the financial and real estate industries with which RISA Partners("RISA") is affiliated, corporate restructuring efforts at regional financial institutions made particularly brisk progress. At the same time, the J-REIT market and real estate private placement funds grew as the scale of the market expanded in leaps and bounds due to such factors as stable long term interest rates.

In this business environment, the RISA Partners Group has carried out a strategic shift from its former position as a service provider to an investor, which actively develops investment in real estate and corporations. In real estate, the balance of our co-investments in collaboration with Soros-affiliated funds expanded substantially with about ¥80 billion in assets acquired (including committed but not yet settled deals) as of October 31. In addition to this, our proprietary real estate investment has also increased steadily. In the corporate restructuring sector, at the same time as further increasing the number of regional financial institutions with which we maintain close ties, we achieved some benchmark transactions such as establishment of a joint public/private fund that includes the Organization for Small & Medium Enterprises and Regional Innovation and Japan's first fund in conjunction with a major Shinkin bank (Credit Association). Moreover, we have been making steady strides forward as an investment bank such as in our development of a solutions business which includes management and capital participation utilizing the financial and asset restructuring and securitization techniques witnessed in our work at Musashino Kogyo Co., Ltd., which is listed on the 2nd Section of the Tokyo Stock Exchange.

As a result, we achieved substantial growth in revenue and profits as consolidated financial results recorded sales of ¥4,887 million, up 82.0% compared to the same period last year, ordinary income of ¥1,529 million, up 103.2%, and net income for the quarter of ¥845 million, up 96.4%.

Our performance by business segment was as below.

(1) Due Diligence

Demand in the segment that could be termed the genesis of RISA's development has been solid as the disposal of non-performing loans (NPLs) by financial institutions and moves toward corporate restructuring have remained brisk. However, we strategically directed some of the segment's capacity to in-house operations in order to accommodate an expansion in the volume of work related to corporate restructuring and investment in NPLs handled in-house. As a result, the segment recorded sales of ¥314 million, down 26.4% compared to the same period last year and operating income of ¥151 million, down 34.9%.

(2) Asset Management

Consignment and purchasing operations as well as servicing at IR Loan Servicing, Inc. have been robust during the period. At the same time, purchased loan receivables acquired on RISA's own account also recorded steady gains on collection. In addition, we acquired Yashio Servicing Co., Ltd., from Ashigin Financial Group Inc., on April 11, 2005, boosting the Group's functions in relation to corporate restructuring. However, although we secured sales of ¥738 million, up 28.3% compared to the same period last year, operating income was ¥473 million, down 14.1%, attributable in part to the fact that we recorded substantial extraordinary gains on collection for proprietary investments in receivables in the third quarter of fiscal 2004.

(3) Real Estate Investment

In our proprietary real estate investment, we made steady progress in acquiring properties and secured stable

rental income as well as achieving gains on sale that exceeded projections. Moreover, in cooperative real estate investment, we have steadily built up the balance of our investment assets to about ¥80 billion (including committed but not yet settled deals) in property acquired as of October 31. In addition to securing income from dividends funded from rental revenues, we have also been successful in prompt sales of some properties. As a result, sales in the real estate investment segment stood at ¥2,332 million, up 59.7% compared to the same period last year, and operating income was ¥583 million, up 85.2%, recording substantial growth.

(4) Real Estate Advisory

During the third quarter of fiscal 2005, asset management fee earnings from co-investments in real estate and real estate securitization projects began to make a full-scale contribution to profits with about ¥100 billion in assets under management including the balance of cooperative investments in conjunction with Soros-affiliated funds as of October 31, 2005. At the same time, we also obtained incentive fees from our successful disposal of some properties. Moreover, we also secured a large-scale securitization of real estate as part of our asset restructuring assistance services for operating companies. As a result, sales in the real estate advisory segment stood at ¥819 million, up 447.5% compared to the same period last year, and operating income was ¥593 million, up 399.1%, recording substantial profit growth.

(5) Corporate Advisory

With the growth of corporate restructuring needs at regional financial institutions, our corporate restructuring operations have been steadily expanding with 12 corporate restructuring funds established and partnership with 29 financial institutions as of November 1, 2005. In addition, RISA has also been involved in establishing joint public/private funds in Ehime Prefecture and Saitama Prefecture, and our income from fees relating to corporate restructuring and dividends from investments are growing steadily. Furthermore, gains on collection of loan receivables acquired for the purpose of corporate restructuring have also made a substantial contribution to profits. As a result, sales in the corporate advisory segment stood at ¥683 million, up 838.4% compared to the same period last year, and operating income was ¥378 million, up 7508.6%, as we achieved significant revenue and profit growth.

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (Yen)
Third Quarter of Fiscal 2005	¥28,410	¥6,915	24.3%	¥65,210.78
Third Quarter of Fiscal 2004	¥8,814	¥2,093	23.8%	¥23,214.95
Fiscal 2004	¥12,018	¥5,994	49.9%	¥57,103.74

(3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Year-End
Third Quarter of Fiscal 2005	¥(8,496)	¥(2,890)	¥14,474	¥7,815
Third Quarter of Fiscal 2004	¥(2,204)	¥(687)	¥4,295	¥2,016
Fiscal 2004	¥(1,527)	¥(1,531)	¥7,173	¥4,727

Qualitative Information Concerning Changes in Consolidated Financial Position

Total assets at the end of the third quarter of fiscal 2005 increased by ¥16,391 million compared with the end of fiscal 2004 to ¥28,410 million. This increase was chiefly due to a ¥3,740 million increase in inventory from the acquisition of real estate on RISA's own account, a ¥5,421 million increase in purchased loan receivables acquired either directly or through corporate restructuring funds and a ¥1,846 million increase in investment in anonymous associations for real estate investment and corporate restructuring funds.

Liabilities increased by ¥15,448 million compared with the end of fiscal 2004 to ¥21,464 million. This was chiefly due to an increase of ¥3,027 million in short term borrowing, ¥4,145 million in long term borrowing and ¥6,700 million in corporate bonds as we procured funds using syndicated loans and private notes in addition to issuing yen-denominated convertible bond type notes with stock subscription rights to provide funds for real estate investment, investment in loan receivables, and investments in anonymous associations for real estate investment and corporate restructuring funds.

Furthermore, stockholders' equity increased ¥921 million compared to the end of fiscal 2004 to ¥6,915 million.

Cash Flows in the Third Quarter of Fiscal 2005

Consolidated cash and cash equivalents during the third quarter of fiscal 2005 ("Funds" below) rose ¥3,087 million compared to the end of fiscal 2004, standing at ¥7,815 million at the end of the third quarter of fiscal 2005. This was a result of pre-tax net income of ¥1,514 million and fund procurement through borrowing from financial institutions and bond issuance despite expenditure due to an increase in inventory with the acquisition of real estate for sale and the increase in the acquisition of loan receivables.

Cash flows and their main components during the third quarter of fiscal 2005 were as follows.

Cash flows from operating activities

Funds used in operating activities stood at ¥8,496 million, up 285.5% compared to the same period last year.

Despite recording ¥1,514 million in pre-tax net income, this resulted from major expenditure due to an

increase in inventory with the acquisition of real estate for sale and an increase in purchased receivables acquired either directly or through corporate restructuring funds.

Cash flows from investment activities

Funds used in investment activities stood at ¥2,890 million, up 320.1% compared to the same period last year.

This was mainly due to investments in anonymous associations for the real estate investment and corporate restructuring funds established during the current period, the expenditure for the acquisition of Yashio Servicing, which became a new consolidated subsidiary, and expenditure for the acquisition of tangible fixed assets and investment securities.

Cash flows from financial activities

Funds generated by financial activities stood at ¥14,474 million, up 237.0% compared to the same period last year.

This was the result of fund procurement using syndicated loans and private notes in addition to the issuance of yen-denominated convertible bond type notes with stock subscription rights to provide funds for real estate investment, investment in receivables, and investments in anonymous associations for real estate investment and corporate restructuring funds.

3. Projections for Fiscal 2005 (from January 1, 2005 – December 31, 2005)

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Fiscal 2005	¥9,083	¥1,956	¥1,105

Reference: Projected net income per share (full year): ¥10,458.86

Qualitative Information Concerning Financial Results Forecasts

The positive business environment for the financial and real estate industries, which comprise RISA's business territory, persisted during the third quarter of fiscal 2005, and business opportunities also expanded significantly. In this environment, RISA has been aggressively extending its investment in real estate and corporations. At the same time, we have procured funds through borrowings from financial institutions and the issuance of private notes in addition to the issuance of ¥5.0 billion in yen-denominated convertible bond type notes with stock subscription rights and raising ¥2.0 billion in syndicated loans, enhancing our financial base with the aim of developing our investment banking operations.

The Japanese economy is expected to maintain its tone of recovery during the next quarter of fiscal 2005, and it is expected that our business opportunities will expand further. Particularly in the real estate investment segment and real estate advisory segment, RISA is expected to secure steady earnings in its proprietary investment as well as further expanding co-investment, and this is expected to be accompanied by the acquisition of dividends on investments and asset management income. Moreover, the opportunities for investments are expanding considerably in the corporate advisory segment and the asset management business, due to the compound effect of the expansion of RISA's network of financial institutions, an improvement in name recognition, and the increase in our investment funding capabilities. RISA will make the most effective use of its in-house expertise, including due diligence, functions and personnel while steadfastly doing its utmost to seize opportunities for investment in real estate and corporations.

On August 2, 2005, RISA upgraded its financial results forecasts for fiscal 2005, and income has so far grown steadily in excess of our initial estimates. However, due to uncertainties, we will leave the financial results forecasts of August 2, 2005 unchanged.

4. Summarized Quarterly Consolidated Financial Statements

(1) Summarized Quarterly Consolidated Balance Sheets

(¥ thousand)

Items	Period	Third Quarter of Fiscal 2005 (at September 30, 2005)		Third Quarter of Fiscal 2004 (at September 30, 2004)		Fiscal 2004 (at December 31, 2004)	
		Amount	Share of Total (%)	Amount	Share of Total (%)	Amount	Share of Total (%)
ASSETS							
Current Assets							
Cash and bank deposits		7,834,945		2,035,754		4,747,542	
Notes and accounts receivable, trade		619,025		207,119		206,375	
Inventories		6,263,512		2,523,316		1,931,730	
Purchased non-performing loans		6,827,086		1,405,996		1,669,190	
Deferred tax assets		84,793		42,910		36,901	
Other current assets		279,884		54,656		270,858	
Allowance for doubtful accounts		(11,779)		(6,535)		(7,363)	
Total Current Assets		21,897,467	77.1	6,263,218	71.1	8,855,237	73.7
Fixed Assets							
Property and Equipment							
Buildings and structures		338,164		331,658		321,236	
Land		1,261,884		1,261,884		1,261,884	
Other		355,437		36,500		44,871	
Total Property and Equipment		1,955,485	6.9	1,630,043	18.5	1,627,992	13.5
Intangible Fixed Assets							
Software		29,164		2,864		2,906	
Consolidation adjustment accounts		345,388		-		-	
Other		193		-		-	
Total Intangible Fixed assets		374,746	1.3	2,864	0.0	2,906	0.0
Investments and Other Assets							
Investments in securities		3,692,364		136,708		1,347,908	
Investments in silent partnerships		-		590,230		-	
Other assets		490,449		191,401		184,934	
Total Investments and Other Assets		4,182,813	14.7	918,339	10.4	1,532,843	12.8
Total Fixed Assets		6,513,045	22.9	2,551,247	28.9	3,163,742	26.3
Total Assets		<u>28,410,512</u>	<u>100.0</u>	<u>8,814,465</u>	<u>100.0</u>	<u>12,018,979</u>	<u>100.0</u>

(¥ thousand)

Items	Third Quarter of Fiscal 2005 (at September 30, 2005)		Third Quarter of Fiscal 2004 (at September 30, 2004)		Fiscal 2004 (at December 31, 2004)	
	Amount	Share of Total (%)	Amount	Share of Total (%)	Amount	Share of Total (%)
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Notes and accounts payable, trade	10,250		15,309		20,828	
Short-term borrowings	6,164,740		3,098,392		3,136,793	
Income taxes payable	495,289		266,427		421,493	
Accrued bonuses	110,473		45,928		-	
Other current liabilities	1,697,467		359,064		372,069	
Total Current Liabilities	8,478,221	29.9	3,785,121	42.9	3,951,183	32.8
Long-term Liabilities						
Corporate bond	6,830,000		130,000		130,000	
Long-term debts	5,977,830		2,693,989		1,831,941	
Reserve for employees' retirement benefits	11,096		-		-	
Deferred tax liabilities	33,525		-		-	
Other	134,029		103,386		103,386	
Total Long-term Liabilities	12,986,481	45.7	2,927,375	33.2	2,065,328	17.2
Total Liabilities	21,464,702	75.6	6,712,497	76.1	6,016,511	50.0
Minority Interests						
Minority Interests	30,597	0.1	7,979	0.1	8,401	0.1
Shareholders' Equity						
Common stock	2,350,549	8.3	488,750	5.6	2,339,789	19.5
Capital surplus	2,487,799	8.7	626,000	7.1	2,477,039	20.6
Retained earnings	2,022,544	7.1	979,238	11.1	1,177,236	9.8
Net unrealized gain on other securities	54,317	0.2	-	-	-	-
Total Shareholders' Equity	6,915,212	24.3	2,093,988	23.8	5,994,065	49.9
Total Liabilities, Minority Interests and Shareholders' Equity	28,410,512	100.0	8,814,465	100.0	12,018,979	100.0

(2) Summarized Quarterly Consolidated Statements of Income

(¥ thousand)

Items	Third Quarter of Fiscal 2005 (January 1– September 30, 2005)		Third Quarter of Fiscal 2004 (January 1– September 30, 2004)		Fiscal 2004 (January 1– December 31, 2004)	
	Amount	Share of Total (%)	Amount	Share of Total (%)	Amount	Share of Total (%)
Net Sales	4,887,773	100.0	2,685,593	100.0	4,526,565	100.0
Cost of Sales	1,980,978	40.5	1,201,333	44.7	2,359,362	52.1
Gross Profit	2,906,794	59.5	1,484,260	55.3	2,167,202	47.9
Selling, General and Administrative Expenses	1,177,736	24.1	619,686	23.1	888,280	19.6
Operating Income	1,729,058	35.4	864,574	32.2	1,278,922	28.3
Other Income	76,677	1.6	38,530	1.4	42,978	0.9
Interest income	4,504		763		2,552	
Dividend receivable	-		-		50	
Equity in earnings of affiliated companies	52,908		18,952		15,285	
Rental income	17,830		18,540		24,720	
Other	1,434		274		369	
Other Expenses	276,362	5.7	150,306	5.6	208,664	4.6
Interest Expense	136,138		51,724		77,754	
Loan commissions	37,461		10,233		11,583	
Rental expense	14,358		14,901		19,868	
Initial public offering expenses	-		40,522		40,522	
New share issue expenses	-		27,043		48,762	
Bond issue expenses	80,001		4,500		4,500	
Other	8,402		1,381		5,672	
Ordinary Income	1,529,373	31.3	752,797	28.0	1,113,236	24.6
Extraordinary Gains	-	-	7,125	0.3	7,125	0.2
Adjusted earnings for previous years	-		7,125		7,125	
Extraordinary Losses	15,222	0.3	-	-	-	-
Loss on disposal of property and equipment	237		-		-	
Expenses for relocation of offices	5,067		-		-	
Loss on withdrawing from welfare pension fund	9,917		-		-	
Income before Income Taxes	1,514,150	31.0	759,923	28.3	1,120,362	24.8
Income taxes	711,966		349,485		505,496	
Income taxes-deferred	(46,394)		(19,532)		(13,523)	
Minority interests	3,269	0.0	(420)	(0.0)	1	0.0
Net Income	<u>845,308</u>	<u>17.3</u>	<u>430,390</u>	<u>16.0</u>	<u>628,387</u>	<u>13.9</u>

(3) Summarized Quarterly Consolidated Statements of Retained Earnings

(¥ thousand)

Items	Period	Third Quarter of Fiscal 2005 (January 1– September 30, 2005)	Third Quarter of Fiscal 2004 (January 1– September 30, 2004)	Fiscal 2004 (January 1– December 31, 2004)
		Amount	Amount	Amount
CAPITAL SURPLUS				
Opening Balance		2,477,039	140,000	140,000
Increase in Capital Surplus		10,760	486,000	2,337,039
Capital increase upon issuance of new shares		-	486,000	2,329,559
New share issue due to execution of stock acquisition rights		10,760	-	7,480
Closing Balance		<u>2,487,799</u>	<u>626,000</u>	<u>2,477,039</u>
EARNED SURPLUS				
Opening Balance		1,177,236	548,848	548,848
Increase in Retained Earnings		845,308	430,390	628,387
Net income		845,308	430,390	628,387
Closing Balance		<u>2,022,544</u>	<u>979,238</u>	<u>1,177,236</u>

(4) Summarized Quarterly Consolidated Statements of Cash Flows

(¥ thousand)

Items	Period	Third Quarter of Fiscal 2005 (January 1– September 30, 2005)	Third Quarter of Fiscal 2004 (January 1– September 30, 2004)	Fiscal 2004 (January 1– December 31, 2004)
		Amount	Amount	Amount
Cash Flows from Operating Activities				
Income before income taxes		1,514,150	759,923	1,120,362
Depreciation and amortization		37,199	20,053	30,921
Amortization of long-term prepayment expenses		300	-	610
Amortization of deferred assets		4,308	-	-
Amortization of consolidation adjustment accounts		38,376	-	-
Equity in earnings of affiliated companies		(52,908)	(18,952)	(15,285)
Increase in allowance for doubtful accounts		4,340	4,174	5,002
Increase in accrued bonuses		110,473	45,928	-
Increase in reserve for employees' retirement benefits		(16,059)	-	-
Interest income and dividend receivable		(4,504)	(763)	(2,602)
Interest expense		136,138	51,724	77,754
Increase in notes and accounts receivable		(340,813)	(143,301)	(142,287)
Increase in inventory		(4,331,781)	(1,656,272)	(1,064,686)
Increase in accounts receivable purchased		(5,157,895)	(1,171,240)	(1,434,436)
(Increase) decrease in notes and accounts payable		(10,577)	6,214	11,733
Increase in guaranteed deposit received		-	29,988	-
Other		389,034	152,629	189,585
Sub total		(7,680,219)	(1,919,623)	(1,223,328)
Interest and dividend received		4,578	763	2,507
Interest paid		(163,537)	(56,488)	(76,578)
Income tax paid		(657,556)	(228,967)	(229,912)
Net Cash Used in Operating Activities		(8,496,734)	(2,204,316)	(1,527,312)
Cash Flows from Investing Activities				
Payments for purchase of tangible fixed assets		(357,495)	(23,267)	(67,905)
Payments for purchase of investment in securities		(343,224)	-	-
Payments for acquisition of consolidated subsidiary		(340,623)	-	-
Payments for purchase of affiliated company's share		-	(20,000)	(20,000)
Payments for investments in affiliated companies		-	-	(3,000)
Payments for investments in companies		(65,930)	(32,000)	(39,500)
Payments for investments in silent partnerships		(3,946,866)	(552,610)	(1,149,410)
Proceeds from dividend of silent partnerships		2,236,581	-	-
Payments for loans		-	-	(227,941)
Proceeds from loan collections		177,941	-	-
Other		(250,441)	(59,995)	(23,764)
Net Cash Used in Investing Activities		(2,890,057)	(687,873)	(1,531,521)
Cash Flows from Financing Activities				
Increase in short-term debt		2,227,947	1,820,752	879,153
Proceed from long-term debt		6,460,000	2,091,519	2,471,519
Repayment of long-term debt		(1,514,111)	(630,350)	(892,397)
Proceeds from bond issuance		7,400,000	200,000	200,000
Payments for bonds redeemable		(140,000)	-	-
Proceeds from issuance of common stock		21,520	804,750	4,506,829
Proceeds from minority interests		18,840	8,400	8,400
Net Cash Provided by Financing Activities		14,474,195	4,295,071	7,173,504
Increase in Cash and Cash Equivalents		3,087,402	1,402,882	4,114,670
Cash and Cash Equivalents at Beginning of Term		4,727,942	613,272	613,272
Cash and Cash Equivalents at End of Term		<u>7,815,345</u>	<u>2,016,154</u>	<u>4,727,942</u>