



RISA Partners, Inc.

Consolidated Full-Year Results

Fiscal Year Ended December 31, 2009

This document is a partial translation of Japanese financial statements that has been prepared 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 fiscal year ended December 31, 2009

RISA Partners, Inc.**February 15, 2010**

Stock Code: 8924

Listed exchanges: Tokyo, 1st Section

Inquiries:

Koji Ishidate
General Manager,
Corporate Planning DepartmentURL: <http://www.risa-p.com>

President: Atsushi Imuta

Scheduled date of Annual General Meeting of Shareholders: March 25, 2009

Telephone: 813 5573-8011

Scheduled date of submission of Securities Report: March 26, 2009

Scheduled date of dividend payment: March 26, 2009

1. Consolidated Financial Results for the Year Ended December 31, 2009

1) Consolidated Operating Results

Millions of yen; change compared to previous fiscal year

	FY ended December 31, 2009		FY ended December 31, 2008	
		Change %		Change %
Net sales	19,859	(19.9)	24,780	(9.7)
Operating income.....	5,092	(36.3)	7,991	(33.0)
Ordinary income.....	3,202	(37.5)	5,123	(51.6)
Net income (loss)	(2,786)	--	(2,212)	--
Net income per share (¥)	(9,740.55)	--	(7,603.59)	--
Fully diluted earnings per share (¥).....	--	--	--	--
Return on equity (ROE) (%).....	(10.9)	--	(0.1)	--
Ordinary income/total assets (%).....	2.3	--	3.9	--
Operating income/net sales (%).....	25.6	--	32.2	--

Note: Gain (loss) from investments in subsidiaries and affiliates accounted for by the equity method:

FY ended December 31, 2009: ¥155 million

FY ended December 31, 2008: (¥417 million)

2) Financial Position

Millions of yen

	As of December 31, 2009	As of December 31, 2008
Total assets.....	134,783	142,383
Net assets.....	38,668	38,777
Shareholders' equity ratio (%).....	19.2	17.7
Net assets per share (¥).....	74,465.17	86,426.11

Note: Shareholders' equity as of:

December 31, 2009: ¥25,836 million

December 31, 2008: ¥25,272 million

3) Cash Flows

Millions of yen

	FY ended December 31, 2009	FY ended December 31, 2008
Cash flows from operating activities.....	10,770	(17,680)
Cash flows from investing activities	(2,443)	(20,365)
Cash flows from financing activities	(6,866)	28,656
Cash and equivalents at end of period.....	9,692	8,443

2. Dividends

	FY ended December 31, 2008	FY ended December 31, 2009	FY ending December 31, 2010 (forecast)
Dividends per share (Record date)			
End of first quarter	—	—	—
End of second quarter.....	0.00	0.00	0.00
End of third quarter	—	—	—
End of fourth quarter	¥1,500.00	¥1,500.00	¥1,500.00
Annual dividend.....	¥1,500.00	¥1,500.00	¥1,500.00
Total amount of dividends paid (¥ million)	438	438	—
Consolidated payout ratio (%)	—	—	25.5
Dividend as percentage of consolidated net assets	1.7	1.9	—

Note: Dividends shown above are dividends on ordinary shares. Dividends on share types with different rights to ordinary shares are shown on page 4, Dividends by share type.

**3. Forecasts for the Fiscal Year Ending December 31, 2010***Millions of yen; change compared to previous comparable period*

	Interim period	Change in %	Full year	Change in %
Net sales	—	—	36,000	81.3
Operating income.....	—	—	6,700	31.6
Ordinary income.....	—	—	3,800	18.6
Net income.....	—	—	1,800	—
Net income per share (¥)	—	—	¥5,882.05	—

*Note : For information on forecasts for the interim period please refer to page 7, Outlook for FY2010***4. Other**

- 1) Transfer of important subsidiaries during the period (Transfers of certain subsidiaries resulting in changes in the scope of consolidation): 1 new subsidiary (GK Evian)
(Note: Details are available on page 10, Outline of the RISA Partners Group)
- 2) Changes in accounting methods, procedures and presentation in the making of these financial statements (Key items mentioned in “Significant Items for the Preparation of Consolidated Financial Statements”)
 - (1) Changes in line with revision to accounting standards: Yes
 - (2) Changes other than those in (1) above: Yes
- 3) Number of shares outstanding (ordinary shares)
 - (1) Number of shares outstanding (including treasury shares):

As of December 31, 2009:	As of December 31, 2008:
296,461 shares	296,461 shares
 - (2) Number of treasury shares:

As of December 31, 2009:	As of December 31, 2008:
4,046 shares	4,046 shares

**For reference: Outline of non-consolidated results**

1) Non-consolidated Operating Results for the Year ended December 31, 2009

Millions of yen; change compared to previous fiscal year

	FY ended December 31, 2009		FY ended December 31, 2008	
		Change %		Change %
Net sales	10,939	(47.6)	20,892	(11.7)
Operating income.....	3,785	(47.1)	7,151	(36.6)
Ordinary income.....	2,067	(57.8)	4,902	(50.9)
Net income (loss)	(2,961)	—	(2,552)	—
Net income per share (¥)	(10,339.54)	—	(8,772.65)	—
Fully diluted earnings per share (¥).....	—	—	—	—

2) Financial Position

Millions of yen

	As of December 31, 2009		As of December 31, 2008	
	Total assets.....	110,539		120,487
Net assets.....	24,536		23,856	
Shareholders' equity ratio (%).....	22.1		19.8	
Net assets per share (¥).....	69,768.00		81,472.17	

Note: Shareholders' equity as of:

December 31, 2009: ¥24,463 million

December 31, 2008:

¥23,823 million

Forward-looking statements

Forward-looking statements, such as business forecasts, made in these financial statements are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For information regarding our business forecasts, please refer to page 5, 1. *Business Performance (1) Analysis of Business Performance*.

Preferred share dividends

	FY ended December 31, 2009	FY ending December 31, 2010 (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	¥1,556.20	¥2,000.00
Annual dividend.....	¥1,556.20	¥2,000.00



Business Performance

(1) ANALYSIS OF BUSINESS PERFORMANCE

1) Overall Business Performance

There were indications of a recovery in business sentiment at major corporations in Japan during the year under review (the period January 1, 2009 to December 31, 2009), mainly due to the completion of inventory adjustments and the effects of economic stimulus measures, as well as capital strengthening by many financial institutions. However, the likelihood of the recovery becoming self-sustaining appears to be low, amid continuing record-high unemployment and a weak Japanese economy. The outlook remains difficult to forecast, with significant downside risks including concerns of further deterioration in global economic conditions and the impact of deflation and capital market volatility.

In the financial markets in which RISA Partners operates, governments and central banks implemented economic stimulus and financial stability measures. As these initiatives began to show results, there were indications that markets had emerged from the worst of the financial crisis.

In the real estate market, another area in which RISA Partners operates, financial institutions continued to place restrictions on financing of real estate. However, a trend has emerged in which some individual investors and corporations are making comparatively small-scale real estate purchases as part of a long-term holding strategy aimed at securing stable earnings. In addition, the overall real estate market has shown a trend toward selectivity according to each property, and transactions have occurred for some large-scale properties in prime locations at increased prices.

Amid these conditions, RISA Partners continued to pursue business in its three business segments—principal investment business, fund business, and investment banking business. Despite the deterioration in economic conditions following the financial crisis, in principal investment business we secured stable revenues and earnings from collection on loan assets as well as from rental income, while in the fund business management fees provided stable revenue and earnings. In particular the corporate investment funds provided significant revenue and earnings due to exiting investment. In the real estate co-investment program, although we recorded an extraordinary loss as the value of investments fell sharply due the rapid deterioration in market conditions, we secured a capital gain upon sale of properties held, which contributed to revenue and earnings.

In March 2009, we raised ¥4.0 billion through 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. In addition, we procured approximately ¥4.5 billion from financial institutions by liquidating, in August 2009, a portion of loan assets previously acquired from financial institutions. This procurement of capital has further reinforced our financial base and provided us with 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.

For the year ended December 31, 2009 RISA Partners recorded net sales of ¥19,859 million, operating income of ¥5,092 million, and ordinary income of ¥3,202 million. Net income was ¥2,786 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 since 2005.

In the area of loan asset investment, we were unable to make new investments to the extent that we had envisaged due to the low number of non-performing loans available in the market. However, loan collection on previously acquired loan assets continued steadily, generating stable revenues. We also started collaborative investments in loan assets with NEC Capital Solutions, with which we formed an operational and capital alliance in February 2009.

In real estate investment, we took measures to increase 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. In our valuation of inventory assets, effective from fiscal 2008 we adopted a change in accounting standards for the valuation of inventory assets prior to its becoming compulsory in fiscal 2009. Any loss on valuation is recorded in cost of sales and the value of the inventory assets reflected accurately into the balance sheets.

Net sales in the principal investment business for the year were ¥7,590 million, and operating income was ¥2,653 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 and the No.2 fund. During fiscal 2009 the No.2 fund collected additional investment amounting to approximately ¥11.0 billion from several domestic pension funds, and as a result the combined total commitment amount of the two funds reached ¥435.75 billion. In December 2009 we secured a capital gain upon transfer of shares in No.1 fund investment target Direx Corporation to Sundrug Co., Ltd.

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. We provided asset management services for investment properties during the period under review, securing stable asset management fees in line with expectations. Although we recorded an extraordinary loss due to a sharp decline in the value of investments concomitant with the rapid deterioration of market conditions, we secured a capital gain on transfer of Shinjuku Sanwa Toyo Building, which had been held as an investment property, to Keio Corporation.



As a result, net sales in the fund business were ¥11,019 million, and operating income was ¥3,366 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 year under review, we used our network of leading regional financial institutions to obtain advisory mandates in corporate restructuring. However, due to a slump in overall market trading as a result of the protracted financial crisis, our accumulation of deals fell short of the scale we had envisaged and we were unable to secure our targets for revenue and earnings.

Net sales in the investment banking business were ¥1,618 billion, and operating income was ¥571 million.

3) Outlook for FY2010

Although the Japan economy faces downside risks, including concerns of further deterioration in global economic conditions, and the impact of factors such as deflation and capital market fluctuations, there are growing indications that the economy has bottomed out and can be expected to recover gradually. Non-performing loans (NPLs) held by financial institutions followed an upward trend until the end of 2009 due to the decline in corporate performance. However, since much of the disposal of NPLs by financial institutions has been postponed until this year or later, the needs of financial institutions can be expected to increase in RISA Partners' core business areas of NPLs and corporate revitalization, leading to an expansion of investment opportunities and higher demand for our advisory services.

Conditions in the real estate market have remained tough, with financial institutions continuing to take a strict approach to real estate financing. From the second half of last year, however, there were signs of a resumption in real estate investment by some financial institutions. With real estate companies failing in the midst of the recent market turmoil, there is a growing need among the remaining industry participants for real estate advisory services (real estate due diligence, real estate asset management, etc.), and we will be actively pursuing these emerging business opportunities.

Reflecting the market outlook described above, our business approach in each area for the year is as follows.

In principal investment business, we will pursue revenue and earnings from our medium- to long-term investment project Hotel JAL City Naha, returns on our loan asset investments, and steady revenue and earnings from rental and other income. We will consider selling real estate assets and investment properties held on our own account if favorable buyers emerge. We will solicit business investment from new partners for the Higashi-Ueno property held by the principal investment business, with a view to advancing development to the next phase.

In fund business, we have increased the total investment commitment of our corporate investment fund to ¥435.75 billion. We will aim to secure steady management fees from this fund, advance initiatives to secure exits from existing corporate investment projects, and secure gain on sale of several projects. We also aim to identify new corporate investment opportunities and accumulate investment projects. In real estate co-investment, we will aim to secure stable asset management fees, which can be expected to provide steady revenue and earnings. We will actively develop marketing activities for real estate



assets. However, we have not included gain on sale of real estate or success fees for real estate sales business in our forecasts for the year. We are also examining a new fund business initiative involving a loan asset co-investment program with NEC Capital Solutions Limited, our operational and capital alliance partner, and aim to start the program during the first half of the year.

In investment banking business, we will leverage the diverse specialist skills and investment services we have within our organization and provide detailed corporate financial advisory services and business revitalization support services, by making maximum use of our extensive network of 75 financial institutions. We will continue to increase earnings opportunities by providing unique and comprehensive solutions services through the fusion of our own equity investment and advisory service with the financial solutions services of our operational and capital alliance partner NEC Capital Solutions Limited.

As a result of the business activities outlined above, forecast consolidated net sales for 2010 are ¥36,000 million, with operating income of ¥6,700 million, ordinary income of ¥3,800 million, and net income of ¥1,800 million.

It should be noted that our business model is such that realizing returns on investments involves calculating a certain amount of lead time. Changes in actual lead times can have a significant impact on profit and loss in a given period, and for this reason it difficult to make interim earnings forecasts. Quarterly performance reports will continue to be disclosed as they have previously.

(2) ANALYSIS OF FINANCIAL POSITION

(1) Total assets, liabilities and net assets

Total assets as of December 31, 2009 were ¥134,783 million, a decrease of ¥7,600 million compared to the end of the previous fiscal year. This decrease was mainly attributable to a decrease of ¥5,790 million in loan assets as well as a total decrease of ¥4,008 million in operational investment securities and investment securities as a result of exits from RISA Corporate Solution Fund investment projects.

Total liabilities as of December 31, 2009 were ¥96,114 million, a decrease of ¥7,491 million compared to the end of the previous fiscal year. Key factors contributing to this outcome included a reduction in short-term borrowings of ¥5,226 million, a reduction in long-term borrowings of ¥22,652 million, and an increase in current portion of long-term debt of ¥19,672 million.

Net assets as of December 31, 2009 were ¥38,668 million, a decrease of ¥108 million compared to the end of the previous year. This was chiefly due to increases of ¥2,000 million each to capital and capital reserves as a result of the issuance of class 1 preferred shares, as well as an extraordinary loss of ¥2,786 million for the year.

(2) Consolidated cash flows

Consolidated cash and cash equivalents ("net cash") at December 31, 2009 had increased by ¥1,249 million compared to the end of fiscal 2008 to ¥9,692 million.

Cash flows and their main components during fiscal 2009 were as follows.

Operating activity cash flows

Net cash provided by operating activities was ¥10,770 million, compared to net cash used of ¥17,680 million in fiscal 2008. This was primarily due to a decrease of ¥2,692 million in operational investment securities and a decrease of ¥5,790 million in loan assets.

Investing activity cash flows

Net cash used in investing activities was ¥2,433 million, compared to net cash used of ¥20,365 million in the previous year. The main factors contributing to this were an outflow of ¥1,434 million for the acquisition of tangible fixed assets, an inflow of ¥1,224 million in dividends distribution from silent partnerships, an outflow of ¥2,930 million for payments of loans receivable and an inflow ¥824 million in collection of loans receivable.



Financing activity cash flows

Net cash used in financing activities was ¥6,866 million, compared to ¥28,656 million provided in the previous year. This was mainly due to an inflow of ¥4,000 million in proceeds for the issuance of class 1 preferred shares, procurement (by syndicated loans and other means) of ¥19,278 million, repayment of ¥5,226 million on short-term borrowings and repayment of ¥21,839 million on long-term borrowings, along with outflow of ¥1,310 million upon acquisition of RISA Partners bonds, inflow of ¥5,133 million from minority shareholders, and outflow of ¥6,290 million in distribution to minority shareholders.

RISA Partners Group Cash Flow Indices

	2009	2008	2007
Equity ratio (%)	19.2	17.7	23.2
Equity (market price base) ratio (%)	12.7	8.7	58.1
Ratio of interest-bearing debt to cash flow (times)	8.4	—	23.7
Interest coverage ratio (times)	6.7	—	2.6

Notes:

1. All indices are based on consolidated financial figures and are calculated as follows.

$Equity\ ratio = \frac{Shareholders' equity}{Total\ assets}$

$Equity\ ratio\ based\ on\ market\ price = \frac{Total\ market\ value}{Total\ assets}$

$Ratio\ of\ interest-bearing\ debt\ to\ cash\ flow = \frac{Interest-bearing\ debt}{Operating\ cash\ flow}$

$Interest\ coverage\ ratio = \frac{Operating\ cash\ flow}{Interest\ payments}$

2. Operating cash flow is used for cash flow. Interest-bearing debt includes all interest-bearing debt out of the liabilities recorded on the consolidated balance sheets.
3. For fiscal 2008 the ratio of interest-bearing debt to cash flow and interest coverage ratio are not indicated because operating cash flow was negative.

(3) Basic Policy on Income Distribution and Dividends

RISA Partners positions the maximization of shareholder returns as a key management responsibility. From this perspective, we have a basic dividend policy of enhancing retained earnings for the purpose of reinforcing the business and future business development and, on this basis, paying out dividends flexibly in accordance with business performance.

For fiscal 2009, we have proposed a dividend per ordinary share of ¥1,500, based on a comprehensive assessment of the company's financial position and outlook. Based on fiscal 2009 results and other factors, the planned dividend for fiscal 2010 is ¥1,500 per ordinary share.

Pursuant to the abovementioned policy, we will continue hereafter to strive to maximize shareholder returns while taking into account the business performance in each fiscal year.



2. Outline of the RISA Partners Group

As of December 31, 2009, RISA Partners Group consists of the Company (RISA Partners, Inc.), 40 consolidated subsidiaries (RIFAS, Inc., RISA Loan Servicing, Inc., Hayato Investments, Inc., Shiroyama Investments, Inc., Osumi Investments, Inc., RISA Partners Okinawa, Inc., RISA Partners Naha Co., Ltd. and 26 other companies; and 7 other associations including silent partnerships), and 8 associated companies (F&B Corporation, Super Deluxe Ltd.; and 6 other associations including silent partnerships).

RISA Partners Group conducts proprietary investments and investment through funds in a wide range of assets including corporate equities, loan assets and real estate, and is also involved in financial advisory business in areas including due diligence, asset management, loan servicing, and corporate revitalization consulting.

Details of the businesses conducted by RISA Partners Group, the Company's business segments, and the positioning of Group companies with respect to said businesses are as follows.

(1) Principal Investment Business

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

(i) Corporate equity investment

In corporate equity investment, RISA Partners invests in companies with which we have had involvement in areas such as corporate revitalization or growing companies that are projected to demonstrate synergies with parts of our business. When investing in growing companies, we support the companies' growth by making full use of our real estate and financial expertise, as well as our strong ties with regional financial institutions.

(ii) Loan asset investment

In loan asset investment, we are involved not only in investment in bulk loans to bankrupt companies or companies in danger of going bankrupt, but also in investment using the Company's expertise in corporate revitalization, which we see as one of our strengths. Another major characteristic of our loan asset investment business is our ability to promptly and effectively ascertain the characteristics and potential returns of a given investment, by making full use of the Group's strong expertise and capabilities in due diligence and servicing, business areas that RISA Partners has been involved in since its foundation. Furthermore, we aim to steadily expand the loan asset investment business by ascertaining a broad range of investment opportunities, making use of our extensive nationwide ties with regional financial institutions.

(iii) Real estate investment

In the area of real estate investment, RISA Partners is mainly involved in investment in small real estate valued at around ¥500 million.

We invest in real estate in all regions of Japan, making decisions to invest only after determining the features of the region in question and conducting stringent due diligence on an investment's potential returns, exit strategies and related matters. Our business model ensures steady returns on investments, with its strength lying in its ability to secure appropriate returns by raising the value of a property through design changes and other means, particularly with respect to less viable properties such as those that have restrictions on their usage or that are aged.

(2) Fund Business

RISA Partners' fund business involves structuring, managing and administering corporate value funds aimed at increasing enterprise value through equity and debt investments, corporate revitalization funds, and real estate funds, with RISA Partners itself also makes equity investments in these funds.

(i) Solution funds

In September 2006, RISA Partners launched the RISA Corporate Solution Fund, a new-concept fund for enhancement of corporate value that combines our financial advisory capabilities and investment capability in loan assets and real estate. The aim of this fund is not only corporate revitalization, but also to assist with matters such as accelerating growth, restructuring operations, attending to business continuation and other such corporate needs, and by making use of RISA Partners' solutions capabilities the fund seeks to add value to a wide range of business, primarily with equity investment in domestic companies.



The RISA Corporate Solution Fund has made investment commitments of ¥21.85 billion since it began operations, and steady progress in investment enabled total investment commitment to be achieved as of April 2008. A second fund established in July 2008 has made investment commitments of ¥21.75 billion. The two funds have currently made a total of 11 investments. RISA Corporate Solution Fund No.1 made successful exits from investment during fiscal 2009.

(ii) Corporate revitalization funds

Our regional corporate revitalization funds primarily make debt investments. The funds are developed in partnerships with regional financial institutions, and have accumulated a global-standard track record. As of December 31, 2008, RISA Partners has partnerships with 75 financial institutions, and has developed 20 corporate revitalization funds. We are steadily building a track record in this business, as evidenced by the large numbers of successful exits that have already been made and involvement also in corporate revitalization of listed companies.

These corporate revitalization initiatives have been favorably received, and RISA Partners has developed public-private partnership corporate revitalization funds in alliance with Japan's Organization for Small & Medium Enterprises and Regional Innovation in Aichi Prefecture (June 2005), Saitama Prefecture (November 2005), Chiba Prefecture (March 2006), Okinawa Prefecture (March 2006), and Gifu Prefecture (March 2008). These five public-private partnership funds have a commitment amount of ¥13 billion.

(iii) Real estate co-investment funds

In the area of investment in large and medium-sized real estate, RISA Partners' fund business conducts co-investment with a fund controlled by Grove International Partners ("Grove"; formerly Soros Real Estate Partners). RISA Partners and Grove aim to maximize profit opportunities by combining Grove's global investment network and financial strength with RISA Partners' expertise and experience in Japanese real estate investment. Total investment in the fund to date is approximately ¥223.5 billion (as of December 31, 2009; on a commitment basis).

(3) Investment Banking Business

RISA Partners' investment banking business entails provision of financial advisory services including corporate revitalization consulting services, financial advisory and other such corporate advisory services, along with due diligence and loan servicing operations, bringing together RISA Partners' investment and advisory capabilities in a comprehensive corporate solutions offering.

Of these, advisory business and due diligence business is conducted by RIFAS, Inc., and loan servicing business is carried out by RISA Loan Servicing, Inc. We are working with Frontier Management, Inc., a consulting company focusing on corporate turnarounds and M&A, as part of measures to further strengthen our corporate advisory capabilities.

(i) Corporate advisory business

A key feature of our corporate revitalization and M&A-related advisory business is the comprehensive use of expertise relating to due diligence acquired through involvement in this business to date and relating to investment in loan assets, real estate and other asset classes. RISA Partners is highly rated in this business because our involvement extends beyond planning right through to plan implementation, with the Company providing reliable implementation support using the Group's comprehensive capabilities. We are steadily developing this business, aiming to meet the needs of customers of regional banks and also engaging in advisory business for listed and other companies. In particular, we are collaborating with Frontier Management, Inc., which fields prominent corporate revitalization and M&A experts Shoichiro Onishi and Masahiro Matsuoka, aiming to further enhance the Group's advisory capabilities.

(ii) Loan asset advisory business

Business activities in loan asset advisory operations includes due diligence on loan asset along with loan asset servicing. RISA Partners has been engaging in loan asset due diligence business since its establishment, conducting research and analysis from diverse perspectives including the potential returns, risks and legal problems relating to corporate investments, loan assets, real estate and other investments, and estimating the fair value of such investments. Since its foundation RISA Partners has conducted due



diligence for more than 40,000 investments, and RISA Partners now ranks as a leading provider of these services.

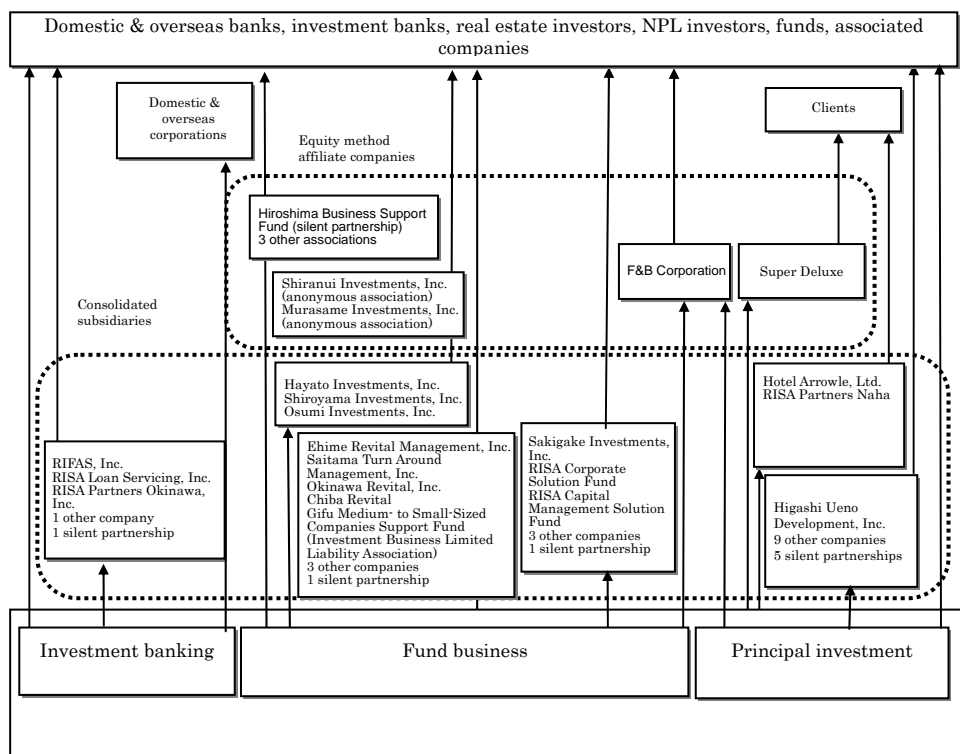
In the loan servicing business, RISA Partners acquired Yashio Servicing Co., Ltd. from Ashigin Financial Group, Inc. in April 2005 and changed its name to RISA Loan Servicing, Inc. on June 20, 2006. RISA Loan Servicing, Inc. carries out loan servicing business with a particular focus on corporate revitalization.

RISA Loan Servicing, Inc. has been assigned the commercial mortgage special servicer rating of CSS2-(JPN) by Fitch Ratings Ltd.

(iii) Real estate advisory

We provide real estate advisory operations as a real estate-related service in investment banking. Specific activities include asset management of real estate held by clients, real estate intermediation services, real estate due diligence and market research. In alliance with a major European real estate consulting company we have leveraged the available global network to create a strong pipeline of foreign investors. Our support for foreign investors in Japanese real estate includes every aspect of the real estate investment process, from entry to exit.

Business organization



Main associated companies

1. RIFAS, Inc.

RIFAS, Inc. is an advisory company that combines the due diligence, M&A and business revitalization advisory and other functions that RISA Partners has developed in the course of its business to date.

2. RISA Loan Servicing, Inc.

RISA Loan Servicing, Inc. engages in loan administration and servicing operations for loan asset investments made solely by RISA Partners, loan assets purchased through revitalization funds, and loan assets held by third parties. RISA Partners acquired Yashio Servicing Co., Ltd. from Ashigin Financial Group, Inc. in April 2005 and changed its name to RISA Loan Servicing, Inc. on June 20,



2006. RISA Loan Servicing, Inc. specializes in the administration and servicing of loan assets owned by financial institutions, as well as those associated with corporate revitalization.

3. Hayato Investments, Inc.

Hayato Investments, Inc. a strategic joint venture company established with the aim of discovering investment opportunities in the pursuit of developing large to medium joint real estate investments with Redwood Grove International ("RGI"), a fund managed by Grove International Partners.

4. Shiroyama Investments, Inc.

Shiroyama Investments, Inc. occupies a similar position to Hayato Investments, Inc. in terms of its relation to RGI, and was similarly established as a joint venture company with a fund under the management of Grove International Partners, namely Cypress Grove International.

5. Osumi Investments, Inc.

Osumi Investments, Inc. occupies a similar position to Hayato Investments, Inc. in terms of its relation to RGI, and was similarly established as a joint venture company with a fund under the management of Grove International Partners, namely Soros Real Estate Investors.

6. RISA Partners Okinawa, Inc.

RISA Partners Okinawa makes use of RISA Partners' accumulated real estate and financial business expertise and pursues business with a specific focus on Okinawa, which offers diverse business opportunities.

7. RISA Partners Naha, Inc.

RISA Partners Naha, Inc. manages and undertakes administration of Hotel JAL City Naha, acquired in May 2008. Hotel JAL City Naha is situated close to Okinawa's International main street, and has a strong occupancy rate supported by a superior brand position.

3. MANAGEMENT POLICY

There has been no significant change to the management policy disclosed in the consolidated financial results for fiscal 2006 (announced on February 9, 2007). Details are therefore not included in this report.

The relevant consolidated financial results are available at the following websites:

RISA Partners website:

<http://www.risa-p.com/category/investor-relations/>

Tokyo Stock Exchange (listed company search):

<http://www.tse.or.jp/listing.compsearch.index.html>

**1. Consolidated Balance Sheets***Millions of yen*

	As of December 31, 2009	As of December 31, 2008
ASSETS		
Current assets		
Cash and bank deposits.....	9,792	8,483
Notes & accounts receivable, trade.....	2,011	2,270
Inventories.....	—	36,257
Real estate for sale	35,404	—
Operational investment securities	15,928	—
Purchased receivables	29,000	34,790
Lease investment assets	1,238	—
Deferred tax assets	241	455
Other	9,191	6,893
Allowance for doubtful accounts.....	(2,017)	(1,359)
Total current assets	100,791	87,791
Fixed assets		
Property and equipment		
Buildings and structures	8,065	8,735
Depreciation of building and structures	(451)	(375)
Buildings and structures (net)	7,613	8,359
Land	7,115	6,555
Construction in progress.....	—	57
Other.....	597	675
Accumulated depreciation	(204)	(191)
Other (net)	393	484
Total property and equipment	15,122	15,457
Intangible assets		
Software	109	131
Goodwill.....	—	107
Other.....	18	21
Total intangible assets	127	260
Investments and other assets		
Investments in securities.....	12,653	32,590
Long-term loans receivable.....	3,369	2,252
Deferred tax assets	2,743	3,059
Other	1,064	1,265
Allowance for doubtful accounts	(1,088)	(291)
Total investments and other assets	18,741	38,875
Total fixed assets	33,991	54,592
Total assets.....	134,783	142,383

**Consolidated Balance Sheets (cont.)***Millions of yen*

	As of December 31, 2009	As of December 31, 2008
LIABILITIES		
Current liabilities		
Notes & accounts payable, trade	44	89
Short-term borrowings	4,558	9,784
Current portion of long-term debt	34,905	15,232
Current portion of bonds	14,618	—
Income taxes payable	122	595
Accrued bonuses	1	98
Other	2,773	3,197
Total current liabilities	57,025	28,999
Non-current liabilities		
Corporate bonds	—	14,618
Long-term borrowings	36,851	59,504
Reserve for employees' retirement benefits	2	2
Negative goodwill	26	—
Other	2,209	481
Total non-current liabilities	39,089	74,606
Total liabilities	96,114	103,606
NET ASSETS		
Shareholders' equity		
Capital	10,461	8,461
Capital surplus	10,598	8,598
Retained earnings	5,668	9,093
Treasury stock	(821)	(821)
Total shareholders' equity	25,906	25,330
Valuation and translation adjustments		
Net realized gain on other securities	(69)	(58)
Total valuation and translation adjustments	(69)	(58)
Stock warrants	72	32
Minority interests	12,758	13,472
Total net assets	38,668	38,777
Total liabilities and net assets	134,783	142,383



2. Consolidated Statements of Income

Millions of yen

	FY ended December 31, 2009	FY ended December 31, 2008
Net sales	19,859	24,780
Cost of sales.....	9,744	10,811
Gross profit	10,114	13,969
Selling, general and administrative expenses.....	5,022	5,977
Operating income.....	5,092	7,991
Non-operating income	322	109
Interest income	73	42
Dividend income	8	1
Equity in earnings of affiliated companies	155	—
Other	85	65
Non-operating expenses	2,212	2,976
Interest expenses	1,653	1,676
Loan commissions	315	226
Losses on earnings of affiliated companies	—	417
Other	243	656
Ordinary income	3,202	5,123
Extraordinary income	8	920
Gain on sales of fixed assets	8	9
Gain on sales of securities	—	1
Gain on sale of equity in affiliates	—	901
Reversal gain on expiration of stock warrants	—	7
Extraordinary losses	4,476	8,265
Gain on sales of fixed assets	—	5
Gain on disposal of fixed assets	—	66
Loss on sale of investment securities	24	—
Valuation Losses on investment securities	1,825	7,625
Loss on revaluation of inventory	—	121
Provision for loss on bad loans	1,373	446
Loss on liquidation of partnerships	1,252	—
Net income (losses) before distribution of profit/loss from silent partnerships, income taxes and minority interests.....	(1,265)	(2,221)
Distribution of profit/loss from silent partnerships.....	37	40
Net income (losses) before income taxes and minority interests.....	(1,302)	(2,261)
Income taxes – current.....	270	2,835
Income taxes – deferred.....	445	(2,187)
Total income taxes	716	647
Loss in minority interests.....	767	(696)
Net income (loss)	(2,786)	(2,212)

**3. Consolidated Statements of Changes in Shareholders' Equity***Millions of yen*

	FY ended December 31, 2009	FY ended December 31, 2008
Shareholders' equity		
Common stock		
Balance at end of previous period	8,461	7,829
Changes during the period		
Issuance of new shares	2,000	631
Total change during the period	2,000	631
Balance at end of period.....	10,461	8,461
Capital surplus		
Balance at end of previous period	8,598	7,967
Changes during the period		
Issuance of new shares	2,000	631
Total change during the period	2,000	631
Balance at end of period.....	10,598	8,598
Retained surplus		
Balance at end of previous period	9,093	11,811
Changes during the period		
Dividends	(438)	(505)
Net loss	(2,786)	(2,212)
Changes to scope of consolidation	(200)	—
Total change during the period	(3,424)	(2,718)
Balance at end of period.....	5,668	9,093
Treasury stock		
Balance at end of previous period	(821)	(1)
Changes during the period		
Acquisition of treasury stock	—	(820)
Total change during the period	—	(820)
Balance at end of period.....	(821)	(821)
Total shareholders' equity		
Balance at end of previous period	25,330	27,607
Changes during the period		
Issuance of new shares.....	4,000	1,262
Dividends.....	(438)	(505)
Net loss	(2,786)	(2,212)
Acquisition of treasury stock.....	—	(820)
Changes to scope of consolidation.....	(200)	—
Total change during the period.....	575	(2,276)
Balance at end of period.....	25,906	25,330

**Consolidated Statements of Changes in Shareholders' Equity (cont.)**

	<i>Millions of yen</i>	
	FY ended December 31, 2009	FY ended December 31, 2009
Total valuation translation adjustments and others		
Balance at end of previous period	(58)	56
Changes during the period		
Net changes in items other than shareholders' equity ..	(10)	(115)
Total change during the period	(10)	(115)
Balance at end of period.....	(69)	(58)
Subscription rights to shares		
Balance at end of previous period.....	32	7
Net changes in items other than shareholders' equity ..	40	24
Total change during the period	40	24
Balance at end of period.....	72	32
Minority interests		
Balance at end of previous period.....	13,472	9,723
Changes during the period		
Changes to scope of consolidation	(271)	—
Net changes in items other than shareholders' equity ..	(442)	3,748
Total change during the period	(713)	3,748
Balance at end of period.....	12,758	13,472
Total net assets		
Balance at end of previous period.....	38,777	37,394
Changes during the period		
Issuance of new shares.....	4,000	1,262
Dividends.....	(438)	(505)
Net loss.....	(2,786)	(2,212)
Acquisition of treasury stock.....	—	(820)
Changes to scope of consolidation	(471)	—
Net changes in items other than shareholders' equity ...	(412)	3,658
Changes during the period	(108)	1,382



4. Consolidated Statements of Cash Flows

	<i>Millions of yen</i>	
	FY ended December 31, 2009	FY ended December 31, 2008
I. Cash flows from operating activities		
Net income (losses) before income taxes and minority interests	(1,302)	(2,261)
Depreciation and amortization.....	385	356
Amortization of long-term prepayment expenses	295	183
Gain on sale of fixed assets	(8)	(9)
Loss on sale of fixed assets	—	5
Loss on disposal of fixed assets.....	—	66
Amortization of goodwill	61	106
Equity in earnings of affiliated companies	(155)	417
Silent partnership contributions received (paid)	(291)	237
Loss on revaluation of investment securities.....	1,825	7,625
Loss on sale of investment securities.....	24	(1)
Gain on sale of shares in affiliated companies	—	(901)
Increase (decrease) in allowance for doubtful accounts	1,505	815
Increase (decrease) in accrued bonuses	(67)	13
Increase (decrease) in reserve for employees' retirement	—	(1)
Interest income and dividend income	(81)	(43)
Interest expense.....	1,653	1,676
(Increase) decrease in notes and accounts receivable	115	(295)
(Increase) decrease in inventories	23	(19,392)
(Increase) decrease in investment securities for sale	2,692	—
(Increase) decrease in purchased loans receivable	5,790	929
Increase (decrease) in notes and accounts payable	(2)	(8)
Other	963	310
Sub-total	13,429	(10,171)
Interest and dividends received.....	36	40
Interest paid	(1,610)	(1,677)
Income taxes paid	(1,084)	(5,871)
Net cash provided by (used in) operating activities	10,770	(17,680)
II. Cash flows from investing activities		
Payments for purchase of property and equipment.....	(1,434)	(8,983)
Proceeds from sale of tangible fixed assets	362	1,105
Payments for purchase of investment securities	(33)	(4,423)
Payments for purchase of shares in affiliated companies ..	—	(6,036)
Proceeds from sale of shares in affiliated companies	0	1,257
Payments on sale of shares of subsidiaries entailing a change in the scope of consolidation.....	—	--
Payments for purchases of shares of newly consolidated subsidiaries.....	(136)	(56)
Payments for investments in silent partnerships	1,224	(243)
Proceeds from distributions from silent partnerships.....	(53)	1,079
Payments for loans	(2,930)	(5,416)
Proceeds from loan collections	824	1,608
Other	(258)	(256)
Net cash used in investing activities	(2,433)	(20,365)



III. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,226)	(7,828)
Proceeds from long-term borrowings	19,278	55,009
Repayment of long-term borrowings	(21,839)	(21,820)
Proceeds from bond issuance	(170)	—
Payments for bonds redeemable	(1,310)	(1,089)
Proceeds from issuance of capital stock.....	4,000	1,262
Payments for share buybacks	—	(820)
Cash dividends paid.....	(435)	(503)
Proceeds from minority interests.....	5,133	5,739
Payments for distributions to minority interests	(6,290)	(1,290)
Other	(4)	(3)
Net cash provided by financing activities	(6,866)	28,656
IV. (Decrease) increase in cash and cash equivalents....	1,470	(9,389)
V. Cash and cash equivalents at beginning		
of period	8,443	17,833
VI. Increase in cash and cash equivalents from new		
consolidation	(221)	—
VII. Cash and cash equivalents at end of period	9,692	8,443