

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

May 13, 2008

Described below is the English abstract of the financial results (Tanshin Report) that was released today in Japan. The translation is prepared and provided for readers' convenience only. Therefore, all readers are strongly advised to refer to the original version in Japanese for complete and accurate information. In the event of any discrepancy between this translated document and the original Japanese document, the original document shall prevail.

Listed company name :	Secured Capital Japan Co., Ltd.
Listed stock market :	Tokyo Stock Exchange, First Section
Stock code :	2392
URL :	<a href="http://www.securedcapital.co.jp/">http://www.securedcapital.co.jp/</a>
President :	Katsuya Takanashi, CEO
Contact :	Takeshi Sugai, CAO
Telephone :	+81-3-5776-1300

### 1. Summary of consolidated financial results for the first quarter of 2008 (January 1, 2008 – March 31, 2008)

#### (1) Consolidated financial results

	Revenues		Operating income		Ordinary income		Net income	
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%
Three months ended March 2008	1,513	-11.9	469	-35.8	416	-42.5	192	-44.3
Three months ended March 2007	1,717	-23.5	731	-54.4	724	-55.0	346	-63.9
Year ended December 2007	7,838	—	4,162	—	4,069	—	2,209	—

	Earnings per share	Diluted earnings per share
	¥	¥
Three months ended March 2008	1,587.88	1,259.73
Three months ended March 2007	2,853.10	2,477.83
Year ended December 2007	18,194.35	14,808.20

#### (2) Consolidated financial position

	Total assets	Net assets	Capital ratio	Net assets per share
	Millions ¥	Millions ¥	%	¥
As of March 31, 2008	54,749	10,732	14.9	67,279.49
As of March 31, 2007	15,758	9,213	42.9	55,610.80
As of December 31, 2007	32,330	10,514	26.3	70,084.83

#### (3) Consolidated cash flows 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 the end of period
	Millions ¥	Millions ¥	Millions ¥	Millions ¥
Three months ended March 2008	-24,953	-1,388	23,611	1,678
Three months ended March 2007	-565	-990	1,630	965
Year ended December 2007	-5,576	-6,530	15,569	4,402

## 2. Consolidated forecast for the fiscal year ending December 2008(January 1, 2008 – December 31, 2008)

	Revenues		Operating income		Ordinary income		Net income		Earnings per share
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%	¥
Full year	10,200	30.1	6,050	45.4	5,150	26.6	2,760	24.9	22,719.98

(Note) Percentage figures shown in the above represent changes from the corresponding period of the previous year.

## 3. Others

(1) Changes in major consolidated subsidiaries and affiliated companies accounted for by equity method

N/A

(2) Adoption of simplified accounting procedures

N/A

(3) Changes in accounting policies from the last consolidated fiscal year

For the year ended 2007, the expenses of our consolidated entities, including the management fees and interest expenses, were included as a part of selling, general and administrative expenses which were directly related to their rental income and interest revenues which were recorded as a part of revenues. This is because the amounts of these expenses were not material enough to be classified as a separate line item.

However, the management expects the impact of the revenues and expenses from these entities are going to be material to the consolidated financial statements for the current year. Thus, those direct expenses of our consolidated entities are classified as cost of revenues.

Accordingly, the provision of the new separate line item increased the cost of revenues by ¥136 million and decreased the operating expenses and non-operating expenses by ¥73 million and ¥63 million respectively.

## 4. Consolidated financial statements

### (1) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2007	As of March 31, 2008	Increase / (Decrease)		As of December 31, 2007
	Amount	Amount	Amount	%	Amount
(Assets)					
I Current assets					
1 Cash and cash equivalents	965,367	1,678,738	713,370		4,402,843
2 Accounts receivable	1,465,564	867,335	-598,228		1,192,430
3 Short-term loans receivable	1,086,140	—	-1,086,140		—
4 Purchased loans	295,490	282,381	-13,109		283,888
5 Other receivable	184,007	181,013	-2,993		361,822
6 Entrusted properties	—	30,646,607	30,646,607		7,177,504
7 Deferred tax assets	209,182	151,038	-58,144		204,787
8 Other assets	680,036	1,807,062	1,127,026		1,281,900
Allowance for doubtful accounts	—	-127,515	-127,515		-123,015
Total current assets	4,885,790	35,486,662	30,600,871	626.3	14,782,160
II Non-current assets					
1 Property and equipment					
(1) Building	125,679	98,532	-27,147		100,911
(2) Furniture and equipment	32,616	51,659	19,042		46,014
Total property and equipment	158,296	150,192	-8,104	-5.1	146,925
2 Intangible assets	8,479	9,412	932	11.0	9,360
3 Investments and other assets					
(1) Investment securities	6,129,335	12,413,655	6,284,319		10,920,027
(2) Other securities of affiliates	896,347	3,562,302	2,665,955		3,806,222
(3) Long-term loans receivable	3,239,277	2,178,735	-1,060,541		2,199,393
(4) Security deposits	326,034	306,745	-19,288		301,799
(5) Others	115,085	641,850	526,764		164,342
Total investments and other assets	10,706,080	19,103,290	8,397,210	78.4	17,391,785
Total non-current assets	10,872,856	19,262,894	8,390,038	77.2	17,548,071
Total assets	15,758,646	54,749,557	38,990,910	247.4	32,330,231

(Thousands of yen)

	As of March 31, 2007	As of March 31, 2008	Increase / (Decrease)		As of December 31, 2007
	Amount	Amount	Amount	%	Amount
(Liabilities)					
I Current liabilities					
1 Short-term borrowings	4,923,250	8,813,175	3,889,924		9,100,175
2 Accrued expense	423,338	241,140	-182,198		364,015
3 Income tax payable	312,987	50,329	-262,658		1,288,553
4 Deposits payable	625,599	640,358	14,759		544,413
5 Accrued bonus	168,000	128,000	-40,000		32,000
6 Other liabilities	82,804	305,058	222,253		180,362
Total current liabilities	6,535,981	10,178,061	3,642,080	55.7	11,509,520
II Non-current liabilities					
1 Bond	—	1,728,487	1,728,487		1,246,232
2 Convertible bond	—	6,000,000	6,000,000		6,000,000
3 Long-term borrowings	—	22,023,000	22,023,000		—
4 Deposit from silent partners	—	4,087,813	4,087,813		3,060,243
5 Deferred tax liabilities	8,776	—	-8,776		—
Total non-current liabilities	8,776	33,839,300	33,830,524	385,462.5	10,306,476
Total liabilities	6,544,757	44,017,362	37,472,604	572.6	21,815,996
(Net assets)					
I Shareholders' equity					
1 Common stock	1,200,253	1,200,516	262		1,200,253
2 Additional paid-in capital	1,168,214	1,168,471	257		1,168,214
3 Retained earnings	4,361,492	6,235,348	1,873,855		6,224,674
Total shareholders' equity	6,729,960	8,604,336	1,874,376	27.9	8,593,142
II Unrealized valuations and re-measurement					
1 Unrealized gains on available for sale securities	12,734	-26,624	-39,358		-21,289
2 Foreign currency translation adjustments	11,347	-404,667	-416,015		-59,910
Total unrealized valuations and re-measurement	24,082	-431,291	-455,374	—	-81,199
III Stock options	2,317	2,311	-5	-0.2	2,317
IV Non-controlling interests	2,457,528	2,556,838	99,309	4.0	1,999,975
Total net assets	9,213,888	10,732,194	1,518,305	16.5	10,514,235
Total liabilities and net assets	15,758,646	54,749,557	38,990,910	247.4	32,330,231

## (2) Consolidated statements of income

(Thousands of yen)

	Three months ended March 31, 2007	Three months ended March 31, 2008	Increase / (Decrease)		Year ended December 31, 2007
	Amount	Amount	Amount	%	Amount
I Revenues	1,717,760	1,513,807	-203,952	-11.9	7,838,134
II Cost of revenues	—	136,722	136,722	—	—
Gross profit	1,717,760	1,377,085	-340,674	-19.8	7,838,134
III Selling, general and administrative expenses	986,161	907,390	-78,770	-8.0	3,675,906
Operating income	731,599	469,694	-261,904	-35.8	4,162,228
IV Non-operating income	11,585	16,439	4,854	41.9	76,918
V Non-operating expenses	18,778	69,730	50,952	271.3	169,920
Ordinary income	724,406	416,404	-308,002	-42.5	4,069,225
VI Extraordinary loss	90,701	147	-90,554	-99.8	91,625
Income before silent partnership distribution and income taxes	633,704	416,256	-217,447	-34.3	3,977,599
Income allocations to silent partnerships	—	-6,294	-6,294	—	-10,668
Income before income taxes	633,704	422,550	-211,153	-33.3	3,988,268
Income taxes - current	374,956	228,726	-146,230	-39.0	1,801,114
Income taxes - deferred	-112,635	-61,134	51,501	—	-151,088
Non-controlling interests in earnings of subsidiaries	24,946	62,106	37,160	149.0	128,623
Net income	346,437	192,852	-153,585	-44.3	2,209,619

## (3) Consolidated statements of cash flows

(Thousands of yen)

	Three months ended March 31, 2007	Three months ended March 31, 2008	Year ended December 31, 2007
	Amount	Amount	Amount
<b>I Operating activities</b>			
Income before income taxes	633,704	422,550	3,988,268
Depreciation and amortization	7,796	8,873	40,793
Increase (decrease) in accrued bonus	126,000	96,000	-10,000
Increase in allowance for doubtful accounts	—	4,500	123,015
Interest and dividend income	-3,335	-176,990	-14,212
Currency exchange gain	—	—	-9,726
Interest expenses	17,646	110,981	112,396
Equity in earnings of affiliated companies	-7,250	—	—
Loss on disposition of fixed assets	39,797	147	40,256
Increase (decrease) in accounts receivable	-491,197	306,464	-406,161
Increase (decrease) in purchased loans	-2,419	—	—
Increase (decrease) in other receivable	-66,453	40,980	-104,365
Increase (decrease) in interest receivable	—	—	-29,825
Increase (decrease) in entrusted properties	—	-23,469,103	-7,181,223
Increase (decrease) in other current assets	—	-314,373	-275,923
Increase (decrease) in accrued expense	56,659	-128,583	1,600
Increase (decrease) in deposit payable	-8,731	95,945	332,082
Increase (decrease) in advance received	-517	126,911	—
Equity in earnings (losses) of silent partnerships	-13,514	-73,144	-196,783
Income allocations to silent partnerships	—	-6,294	-10,668
Others	-13,993	-761,068	-93,702
Sub total	274,190	-23,716,203	-3,694,178
Interest and dividend received	1,183	163,946	14,130
Interest paid	-17,419	-69,566	-103,146
Income taxes refunded	—	—	96,700
Income taxes paid	-823,674	-1,331,263	-1,890,128
Net cash used in operating activities	-565,720	-24,953,086	-5,576,622
<b>II Investing activities</b>			
Purchases of marketable securities	—	—	-2,293,295
Proceeds from redemption and sales of marketable securities	—	—	2,293,447
Purchases of fixed assets	-135,432	-9,316	-151,940
Purchases of software	-106	-862	-3,450
Purchases of investment securities	—	—	-3,969,470
Proceeds from sales and redemption of investment securities	3,000	5,588	837,160
Purchases of other securities of affiliates	-50,420	-287,543	-3,044,204

	Three months ended March 31, 2007	Three months ended March 31, 2008	Year ended December 31, 2007
	Amount	Amount	Amount
Proceeds from sales and redemption of other securities of affiliates	376,623	293,330	632,702
Investments in silent partnership	-142,073	-251,295	-223,476
Proceeds from redemption of investment in silent partnership	8,545	8,349	196,547
Contributions to capital	-13,000	-3,000	-25,000
Proceeds from transfers and sales of capital contributions	13,100	1,000	22,300
Purchases of money trust	-701,825	-1,500,000	-2,617,860
Proceeds from redemption of money trust	25,896	357,324	42,995
Payments of security deposits	-1,023	—	—
Proceeds from repayment of security deposits	133,111	—	—
Payments for loans issued	-116,701	-17,101	-128,570
Collections of loans receivable	610,089	20,000	4,952,352
Purchases of loans receivable	-1,000,000	—	-3,207,565
Others	—	-5,121	156,883
Net cash used in investing activities	-990,216	-1,388,647	-6,530,445
<b>III Financing activities</b>			
Increase (decrease) in short-term borrowings	1,361,770	-287,000	5,538,695
Proceeds from long-term borrowings	—	22,023,000	—
Proceeds from issuance of bonds	—	520,800	7,679,743
Redemption of bonds	—	-38,545	-460,807
Proceeds from issuance of common stock	1,540	—	—
Dividends paid	-182,056	-138,279	-182,056
Proceeds from non-controlling interests	737,544	550,143	1,254,622
Distribution to non-controlling interests	-288,505	-53,265	-1,333,572
Contributions received from silent partners	—	1,033,864	3,070,912
Others	—	515	1,540
Net cash provided by financing activities	1,630,293	23,611,233	15,569,076
IV Foreign currency translation adjustments in cash and cash equivalents	-513	6,395	46,138
V Net increase(decrease) in cash and cash equivalents	73,842	-2,724,105	3,508,146
VI Cash and cash equivalents at the beginning of period	889,139	4,402,843	889,139
VII Increase by inclusion of new consolidated subsidiaries	2,385	—	5,556
IX Cash and cash equivalents at the end of period	965,367	1,678,738	4,402,843

## (Segment information)

### 1. Business segment information

Three months ended March 31, 2007

(Thousands of yen)

	Property acquisition and asset management	Loan acquisition and management	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	1,404,363	313,396	1,717,760	—	1,717,760
Operating expenses	687,641	203,631	891,272	94,888	986,161
Operating income	716,722	109,765	826,487	-94,888	731,599

Three months ended March 31, 2008

	Real estate investment management	Loan investment and asset management	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	1,164,425	349,382	1,513,807	—	1,513,807
Operating expenses	763,397	192,141	955,538	88,573	1,044,112
Operating income	401,028	157,240	558,268	-88,573	469,694

Starting this period, the names of “Property acquisition and asset management” segment and “Loan acquisition and management” segment were changed to “Real estate investment management” segment and “Loan investment and asset management” segment. These changes have no effect on the allocations of revenues and operating expenses for both segments.

Year ended December 31, 2007

	Property acquisition and asset management	Loan acquisition and management	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	6,092,961	1,745,172	7,838,134	—	7,838,134
Operating expenses	2,451,359	853,247	3,304,607	371,299	3,675,906
Operating income	3,641,602	891,925	4,533,527	-371,299	4,162,228

### 2. Geographical segment information

Three months ended March 31, 2007 ... N/A

Three months ended March 31, 2008

(Thousands of yen)

	Japan	North America	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	1,279,263	234,543	1,513,807	—	1,513,807
Operating expenses	955,538	—	955,538	88,573	1,044,112
Operating income	323,724	234,543	558,268	-88,573	469,694

Year ended December 31, 2007

	Japan	North America	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues	6,867,764	970,369	7,838,134	—	7,838,134
Operating expenses	3,304,607	—	3,304,607	371,299	3,675,906
Operating income	3,563,157	970,369	4,533,527	-371,299	4,162,228