

Summary of Consolidated Financial Results for the Third Quarter of 2008 (January 1, 2008 – September 30, 2008)

Described below is an abstract in English of the financial result for the Third quarter of 2008 ended September 30, 2008 that was released today in Tokyo. The translation is prepared and provided for the purpose of the readers convenience only. All of readers are strongly recommended to refer to the original version in Japanese of the news release for complete and accurate information.

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|---|--|
| Company name: Kenedix, Inc. | Listing: First Section, Tokyo Stock Exchange |
| Stock code: 4321 | URL: http://www.kenedix.com |
| President: Atsushi Kawashima | |
| Contact: Taiji Yoshikawa, Director(Member of the Board) | |
| Tel: +81-3-3519-2530 | |

(Amounts rounded off to million yen)

1. Consolidated Financial Results (Jan. 1, 2008 – Sep. 30, 2008)

(1) Consolidated results of operations

(Percentage figures represent year-on-year changes)

| | Revenue | | Operating income | | Ordinary income | |
|--------------------------|-------------|-------|------------------|--------|-----------------|--------|
| | Million yen | % | Million yen | % | Million yen | % |
| Third Quarter of 2008 | 124,651 | 0.2 | 19,553 | (29.4) | 13,348 | (44.1) |
| Third Quarter of 2007 | 124,358 | 549.4 | 27,693 | 94.3 | 23,890 | 89.0 |
| Year ended December 2007 | 138,025 | - | 30,863 | - | 26,120 | - |

| | Net income | | Net income per share, (basic) | Net income per share, (diluted) |
|--------------------------|-------------|--------|----------------------------------|------------------------------------|
| | Million yen | % | Yen | Yen |
| Third Quarter of 2008 | 5,653 | (56.7) | 8,892.53 | 8,174.64 |
| Third Quarter of 2007 | 13,049 | 81.4 | 22,590.91 | 20,380.99 |
| Year ended December 2007 | 14,662 | - | 24,833.95 | 22,375.29 |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of September 30, 2008 | 390,712 | 91,404 | 16.1 | 98,750.83 |
| As of September 30, 2007 | 296,289 | 77,750 | 19.5 | 92,530.88 |
| As of December 31, 2007 | 338,509 | 80,488 | 18.0 | 95,872.59 |

(3) Consolidated cash flow position

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|--------------------------------|---|---|---|---|
| | Million yen | Million yen | Million yen | Million yen |
| Third Quarter ended March 2008 | (60,179) | (10,939) | 48,561 | 21,608 |
| Third Quarter ended March 2007 | (17,821) | (28,596) | 54,414 | 45,777 |
| Year ended December 2007 | (48,778) | (35,962) | 91,886 | 44,962 |

2. Dividends

| (Record date) | Dividend per share (Yen) | | |
|--------------------------------------|--------------------------|----------|----------|
| | Interim | Year-end | Annual |
| Year ended December 2007 | - | 2,350.00 | 2,350.00 |
| Year ending December 2008 (results) | - | - | - |
| Year ending December 2008 (forecast) | - | 2,350.00 | 2,350.00 |

3. Forecast of Consolidated Income for the Year Ending December 31, 2008 (Jan. 1, 2008 – Dec 31, 2008)

(Percentage figures represent year-on-year changes)

| | Revenue | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-------------|------|------------------|-----|-----------------|-------|-------------|--------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 188,100 | 36.3 | 31,800 | 3.0 | 24,300 | (7.0) | 12,500 | (14.7) | 19,636.18 |

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Yes

(2) Adoption of simple method of accounting: No

(3) Changes of accounting from the latest consolidated fiscal year: Yes

(Reference) Summary Non-consolidated Financial Results

1. Non-consolidated Financial Results (Jan. 1, 2008 – Sep. 30, 2008)

(1) Non-consolidated results of operations

(Percentage figures represent year-on-year changes)

| | Revenue | | Operating income | | Ordinary income | |
|--------------------------|-------------|--------|------------------|--------|-----------------|--------|
| | Million yen | % | Million yen | % | Million yen | % |
| Third Quarter of 2008 | 15,215 | (35.7) | 12,038 | (42.3) | 12,924 | (36.0) |
| Third Quarter of 2007 | 23,645 | 74.1 | 20,869 | 84.6 | 20,207 | 89.8 |
| Year ended December 2007 | 26,674 | - | 23,106 | - | 21,686 | - |

| | Net income | | Net income per share, (basic) |
|--------------------------|-------------|--------|-------------------------------|
| | Million yen | % | Yen |
| Third Quarter of 2008 | 8,617 | (30.8) | 13,542.94 |
| Third Quarter of 2007 | 12,444 | 89.7 | 21,540.90 |
| Year ended December 2007 | 13,352 | - | 22,606.96 |

(2) Non-consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of September 30, 2008 | 222,081 | 63,210 | 28.5 | 99,234.86 |
| As of September 30, 2007 | 169,213 | 55,284 | 32.7 | 88,541.10 |
| As of December 31, 2007 | 179,431 | 57,680 | 32.1 | 90,814.88 |

2. Forecast of Non-consolidated Income for the Year Ending December 31, 2008 (Jan. 1, 2008 – Dec. 31, 2008)

(Percentage figures represent year-on-year changes)

| | Revenue | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-------------|-----|------------------|-----|-----------------|-----|-------------|-----|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 28,900 | 8.3 | 24,000 | 3.9 | 23,000 | 6.1 | 14,200 | 6.4 | 22,307.00 |

* Cautionary statement with respect to forward-looking statements

The above forecast is based on information available as of the announcement date of the summary. Actual results are affected by various factors and differ substantially.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| Account title | Third Quarter of 2007 (As of Sep. 30, 2007) | | Third Quarter of 2008 (As of Sep. 30, 2008) | | Year 2007 Summary (As of Dec. 31, 2007) | |
|---|--|-------|--|-------|--|-------|
| | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | |
| I Current assets | | | | | | |
| 1. Cash and deposits | 41,946 | | 14,309 | | 39,369 | |
| 2. Deposits held in trust | 6,011 | | 11,472 | | 6,966 | |
| 3. Accounts receivable - trade | 1,036 | | 1,064 | | 971 | |
| 4. Inventories | 202,116 | | 315,839 | | 243,895 | |
| 5. Acquired non-performing loans | 10,703 | | 5,493 | | 5,532 | |
| 6. Other | 9,108 | | 8,324 | | 11,358 | |
| 7. Allowance for doubtful accounts | (327) | | (53) | | (327) | |
| Total current assets | 270,593 | 91.3 | 356,449 | 91.2 | 307,766 | 90.9 |
| II Fixed assets | | | | | | |
| 1. Property and equipment | 175 | 0.1 | 198 | 0.1 | 203 | 0.1 |
| 2. Intangible assets | | | | | | |
| (1) Good will | - | | 1,805 | | - | |
| (2) Other | 444 | | 22 | | 973 | |
| Total intangible assets | 444 | 0.1 | 1,827 | 0.5 | 973 | 0.3 |
| III Investments and other assets | | | | | | |
| (1) Investment securities | 18,714 | | 27,327 | | 25,131 | |
| (2) Investments in capital | 2,464 | | 300 | | 188 | |
| (3) Long-term loans receivable | 1,491 | | 1,210 | | 1,920 | |
| (4) Other | 2,403 | | 3,856 | | 2,326 | |
| (5) Allowance for doubtful accounts | - | | (458) | | - | |
| Total investments and other assets | 25,074 | 8.5 | 32,237 | 8.2 | 29,566 | 8.7 |
| Total fixed assets | 25,695 | 8.7 | 34,262 | 8.8 | 30,743 | 9.1 |
| Total assets | 296,289 | 100.0 | 390,712 | 100.0 | 338,509 | 100.0 |

(Millions of yen)

| Account title | Third Quarter of 2007 (As of Sep. 30, 2007) | | Third Quarter of 2008 (As of Sep. 30, 2008) | | Year 2007 Summary (As of Dec. 31, 2007) | |
|---|--|-------|--|-------|--|-------|
| | Amount | % | Amount | % | Amount | % |
| Liabilities | | | | | | |
| I Current liabilities | | | | | | |
| 1. Accounts payable - trade | 441 | | 872 | | 477 | |
| 2. Short-term borrowings | 61,880 | | 87,215 | | 60,720 | |
| 3. Commercial paper | 5,000 | | - | | 6,000 | |
| 4. Long-term borrowings - due within one year | 6,435 | | 83,506 | | 17,312 | |
| 5. Corporate bonds – due within one year | 3,385 | | 5,834 | | 3,435 | |
| 6. Accrued income taxes | 8,617 | | 816 | | 8,409 | |
| 7. Security deposits | 4,581 | | 7,735 | | 5,405 | |
| 8. Accrued employees' bonuses | 571 | | 508 | | - | |
| 9. Accrued director's and corporate auditor's bonuses | 250 | | 293 | | 430 | |
| 10. Other | 3,392 | | 5,245 | | 4,205 | |
| Total current liabilities | 94,553 | 31.9 | 192,028 | 49.2 | 106,397 | 31.4 |
| II Long-term liabilities | | | | | | |
| 1. Bonds payable | 32,359 | | 40,387 | | 47,110 | |
| 2. Long-term borrowings | 90,807 | | 66,367 | | 103,691 | |
| 3. Silent partnership contribution received | 166 | | 166 | | 162 | |
| 4. Allowance for employees' retirement benefits | 15 | | 22 | | 17 | |
| 5. Other | 634 | | 336 | | 641 | |
| Total long-term liabilities | 123,984 | 41.9 | 107,279 | 27.4 | 151,623 | 44.8 |
| Total liabilities | 218,538 | 73.8 | 299,308 | 76.6 | 258,020 | 76.2 |
| Net Assets | | | | | | |
| I Shareholders' equity | | | | | | |
| 1. Common stock | 13,851 | 4.7 | 14,591 | 3.7 | 14,546 | 4.3 |
| 2. Additional paid-in capital | 14,110 | 4.8 | 14,850 | 3.8 | 14,805 | 4.3 |
| 3. Retained earnings | 29,202 | 9.8 | 34,924 | 8.9 | 30,821 | 9.1 |
| 4. Treasury stock | (42) | (0.0) | (124) | (0.0) | (124) | (0.0) |
| Total shareholders' equity | 57,122 | 19.3 | 64,242 | 16.4 | 60,047 | 17.7 |
| II Valuation and translation adjustments | | | | | | |
| 1. Net unrealized holding gains/losses on investment securities | 694 | 0.2 | (1,197) | (0.3) | 773 | 0.3 |
| 2. Deferred gains/losses on hedges | 61 | 0.0 | 263 | 0.1 | 72 | 0.0 |
| 3. Foreign currency translation adjustments | (111) | (0.0) | (458) | (0.1) | (57) | (0.0) |
| Total valuation and translation adjustments | 644 | 0.2 | (1,392) | (0.3) | 788 | 0.3 |
| III Minority interests in consolidated subsidiaries | 19,983 | 6.7 | 28,554 | 7.3 | 19,652 | 5.8 |
| Total net assets | 77,750 | 26.2 | 91,404 | 23.4 | 80,488 | 23.8 |
| Total liabilities and net assets | 296,289 | 100.0 | 390,712 | 100.0 | 338,509 | 100.0 |

(2) Consolidated Statements of Income

(Millions of yen)

| Account title | Third Quarter of 2007 (As of Sep. 30, 2007) | | Third Quarter of 2008 (As of Sep. 30, 2008) | | Year 2007 Summary (As of Dec. 31, 2007) | | | | |
|---|--|---------|--|-------|--|-------|-------|---------|-------|
| | Amount | % | Amount | % | Amount | % | | | |
| I Revenue | | 124,358 | 100.0 | | 124,651 | 100.0 | | 138,025 | 100.0 |
| II Cost of revenue | | 92,429 | 74.3 | | 99,723 | 80.0 | | 101,476 | 73.5 |
| Gross profit | | 31,928 | 25.7 | | 24,927 | 20.0 | | 36,549 | 26.5 |
| III Selling, general and administrative expenses | | | | | | | | | |
| 1. Amount of doubtful debt account | - | | | 21 | | | 5 | | |
| 2. Directors' and corporate auditors' salaries | 199 | | | 227 | | | 275 | | |
| 3. Salaries and bonuses | 815 | | | 910 | | | 1,747 | | |
| 4. Provision for accrued employees' bonuses | 571 | | | 508 | | | - | | |
| 5. Provision for accrued directors' and corporate auditors' bonuses | 250 | | | 293 | | | 430 | | |
| 6. Provision for employees' retirement benefits | 5 | | | 7 | | | 8 | | |
| 7. Provision for directors' and corporate auditors' retirement benefits | 103 | | | - | | | 103 | | |
| 8. Commissions paid | 713 | | | 938 | | | 1,038 | | |
| 9. Amortization of goodwill | - | | | 1,104 | | | 372 | | |
| 10. Other | 1,575 | 4,235 | 3.4 | 1,362 | 5,374 | 4.3 | 1,705 | 5,686 | 4.1 |
| Operating income | | 27,693 | 22.3 | | 19,553 | 15.7 | | 30,863 | 22.4 |
| IV Non-operating income | | | | | | | | | |
| 1. Interest income | 96 | | | 245 | | | 150 | | |
| 2. Equity in earnings of non-consolidated subsidiaries and affiliates | 223 | | | - | | | 813 | | |
| 3. Consumption taxes differential (after being offset by suspense payments and receipt) | 236 | | | - | | | 393 | | |
| 4. Other | 82 | 638 | 0.5 | 131 | 376 | 0.3 | 162 | 1,519 | 1.1 |
| V Non-operating expenses | | | | | | | | | |
| 1. Interest expense | 2,298 | | | 4,301 | | | 3,319 | | |
| 2. Equity in losses of non-consolidated subsidiaries and affiliates | - | | | 457 | | | - | | |
| 3. Stock issue expenses | 49 | | | 1 | | | 56 | | |
| 4. Bond issue expenses | 119 | | | - | | | 179 | | |
| 5. Commissions paid | 1,351 | | | 1,244 | | | 1,903 | | |
| 6. Other | 623 | 4,441 | 3.6 | 574 | 6,581 | 5.3 | 802 | 6,261 | 4.6 |
| Ordinary income | | 23,890 | 19.2 | | 13,348 | 10.7 | | 26,120 | 18.9 |

(Millions of yen)

| Account title | Third Quarter of 2007 (As of Sep. 30, 2007) | | | Third Quarter of 2008 (As of Sep. 30, 2008) | | | Year 2007 Summary (As of Dec. 31, 2007) | | |
|---|--|--------|------|--|--------|-------|--|--------|------|
| | Amount | | % | Amount | | % | Amount | | % |
| VI Extra-ordinary income | | | | | | | | | |
| 1. Gain on sale of affiliate stock | - | | | 17 | | | 141 | | |
| 2. Gain on cancellation of derivative contracts | - | | | 87 | | | - | | |
| 3. Gain on sale of investment securities | - | - | - | 21 | 126 | 0.1 | - | 141 | 0.1 |
| VII Extra-ordinary losses | | | | | | | | | |
| 1. Loss on sale of investment securities | - | | | 22 | | | - | | |
| 2. Loss on valuation of investment securities | - | | | 313 | | | - | | |
| 3. Provision for doubtful accounts | - | | | 413 | | | - | | |
| 4. Dilution losses from changes in equity interest | - | - | - | 275 | 1,024 | 0.8 | - | - | - |
| Income before provision for income taxes and profit distribution to silent partners | | 23,890 | 19.2 | | 12,450 | 10.0 | | 26,262 | 19.0 |
| Profit distribution to silent partners | | 4 | 0.0 | | (12) | (0.0) | | 90 | 0.0 |
| Income before provision for income taxes | | 23,886 | 19.2 | | 12,463 | 10.0 | | 26,172 | 19.0 |
| Current income taxes | 12,746 | | | 5,168 | | | 12,605 | | |
| Deferred income taxes | (3,289) | 9,457 | 7.6 | 351 | 5,519 | 4.4 | (2,797) | 9,807 | 7.2 |
| Minority interests | | 1,379 | 1.1 | | 1,290 | 1.1 | | 1,702 | 1.2 |
| Net income | | 13,049 | 10.5 | | 5,653 | 4.5 | | 14,662 | 10.6 |

(3) Consolidated Statement of Changes in Net Assets

Third Quarter of 2007 (Jan. 1, 2007 – Sep. 30, 2007)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|----------------------------|-------------------|----------------|----------------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of December 31, 2006 | 9,648 | 9,907 | 16,996 | (42) | 36,510 |
| Changes in the period | | | | | |
| New stock issue | 4,202 | 4,202 | - | - | 8,405 |
| Cash dividends | - | - | (856) | - | (856) |
| Changes in the scope of equity method application | - | - | 12 | - | 12 |
| Net income | - | - | 13,049 | - | 13,049 |
| Net changes of items other than shareholders' equity | - | - | - | - | - |
| Total changes in the period | 4,202 | 4,202 | 12,205 | - | 20,611 |
| Balance as of September 30, 2007 | 13,851 | 14,110 | 29,202 | (42) | 57,122 |

(Millions of yen)

| | Valuation and translation adjustments | | | | Minority interest in consolidated subsidiaries | Total net assets |
|--|--|----------------------------------|--|---|--|------------------|
| | Net unrealized holding gains / losses on investment securities | Deferred gains/ losses on hedges | Foreign currency translation adjustments | Total valuation and translation adjustments | | |
| Balance as of December 31, 2006 | 674 | (111) | 137 | 700 | 2,583 | 39,794 |
| Changes in the period | | | | | | |
| New stock issue | - | - | - | - | - | 8,405 |
| Cash dividends | - | - | - | - | - | (856) |
| Changes in the scope of equity method application | - | - | - | - | - | 12 |
| Net income | - | - | - | - | - | 13,049 |
| Net changes of items other than shareholders' equity | 20 | 173 | (249) | (55) | 17,400 | 17,345 |
| Total changes in the period | 20 | 173 | (249) | (55) | 17,400 | 37,956 |
| Balance as of September 30, 2007 | 694 | 61 | (111) | 644 | 19,983 | 77,750 |

Third Quarter of 2008 (Jan. 1, 2008 – Sep. 30, 2008)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|----------------------------|-------------------|----------------|----------------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of December 31, 2007 | 14,546 | 14,805 | 30,821 | (124) | 60,047 |
| Changes in the period | | | | | |
| New stock issue | 45 | 45 | - | - | 90 |
| Cash dividends | - | - | (1,492) | - | (1,492) |
| Increase(decrease) in retained earnings involving change in scope of consolidation | - | - | (57) | - | (57) |
| Net income | - | - | 5,653 | - | 5,653 |
| Net changes of items other than shareholders' equity | - | - | - | - | - |
| Total changes in the period | 45 | 45 | 4,103 | - | 4,194 |
| Balance as of September 30, 2008 | 14,591 | 14,850 | 34,924 | (124) | 64,242 |

(Millions of yen)

| | Valuation and translation adjustments | | | | Minority interest in consolidated subsidiaries | Total net assets |
|--|---|----------------------------------|--|---|--|------------------|
| | Net unrealized holding gains /losses on investment securities | Deferred gains/ losses on hedges | Foreign currency translation adjustments | Total valuation and translation adjustments | | |
| Balance as of December 31, 2007 | 773 | 72 | (57) | 788 | 19,652 | 80,488 |
| Changes in the period | | | | | | |
| New stock issue | - | - | - | - | - | 90 |
| Cash dividends | - | - | - | - | - | (1,492) |
| Increase(decrease) in retained earnings involving change in scope of consolidation | - | - | - | - | - | (57) |
| Net income | - | - | - | - | - | 5,653 |
| Net changes of items other than shareholders' equity | (1,971) | 190 | (400) | (2,181) | 8,902 | 6,721 |
| Total changes in the period | (1,971) | 190 | (400) | (2,181) | 8,902 | 10,915 |
| Balance as of September 30, 2008 | (1,197) | 263 | (458) | (1,392) | 28,554 | 91,404 |

Year 2007 (Jan. 1, 2007 – Dec. 31, 2007)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|----------------------------|-------------------|----------------|----------------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of December 31, 2006 | 9,648 | 9,907 | 16,996 | (42) | 36,510 |
| Changes in the fiscal year | | | | | |
| New stock issue | 4,897 | 4,897 | - | - | 9,795 |
| Cash dividends | - | - | (856) | - | (856) |
| Net income | - | - | 14,662 | - | 14,662 |
| Changes in the scope of equity method application | - | - | 18 | (82) | (64) |
| Net changes of items other than shareholders' equity | - | - | - | - | - |
| Total changes in the fiscal year | 4,897 | 4,897 | 13,824 | (82) | 23,537 |
| Balance as of December 31, 2007 | 14,546 | 14,805 | 30,821 | (124) | 60,047 |

(Millions of yen)

| | Valuation and translation adjustments | | | | Minority interest in consolidated subsidiaries | Total net assets |
|--|---|----------------------------------|--|---|--|------------------|
| | Net unrealized holding gains /losses on investment securities | Deferred gains/ losses on hedges | Foreign currency translation adjustments | Total valuation and translation adjustments | | |
| Balance as of December 31, 2006 | 674 | (111) | 137 | 700 | 2,583 | 39,794 |
| Changes in the fiscal year | | | | | | |
| New stock issue | - | - | - | - | - | 9,795 |
| Cash dividends | - | - | - | - | - | (856) |
| Net income | - | - | - | - | - | 14,662 |
| Changes in the scope of equity method application | - | - | - | - | - | (64) |
| Net changes of items other than shareholders' equity | 99 | 184 | (195) | 88 | 17,069 | 17,157 |
| Total changes in the fiscal year | 99 | 184 | (195) | 88 | 17,069 | 40,694 |
| Balance as of December 31, 2007 | 773 | 72 | (57) | 788 | 19,652 | 80,488 |

(4) Consolidated Statement of Cash Flows*(Millions of yen)*

| | Third Quarter of 2007 (Jan. 1, 2007 – Sep. 30, 2007) | Third Quarter of 2008 (Jan. 1, 2008 – Sep. 30, 2008) | Year 2007 Summary (Jan. 1, 2007 – Dec. 31, 2007) |
|--|--|--|--|
| Account title | Amount | Amount | Amount |
| I Operating activities | | | |
| 1. Income before provision for income taxes | 23,886 | 12,463 | 26,172 |
| 2. Gain on sales and collection of acquired non-performing loans | (750) | (262) | (1,010) |
| 3. Profit distribution from silent partnerships | (1,522) | 272 | (1,393) |
| 4. Increase (decrease) in allowance for doubtful accounts | 5 | 184 | 5 |
| 5. Increase (decrease) in accrued employees' bonuses | 571 | 508 | - |
| 6. Increase (decrease) in accrued directors' and corporate auditors' bonuses | (20) | (136) | 160 |
| 7. Increase (decrease) in allowance for employees' retirement benefits | 2 | 5 | 4 |
| 8. Increase (decrease) in allowance for directors' and corporate auditors' retirement benefits | (164) | - | (164) |
| 9. Interest income | (96) | (245) | (150) |
| 10. Interest expense | 2,298 | 4,301 | 3,319 |
| 11. Profit distribution to silent partners | 4 | (12) | 90 |
| 12. Equity in earnings of non-consolidated subsidiaries and affiliates | (223) | 457 | (813) |
| 13. Dilution losses from changes in equity interest | - | 275 | - |
| 14. Decrease (increase) in accounts receivable - trade | (138) | (89) | (73) |
| 15. Decrease (increase) in inventories | (24,849) | (60,805) | (63,679) |
| 16. Increase (decrease) in accounts payable - trade | 77 | 392 | 113 |
| 17. Purchase of acquired non-performing loans | (10,502) | (208) | (10,722) |
| 18. Proceeds from sale and collection of acquired non-performing loans | 4,152 | 509 | 9,643 |
| 19. Distributions from silent partnerships | 3,555 | 223 | 3,645 |
| 20. Contribution paid in silent partnerships | (3,513) | (1,018) | (3,722) |
| 21. Proceeds from receipt of deposits for contribution to silent partnerships | - | 34 | - |
| 22. Redemption of silent partners contribution received | (114) | 19 | (17) |
| 23. Amortization of goodwill | - | 1,104 | - |
| 24. Other, net | 595 | (386) | 1,644 |
| Subtotal | (6,747) | (42,415) | (36,948) |
| 25. Interests and dividends received | 104 | 276 | 132 |
| 26. Interests paid | (1,982) | (4,209) | (2,713) |
| 27. Income taxes paid | (9,195) | (13,830) | (9,248) |
| Net cash provided by (used in) operating activities | (17,821) | (60,179) | (48,778) |

(Millions of yen)

| | Third Quarter of 2007 (Jan. 1, 2007 – Sep. 30, 2007) | Third Quarter of 2008 (Jan. 1, 2008 – Sep. 30, 2008) | Year 2007 Summary (Jan. 1, 2007 – Dec. 31, 2007) |
|--|--|--|--|
| Account title | Amount | Amount | Amount |
| II Investing activities | | | |
| 1. Payment for purchase of property and equipment | (56) | (28) | (96) |
| 2. Proceeds from sale of property and equipment | 0 | 6 | 1 |
| 3. Payment for purchase of intangible assets | (19) | (2) | (20) |
| 4. Proceeds from sales of intangible assets | - | - | 0 |
| 5. Payment for loans receivable | (4,703) | (2,499) | (7,589) |
| 6. Proceeds from repayment of loans receivable | 2,756 | 4,956 | 2,799 |
| 7. Payment for acquisition of investment securities | (2,002) | (3,188) | (1,217) |
| 8. Proceeds from sales of investment securities | 3 | 53 | 4 |
| 9. Proceeds from capital reduction with compensation of investment securities | 51 | - | 130 |
| 10. Payment for capital investments in affiliates | (1,380) | (1,457) | (7,389) |
| 11. Proceeds from capital investments in affiliates | - | 26 | 104 |
| 12. Proceeds from capital reduction of affiliates | 683 | - | 2,347 |
| 13. Purchase of investments in subsidiaries involving change in scope of consolidation | (23,677) | (8,972) | (24,935) |
| 14. Sale of contribution in subsidiaries involving change in scope of consolidation | - | (373) | - |
| 15. Other, net | (249) | 539 | (101) |
| Net cash used in investing activities | (28,596) | (10,939) | (35,962) |
| III Financing activities | | | |
| 1. Proceeds from short-term borrowings | 133,908 | 161,499 | 172,198 |
| 2. Repayment of short-term borrowings | (106,928) | (135,812) | (147,379) |
| 3. Proceeds from issuance of commercial papers | 10,000 | 10,000 | 28,000 |
| 4. Payment for redemption of commercial papers | (6,000) | (16,000) | (22,000) |
| 5. Proceeds from long-term borrowings | 63,806 | 42,734 | 88,392 |
| 6. Repayment of long-term borrowings | (59,323) | (15,760) | (61,734) |
| 7. Proceeds from issuance of stock | 8,356 | 89 | 9,739 |
| 8. Proceeds from issuance of bonds | 2,880 | - | 17,820 |
| 9. Payment for redemption of bonds | (3,762) | (4,324) | (3,962) |
| 10. Proceeds from minority interest | 14,929 | 9,170 | 14,567 |
| 11. Dividends to minority interest | (108) | (209) | (108) |
| 12. Distributions to minority interest | (2,445) | (1,337) | (2,895) |
| 13. Dividends paid | (856) | (1,487) | (856) |
| 14. Other, net | (41) | - | 105 |
| Net cash provided by (used in) financing activities | 54,414 | 48,561 | 91,886 |
| IV Effect of exchange rate changes on cash and cash equivalents | (246) | (798) | (209) |
| V Decrease in cash and cash equivalents | 7,750 | (23,355) | 6,935 |
| VI Cash and cash equivalents at beginning of period | 37,074 | 44,962 | 37,074 |
| VII Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation | 952 | 0 | 952 |
| VIII Cash and cash equivalents at end of period | 45,777 | 21,608 | 44,962 |
| | | | |

(5) Segment Information*(Millions of yen)*

| | Third Quarter of 2007 (Jan. 1, 2007 – Sep. 30, 2007) | | | | | |
|--------------------|---|---------------------------------------|---------------------------------|--|----------------------------|--------------|
| | Real Estate Investment Advisory Business | Real Estate Investment Business | Asset Management Business | NPL Investment Management Business | Adjusts and Elimination | Consolidated |
| Revenue | 4,819 | 115,071 | 6,722 | 1,399 | (3,655) | 124,358 |
| Costs and expenses | 1,194 | 95,169 | 1,783 | 496 | (1,979) | 96,664 |
| Operating income | 3,625 | 19,902 | 4,938 | 903 | (1,675) | 27,693 |

(Millions of yen)

| | Third Quarter of 2008 (Jan. 1, 2008 – Sep. 30, 2008) | | | | | |
|--------------------|---|---------------------------------------|---------------------------------|--|----------------------------|--------------|
| | Real Estate Investment Advisory Business | Real Estate Investment Business | Asset Management Business | NPL Investment Management Business | Adjusts and Elimination | Consolidated |
| Revenue | 2,421 | 120,043 | 4,716 | 282 | (2,811) | 124,651 |
| Costs and expenses | 1,003 | 102,872 | 2,231 | 408 | (1,417) | 105,098 |
| Operating income | 1,418 | 17,170 | 2,485 | (125) | (1,394) | 19,553 |

(Millions of yen)

| | Year 2007 (Jan. 1, 2007 – Dec. 31, 2007) | | | | | |
|--------------------|---|---------------------------------------|---------------------------------|--|----------------------------|--------------|
| | Real Estate Investment Advisory Business | Real Estate Investment Business | Asset Management Business | NPL Investment Management Business | Adjusts and Elimination | Consolidated |
| Revenue | 5,838 | 127,034 | 7,891 | 1,768 | (4,507) | 138,025 |
| Costs and expenses | 1,577 | 104,756 | 2,465 | 662 | (2,300) | 107,162 |
| Operating income | 4,260 | 22,277 | 5,425 | 1,105 | (2,206) | 30,863 |