

Summary of Consolidated Interim Financial Results for the Year Ending December 2005 (Six months ended June 30, 2005)

Described below is an abstract in English of the financial result for the interim period ended June 2005 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.

Company name: Kenedix, Inc.
 Stock code: 4321
 URL: <http://www.kenedix.com>
 Stock Exchange listing: First Section, Tokyo Stock Exchange
 Company Domicile: Tokyo
 President: Ryosuke Homma
 Contact: Taiji Yoshikawa, Director, Executive Officer & Chief Financial Officer
 Tel: +81-3-3519-2530
 Date of board meeting for approving consolidated financial results: August 11, 2005
 U.S. GAAP standards: The company does not apply U.S. GAAP standards for accounting.

1. Consolidated Interim Financial Results (Jan. 1, 2005 – Jun. 30, 2005)

(1) Consolidated Results of Operations

(Amounts rounded off to million yen)

	Revenue		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
First half ended June 2005	5,517	86.9	3,354	101.4	2,916	88.3
First half ended June 2004	2,952	72.5	1,665	148.1	1,548	202.0
Year ended December 2004	6,052	19.3	3,190	63.5	2,733	87.0

	Net income (after taxes)		Net income per share, (basic)	Net income per share, (diluted)
	Million yen	YoY change (%)	Yen	Yen
First half ended June 2005	1,720	86.3	7,249.27	7,138.15
First half ended June 2004	923	216.5	12,887.67	12,544.49
Year ended December 2004	1,633	87.4	21,739.21	20,729.14

Notes: 1. Equity in earnings of non-consolidated subsidiaries and affiliates

First half ended June 2005: 85 million yen

First half ended June 2004: 35 million yen

Year ended December 2004: 179 million yen

2. Average number of shares outstanding (consolidated)

First half ended June 2005: 237,301 shares

First half ended June 2004: 71,645 shares

Year ended December 2004: 73,635 shares

3. Changes in accounting method: None

4. Percentage figures shown in the above represent year-on-year changes.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of June 30, 2005	61,682	11,123	18.0	46,662.13
As of June 30, 2004	28,407	6,501	22.9	90,598.36
As of December 31, 2004	40,283	9,360	23.2	118,758.66

Note: Number of shares outstanding at the end of the period (consolidated)

First half ended June 2005: 238,383 shares

First half ended June 2004: 71,762 shares

Year ended Dec. 2004: 78,817 shares

(3) Consolidated Cash Flow Position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First half ended June 2005	(13,804)	(1,651)	18,016	6,983
First half ended June 2004	(69)	(13,352)	14,155	6,465
Year ended Dec. 2004	(25,466)	(204)	24,304	4,365

(4) Scope of Consolidation and the Application of the Equity Method

Consolidated subsidiaries: 27

Non-consolidated subsidiaries accounted for under the equity method: 5

Affiliates accounted for under the equity method: 43

(5) Changes in Scope of Consolidation and the Application of the Equity Method

Consolidated subsidiaries:

New: 6

Excluded: 1

Affiliates accounted for under the equity method:

New: 6

Excluded: -

2. Forecast of Consolidated Income for the Year Ending December 2005 (Jan. 1, 2005 – Dec. 31, 2005)

	Revenue	Ordinary income	Net income (after taxes)
	Million yen	Million yen	Million yen
Full year	12,300	6,800	4,000

Reference: Estimated consolidated net income per common share for the full year: 15,931.30 yen

Note: The above forecast is based on information available to us as of August 11, 2005.

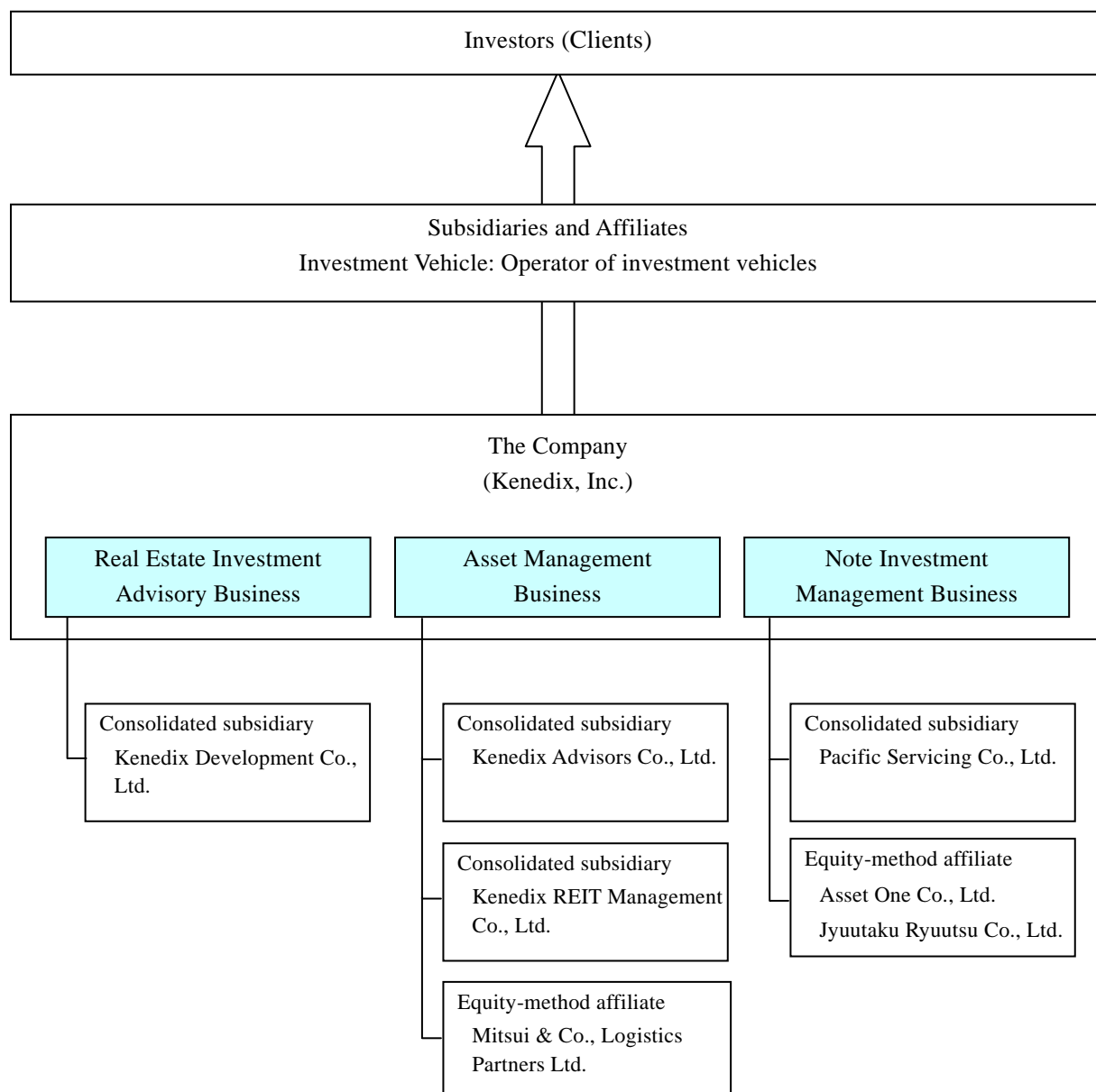
The actual results are affected by various factors and may differ substantially.

Please refer to page 9 of the attached documents regarding preconditions or other related matters for the forecast shown above.

1. The Kenedix Group

The Kenedix Group (the Group) is made up of Kenedix, Inc. (the Company), 37 consolidated subsidiaries and 43 affiliated companies. The Group is engaged in the real estate investment advisory business, asset management business and note investment management business.

A summary of the structure and activities of the Group is shown below.



(1) Real Estate Investment Advisory Business

The real estate investment advisory business is primarily engaged in services to assist in the real estate investments of client investors (“clients”) and real estate investments made by the Company itself.

Real estate investment assistance services involve the structuring of investment schemes, origination of suitable investment properties, analysis of profitability, procurement of funds through non-recourse loans and other means, and execution of such investments. All steps are conducted in line with the needs and investment strategies of each client. The Company receives an acquisition fee and consulting fee only at the time a transaction is closed. At the same time, the Company participates in some of the investment schemes it proposes to clients through the provision of minority co-investments and loans. This aligns the Company’s interests with those of its clients while also creating

opportunities to generate larger profits.

Another objective is meeting the diverse needs of corporate pension funds and other Japanese institutional investors through the sale of entire real estate portfolios structured to deliver specific risk-return profiles. For this purpose, the Company, through consolidated subsidiaries, acquires and holds properties in its own account, in order to maintain an inventory of properties that can be incorporated in funds in the future. The goal is to earn leasing income while the properties are held and a capital gain upon their sale.

(2) Asset Management Business

The asset management business formulates and executes plans to increase the asset value of real estate investments during the holding period. The Group earns asset management fees in return for the provision of a full line of services that include the operation and management of real estate, submission of reports to clients and financial institutions, and other related tasks.

The Company also receives a disposition fee when investment properties are sold as well as an incentive fee, which is linked to earnings from investments, in the event that earnings exceed a prescribed return attributable to the Company's management.

(3) Note Investment Management Business

The Group invests in real estate-backed notes that are sold by financial institutions. In line with an investment plan that matches each client's needs, a typical investment cycle includes: creation of an investment scheme; selection of notes and collateral and determination of their values; executing the acquisition; and selling the collateralized real estate to collect the outstanding loan amounts due. As with real estate investments, the Group earns acquisition, asset management, disposition, and incentive fees from the provision of these services.

In some of the investment schemes proposed to clients, the Group makes minority co-investments and loans to align its own interests with those of clients while also creating opportunities to generate larger profits.

2. Management Policies

(1) Fundamental Management Policy

The Kenedix Group is an organization specializing in real estate services and finance. The Group's overall goal is to maximize returns on investments. This is accomplished by leveraging the Group's comprehensive research skills and extensive knowledge of the real estate business to accurately analyze and evaluate trends in a constantly changing market.

The Group will remain focused on meeting targets and offering value-added services, and placing priority on long-term relationships rooted in trust with clients, employees and investors. Through this stance, the Group intends to fulfill its obligations to society by maximizing its corporate value.

(2) Basic Policy for Allocation of Earnings

The Company regards the distribution of earnings to shareholders as one of its highest priorities. The basic policy regarding dividends is to make continuous dividend payments in line with operating results while retaining sufficient earnings to improve the Group's operating base and support future business expansion.

The Company had not paid a dividend, since the Company was in a growth phase; earnings were retained to provide funds for the acquisition of high-return properties held in principal investment and for other investments to generate growth.

At the point of previous fiscal year, the Company believed that it had reached a stage where a stable dividend could be paid. This decision was based on the steady growth in the volume of assets under management and other factors. The Company plans to pay a dividend of 750 yen per share of common stock for current fiscal year. The company

aims to further increase its dividend payout ratio. Retained earnings will be used for the acquisition of properties held in principal investment that can contribute to further growth.

While adhering to the position that further improving operating results is the most effective way to return earnings to shareholders, the Company will also examine various other means of rewarding shareholders.

(3) Targeted Performance Indicators

Placing priority on further stabilizing its operations, the Company is concentrating on expanding the asset management business, which provides a steady source of revenues. In line with this policy, management regards the volume of real estate assets under management as a key performance indicator. At the end of the interim period, these assets totaled approximately 301.8 billion yen, 25.5% more than one year earlier.

Sustained growth in shareholder value is another company priority. Accordingly, the Company's management practices reflect on the return on equity and similar indicators. During the interim period, the annualized return on equity was rose 30.8% to 33.6%, 2.8 percentage points higher than one year earlier due to drastic increase in earnings.

(4) Medium-term Management Strategy

The real estate services and finance fields, which are the core businesses of the Group, are expected to continue growing backed by progress in separation of real estate ownership and management. Another notable development is the growing recognition of real estate as a substitute investment vehicle amid Japan's extended period of low interest rates. This trend is evident in the growth of the J-REIT market and in the Company's sale of investment properties to pension funds. In this environment, demand for the kind of specialized knowledge and creativity offered by the Group is expected to continue to grow. In response, the Group's policy is to act aggressively to offer a comprehensive line of investment services that cover all client investment objectives.

The goal of the Company is to become one of Japan's most prominent real estate asset managers. This is to be accomplished by building a highly stable and profitable corporate group. One element will be growing of the assets under management, which is a source of consistent earnings. Activities will also include earning incentive fees, which have a high profit margin, and the highly profitable real estate and note investments.

In order to increase investments in highly profitable real estate, the Group's policy is to aggressively enlarge its business activities by targeting a broader range of properties.

The Group has expanded the scope of its real estate funds from office buildings and rental residential properties to include commercial and logistics facilities as well. At this time, the Group is further enlarging this scope to acquire attractive properties where investment income is dependent on the operation of facilities. Examples include nursing care facilities and other health care facilities and hotels. In addition, the Group views mergers and acquisitions and equity alliances as effective means of achieving growth. Such actions will be taken only when they will contribute to growth in assets under management or diversification of real estate investments, and generate synergies with existing businesses.

(5) Important Management Issues

Interest in real estate investments is rising along with the growth of the J-REIT market and advancements in the real estate securitization business. The resulting growth in the number of new entrants in this industry is leading to even more intense competition for the acquisition of quality properties. In this environment, ensuring the stable procurement of quality properties is the most important issue concerning the Group's business activities. For this purpose, the Company is stepping up efforts to identify and acquire quality properties. The Company is targeting a more diverse range of properties, taking steps such as participating in development projects and extending geographic coverage to various regions of Japan as well as to other countries.

Regarding client investors, efforts will be increased to attract pension funds and other institutions with long-term

investment policies that emphasize stability.

To serve an even more diverse range of client investors, the Group has aimed to conduct IPOs of J-REITs that it has formed. As a result, Japan Logistics Fund, Inc., which was formed jointly with Mitsui & Co., Ltd. and The Chuo Mitsui Trust & Banking Co., Ltd., conducted its IPO on May 9, 2005, and the Kenedix Realty Investment Corp., which is managed by a wholly owned subsidiary of the Group, conducted its IPO on July 21, 2005, both on the Tokyo Stock Exchange Real Estate Investment Trust Section.

In the rapidly changing real estate market, success requires acquisition of the latest information and skill in new business schemes, as well as the development of a talented workforce. With this in mind, the Company conducts an incentive plan and other programs to motivate employees while conducting an aggressive program to recruit talented individuals.

In accordance with a resolution approved by its board of directors on August 11, 2005, the Company has decided to conduct a public offering of stock. This offering will enable the Company to purchase more quality properties, participate in large projects, participate in development projects and conduct mergers and acquisitions as a means of acquiring properties at favorable prices, and take other aggressive actions. Along with funds procured through the public offering, the Company will increase its borrowings. By making effective use of these funds, the Company will take the above initiatives with the aim of further enlarging its operations.

(6) Measures to Improve Corporate Governance

Due to the increasing need for shareholder-oriented management and demands posed by the globalization of business activities, the Company is working to further enhance its corporate governance by creating a framework conducive to rapid decision-making and providing a system of checks and balances.

The Company is managed by a board of directors with five members and three corporate auditors. There is one external director, Mr. Noboru Kashiwagi, who is a professor in the Faculty of Law at Chuo University (Tokyo). As a rule, the directors meet once each month. All meetings are attended by the external director, who uses his knowledge as a legal professional to provide valuable counseling regarding the execution of business activities.

Mr. Shintaro Kanno, who is an external corporate auditor and has extensive knowledge and experience in the field of corporate finance and accounting as a CPA, conducts auditing rigorously in the manner our business activities are conducted. Mr. Haruo Funabashi, who has elected as another external corporate auditor in the shareholders' meeting (March 2005) provides with us effective guidance base upon his long career in the Ministry of Finance and the Ministry of Land Infrastructure and Transport.

To cope with the dramatic changes taking place in real estate markets, the Company introduced the post of corporate executive officer. By dividing the roles of management supervision and decision-making for business activities, this system aims to make the board of directors even more effective and increase the speed of management activities.

To increase the effectiveness of the corporate executive officer system, an Investment and Loan Committee has been established. This committee examines the risks associated with proposed investments, exceeding a pre-determined acquisition price, and discusses these proposals from various perspectives before the investments are submitted for approval to the directors.

3. Results of Operations and Financial Position

(1) Summary of the Current Interim Period Under Review

During the first half of 2005, Japan's economy staged a recovery backed by rising capital expenditures, as corporate earnings were strong. However, the higher cost of petroleum and other factors held back the speed of the recovery.

In the real estate services and finance industries, where the Group is active, there is increasingly heated competition to acquire quality properties, as can be seen by the steady stream of J-REIT IPOs and growth in J-REIT market capitalization. However, the operating environment is favorable for the Group. The primary reasons are the large

volume of real estate sales and securitizations and the investments in real estate funds by pension funds and other institutions.

In response, the Group concentrated on locating quality properties and providing investment opportunities to client investors. Efforts also targeted enhancing capabilities in the asset management business. Due to these activities, the Company was able to drastic increase revenue and earnings while achieving a large increase in client assets under management.

During the interim period, the Company structured the fifth real estate funds for corporate pension fund. In addition, priority was placed on attracting more clients that have long-term investment policies that emphasize stability with the aim of further stabilizing the operating base by serving a more diverse range of clients.

On May 9, 2005, trading of shares of the Japan Logistics Fund, Inc., Japan's first REIT specializing in logistics facilities, began on the Tokyo Stock Exchange Real Estate Investment Trust Section. This fund was formed jointly with Mitsui & Co., Ltd. and The Chuo Mitsui Trust & Banking Co., Ltd.

Due to these factors, consolidated interim revenue increased 86.9% to 5,517 million yen, ordinary income rose 88.3% to 2,916 million yen and net income was up 86.3% to 1,720 million yen.

Results by business segment were as follows.

A) Real Estate Investment Advisory Business

Performance mainly reflected an increase in acquisition fees due to the large volume of property acquisitions and growth in gains on sales from properties held in principal investment following the completion and sale of development projects in which the Company has been participating. Furthermore, the Group along with client investors made its first investments in overseas properties during the first half of 2005. The result was a 117.4% increase in revenue to 3,236 million yen and a 104.5% increase in operating income to 2,244 million yen.

B) Asset Management Business

There was a large increase in asset management fees because of substantial growth in the volume of assets under management, and a large increase in incentive fees associated with the sale of properties under management. As a result, revenue increased 120.2% to 1,389 million yen and operating income rose 180.2% to 897 million yen.

C) Note Investment Management Business

Although gains on sales of notes declined because of the sale of notes associated with a large project in the first half of 2004, asset management fees increased along with growth in the volume of notes handled. There was also an increase in incentive fees. The result was growth in revenue and earnings. As a result, revenue increased 7.0% to 891 million yen and operating income was up 6.0% to 536 million yen.

(2) Changes in Financial Position

The Group purchases and holds real estate through consolidated subsidiaries for the purpose of building a portfolio of quality properties in its own account.

These real estate acquisitions represent up-front investments for the purpose of generating a steady stream of earnings through the incorporation of these properties in real estate funds for pension funds and other investors. Since each property is held for a short period of time, the Group's total assets fluctuate considerably depending on the volume of principal investment properties at a particular time.

Short-term bank loans are the primary source of funds used to purchase properties held by the Group. Consequently, these loans also fluctuate considerably depending on the volume of principal investment properties.

The Company has established a commitment line to facilitate the stable and flexibly procurement of funds as well as to permit participation in large projects. The Company has a 20 billion yen commitment line that was established on September 2004.

In some cases, consolidated subsidiaries use non-recourse loans to procure funds to acquire a property. Such loans are solely the responsibility of the subsidiary holding the property, and loan repayments can be no greater than an amount determined by the applicable property. Consequently, non-recourse loans should be excluded from consideration when analyzing the Company's debt-equity ratio.

The following table presents changes in the debt-equity ratio.

(Millions of yen)

Financial statement item	Dec. '02	Dec. '03	Dec. '04	June '04
Interest-bearing debt (1)	13,370	4,922	27,022	45,172
[Non-recourse loans included] (2)	[8,386]	[-]	[1,742]	[8,050]
Shareholders' equity (Net assets) (3)	4,313	5,499	9,360	11,123
Debt-equity ratio (1)/(3)	309.9%	89.5%	288.7%	406.1%
Debt-equity ratio net of non-recourse loans ((1) – (2))/(3)	[115.5%]	[89.5%]	[270.1%]	[333.7%]

(3) Cash Flow Position

Cash and cash equivalents at the end of June 2005 totaled 6,983 million yen, 2,617 million yen more than at the end of December 2004. Net cash used in operating activities was 13,804 million yen, mainly for the acquisition of real estate held for sale, but fund procurement activities provided cash of 18,016 million yen, mainly from loans and bonds.

A) Operating Activities

Net cash used in operating activities was 13,804 million yen, 13,734 million yen more than one year earlier. Acquisition and sales of real estate held for sale used net cash of 4,352 million yen and silent partnership contributions paid and purchases used net cash of 10,845 million yen.

Cash flows from acquisition and sales of properties held in principal investment were included in investing activities in the first half of 2004. However, these cash flows have been included in operating activities since the second half of 2004.

B) Investing Activities

Net cash used in investing activities was down 87.6% to 1,651 million yen. This was mainly due to 719 million yen in payment for purchase of investment securities, and 599 million yen in payment for capital investment in affiliates and other factors.

C) Financing Activities

Net cash provided by financing activities was up 27.3% to 18,016 million yen. This was mainly a reflection of proceeds of 16,818 million yen from short and long-term borrowings and proceeds of 2,917 million yen from issuance of bonds to fund the growth in inventories and contributions to silent partnerships.

(4) Outlook for the Full Year

Although competition for acquiring properties is intensifying, there is immense demand for real estate investments among pension funds and other institutions in Japan. As in the first half of 2005, the Group will focus on increasing assets under management to serve client investors, mainly pension funds and other Japanese institutions that have investment policies stressing stable, long-term returns. The Group will also move aggressively to participate in real estate developments and other projects with high profit margins.

On July 21, 2005, Kenedix Realty Investment Corp., which is managed by consolidated subsidiary Kenedix REIT Management Co., Ltd., were listed on the Tokyo Stock Exchange Real Estate Investment Trust Section. The Group expects that this publicly owned REIT would contribute to consolidated earnings for many years.

In addition, the Company's board of directors approved a resolution on August 11, 2005 to conduct a public offering of stock. The Company plans to use the proceeds to fund actions that will expand business operations.

Due to the above items, the Company is forecasting consolidated revenue of 12,300 million yen, ordinary income of 6,800 million yen and net income of 4,000 million yen.

4. Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheets

(Thousands of yen)

Account title	Notes	Year 2004 Interim (As of June 30, 2004)		Year 2005 Interim (As of June 30, 2005)		[Ref.] Year 2004 (As of Dec. 31, 2004)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and cash equivalents		6,465,127		6,146,718		4,089,466	
2. Deposits held in trust	*	-		1,473,497		1,487,232	
3. Accounts receivable - trade		398,029		1,185,142		409,604	
4. Inventories	*	-		29,776,063		23,707,174	
5. Note receivable (loan pool)	*	796,638		1,363,461		602,874	
6. Others		1,117,193		2,147,363		1,655,000	
7. Allowance for doubtful accounts		(83,328)		(92,219)		(82,761)	
Total current assets		8,693,661	30.6	42,000,026	68.1	31,868,592	79.1
II Fixed assets							
1. Tangible assets							
(1) Buildings held in trust	*	4,498,622		-		-	
(2) Lands held in trust	*	8,926,480		-		-	
(3) Others	*	91,827		130,708		124,876	
Total tangible assets		13,516,930	47.6	130,708	0.2	124,876	0.3
2. Intangible assets							
3. Investment and other assets							
(1) Investment securities		533,735		17,132,768		6,924,553	
(2) Investment in capital	*	295,303		1,127,713		386,806	
(3) Investments in silent partnerships		3,437,102		-		-	
(4) Long-term loans	*	814,320		1,018,772		696,524	
(5) Deposits held in trust	*	922,793		-		-	
(6) Others		185,334		263,351		273,682	
Total investment and other assets		6,188,590	21.8	19,542,606	31.7	8,281,566	20.6
Total fixed assets		19,714,012	69.4	19,682,016	31.9	8,414,791	20.9
Total assets		28,407,673	100.0	61,682,042	100.0	40,283,383	100.0

(Thousands of yen)

Account title	Notes	Year 2004 Interim (As of June 30, 2004)		Year 2005 Interim (As of June 30, 2005)		[Ref.] Year 2004 (As of Dec. 31, 2004)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Accounts payable - trade		152,221		143,051		140,415	
2. Short-term borrowings	*	10,799,776		20,472,670		17,155,026	
3. Long-term borrowings - due within one year	*	585,000		1,640,000		680,000	
4. Corporate bonds – due within one year		-		720,000		120,000	
5. Accrued income taxes		788,195		1,210,526		1,037,476	
6. Security deposits		-		1,490,589		1,188,139	
7. Accrued bonuses		140,000		180,000		-	
8. Others		337,826		1,080,616		522,118	
Total current liabilities		12,803,019	45.1	26,937,453	43.7	20,843,177	51.7
II Long-term liabilities							
1. Bonds payable		2,700,000		4,380,000		3,040,000	
2. Long-term borrowings	*	4,967,363		17,959,790		6,027,136	
3. Silent partnership contribution received		542,959		1,119,521		875,966	
4. Allowance for employee retirement benefits		4,724		8,275		6,240	
5. Allowance for directors' retirement benefits		101,080		126,350		112,460	
6. Security deposits		775,220		-		-	
7. Others		748		11,983		-	
Total long-term liabilities		9,092,097	32.0	23,605,921	38.2	10,061,803	25.0
Total liabilities		21,895,117	77.1	50,543,374	81.9	30,904,980	76.7
Minority interests							
Minority interests		11,035	0.0	15,208	0.1	18,200	0.1
Shareholders' equity							
I Capital							
II Capital surplus		1,802,539	6.3	2,918,088	4.7	2,871,512	7.1
III Consolidated retained earnings							
IV Net unrealized holding gains/losses on other securities		81,216	0.3	120,434	0.2	50,118	0.1
V Foreign currency translation adjustments		-	-	28,749	0.1	-	-
Total shareholders' equity		6,501,520	22.9	11,123,459	18.0	9,360,202	23.2
Total liabilities, shareholders' equity and minority interests		28,407,673	100.0	61,682,042	100.0	40,283,383	100.0

(2) Consolidated Interim Statements of Income

(Thousands of yen)

Account title	Notes	Year 2004 Interim (Jan. 1, 2004 – Jun. 30, 2004)		Year 2005 Interim (Jan. 1, 2005 – Jun. 30, 2005)		[Ref.] Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)				
		Amount	%	Amount	%	Amount	%			
I Revenue	*		2,952,631	100.0		5,517,234	100.0		6,052,274	100.0
II Cost of revenue			413,959	14.0		892,072	16.2		1,016,706	16.8
Gross profit			2,538,671	86.0		4,625,161	83.8		5,035,568	83.2
III Selling, general and administrative expenses										
1. Provision for doubtful accounts		51,472			12,435			52,053		
2. Directors' salaries		83,761			101,777			169,673		
3. Salaries and bonuses		256,932			364,595			875,232		
4. Provision for accrued bonuses		140,000			180,000			-		
5. Provision for employee retirement benefits		1,458			3,441			3,123		
6. Provision for directors' retirement benefits		5,790			13,889			17,170		
7. Secondment fees		22,894			-			35,335		
8. Other fees and commissions		73,886			109,512			180,643		
9. Others		236,801	872,997	29.6	484,657	1,270,308	23.0	512,226	1,845,457	30.5
Operating income			1,665,674	56.4		3,354,853	60.8		3,190,110	52.7
IV Non-operating income										
1. Interest income		15,135			15,841			28,093		
2. Equity in earnings of non-consolidated affiliates, etc.		35,326			85,800			179,412		
3. Others		3,853	54,315	1.9	16,665	118,307	2.2	15,982	223,488	3.7
V Non-operating expenses										
1. Interest expense		97,843			263,156			287,434		
2. New stock issue expenses		230			7,776			21,602		
3. Bond issue expenses		35,900			82,476			47,900		
4. Commissions paid	*	27,160			152,213			271,638		
5. Others		9,992	171,125	5.8	50,608	556,231	10.1	51,234	679,809	11.2
Ordinary income			1,548,864	52.5		2,916,929	52.9		2,733,788	45.2
VI Extra-ordinary income										
1. Gain on sale of investment securities		52,270	52,270	1.7	90,156	90,156	1.6	84,335	84,335	1.4
Income before provision for income taxes and profit distribution to silent partners			1,601,134	54.2		3,007,085	54.5		2,818,124	46.6
Profit distribution to silent partners			21,870	0.7		66,458	1.2		33,578	0.6
Income before provision for income taxes			1,579,263	53.5		2,940,626	53.3		2,784,546	46.0
Current income taxes		802,485			1,339,048			1,333,693		
Deferred income taxes		(149,640)	652,844	22.1	(130,587)	1,208,461	21.9	(196,100)	1,137,593	18.8
Minority interests			3,080	(0.1)		11,905	(0.2)		13,185	(0.2)
Net income (after taxes)			923,337	31.3		1,720,260	31.2		1,633,766	27.0

(3) Consolidated Interim Statements of Retained Earnings

(Thousands of yen)

		Year 2004 Interim (Jan. 1, 2004 – Jun. 30, 2004)		Year 2005 Interim (Jan. 1, 2005 – Jun. 30, 2005)		[Ref.] Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)	
Account title	Notes	Amount		Amount		Amount	
Capital reserve							
I Capital surplus at beginning of period			1,796,368		2,871,512		1,796,368
II Increase in capital surplus							
1. New stock issuance		-		41,422		1,051,817	
2. New stock issuance for stock acquisition rights		6,050		5,051		22,869	
3. Transfer from stock acquisition rights		121	6,171	101	46,575	457	1,075,143
III Capital surplus at end of period			1,802,539		2,918,088		2,871,512
Retained earnings							
I Retained earnings at beginning of period			2,194,421		3,828,187		2,194,421
II Increase in retained earnings							
Net income		923,337	923,337	1,720,260	1,720,260	1,633,766	1,633,766
III Decrease in retained earnings							
1. Dividends		-		118,225		-	
2. Directors' bonuses		-	-	33,000	151,225	-	-
IV Retained earnings at end of period			3,117,758		5,397,222		3,828,187

(4) Consolidated Statements of Cash Flow*(Thousands of yen)*

		Year 2004 Interim (Jan. 1, 2004 – Jun. 30, 2004)	Year 2005 Interim (Jan. 1, 2005 – Jun. 30, 2005)	[Ref.] Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)
Account title	Notes	Amount	Amount	Amount
I Operating activities				
1. Income before provision for income taxes		1,579,263	2,940,626	2,784,546
2. Gain on sale and collection of notes purchased		(554,831)	(224,053)	(753,397)
3. Profit distribution on principal investment in silent partnerships		(321,325)	(515,507)	(639,564)
4. Increase (decrease) in provision for doubtful accounts		50,355	9,458	49,788
5. Increase (decrease) in provision for accrued bonuses		140,000	180,000	-
6. Increase (decrease) in provision for employee retirement benefits		1,458	2,035	2,973
7. Increase (decrease) in provision for directors' retirement benefits		5,790	13,889	17,170
8. Interest income		(15,135)	(15,841)	(28,093)
9. Interest expense		97,843	263,156	287,434
10. Profit distribution to silent partners		21,870	66,458	33,578
11. Equity in earnings of non-consolidated affiliates, etc.		(35,326)	(85,800)	(179,412)
12. Gains on sale of real estate held for sale		-	(1,206,996)	(528,083)
13. Gains on sale of fixed assets		(326,256)	-	-
14. Loss on sale of fixed assets		27,015	-	-
15. Gain on sale of investment securities		(52,270)	(90,156)	(84,335)
16. Increase (decrease) in accounts receivable - trade		(130,671)	(775,538)	(142,246)
17. Payment for acquisition of real estate held for sale		-	(18,082,682)	(51,632,172)
18. Proceeds from sale of real estate held for sale		-	13,730,274	28,453,080
19. Increase (decrease) in accounts payable - trade		127,271	2,635	115,466
20. Purchase of notes		(2,003,380)	(1,021,518)	(3,817,224)
21. Proceeds from sale and collection of notes purchased		2,685,950	484,985	4,892,124
22. Distributions from silent partnerships		722,790	1,996,979	1,710,113
23. Contribution paid in silent partnerships		(1,658,695)	(10,845,000)	(5,117,495)
24. Proceeds from sale of silent partnerships		157,000	-	157,000
25. Proceeds from receipt of deposits for contribution to silent partnerships		510,000	309,585	876,300
26. Redemption of contribution received from silent partners		(118,844)	(452,539)	(163,844)
27. Directors' bonuses		-	(33,000)	-
28. Others		(557,777)	978,366	(878,143)
Subtotal		352,094	(12,370,184)	(24,584,437)
29. Interest and dividend received		15,694	4,891	36,911
30. Interest paid		(106,146)	(272,996)	(305,556)
31. Income taxes paid		(331,613)	(1,165,964)	(613,488)
Net cash used in operating activities		(69,970)	(13,804,253)	(25,466,570)

(Thousands of yen)

		Year 2004 Interim (Jan. 1, 2004 – Jun. 30, 2004)	Year 2005 Interim (Jan. 1, 2005 – Jun. 30, 2005)	[Ref.] Year 2004 (Jan. 1, 2004 – Dec. 31, 2004)
Account title	Notes	Amount	Amount	Amount
II Investing activities				
1. Payment for purchase of fixed assets		(21,909,868)	(19,333)	(61,220)
2. Proceeds from sale of fixed assets		8,764,973	-	-
3. Payment for loans		(177,535)	(438,129)	(320,578)
4. Proceeds from repayment of loans		191,785	85,881	452,625
5. Payment for acquisition of investment securities		(7,500)	(719,650)	(116,300)
6. Proceeds from sale of investment securities		68,270	108,085	109,472
7. Proceeds from capital reduction with compensation of investment securities		-	50,000	-
8. Payment for capital investment in affiliates		(31,689)	(599,631)	(129,162)
9. Proceeds from capital investments in affiliates		2,400	86,720	5,683
10. Proceeds from capital reduction of affiliates		-	-	33,500
11. Decrease in funds owing to sale of investment in subsidiaries due to change in scope of consolidation		(3,739)	2,295	(3,514)
12. Others		(249,599)	(208,094)	(174,860)
Net cash provided by (used in) investing activities		(13,352,502)	(1,651,856)	(204,357)
III Financing activities				
1. Proceeds from short-term borrowings		15,840,000	25,249,000	40,136,000
2. Repayment of short-term borrowings		(6,584,593)	(21,931,356)	(24,525,343)
3. Proceeds from long-term borrowings		5,480,350	13,731,080	21,559,636
4. Repayment of long-term borrowings		(2,001,000)	(867,175)	(16,925,513)
5. Proceeds from issuance of stock		21,204	87,278	2,200,218
6. Proceeds from issuance of bonds		1,400,000	2,917,523	1,900,000
7. Payment for redemption of bonds		-	(1,060,000)	(40,000)
8. Proceeds from minority interests		-	8,000	-
9. Dividends paid		-	(118,225)	-
Net cash provided by (used in) financing activities		14,155,961	18,016,125	24,304,997
IV Effect of exchange rate changes on cash and cash equivalents		-	28,749	-
V Net increase (decrease) in cash and cash equivalents		733,488	2,588,764	(1,365,931)
VI Cash and cash equivalents at beginning of period		5,731,638	4,365,707	5,731,638
VII Increase in cash and cash equivalents resulting from changes in scope of consolidation		-	28,951	-
VIII Cash and cash equivalents at end of period	*	6,465,127	6,983,423	4,365,707