

**Consolidated Financial Results for Fiscal Year Ended December 31, 2007 (Fiscal 2007)**  
**(Translation of Japanese Flash Report, Released on February 8, 2008)**

Company Name: RISA Partners, Inc.

Stock Listing: Tokyo Stock Exchange (1st section)

Code Number: 8924

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Date annual general meeting of shareholders is scheduled to be held: March 27, 2008

Date Financial report is scheduled to be submitted: March 28, 2008

Date dividend is scheduled to start being paid out: March 28, 2008

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

**1. Consolidated Performance for Fiscal 2007 (January 1, 2007 – December 31, 2007)**

(1) Consolidated Business Performance

(Percentage figures shown indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income	
Fiscal 2007	¥27,441 million	65.2%	¥11,928 million	83.8%	¥10,595 million	103.6%
Fiscal 2006	¥16,607 million	81.5%	¥6,490 million	130.8%	¥5,203 million	107.5%

	Net Income		Net Income per Share	Fully Diluted Net Income per Share
Fiscal 2007	¥6,659 million	119.7%	¥24,141.19	¥21,773.90
Fiscal 2006	¥3,030 million	119.7%	¥24,407.44	¥20,697.61

	Return on Equity (ROE)	Ordinary Income / Total Assets	Operating Income / Net Sales
Fiscal 2007	28.4%	10.6%	43.5%
Fiscal 2006	22.4%	9.3%	39.1%

Reference: Equity in earnings of affiliated companies      Fiscal 2007: ¥72 million

Fiscal 2006: ¥136 million

Note: RISA Partners implemented a two-for-one stock split for common stock on April 1, 2007.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
Fiscal 2007	¥119,000 million	¥37,394 million	23.2%	¥98,229.54
Fiscal 2006	¥81,130 million	¥19,367 million	23.8%	¥144,417.79

Reference: Shareholders' equity

Fiscal 2007: ¥27,663 million

Fiscal 2006: ¥19,327 million

Note: RISA Partners implemented a two-for-one stock split for common stock on April 1, 2007.

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fiscal 2007	¥3,225 million	(¥24,501 million)	¥30,397 million	¥17,833 million
Fiscal 2006	(¥32,859 million)	(¥10,516 million)	¥45,708 million	¥8,362 million

**2. Dividend**

(Reference Date)			Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Total Dividends / Net Assets (Consolidated)
	Year-End	Annual			
Fiscal 2006	¥2,000.00	¥2,000.00	¥267 million	8.2%	1.9%
Fiscal 2007	¥1,800.00	¥1,800.00	¥505 million	7.5%	2.1%
Fiscal 2008 (forecast)	¥1,500.00	¥1,500.00	–	4.8%	–

Notes: 1. Breakdown of year-end dividend for fiscal 2007 Common stock dividend: ¥1,500.00  
Commemorative dividend: ¥300.00

2. The dividend for fiscal 2006 is the figure before the two-for-one stock split for common stock.

**3. Consolidated Forecasts for Fiscal 2008 (January 1, 2008 – December 31, 2008)**

(Percentage figures shown indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	
Interim	¥12,820 million	14.8%	¥5,050 million	53.6%	¥3,860 million	44.5%	¥2,890 million	60.1%	¥10,282.98
Full Year	¥39,570 million	44.2%	¥16,200 million	35.8%	¥13,780 million	30.1%	¥8,780 million	31.8%	¥31,240.33

**4. Other**

- (1) Changes in significant subsidiaries during period (changes in specified subsidiaries accompanying changes in scope of consolidation): No  
Newly consolidated subsidiaries: –  
Excluded consolidated subsidiaries: –
- (2) Changes in accounting policies and procedures, method of presentation, etc. concerning preparation of consolidated financial statements (matters to be indicated under Changes in Significant Matters Forming Basis for Preparation of Consolidated Financial Statements)  
(i) Changes accompanying amendments to accounting standards, etc.: Yes  
(ii) Changes other than (i): No
- (3) Number of shares outstanding (common stock)  
(i) Number of shares outstanding at end of period (including treasury stock)  
Fiscal 2007: 281,053 shares      Fiscal 2006: 133,833 shares  
(ii) Number of shares of treasury stock at end of period  
Fiscal 2007: 6 shares      Fiscal 2006: 3 shares

**\*Explanation on the appropriate use of forecasts, and other matters of special note**

(Disclaimer regarding forward-looking statements, etc.)

The forecasts and other forward-looking statements presented in this material are based on information available to the RISA Partners Group as of the date of publication of this material and certain assumptions deemed reasonable by the RISA Partners Group. Actual performance, etc. may differ materially from the forecast figures due to a variety of factors. Refer to “5. Business Performance; (1) Analysis of Business Performance” on page 3 for the assumptions underlying the forecasts, disclaimer on the use of forecasts and other related matters.

(Other matters of special note)

RISA Partners implemented a two-for-one stock split for common stock on April 1, 2007. Accordingly, the respective per-share figures for fiscal 2006 are the figures before the stock split.

## 5. Business Performance

### (1) Analysis of Business Performance

#### 1) Overall Business Performance

During the consolidated accounting period under review (January 1, 2007 – December 31, 2007), while the global economy continued to grow due to production base and market expansion on a global basis, including emerging countries, the Japanese economy also maintained its tone of moderate economic expansion backed by increasing exports and greater capital investment. In the second half of the year, however, the drastic decline in investments in construction owing to enforcement of the amended Building Standards Law served as a factor that depressed the growth, and apprehension of a slowdown in the U.S. economy triggered by the subprime loan problem and other causes for concern are surfacing in some areas.

The financial market, in which the Group operates, saw active disposal of non-performing loans by financial institutions towards the March fiscal year end and September interim period end due to such factors as the financial standing of financial institutions being on the road to recovery in correlation with the moderate economic expansion and the industry reorganization by regional financial institutions becoming more active. In addition, investment opportunities increased largely as well, due in part to there also being corporate restructuring moves centering on the distribution industry and other highly-competitive fields. In the real estate market, while there were changes seen in some flow of global funds resulting from the subprime loan problem, office demand remained firm in the major metropolitan areas and this led to brisk real estate transactions as well.

Under this business environment, RISA Partners managed to get tremendous investment opportunities by quickly addressing various investment projects. Furthermore, having successfully increased its corporate value and enhanced the value of investment properties by dealing appropriately with investment destinations and properties, RISA Partners managed to substantially boost its performance. In the financial aspect, in view of increasing future expansion in investment opportunities, ¥12 billion worth of zero coupon Japanese yen convertible notes with stock acquisition rights were issued and the commitment line and other loan facilities were increased to serve as long-term stable funds. Additionally, a BBB rating was obtained from Japan Credit Rating Agency, Ltd. for long-term senior debts in December 2007. By taking these steps, the financing capabilities were enhanced and diversified for the Group to expand its businesses.

Moreover, in August 2007, a strategic business alliance was entered into with The Nishi-Nippon City Bank, Ltd. and its consolidated subsidiary The Bank of Nagasaki, Ltd. in recognition of the Group's extensive track record as an investment bank. Furthermore, RISA Partners put money into the preferred shares of The Bank of Nagasaki in September 2007.

As a result, substantial growth in both sales and income were achieved, posting net sales of ¥27,441 million (up 65.2% year-on-year), operating income of ¥11,928 million (up 83.8% year-on-year), ordinary income of ¥10,595 million (up 103.6% year-on-year) and net income of ¥6,659 million (up 119.7% year-on-year).

#### 2) Performance by Business Segment

##### ***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 more loan receivables than initially envisioned as a result of actively pursuing investment opportunities utilizing a broad network with financial institutions. In addition, as a result of acquiring loans receivable for Kokuba-Gumi Co., Ltd., Okinawa Prefecture's largest construction company, in March 2006

and vigorously advancing efforts towards early revival of Kokuba-Gumi, RISA Partners succeeded in progressing revival plans at a faster speed than initially planned and completed the collection of the entire amount of loans receivable. While continuing to form close tie-ups with Kokuba-Gumi, RISA Partners will strive for further business expansion in Okinawa by embarking on various joint projects.

On the other hand, concerning real estate investment also, RISA Partners successfully steadily captured revenue through acquisition and sales activities that flexibly respond to changes in the market environment.

As a result, sales and income increased remarkably, with net sales of ¥16,054 million (up 45.2% year-on-year) and operating income of ¥4,848 million (up 57.1% year-on-year).

### ***Fund Business***

RISA Partners' fund business conducts large and medium joint real estate investments with Grove International Partners (hereafter, Grove), and is involved in corporate restructuring funds in partnership with regional financial institutions across Japan and a corporate value enhancement fund called Solution Fund that comprehensively utilizes the solutions functions of the Group.

In the joint real estate investment business, RISA Partners succeeded in steadily building up the investment balance, bringing the cumulative investment total to about ¥218.9 billion (on a commitment basis at the end of December 2007). On the other hand, concerning investment properties also, RISA Partners fully demonstrated its asset management capabilities and this led to successful exits for several properties. These achievements brought the investment balance to ¥167.2 billion at the end of December 2007.

In the corporate restructuring fund business, RISA Partners continued to steadily expand relationships with regional financial institutions.

As for the RISA Corporate Solution Fund, the total commitment amount increased to ¥21.85 billion in March 2007. Moreover, the Kyushu Corporate Solution Fund specializing in the Kyushu region was formed with The Nishi-Nippon City Bank through the RISA Corporate Solution Fund with a total commitment amount of ¥3.0 billion and thereby managed to further expand investment opportunities. In addition, investment activities were also steadily advanced, earning multiple projects such as the restructuring of core regional company and investment in growing company that eye to go public.

During the consolidated accounting period under review, RISA Partners made good progress in generating revenue through real estate and other fund investment, and also achieved steady growth in incentive fees and asset management fees.

As a result, RISA Partners managed to secure considerable sales and income increases, with net sales of ¥8,064 million (up 140.2% year-on-year) and operating income of ¥6,700 million (up 159.4% year-on-year).

### ***Investment Banking Business***

RISA Partners' investment banking business provides M&A and 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 comprehensively leveraging the expertise gained in providing real estate and financial investment and advisory services.

In the consolidated accounting period under review, each of the services in the investment banking business, includes earning large advisory projects, maintained firm performance. In addition, Frontier Management Inc. contributed to revenue from its first year.

As a result, net sales of ¥4,331 million (up 60.4% year-on-year) and operating income of ¥1,873 million (up 8.5% year-on-year) were registered.

### 3) Fiscal 2008 Outlook

The moderate expansion in the Japanese economy is forecast to continue into the next fiscal year. Meanwhile, possibilities of a temporary slowdown due to negative wealth effects in the wake of stock market declines triggered by a drop in residential investment and the subprime loan problem make the knife-edge situation for

the next fiscal year.

The real estate market is showing signs of a slowdown attributable to the amended Building Standards Law, subprime loan and other problems. On the other hand, there is brisk demand for particularly office and retail buildings in the major metropolitan areas, including Tokyo. Accordingly, the demand for properties that are superior in terms of size and location is expected to remain firm.

In the financial and corporate market, there is still active disposal of non-performing loans centering on regional financial institutions. In addition, there are increasing needs of financial institutions and corporations in areas ranging from disposal of non-performing loans and corporate restructuring to corporate growth support and business restructuring, and investment opportunities are increasingly expanding.

To respond to such profit earning, RISA Partners will launch the second Solution Fund and strengthen the financing pipeline.

RISA Partners anticipates that it will proceed to accurately acquire business opportunities and steadily secure profit earning opportunities. Based on the foregoing, net sales of ¥39,570 million, operating income of ¥16,200 million, ordinary income of ¥13,780 million and net income of ¥8,780 million are forecast for the Group's consolidated performance in fiscal 2008.

## (2) Analysis of Financial Position

### 1) Assets, Liabilities and Net Assets

Total assets at the end of the consolidated accounting period under review increased by ¥37,870 million compared to the end of the previous consolidated accounting period to ¥119,000 million. This increase was chiefly due to investments in securities rising ¥22,862 million due to greater capital contribution in joint real estate investment funds and equity investments (including the amount equivalent to minority interests of investment limited partnerships, etc. that are included in the scope of consolidation), as well as property and equipment increasing ¥2,826 million and cash and bank deposits increasing ¥9,465 million as a result of acquiring real estate through proprietary investment based on long term investment.

Liabilities increased by ¥19,843 million compared to the end of the previous consolidated accounting period to ¥81,605 million. This was chiefly due to corporate bond increasing ¥9,259 million as a result of issuing convertible notes with stock acquisition rights, and long term debt increasing ¥6,531 million.

Net assets increased ¥18,026 million compared to the end of the previous consolidated accounting period to ¥37,394 million. This was chiefly due to minority interests of investment limited partnerships, etc. that are included in the scope of consolidation increasing ¥9,682 million in correlation with the abovementioned increase in equity investments, and net income being ¥6,659 million in this period.

### 2) Consolidated Cash Flows

Consolidated cash and cash equivalents (hereafter, net cash) during the consolidated accounting period under review rose ¥9,471 million compared to the end of the previous consolidated accounting period to ¥17,833 million at this period. This increase was a result of recording ¥10,844 million in net income before income taxes and minority interests, as well as procuring capital by borrowing from financial institutions and issuing convertible notes with stock acquisition rights, among other factors, despite expenditures arising from payments for purchase of property and equipment, expenditures from contributing capital into funds and others.

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

#### ***Cash Flows from Operating Activities***

Net cash provided by operating activities stood at ¥3,225 million (in fiscal 2006, ¥32,859 million in net cash

used in operating activities).

Despite income taxes and other payments, this was due to ¥10,844 million in net income before income taxes, as well as the collections of purchased loans receivable, collections through selling of for-sale real estate and other collections resulting only a marginal net increase in inventories and purchased loans receivable.

#### ***Cash Flows from Investing Activities***

Net cash used in investing activities stood at ¥24,501 million (up 133.0% year-on-year).

This was mainly due to ¥16,577 million in payments for purchase of investments in securities and ¥8,552 million in payments for investments in silent partnerships, as well as ¥5,718 million in payments for purchase of property and equipment.

#### ***Cash Flows from Financing Activities***

Net cash provided by financing activities stood at ¥30,397 million (down 33.5% year-on-year).

Despite posting decrease in short-term debt of ¥3,524 million and repayment of long-term debt of ¥17,307 million, this was mainly due to ¥29,779 million in proceeds from long-term debt and ¥12,323 million in proceeds from issuance of convertible notes with stock acquisition rights, as well as ¥10,244 million in proceeds from minority interests.

	Fiscal 2005	Fiscal 2006	Fiscal 2007
Equity ratio	25.4%	23.9%	23.2%
Equity ratio based on market price	201.8%	82.8%	58.1%
Ratio of interest-bearing debt to cash flow	–	–	23.7 years
Interest coverage ratio	–	–	2.6 times

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

Equity ratio = Shareholders' equity ÷ Total assets

Equity ratio based on market price = Capitalization at market price ÷ Total assets

Ratio of interest-bearing debt to cash flow = 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 ratio of interest-bearing debt to cash flow and interest coverage ratio are not indicated for Fiscal 2005 and Fiscal 2006 because operating cash flow was negative.

### **(3) Basic Policy on Income Distribution, and Dividends for Fiscal 2007 and Fiscal 2008**

RISA Partners positions the maximization of shareholder returns as one of critical business task. From this perspective, RISA Partners adopts the basic dividend policy of enhancing retained earnings for the purpose of reinforcing the business constitution and future business development and, on this basis, paying out dividends flexibly in accordance with business performance.

In fiscal 2007, in comprehensive view of the historical business performance and financial position, among other factors, RISA Partners expects a common dividend of ¥1,500 per share, plus commemorative dividend of ¥300 per share in celebration of July 2008 marking RISA Partners' tenth anniversary since founding, to total ¥1,800 dividend of per share. In addition, in light of actual results in fiscal 2007 and other factors, RISA Partners expects at this time a dividend of ¥1,500 in dividend per share in fiscal 2008.

Pursuant to the abovementioned policy, RISA Partners will continue hereafter to strive to maximize shareholder returns while taking into account the business performance of the respective fiscal years. However, depending on the business performance trends, there is the possibility that no dividends will be paid out.

## 6. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

Items	Fiscal 2006 (at December 31, 2006)		Fiscal 2007 (at December 31, 2007)		YOY Change
	Amount	Share of Total (%)	Amount	Share of Total (%)	Increase (Decrease)
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and bank deposits	8,411		17,877		9,465
Notes and accounts receivable, trade	1,095		1,799		703
Inventories	15,466		15,394		(71)
Purchased loans receivable	35,075		35,719		644
Deferred tax assets	173		436		263
Other current assets	2,353		2,457		104
Allowance for doubtful accounts	(36)		(590)		(554)
<b>Total Current Assets</b>	<b>62,539</b>	<b>77.1</b>	<b>73,094</b>	<b>61.4</b>	<b>10,555</b>
<b>Fixed Assets</b>					
<b>Property and Equipment</b>					
Buildings and structures	2,395		3,347		
Accumulated depreciation	98	2,297	223	3,123	826
Land		3,906		5,827	1,921
Construction in progress		–		47	47
Other	514		607		
Accumulated depreciation	76	437	137	470	32
<b>Total Property and Equipment</b>		<b>6,642</b>		<b>9,469</b>	<b>2,826</b>
<b>Intangible Fixed Assets</b>					
Software		27		154	127
Goodwill		249		279	29
Other		98		45	(53)
<b>Total Intangible Fixed Assets</b>		<b>375</b>		<b>479</b>	<b>104</b>
<b>Investments and Other Assets</b>					
Investments in securities		9,259		32,122	22,862
Long-term loans receivable		1,337		2,317	980
Deferred tax assets		267		807	540
Other assets		708		955	246
Allowance for doubtful accounts		–		(245)	(245)
<b>Total Investments and Other Assets</b>		<b>11,573</b>		<b>35,957</b>	<b>24,384</b>
<b>Total Fixed Assets</b>		<b>18,590</b>		<b>45,905</b>	<b>27,315</b>
<b>Total Assets</b>		<b>81,130</b>		<b>119,000</b>	<b>37,870</b>

(Millions of yen)

Items	Fiscal 2006 (at December 31, 2006)		Fiscal 2007 (at December 31, 2007)		YOY Change
	Amount	Share of Total (%)	Amount	Share of Total (%)	Increase (Decrease)
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Notes and accounts payable, trade	10		87		77
Short-term debt	21,137		17,613		(3,524)
Current portion of long-term debt	7,449		12,390		4,941
Income taxes payable	2,089		3,577		1,467
Accrued bonuses	–		85		85
Other current liabilities	2,376		3,276		900
<b>Total Current Liabilities</b>	<b>33,062</b>	<b>40.7</b>	<b>37,010</b>	<b>31.1</b>	<b>3,947</b>
<b>Long-term Liabilities</b>					
Corporate bond	5,530		14,789		9,259
Long-term debt	22,626		29,157		6,531
Reserve for employees' retirement benefits	–		3		3
Other long-term liabilities	543		645		102
<b>Total Long-term Liabilities</b>	<b>28,699</b>	<b>35.4</b>	<b>44,595</b>	<b>37.5</b>	<b>15,896</b>
<b>Total Liabilities</b>	<b>61,762</b>	<b>76.1</b>	<b>81,605</b>	<b>68.6</b>	<b>19,843</b>
<b>NET ASSETS</b>					
<b>Shareholders' Equity</b>					
Capital stock	6,852	8.4	7,829	6.6	976
Capital surplus	6,990	8.6	7,967	6.7	976
Retained earnings	5,421	6.7	11,811	9.9	6,390
Treasury stock	(1)	(0.0)	(1)	(0.0)	–
<b>Total Shareholders' Equity</b>	<b>19,263</b>	<b>23.7</b>	<b>27,607</b>	<b>23.2</b>	<b>8,344</b>
<b>Valuation and Translation Adjustments</b>					
Net unrealized gain on other securities	64	0.1	56	0.0	(7)
<b>Total Valuation and Translation Adjustments</b>	<b>64</b>	<b>0.1</b>	<b>56</b>	<b>0.0</b>	<b>(7)</b>
<b>Stock Acquisition Rights</b>	<b>–</b>	<b>–</b>	<b>7</b>	<b>0.0</b>	<b>7</b>
<b>Minority Interests</b>	<b>40</b>	<b>0.1</b>	<b>9,723</b>	<b>8.2</b>	<b>9,682</b>
<b>Total Net Assets</b>	<b>19,367</b>	<b>23.9</b>	<b>37,394</b>	<b>31.4</b>	<b>18,026</b>
<b>Total Liabilities and Net Assets</b>	<b>81,130</b>	<b>100.0</b>	<b>119,000</b>	<b>100.0</b>	<b>37,870</b>

## (2) Consolidated Statements of Income

(Millions of yen)

Items	Fiscal 2006 (January 1, 2006 – December 31, 2006)		Fiscal 2007 (January 1, 2007 – December 31, 2007)		YOY Change		
	Amount	Ratio (%)	Amount	Ratio (%)	Increase (Decrease)		
<b>Net Sales</b>		<b>16,607</b>	<b>100.0</b>		<b>27,441</b>	<b>100.0</b>	<b>10,834</b>
<b>Cost of Sales</b>		7,606	45.8		9,584	34.9	1,978
Gross Profit		9,001	54.2		17,857	65.1	8,855
<b>Selling, General and Administrative Expenses</b>		2,511	15.1		5,928	21.6	3,416
<b>Operating Income</b>		<b>6,490</b>	<b>39.1</b>		<b>11,928</b>	<b>43.5</b>	<b>5,438</b>
<b>Other Income</b>							
Interest income	4			18			
Dividend income	2			1			
Equity in earnings of affiliated companies	136			72			
Rental income	16			–			
Other	22	182	1.1	100	192	0.7	10
<b>Other Expenses</b>							
Interest expense	916			1,234			
Loan commissions	436			132			
Rental expense	18			–			
Share issue expenses	43			–			
Other	52	1,468	8.8	158	1,525	5.6	57
<b>Ordinary Income</b>		<b>5,203</b>	<b>31.3</b>		<b>10,595</b>	<b>38.6</b>	<b>5,391</b>
<b>Extraordinary Gains</b>							
Gain on sale of fixed assets	0			144			
Gain on sale of affiliated company's shares	–	0	0.0	240	385	1.4	385
<b>Extraordinary Losses</b>							
Loss on disposal of fixed assets	5			26			
Loss on valuation of investments in securities	–	5	0.0	73	99	0.4	93
<b>Net income before distribution of profit/loss from silent partnerships, income taxes and minority interests</b>		<b>5,198</b>	<b>31.3</b>		<b>10,881</b>	<b>39.6</b>	<b>5,683</b>
Distribution of profit/loss from silent partnerships		20	0.1		37	0.1	16
<b>Net income before income taxes and minority interests</b>		<b>5,177</b>	<b>31.2</b>		<b>10,844</b>	<b>39.5</b>	<b>5,666</b>
Income taxes	2,541			5,439			
Income taxes – deferred	(377)	2,164	12.9	(798)	4,641	16.9	2,476
Minority interests in income (loss)		(17)	(0.1)		(456)	(1.7)	(438)
<b>Net Income</b>		<b>3,030</b>	<b>18.2</b>		<b>6,659</b>	<b>24.3</b>	<b>3,628</b>

## (3) Consolidated Statements of Changes in Shareholders' Equity

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

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at December 31, 2005</b>	<b>2,471</b>	<b>2,608</b>	<b>2,556</b>	<b>(0)</b>	<b>7,636</b>
<b>Changes during the fiscal year</b>					
New share issuance	4,381	4,381	–	–	8,762
Dividends	–	–	(165)	–	(165)
Net income	–	–	3,030	–	3,030
Share buybacks	–	–	–	(1)	(1)
Changes during the fiscal year in items not included in shareholders' equity, net	–	–	–	–	–
<b>Total changes during the fiscal year</b>	<b>4,381</b>	<b>4,381</b>	<b>2,864</b>	<b>(1)</b>	<b>11,626</b>
<b>Balance at December 31, 2006</b>	<b>6,852</b>	<b>6,990</b>	<b>5,421</b>	<b>(1)</b>	<b>19,263</b>

	Valuation and Translation Adjustments		Minority Interests	Total Net Assets
	Net unrealized gain on other securities			
<b>Balance at December 31, 2005</b>	<b>97</b>		<b>31</b>	<b>7,765</b>
<b>Changes during the fiscal year</b>				
New share issuance	–		–	8,762
Dividends	–		–	(165)
Net income	–		–	3,030
Share buybacks	–		–	(1)
Changes during the fiscal year in items not included in shareholders' equity, net	(33)		9	(24)
<b>Total changes during the fiscal year</b>	<b>(33)</b>		<b>9</b>	<b>11,602</b>
<b>Balance at December 31, 2006</b>	<b>64</b>		<b>40</b>	<b>19,367</b>

Fiscal 2007 (January 1, 2007 – December 31, 2007)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at December 31, 2006</b>	<b>6,852</b>	<b>6,990</b>	<b>5,421</b>	<b>(1)</b>	<b>19,263</b>
<b>Changes during the fiscal year</b>					
New share issuance	976	976	–	–	1,953
Dividends	–	–	(267)	–	(267)
Net income	–	–	6,659	–	6,659
Decrease in retained earnings from new consolidation	–	–	(1)	–	(1)
Changes during the fiscal year in items not included in shareholders' equity, net	–	–	–	–	–
<b>Total changes during the fiscal year</b>	<b>976</b>	<b>976</b>	<b>6,390</b>	<b>–</b>	<b>8,344</b>
<b>Balance at December 31, 2007</b>	<b>7,829</b>	<b>7,967</b>	<b>11,811</b>	<b>(1)</b>	<b>27,607</b>

	Valuation and Translation Adjustments		Stock Acquisition Rights	Minority Interests	Total Net Assets
	Net unrealized gain on other securities				
<b>Balance at December 31, 2006</b>	<b>64</b>		<b>–</b>	<b>40</b>	<b>19,367</b>
<b>Changes during the fiscal year</b>					
New share issuance	–		–	–	1,953
Dividends	–		–	–	(267)
Net income	–		–	–	6,659
Decrease in retained earnings from new consolidation	–		–	–	(1)
Changes during the fiscal year in items not included in shareholders' equity, net	(7)		7	9,682	9,682
<b>Total changes during the fiscal year</b>	<b>(7)</b>		<b>7</b>	<b>9,682</b>	<b>18,026</b>
<b>Balance at December 31, 2007</b>	<b>56</b>		<b>7</b>	<b>9,723</b>	<b>37,394</b>

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2006 (January 1, 2006 – December 31, 2006)	Fiscal 2007 (January 1, 2007 – December 31, 2007)	YOY Change
Items	Amount	Amount	Increase (Decrease)
<b>Cash Flows from Operating Activities</b>			
Net income before income taxes and minority interests	5,177	10,844	
Depreciation and amortization	101	258	
Amortization of long-term prepayment expenses	21	76	
Gain on sale of property and equipment	0	(144)	
Loss on disposal of property and equipment	5	0	
Loss on disposal of intangible fixed assets	–	26	
Amortization of goodwill	76	128	
Equity in earnings of affiliated companies	(136)	(72)	
Silent partnership contribution received (paid)	(1,200)	(3,327)	
Loss on valuation of investments in securities	–	73	
Gain on sale of affiliated company's shares	–	(240)	
Increase (Decrease) in allowance for doubtful accounts	22	799	
Increase (Decrease) in accrued bonuses	–	85	
Increase (Decrease) in reserve for employees' retirement benefits	(9)	(2)	
Interest income and dividend income	(7)	(19)	
Interest expense	916	1,234	
Share issue expenses	43	–	
(Increase) Decrease in notes and accounts receivable	(207)	(632)	
(Increase) Decrease in inventories	(8,374)	(593)	
(Increase) Decrease in purchased loans receivable	(27,486)	(644)	
Increase (Decrease) in notes and accounts payable	3	16	
Other	366	585	
Sub total	(30,685)	8,448	39,134
Interest and dividend received	5	16	
Interest paid	(910)	(1,229)	
Income tax paid	(1,268)	(4,009)	
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>(32,859)</b>	<b>3,225</b>	<b>36,084</b>
<b>Cash Flows from Investing Activities</b>			
Payments for purchase of property and equipment	(4,775)	(5,718)	
Proceeds from sale of property and equipment	–	2,117	
Payments for purchase of investments in securities	(669)	(16,577)	
Payments for purchase of affiliated company's shares	(165)	(15)	
Proceeds from sale of affiliated company's shares	–	240	
Payments for sale of subsidiary's shares from change in scope of consolidation	–	(187)	
Payments for investments in companies	(40)	–	
Payments for investments in silent partnerships	(5,332)	(8,552)	
Proceeds from dividend of silent partnerships	2,339	5,316	
Payments for loans	(3,690)	(3,656)	
Proceeds from loan collections	1,411	3,019	
Other	406	(486)	
<b>Net Cash Used in Investing Activities</b>	<b>(10,516)</b>	<b>(24,501)</b>	<b>(13,985)</b>

(Millions of yen)

	Fiscal 2006 (January 1, 2006 – December 31, 2006)	Fiscal 2007 (January 1, 2007 – December 31, 2007)	YOY Change
Items	Amount	Amount	Increase (Decrease)
<b>Cash Flows from Financing Activities</b>			
Increase (Decrease) in short-term debt	15,858	(3,524)	
Proceeds from long-term debt	26,172	29,779	
Repayment of long-term debt	(3,803)	(17,307)	
Proceeds from bond issuance	–	12,323	
Payments for bonds redeemable	(660)	(724)	
Proceeds from issuance of capital stock	8,279	28	
Payments for share buybacks	(1)	–	
Cash dividends paid	(163)	(266)	
Proceeds from minority interests	27	10,244	
Other	–	(155)	
<b>Net Cash Provided by Financing Activities</b>	<b>45,708</b>	<b>30,397</b>	<b>(15,311)</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>2,333</b>	<b>9,121</b>	<b>6,788</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>6,028</b>	<b>8,362</b>	<b>2,333</b>
<b>Increase in Cash and Cash Equivalents from New Consolidation</b>	<b>–</b>	<b>349</b>	<b>349</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>8,362</b>	<b>17,833</b>	<b>9,471</b>