



# RISA Partners, Inc.

## Consolidated Interim Results

First Half of  
Fiscal Year Ending December 31, 2009

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

**SUMMARY OF FINANCIAL STATEMENTS (Consolidated)**

For the interim period ended June 30, 2009

**RISA Partners, Inc.**

Stock Code: 8924

Listed exchanges:

**August 12, 2009**

Inquiries:

Tokyo, 1st Section

Koji Ishidate

Executive Director,

Corporate Planning Department

URL: <http://www.risa-p.com>

President: Atsushi Imuta

Scheduled date of submission of Interim Securities Report: August 14, 2009

Telephone: 813 5573-8011

**1. Consolidated Financial Results for the Six Months Ended June 30, 2009**

## 1) Consolidated Operating Results

*Millions of yen, rounded down; change compared to previous period*

	Six months ended June 30, 2009		Six months ended June 30, 2008	
		Change %		Change %
Net sales .....	5,721	--	14,198	27.1
Operating income .....	1,231	--	4,951	50.7
Ordinary income .....	491	--	3,864	44.6
Net income (loss) .....	216	--	2,943	63.0
Net income per share (¥) .....	739.57	--	10,162.46	--
Fully diluted earnings per share (¥) .....	619.51	--	9,801.83	--

## 2) Financial Position

*Millions of yen, rounded down*

	As of June 30, 2009	As of December 31, 2008
Total assets .....	139,291	142,383
Net assets .....	43,022	38,777
Shareholders' equity ratio (%) .....	20.7	17.7
Net assets per share (¥) .....	84,966.05	86,426.11

Note: Shareholders' equity as of:

June 30, 2009:

¥28,845 million

December 31, 2008:

¥25,272 million

**2. Dividends**

	FY ended December 31, 2008	FY ending December 31, 2009 (forecast)
Dividends per share (Record date)		
End of first quarter .....	--	--
End of second quarter .....	0.00	0.00
End of third quarter .....	--	--
End of fourth quarter .....	¥1,500.00	¥1,500.00
Annual dividend .....	¥1,500.00	¥1,500.00

Note 1: There has been no change to the dividend forecast during the period under review.

Note 2: The above dividend forecast refers to the ordinary share dividend. See "Preferred share dividends" on page 3 for the dividend on preferred shares.

**3. Forecasts for the Fiscal Year Ending December 31, 2009***Millions of yen, rounded down; change compared to previous comparable period*

	Full year	Change in %
Net sales .....	15,000	(39.4)
Operating income .....	5,700	(28.6)
Ordinary income .....	3,500	(31.6)
Net income .....	2,000	--
Net income per share (¥) .....	¥6,566.01	--

Note: There has been no change to the consolidated interim and full-year forecasts during the period under review

**4. Other**

- 1) Transfer of important subsidiaries during the period (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): None
- 2) Changes in accounting methods, procedures and presentation in the making of these financial statements: Yes  
(Note: Details are available in Business Performance on page 6, "4. Other")
- 3) (i) Changes to preparation of quarterly statements in line with revision to accounting standards: Yes  
(ii) Changes other than those in (i) above: Yes  
(Note: Details are available in Business Performance on page 6, "4. Other")
- 4) Number of shares outstanding (ordinary shares)
- (1) Number of shares outstanding (including treasury shares):
- |                      |                          |
|----------------------|--------------------------|
| As of June 30, 2009: | As of December 31, 2008: |
| 296,461 shares       | 296,461 shares           |
- (2) Number of treasury shares:
- |                      |                          |
|----------------------|--------------------------|
| As of June 30, 2009: | As of December 31, 2008: |
| 4,046 shares         | 4,046 shares             |
- (3) Average number of shares outstanding (during fiscal year):
- |                      |                          |
|----------------------|--------------------------|
| As of June 30, 2009: | As of December 31, 2008: |
| 292,415 shares       | 289,602 shares           |

**Notice regarding appropriate use of financial forecasts:**

1. The forecasts announced by RISA Partners on February 13, 2009 have not changed. The forecasts recorded above are based on information available at the time of publication. A number of factors could cause actual results to differ materially from expectations.
2. As of the current consolidated fiscal year, Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 12) and Application Guidelines related to Accounting Standards for Quarterly Reporting (Accounting Standards Board of Japan Article 14) will be applied. Furthermore, RISA Partners prepares its quarterly consolidated financial statements in accordance with the Regulations concerning Quarterly Financial Statements.

**Preferred share dividends**

	FY ended December 31, 2008	FY ending December 31, 2009 (forecast)
Dividend per Class 1 preferred share (Record date)		
End of first quarter .....	--	--
End of second quarter .....	--	--
End of third quarter .....	--	--
End of fourth quarter .....	--	¥1,550.68
Annual dividend .....	--	¥1,550.68



## Business Performance

### (1) ANALYSIS OF BUSINESS PERFORMANCE

#### 1) Overall Business Performance

The Japanese economy continued to deteriorate during the period under review (the period January 1, 2009 to June 30, 2009), influenced by continued global upheaval in the financial markets. As corporate performance continued to worsen, companies curbed capital investment and consumer sentiment remained weak. The global economic situation could decline further if the present financial crisis intensifies and the economic downturn continues. Although this risk has receded to a degree, the outlook remains difficult to forecast.

The financial markets in which the Group operates continued to face harsh conditions during the period under review due to the impact of the financial crisis spreading from the U.S. and Europe. In the real estate market, another area in which RISA Partners operates, financial institutions continued to place restrictions on financing of real estate, and the continuing shortfall in funding for potential buyers has upset the supply and demand balance. As a result, trading in the real estate market has become markedly depressed.

RISA Partners has been pursuing business in three business segments—principal investment business, fund business, and investment banking business. Despite the abovementioned market deterioration we have pursued stable business operations and of our three business segments we secured stable revenues and earnings from existing investments and funds in the principal investment business and fund business, and we secured revenue and earnings in the investment banking business through new advisory mandates and other projects.

In March 2009, we raised ¥4.0 billion by implementing an issue of Class 1 preferred shares by third-party allotment with NEC Capital Solutions Limited (“NEC Capital Solutions”) as the third party allottee, and we procured a syndicated loan of ¥9.5 billion with Sumitomo Mitsui Banking Corporation as the lead arranger. This procurement of capital has further reinforced our financial base and provided us a framework from which we can rapidly respond to future investment opportunities.

In February 2009, we concluded an operational and capital alliance with NEC Capital Solutions, and have begun collaborative investments in the formation of new areas of financial solutions.

As a result, for the six-month period ended June 30, 2009 RISA Partners recorded net sales of ¥5,721 million, operating income of ¥1,231 million, and ordinary income of ¥491 million. Net income was ¥216 million.

#### 2) Performance by Business Segment

##### ***Principal Investment Business***

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

In corporate (equity) investment, we recorded steady earnings from existing investments. In particular our May 2008 acquisition of Hotel JAL City Naha maintained a high occupancy ratio and contributed to revenues in accordance with plans. In January 2009 RISA Partners achieved an exit from its investment in Kutsurogi-Juku in the Aizu Higashiyama Onsen spa resort and secured income on completion of the revitalization in line with plans, having provided hands-on support in partnership with regional financial institutions.

In the area of loan asset investment, loan collection on loan assets acquired from financial institutions continued steadily, generating stable revenues. We have continued to invest in loan assets as appropriate opportunities arise through our relationships with megabanks, government-affiliated and regional financial institutions, and others. We also started collaborative investments in loan assets with NEC Capital Solutions, with which we have formed operational and capital alliance.

In real estate investment, we took measures to increase of the value of real estate holdings with a view to increasing sale value, and we recorded steady revenue from the stable flow of rental fees provided by invested properties.

As a result, net sales in the principal investment business were ¥3,943 million, and operating income was ¥1,277 million.

**Fund Business**

RISA Partners' fund business manages corporate investment funds (primarily equity investment, nationwide), regional corporate revitalization funds (primarily loan asset investment, in various regions), and real estate co-investment (targeting medium- and large-scale real estate assets, nationwide). We generate a set level of fee income from fund administration, and during the period under review were able to achieve stable revenues in this respect. We also invest our own equity in some funds with the aim of generating return on the investments themselves.

Our nationwide corporate investment fund, the RISA Corporate Solution Fund, was launched in September 2006 and consists of two funds: the No.1 fund (with a commitment amount of ¥21.85 billion) and the No.2 fund (currently accepting investment participation, with a commitment amount of ¥14.15 billion as of June 30, 2009). These two funds are invested in a total of 10 projects. The No.2 fund is currently raising funds and in addition to existing domestic institutional investor participants, and despite a harsh financial environment we also secured new investments from regional financial institutions and domestic pension funds to achieve an increase in the total commitment amount. As a result the commitment amount of the No.2 fund has increased to ¥14.15 billion (as of June 30, 2009). We will continue to receive additional investments from new investors until September 30, 2009.

In our corporate revitalization fund activities we associate with regional financial institutions throughout Japan. We currently operate 20 funds and secure stable revenues mainly from fee income from fund administration.

In our real estate co-investment program, targeting medium- to large-sized real estate investments, we continue to conduct operations in cooperation with Grove International Partners ("Grove"). We provided asset management services for investment properties during the period under review, securing stable asset management fees in line with expectations.

As a result, net sales in the fund business were ¥1,062 million, and operating income was ¥608 million.

**Investment Banking Business**

RISA Partners' investment banking business provides financial advisory services including M&A and corporate revitalization consulting services, loan servicing (management and collection of loans) and due diligence services, along with a corporate solutions business that utilizes our extensive investment and advisory expertise in the areas of finance and real estate.

During the period under review, business at Frontier Management, Inc., our group company involved in corporate revitalization advisory business, continue to grow steadily, and we also used our network of leading regional financial institutions to obtain advisory mandates in corporate restructuring, which enabled us to secure income from fees and commissions.

As a result, net sales in the investment banking business were ¥913 million, and operating income was ¥181 million.

**(2) ANALYSIS OF FINANCIAL POSITION****(1) Total assets, liabilities and net assets**

Total assets as of June 30, 2009 were ¥139,291 million, a decrease of ¥3,092 million compared to the end of the previous fiscal year. This was primarily due to a decrease in purchased loans receivable of ¥2,718 million.

Total liabilities as of June 30, 2009 were ¥96,268 million, a decrease of ¥7,338 million compared to the end of the previous fiscal year. Key factors contributing to this outcome included a ¥4,430 million decrease in short-term borrowings, a ¥20,911 million decrease in long-term borrowings, and a ¥18,363 million increase in current portion of long-term debt.

Total net assets as of June 30, 2009 were ¥43,022 million, an increase of ¥4,245 million compared to the end of the previous fiscal year. This was chiefly due to capital and capital surplus, each of each increased by ¥2,000 million.

**(2) Consolidated cash flows**

Consolidated cash and cash equivalents ("net cash") at June 30, 2009 had decreased by ¥2,858 million compared to December 31, 2008 to ¥5,584 million.



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

### **Operating activity cash flows**

Net cash provided by operating activities was ¥3,211 million. This was primarily due to net income before income taxes and minority interests amounting to ¥283 million and inflows of ¥270 million from trade inventories and ¥2,718 million from purchased loans receivable.

### **Investing activity cash flows**

Net cash used in investing activities was ¥3,841 million. The main factors contributing to this were outgoings of ¥1,746 million in payments for loans and ¥1,305 in payments for purchase of property and equipment.

### **Financing activity cash flows**

Net cash used in financing activities was ¥2,006 million. The main factors contributing to this were the inflow of ¥4,000 million upon issuance of Class 1 preferred shares, procurement of ¥11,805 million in funding through syndicated loan etc, repayments of ¥4,430 million on short-term borrowings and repayments of ¥13,935 million on long term borrowings.

## **(3) OUTLOOK FOR FY2009**

There is no change to the results forecast announced on February 13, 2009.

## **(4) OTHER**

- 1) Transfer of important subsidiaries during the period (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): None
- 2) Adoption of simplified accounting methods or special accounting methods in preparation of quarterly financial statements:
  - (1) Accounting standard for measurement of inventories  
In cases where the profitability of assets held in inventory has clearly declined, the book value is reduced accordingly.
  - (2) Changes to preparation of quarterly statements:  
None
- 3) Changes in accounting principles, procedures and method of presentation associated with preparation of these consolidated financial statements:
  - (1) Application of accounting principles to financial statements  
From the current fiscal year, the Company has adopted the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the "Implementation Guidance for Accounting Standard for Quarterly Financial Statements" (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the Rules for Quarterly Financial Statements.
  - (2) Guidance on determining a subsidiary and an affiliate  
As of the first quarter period under review, the Company has adopted the "Guidance on Determining a Subsidiary and an Affiliate (Implementation Guidance No. 22, May 13, 2008). As a result, for the interim period under review ordinary income and net income before tax increased by ¥675 million respectively, and net income for the period increased by ¥187 million.
  - (3) Change in accounting standards for marketable securities held for the purposes of operations and related profit and loss  
Previously, marketable securities held for business restructuring or other such operational purposes were recorded as "Investment in securities" in "Investments and other assets". From the first quarter period under review they have been changed to "Operating investment securities" under "Current assets". From the first quarter of the fiscal year ending December 31, 2009, related line entry items for marketable securities on the statements of profit and loss have also been recorded in the



operating income segment.

Concomitant with the adoption of the “Guidance on Determining a Subsidiary and an Affiliate (Implementation Guidance No. 22, May 13, 2008), this change has been made with the aim of enabling the Company’s actual operating activities to be reflected more appropriately on the statements of income by recording the company’s principal business operations in the operating income segment of the financial statements. As a result of this change, current assets have increased by ¥18,646 million compared to the amount that would have been recorded under the previous accounting method, and “Other” in “Investments and other assets” has decreased by the same amount.

There is no impact on operating income, ordinary income or net income before taxes as a result of this change.



## 1. Consolidated Balance Sheets

*Millions of yen, rounded down*

	As of June 30, 2009	As of December 31, 2008
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank deposits.....	6,271	8,483
Notes & accounts receivable, trade inventories.....	1,873	2,270
Real estate for sale.....	35,288	36,202
Operating investment securities	18,646	--
Purchased loans receivable .....	32,072	34,790
Other .....	9,661	7,403
Allowance for doubtful accounts.....	(1,338)	(1,359)
<b>Total current assets .....</b>	<b>102,474</b>	<b>87,791</b>
<b>Fixed assets</b>		
Property and equipment.....	16,794	15,457
<b>Intangible assets</b>		
Goodwill.....	5	107
Other.....	132	152
<b>Total intangible assets.....</b>	<b>138</b>	<b>260</b>
<b>Investments and other assets</b>		
Investments in securities.....	13,740	32,590
Other .....	6,334	6,576
Allowance for doubtful accounts.....	(191)	(291)
<b>Total investments and other assets .....</b>	<b>19,883</b>	<b>38,875</b>
<b>Total fixed assets .....</b>	<b>36,816</b>	<b>54,592</b>
<b>Total assets.....</b>	<b>139,291</b>	<b>142,383</b>

**Consolidated Balance Sheets (contd.)***Millions of yen, rounded down*

	As of June 30, 2009	As of December 31, 2008
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes & accounts payable, trade .....	48	89
Short-term borrowings.....	5,354	9,784
Current portion of long-term debt .....	33,596	15,232
Income taxes payable .....	166	595
Accrued bonuses .....	226	98
Other.....	2,764	3,197
<b>Total current liabilities .....</b>	<b>42,157</b>	<b>28,999</b>
<b>Non-current liabilities</b>		
Corporate bonds .....	14,533	14,618
Long-term borrowings .....	38,592	59,504
Reserve for employees' retirement benefits ...	2	2
Other.....	983	481
<b>Total non-current liabilities .....</b>	<b>54,110</b>	<b>74,606</b>
<b>Total liabilities .....</b>	<b>96,268</b>	<b>103,606</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital .....	10,461	8,461
Capital surplus.....	10,598	8,598
Retained earnings .....	8,666	9,093
Treasury stock.....	(821)	(821)
<b>Total shareholders' equity .....</b>	<b>28,904</b>	<b>25,330</b>
<b>Valuation and translation adjustments</b>		
<b>Net realized gain on other securities .....</b>	<b>(58)</b>	<b>(58)</b>
<b>Total valuation and translation adjustments ..</b>	<b>(58)</b>	<b>(58)</b>
Stock warrants.....	55	32
Minority interests .....	14,121	13,472
<b>Total net assets.....</b>	<b>43,022</b>	<b>38,777</b>
<b>Total liabilities and net assets .....</b>	<b>139,291</b>	<b>142,383</b>



## 2. Consolidated Statements of Income (abbreviated) Six months to June 30, 2009

*Millions of yen, rounded down*

	Six months ended June 30, 2009
Net sales.....	5,721
Cost of sales.....	1,711
Gross profit .....	4,010
Selling, general and administrative expenses.....	2,778
Operating income .....	1,231
<b>Non-operating income</b>	252
Interest income	32
Dividend income	6
Equity in earnings of affiliated companies	156
Other	57
<b>Non-operating expenses</b>	993
Interest expenses	819
Loan commissions	162
Other	11
<b>Ordinary income</b> .....	491
<b>Extraordinary losses</b> .....	189
Loss on revaluation of securities	189
Net income (losses) before distribution of profit/loss from silent partnerships, income taxes and minority interests .....	301
Distribution of profit/loss from silent partnerships ..	18
Net income (losses) before income taxes and minority interests.....	283
Income taxes—current .....	152
Income tax adjustment .....	17
Total income tax .....	170
Loss in minority interests .....	(103)
<b>Net income</b> .....	216



## 2. Consolidated Statements of Income (abbreviated) Three months to June 30, 2009

*Millions of yen, rounded down*

	Three months ended June 30, 2009
Net sales.....	3,140
Cost of sales.....	1,117
Gross profit .....	2,022
Selling, general and administrative expenses.....	1,373
Operating income .....	649
<b>Non-operating income</b>	62
Interest income	17
Dividend income	3
Equity in earnings of affiliated companies	5
Other	35
<b>Non-operating expenses</b>	518
Interest expenses	404
Loan commissions	108
Other	5
<b>Ordinary income</b> .....	193
<b>Extraordinary losses</b> .....	137
Loss on revaluation of securities	137
Net income (losses) before distribution of profit/loss from silent partnerships, income taxes and minority interests .....	55
Distribution of profit/loss from silent partnerships ..	9
Net income (losses) before income taxes and minority interests .....	46
Income taxes—current .....	(8)
Income tax adjustment .....	78
Total income tax .....	69
Loss in minority interests .....	(73)
<b>Net income</b> .....	49



### 3. Consolidated Statements of Cash Flows

	<i>Millions of yen, rounded down</i>
	Six months ended June 30, 2009
<b>I. Cash flows from operating activities</b>	
Net income before income taxes and minority interests .....	283
Depreciation and amortization .....	183
Amortization of goodwill .....	29
Valuation loss on investment securities .....	189
Silent partnership contributions received (paid) .....	(4)
Equity in earnings of affiliated companies .....	(156)
Increase (decrease) in allowance for doubtful accounts .....	(70)
Increase (decrease) in accrued bonuses .....	157
Interest income and dividend income .....	(38)
Interest expense .....	819
(Increase) decrease in notes and accounts receivable .....	270
(Increase) decrease in inventories .....	145
(Increase) decrease in purchased loans receivable .....	2,718
Increase (decrease) in notes and accounts payable .....	(16)
Other .....	(28)
<b>Sub-total</b> .....	<b>4,481</b>
Interest and dividends received .....	20
Interest paid .....	(754)
Income taxes paid .....	(535)
<b>Net cash provided by (used in) operating activities</b> .....	<b>3,211</b>
<b>II. Cash flows from investing activities</b>	
Payments for time deposits .....	(666)
Payments for purchase of property and equipment .....	(1,305)
Payments for purchase of investment securities .....	(31)
Proceeds from sale of investment securities .....	0
Payments on sale of shares of subsidiaries entailing a change in the scope of consolidation .....	(53)
Payments for loans .....	(2,300)
Proceeds from loan collections .....	553
Other .....	(37)
<b>Net cash used in investing activities</b> .....	<b>(3,841)</b>

**4. Consolidated Statements of Cash Flows (contd.)**

	<i>Millions of yen, rounded down</i>
	Six months ended June 30, 2009
<b>III. Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings .....	(4,430)
Proceeds from long-term borrowings .....	11,805
Repayment of long-term borrowings .....	(13,935)
Payments for bonds redeemable .....	(84)
Proceeds from issuance of capital stock .....	4,000
Cash dividends paid .....	(433)
Proceeds from minority interests .....	1,137
Other .....	(65)
<b>Net cash provided by financing activities .....</b>	<b>(2,006)</b>
IV. (Decrease) increase in cash and cash equivalents .....	(2,637)
V. Cash and cash equivalents at beginning of period .....	8,443
VI. Increase in cash and cash equivalents from new consolidation	(221)
<b>VII. Cash and cash equivalents at end of period .....</b>	<b>5,584</b>



From the current fiscal year, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the “Implementation Guidance for Accounting Standard for Quarterly Financial Statements” (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the Rules for Quarterly Financial Statements.

(4) Items related to the company as a going concern: None

(5) Segment information

Six-month period from January 1, 2009 to June 30, 2009

(Millions of yen)

	Principal Investment Business	Fund Business	Investment Banking Business	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	3,943	1,062	716	5,721	--	5,721
(2) Inter-segment sales or transfers	--	--	197	197	(197)	--
Total sales	3,943	1,062	913	5,919	(197)	5,721
Operating income	1,277	608	181	2,067	(835)	1,231

Notes:

1. Segmentation is based on business type.
2. Segment operations are as follows:

Principal Investment Business	Loan asset investment, equity investment, proprietary real estate investment, other corporate investment
Fund Business	Corporate revitalization fund investment, corporate revitalization fund asset management, solution fund investment, solution fund asset management, real estate fund investment, real estate fund asset management
Investment Banking Business	Solutions, financial advisory service, due diligence, servicing, real estate intermediation

Segment information by area:

Interim period of the fiscal year ending December 31, 2009 (January 1, 2009 to June 30, 2009)

Since RISA Partners does not have any consolidated subsidiaries with operations overseas or important branch offices overseas, segment information by area has been omitted.

Overseas sales:

Interim period of the fiscal year ending December 31, 2009 (January 1, 2009 to June 30, 2009)

Since overseas sales are less than 10% of consolidated sales, overseas sales information has been omitted.

(6) Changes to shareholders equity

On March 23, 2009 RISA Partners received payment from NEC Capital Solutions for its issuance of shares by third party allotment. As a result during the period under review capital increased by ¥2,000 million, and capital reserves increased by ¥2,000 million. As of June 30, 2009 capital was ¥10,461 million and capital reserves were ¥10,598 million.



FOR REFERENCE:

**Consolidated Statements of Income (abbreviated)**  
**Six months to June 30, 2008**

*Millions of yen, rounded down*

	Six months ended June 30, 2008		(%)
Net sales.....		14,198	100.0
Cost of sales.....		6,674	47.0
Gross profit.....		7,524	53.0
Selling, general and administrative expenses.....		2,573	18.1
Operating income.....		4,951	34.9
Non-operating income.....			
Interest income.....	18		
Dividends income.....	1		
Other.....	28	48	0.3
Non-operating expenses.....			
Interest expense.....	747		
Loan commissions.....	118		
Equity in losses of affiliated companies.....	190		
Other.....	78	1,134	8.0
Ordinary income.....		3,864	27.2
Extraordinary income.....			
Gain on sales of investment securities.....	903		
Gain on sales of fixed assets.....	6		
Reversal gain on expiration of stock warrants.....	7	917	6.5
Extraordinary loss.....			
Loss on valuation of investments in securities.....	39	39	0.3
Net income (losses) before distribution of profit/loss from silent partnerships, income taxes and minority interests.....		4,742	33.4
Distribution of profit/loss from silent partnerships.....		18	0.1
Income before income taxes.....		4,723	33.3
Income taxes—current.....	2,026		
Income tax adjustment.....	83	2,110	14.9
Loss in minority interests.....		(329)	(2.3)
<b>Net income.....</b>		<b>2,943</b>	<b>20.7</b>

**Consolidated Statements of Cash Flows (abbreviated)**  
**Six months to June 30, 2008**

	<i>Millions of yen, rounded down</i>
	Six months ended June 30, 2008
<b>I. Cash flows from operating activities</b>	
Net income (loss) before income taxes and minority interests.....	4,723
Depreciation and amortization.....	142
Amortization of long-term prepayment expenses.....	60
Gain (loss) on sale of fixed assets .....	(6)
Amortization of goodwill .....	55
Equity in earnings of affiliated companies .....	190
Silent partnership contributions received (paid) .....	(141)
Valuation loss on investment securities .....	39
Gain (loss) on sale of shares in affiliated companies .....	(903)
Increase (decrease) in allowance for doubtful accounts .....	6
Increase (decrease) in accrued bonuses .....	229
Increase (decrease) in reserve for employees' retirement .....	(0)
Interest income and dividend income.....	(19)
Interest expense.....	747
(Increase) decrease in notes and accounts receivable .....	(118)
Increase (decrease) in inventories .....	(20,183)
Increase (decrease) in purchased loans receivable.....	(4,118)
Increase (decrease) in notes and accounts payable.....	(35)
Other .....	(279)
<b>Sub-total .....</b>	<b>(19,611)</b>
Interest and dividends received.....	18
Interest paid.....	(736)
Income taxes paid .....	(3,460)
<b>Net cash provided by (used in) operating activities .....</b>	<b>(23,789)</b>



**Consolidated Statements of Cash Flows (contd.)**  
**Six months to June 30, 2008**

*Millions of yen, rounded down*

	Six months ended June 30, 2008
<b>II. Cash flows from investing activities</b>	
Payments for purchase of property and equipment.....	(8,560)
Proceeds from sale of tangible fixed assets .....	771
Payments for purchase of investment securities .....	(1,905)
Payments for purchase of shares in affiliated companies .....	(6,036)
Proceeds from sale of shares in affiliated companies .....	1,257
Payments on sale of shares of subsidiaries entailing a change in the scope of consolidation .....	(56)
Payments for contributions to silent partnerships, etc. ....	(121)
Proceeds from contributions by silent partnerships, etc. ....	425
Payments for loans .....	(5,068)
Proceeds from loan collections.....	1,603
Other.....	(156)
<b>Net cash used in investing activities.....</b>	<b>(17,846)</b>
<b>III. Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings .....	(7,136)
Proceeds from long-term borrowings .....	45,001
Repayment of long-term borrowings .....	(10,137)
Payments for bonds redeemable.....	(364)
Proceeds from issuance of capital stock.....	1,262
Payments for share buybacks .....	(820)
Cash dividends paid .....	(501)
Proceeds from minority interests .....	5,043
Payments for distributions to minority interests .....	(1,276)
Other.....	(2)
<b>Net cash provided by financing activities.....</b>	<b>31,067</b>
IV. (Decrease) increase in cash and cash equivalents .....	(10,568)
V. Cash and cash equivalents at beginning of period.....	17,833
<b>VI. Cash and cash equivalents at end of period.....</b>	<b>7,265</b>



## (3) Segment information

Six-month period from January 1, 2008 to June 30, 2008

(Millions of yen)

	Principal Investment Business	Fund Business	Investment Banking Business	Total	Eliminations or Corporate	Consolidated
Sales						
(1) Sales to external customers	9,658	1,187	3,352	14,198	--	14,198
(2) Inter-segment sales or transfers	--	--	440	440	(440)	--
Total sales	9,658	1,187	3,793	14,639	(440)	14,198
Operating expense	7,487	440	678	8,606	640	9,247
Operating income	2,170	747	3,114	6,032	(1,081)	4,951

## Notes:

1. Segmentation is based on business type.
2. Segment operations are as follows:

Principal Investment Business	Loan asset investment, equity investment, proprietary real estate investment, other corporate investment
Fund Business	Corporate revitalization fund investment, corporate revitalization fund asset management, solution fund investment, solution fund asset management, real estate fund investment, real estate fund asset management
Investment Banking Business	Solutions, financial advisory service, due diligence, servicing, real estate intermediation

3. For the interim period under review, unallocated items in operating expenses included under Eliminations or Corporate amounted to ¥876 million, chiefly comprising administrative operating expenses at Risa Partners.

## Segment information by area:

Interim period of the fiscal year ending December 31, 2008 (January 1, 2008 to June 30, 2008)

Since RISA Partners does not have any consolidated subsidiaries with operations overseas or important branch offices overseas, segment information by area has been omitted.

## Overseas sales:

Interim period of the fiscal year ending December 31, 2008 (January 1, 2008 to June 30, 2008)

Since overseas sales are less than 10% of consolidated sales, overseas sales information has been omitted.