

Summary of Consolidated Financial Results for the First Quarter of 2008 (January 1, 2008 – March 31, 2008)

Described below is an abstract in English of the financial result for the First quarter of 2008 ended March 31, 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.

Company name: Kenedix, Inc.	Listing: First Section, Tokyo Stock Exchange
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(Amounts rounded off to million yen)

1. Consolidated Financial Results (Jan. 1, 2008 – March. 31, 2008)

(1) Consolidated results of operations

(Percentage figures represent year-on-year changes)

	Revenue		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
First Quarter of 2008	44,767	477.1	6,927	26.8	5,088	16.0
First Quarter of 2007	7,756	16.1	5,463	4.6	4,385	(9.9)
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
First Quarter of 2008	2,558	(1.1)	4,029.43	3,708.22
First Quarter of 2007	2,586	(4.9)	9,059.95	8,244.46
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 March 31, 2008	393,211	89,384	15.6	96,724.93
As of March 31, 2007	293,388	47,324	13.7	140,433.39
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
First Quarter ended March 2008	(51,737)	(9,845)	49,767	32,754
First Quarter ended March 2007	(36,609)	(26,061)	62,578	36,947
Year ended December 2007	(48,778)	(35,962)	91,886	44,962

2. 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	164,400	19.1	34,800	12.8	29,000	11.0	15,300	4.3	24,039.39

4. Others

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

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements

1) Changes caused by revision of accounting standards: No

2) Other changes: No

(Reference) Summary Non-consolidated Financial Results**1. Non-consolidated Financial Results (Jan. 1, 2008 – March. 31, 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	%
First Quarter of 2008	5,871	51.6	4,938	54.1	6,030	65.8
First Quarter of 2007	3,874	(17.1)	3,204	(20.0)	3,636	(6.9)
Year ended December 2007	26,674	-	23,106	-	21,686	-

	Net income		Net income per share, (basic)
	Million yen	%	Yen
First Quarter of 2008	4,292	61.3	6,754.44
First Quarter of 2007	2,661	6.9	9,321.80
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 March 31, 2008	214,067	60,261	28.2	94,678.93
As of March 31, 2007	171,837	38,030	22.1	133,177.00
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	31,800	19.2	27,700	19.9	26,100	20.4	15,900	19.1	24,982.11

*** 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 may differ substantially.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

Account title	First Quarter of 2007 (As of March. 31, 2007)		First Quarter of 2008 (As of March. 31, 2008)		Year 2007 Summary (As of Dec. 31, 2007)	
	Amount	%	Amount	%	Amount	%
Assets						
I Current assets						
1. Cash and deposits	29,703		26,416		39,369	
2. Deposits held in trust	10,223		8,843		6,966	
3. Accounts receivable - trade	1,069		968		971	
4. Inventories	206,310		303,052		243,895	
5. Acquired non-performing loans	13,627		5,640		5,532	
6. Other	4,269		10,310		11,358	
7. Allowance for doubtful accounts	(32)		(31)		(327)	
Total current assets	265,170	90.4	355,200	90.3	307,766	90.9
II Fixed assets						
1. Property and equipment	167	0.1	201	0.0	203	0.1
2. Intangible assets						
(1) Good will	-		2,666		-	
(2) Other	137		24		973	
Total intangible assets	137	0.0	2,690	0.7	973	0.3
3. Investments and other assets						
(1) Investment securities	21,095		29,657		25,131	
(2) Investments in capital	2,519		269		188	
(3) Long-term loans receivable	2,301		1,802		1,920	
(4) Other	1,996		3,434		2,326	
(5) Allowance for doubtful accounts	-		(45)		-	
Total investments and other assets	27,913	9.5	35,119	9.0	29,566	8.7
Total fixed assets	28,218	9.6	38,011	9.7	30,743	9.1
Total assets	293,388	100.0	393,211	100.0	338,509	100.0

(Millions of yen)

Account title	First Quarter of 2007 (As of March. 31, 2007)		First Quarter of 2008 (As of March. 31, 2008)		Year 2007 Summary (As of Dec. 31, 2007)	
	Amount	%	Amount	%	Amount	%
Liabilities						
I Current liabilities						
1. Accounts payable - trade	3,659		1,349		477	
2. Short-term borrowings	89,084		76,966		60,720	
3. Commercial paper	6,000		4,000		6,000	
4. Long-term borrowings - due within one year	27,984		21,302		17,312	
5. Corporate bonds – due within one year	3,385		4,789		3,435	
6. Accrued income taxes	1,359		850		8,409	
7. Security deposits	7,059		6,647		5,405	
8. Accrued employees' bonuses	204		198		-	
9. Accrued director's and corporate auditor's bonuses	-		115		430	
10. Other	8,578		10,649		4,205	
Total current liabilities	147,313	50.2	126,868	32.3	106,397	31.4
II Long-term liabilities						
1. Bonds payable	32,109		43,584		47,110	
2. Long-term borrowings	65,120		132,821		103,691	
3. Silent partnership contribution received	167		150		162	
4. Allowance for employees' retirement benefits	15		17		17	
5. Allowance for directors' and corporate auditor's retirement benefits	177		-		-	
6. Other	1,161		385		641	
Total long-term liabilities	98,750	33.7	176,959	45.0	151,623	44.8
Total liabilities	246,064	83.9	303,827	77.3	258,020	76.2
Net Assets						
I Shareholders' equity						
1. Common stock	9,654	3.3	14,571	3.7	14,546	4.3
2. Additional paid-in capital	9,913	3.4	14,830	3.8	14,805	4.3
3. Retained earnings	18,726	6.3	31,899	8.1	30,821	9.1
4. Treasury stock	(42)	(0.0)	(124)	(0.0)	(124)	(0.0)
Total shareholders' equity	38,252	13.0	61,177	15.6	60,047	17.7
II Valuation and translation adjustments						
1. Net unrealized holding gains/losses on investment securities	1,772	0.6	(50)	(0.0)	773	0.3
2. Deferred gains/losses on hedges	(72)	(0.0)	603	0.2	72	0.0
3. Foreign currency translation adjustments	138	0.0	(223)	(0.1)	(57)	(0.0)
Total valuation and translation adjustments	1,838	0.6	329	0.1	788	0.3
III Minority interests in consolidated subsidiaries	7,234	2.5	27,877	7.0	19,652	5.8
Total net assets	47,324	16.1	89,384	22.7	80,488	23.8
Total liabilities and net assets	293,388	100.0	393,211	100.0	338,509	100.0

(2) Consolidated Statements of Income

(Millions of yen)

Account title	First Quarter of 2007 (As of March. 31, 2007)		First Quarter of 2008 (As of March. 31, 2008)		Year 2007 Summary (As of Dec. 31, 2007)				
	Amount	%	Amount	%	Amount	%			
I Revenue		7,756	100.0		44,767	100.0		138,025	100.0
II Cost of revenue		1,350	17.4		36,335	81.2		101,476	73.5
Gross profit		6,406	82.6		8,431	18.8		36,549	26.5
III Selling, general and administrative expenses									
1. Directors' and corporate auditors' salaries	49			77			275		
2. Salaries and bonuses	228			236			1,747		
3. Provision for accrued employees' bonuses	204			198			-		
4. Provision for accrued directors' and corporate auditors' bonuses	-			115			430		
5. Provision for employees' retirement benefits	2			1			8		
6. Provision for directors' and corporate auditors' retirement benefits	12			-			103		
7. Commissions paid	105			297			1,038		
8. Amortization of goodwill	-			161			372		
9. Other	339	942	12.2	416	1,504	3.3	1,710	5,686	4.1
Operating income		5,463	70.4		6,927	15.5		30,863	22.4
IV Non-operating income									
1. Interest income	45			73			150		
2. Equity in earnings of non-consolidated subsidiaries and affiliates	192			-			813		
3. Consumption taxes differential (after being offset by suspense payments and receipt)	15			1			393		
4. Other	16	269	3.5	41	116	0.3	162	1,519	1.1
V Non-operating expenses									
1. Interest expense	590			1,128			3,319		
2. Equity in losses of non-consolidated subsidiaries and affiliates	-			243			-		
3. Stock issue expenses	-			0			56		
4. Bond issue expenses	108			-			179		
5. Commissions paid	519			369			1,903		
6. Other	129	1,348	17.4	212	1,955	4.4	802	6,261	4.6
Ordinary income		4,385	56.5		5,088	11.4		26,120	18.9

(Millions of yen)

Account title	First Quarter of 2007 (As of March. 31, 2007)		First Quarter of 2008 (As of March. 31, 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 sale of investment securities	-	-	21	38	-	141	0.1		
Income before income taxes and profit distribution to silent partners		4,385	56.5	5,127	11.5	26,262	19.0		
Profit distribution to silent partners		(1)	(0.0)	(13)	(0.0)	90	0.0		
Income before provision for income taxes		4,387	56.5	5,140	11.5	26,172	19.0		
Current income taxes	1,576		688		12,605				
Deferred income taxes	97	1,673	21.6	1,508	2,197	4.9	(2,797)	9,807	7.2
Minority interests		127	1.6		384	0.9		1,702	1.2
Net income		2,586	33.3		2,558	5.7		14,662	10.6

(3) Consolidated Statement of Changes in Net Assets

First Quarter of 2007 (Jan. 1, 2007 – March. 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 period					
New stock issue	6	6	-	-	12
Cash dividends	-	-	(856)	-	(856)
Net income	-	-	2,586	-	2,586
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes in the period	6	6	1,729	-	1,741
Balance as of March 31, 2007	9,654	9,913	18,726	(42)	38,252

(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	-	-	-	-	-	12
Cash dividends	-	-	-	-	-	(856)
Net income	-	-	-	-	-	2,586
Net changes of items other than shareholders' equity	1,098	39	0	1,138	4,650	5,789
Total changes in the period	1,098	39	0	1,138	4,650	7,530
Balance as of March 31, 2007	1,772	(72)	138	1,838	7,234	47,324

First Quarter of 2008 (Jan. 1, 2008 – March. 31, 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	25	25	-	-	51
Cash dividends	-	-	(1,492)	-	(1,492)
Net income	-	-	2,558	-	2,558
Changes in the scope of equity method application	-	-	12	-	12
Net changes of items other than shareholders' equity	-	-	-	-	-
Total changes in the period	25	25	1,078	-	1,129
Balance as of March 31, 2008	14,571	14,830	31,899	(124)	61,177

(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	-	-	-	-	-	51
Cash dividends	-	-	-	-	-	(1,492)
Net income	-	-	-	-	-	2,558
Changes in the scope of equity method application	-	-	-	-	-	12
Net changes of items other than shareholders' equity	(824)	530	(165)	(459)	8,225	7,765
Total changes in the period	(824)	530	(165)	(459)	8,225	8,895
Balance as of March 31, 2008	(50)	603	(223)	329	27,877	89,384

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)*

	First Quarter of 2007 (Jan. 1, 2007 – March. 31, 2007)	First Quarter of 2008 (Jan. 1, 2008 – March. 31, 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	4,387	5,140	26,172
2. Gain on sales and collection of acquired non-performing loans	(264)	(116)	(1,010)
3. Profit distribution from silent partnerships	(1,252)	75	(1,393)
4. Increase (decrease) in allowance for doubtful accounts	-	(295)	5
5. Increase (decrease) in accrued employees' bonuses	204	198	-
6. Increase (decrease) in accrued directors' and corporate auditors' bonuses	-	(315)	160
7. Increase (decrease) in allowance for employees' retirement benefits	2	0	4
8. Increase (decrease) in allowance for directors' and corporate auditors' retirement benefits	12	-	(164)
9. Interest income	(45)	(73)	(150)
10. Interest expense	590	1,128	3,319
11. Profit distribution to silent partners	(1)	(13)	90
12. Equity in earnings of non-consolidated subsidiaries and affiliates	(192)	243	(813)
13. Gain on sale of real estate held for sale	(643)	-	-
14. Decrease (increase) in accounts receivable - trade	(173)	3	(73)
15. Payment for acquisition of real estate held for sale	(42,570)	-	-
16. Proceeds from sale of real estate held for sale	8,457	-	-
17. Decrease (increase) in inventories	-	(50,131)	(63,679)
18. Increase (decrease) in accounts payable - trade	3,296	871	113
19. Purchase of acquired non-performing loans	(10,409)	(208)	(10,722)
20. Proceeds from sale and collection of acquired non-performing loans	650	216	9,643
21. Distributions from silent partnerships	357	121	3,645
22. Contribution paid in silent partnerships	(78)	(3,282)	(3,722)
23. Proceeds from receipt of deposits for contribution to silent partnerships	-	43	-
24. Redemption of silent partners contribution received	-	-	(17)
25. Other, net	6,814	4,628	1,644
Subtotal	(30,859)	(41,765)	(36,948)
26. Interests and dividends received	33	39	132
27. Interests paid	(499)	(1,048)	(2,713)
28. Income taxes paid	(5,283)	(8,962)	(9,248)
Net cash provided by (used in) operating activities	(36,609)	(51,737)	(48,778)

(Millions of yen)

	First Quarter of 2007 (Jan. 1, 2007 – March. 31, 2007)	First Quarter of 2008 (Jan. 1, 2008 – March. 31, 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	(32)	(8)	(96)
2. Proceeds from sale of property and equipment	-	-	1
3. Payment for purchase of intangible assets	-	(1)	(20)
4. Proceeds from sales of intangible assets	-	-	0
5. Payment for loans receivable	(3,113)	(1,658)	(7,589)
6. Proceeds from repayment of loans receivable	2,333	1,060	2,799
7. Payment for acquisition of investment securities	(1,180)	(2,349)	(1,217)
8. Proceeds from sales of investment securities	-	44	4
9. Proceeds from capital reduction with compensation of investment securities	51	-	130
10. Payment for capital investments in affiliates	(918)	(687)	(7,389)
11. Proceeds from capital investments in affiliates	0	26	104
12. Proceeds from capital reduction of affiliates	570	-	2,347
13. Purchase of investments in subsidiaries involving change in scope of consolidation	(23,694)	(6,346)	(24,935)
14. Other, net	(78)	74	(101)
Net cash used in investing activities	(26,061)	(9,845)	(35,962)
III Financing activities			
1. Proceeds from short-term borrowings	57,284	81,898	172,198
2. Repayment of short-term borrowings	(2,815)	(65,651)	(147,379)
3. Proceeds from issuance of commercial papers	6,000	7,000	28,000
4. Payment for redemption of commercial papers	-	(9,000)	(22,000)
5. Proceeds from long-term borrowings	12,796	36,360	88,392
6. Repayment of long-term borrowings	(13,265)	(5,191)	(61,734)
7. Proceeds from issuance of stock	11	50	9,739
8. Proceeds from issuance of bonds	2,891	-	17,820
9. Payment for redemption of bonds	(810)	(2,171)	(3,962)
10. Proceeds from minority interest	1,951	8,240	14,567
11. Dividends to minority interest	(52)	(203)	(108)
12. Distributions to minority interest	(557)	(253)	(2,895)
13. Dividends paid	(856)	(1,309)	(856)
14. Other, net	-	-	105
Net cash provided by (used in) financing activities	62,578	49,767	91,886
IV Effect of exchange rate changes on cash and cash equivalents	0	(443)	(209)
V Decrease in cash and cash equivalents	(91)	(12,259)	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	(35)	51	952
VIII Cash and cash equivalents at end of period	36,947	32,754	44,962

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

	First Quarter of 2007 (Jan. 1, 2007 – March. 31, 2007)				
	Real Estate Investment Advisory Business	Asset Management Business	NPL Investment Management Business	Adjusts and Elimination	Consolidated
Revenue	5,288	2,455	407	(394)	7,756
Costs and expenses	1,847	488	143	(185)	2,293
Operating income	3,441	1,967	264	(208)	5,463

(Millions of yen)

	First Quarter of 2008 (Jan. 1, 2008 – March. 31, 2008)					
	Real Estate Investment Advisory Business	Real Estate Investment Business	Asset Management Business	NPL Investment Management Business	Adjusts and Elimination	Consolidated
Revenue	1,104	42,959	1,732	128	(1,156)	44,767
Costs and expenses	262	37,385	747	106	(662)	37,840
Operating income	841	5,573	984	22	(494)	6,927

(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

- Due to growth in the number of real estate development projects, Kenedix has created the Real Estate Investment Business segment, beginning with FY2007, for properties held in principal investment.