

Consolidated financial summary For the year ended December 31, 2009

February 16, 2010

Described below is the English abstract of the financial summary (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. If there are any discrepancies between this translated document and the original document in Japanese, the latter one shall prevail.

Listed company name :	Secured Capital Japan Co., Ltd.
URL :	http://www.securedcapital.co.jp/
Listed stock market :	Tokyo Stock Exchange, First Section
Stock code :	2392
Company domicile :	Tokyo
President :	Katsuya Takanashi, CEO
Contact :	Takeshi Sugai, CAO
Telephone :	+81-3-5776-1300
Shareholders' meeting schedule :	March 30, 2010

1. Consolidated financial results (January 1, 2009-December 31, 2009)

(1) Consolidated operating results

	Revenues		Operating income		Ordinary income (loss)		Net income(loss)	
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%
Year ended December 2009	6,248	7.6	743	3.5	-9	—	1,097	—
Year ended December 2008	5,807	-25.9	718	-82.7	166	-95.9	-370	—

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to sales	Equity in earnings of affiliated companies
	¥	¥	%	%	%	Millions ¥
Year ended December 2009	8,975.10	1,434.97	13.8	-0.0	11.9	7
Year ended December 2008	-3,046.20	—	-4.6	0.4	12.4	8

Net loss was posted for the period of 2008, thus the amount is omitted.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share	Shareholders' equity
	Millions ¥	Millions ¥	%	¥	Millions ¥
As of December 31, 2009	49,511	11,157	17.1	66,392.29	8,446
As of December 31, 2008	53,365	11,791	14.0	61,585.54	7,483

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash 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 ¥
Year ended December 2009	3,633	-77	-2,731	3,894
Year ended December 2008	266	-25,673	24,040	3,061

2. Dividends

	Dividend per share					Total amount of dividend	Consolidated payout ratio	Consolidated dividend per net assets
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	¥	¥	¥	¥	¥	Millions ¥	%	%
Year ended December 2008	—	0.00	—	0.00	0.00	0	0	0.0
Year ended December 2009	—	0.00	—	1,000.00	1,000.00	127	11.1	1.6
Year ending December 2010 (Forecast)	—	0.00	—	1,000.00	1,000.00	—	10.1	—

3. Forecast for the fiscal year ending December 31, 2010

	Revenue		Operating income		Ordinary income		Net income		Earnings per share
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%	¥
Six months	—	—	—	—	—	—	—	—	—
Full year	7,000	12.0	1,800	142.1	1,200	—	1,400	27.6	11,004.91

(Note) Percentage figures shown in the above represent changes from the corresponding period of the previous year.
Forecast for the six months ending June 30, 2010 is omitted due to its indefiniteness.

4. Others

(1) Significant changes in scope of consolidation

New included subsidiaries	None
Excluded subsidiaries	None

(2) Changes in significant accounting policies and presentation

Changes based on the revision of accounting standards	See "Changes in accounting policy" .
---	--------------------------------------

(3) Number of shares outstanding at the end of the year

	As of December 31, 2008	As of December 31, 2009
Common stock (including treasury stock)	121,506 shares	127,216 shares
Treasury stock	None	None

5. Non-consolidated financial results (January 1, 2009-December 31, 2009)

(1) Operating results

	Revenue		Operating income(loss)		Ordinary income(loss)		Net income	
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%
Year ended December 2009	2,408	23.6	-60	-90.6	-46	—	492	-66.2
Year ended December 2008	1,948	-40.3	-645	—	1,385	-46.9	1,455	-37.7

	Earnings per share	Diluted earnings per share
	¥	¥
Year ended December 2009	4,030.89	—
Year ended December 2008	11,984.47	9,527.13

There are dilutive shares during the period. However the diluted EPS calculation requires the gain from the early redemption of convertible bonds to be excluded, which results in a negative amount for the period. Thus, the amount is omitted.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share	Shareholders' equity
	Millions ¥	Millions ¥	%	¥	Millions ¥
As of December 31, 2009	15,435	8,465	54.8	66,439.55	8,452
As of December 31, 2008	17,773	7,607	42.8	62,587.94	7,604

(Reference)

Financial information under Equity-method (January 1,2009-December 31,2009)

(1) Operating results

	Revenue		Operating income		Ordinary income		Net income(loss)	
	Millions ¥	%	Millions ¥	%	Millions ¥	%	Millions ¥	%
Year ended December 2009	4,015	9.4	941	167.3	822	104.5	1,097	—
Year ended December 2008	3,670	—	352	—	402	—	-370	—

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

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions ¥	Millions ¥	%	¥
As of December 31, 2009	16,055	8,541	52.6	66,392.29
As of December 31, 2008	18,082	7,533	41.4	61,589.02

(3) Forecast for the fiscal year ending December 2010

	Revenue	Operating income	Ordinary income	Net income
	Millions ¥	Millions ¥	Millions ¥	Millions ¥
Full year	5,200	2,500	2,300	1,400

6. Consolidated financial statements

[1] Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2008	As of December 31, 2009
	Amount	Amount
(Assets)		
I Current assets		
1 Cash and cash equivalents	3,061,257	3,894,775
2 Accounts receivables	461,199	579,987
3 Securities	2,086,290	—
4 Purchased loans	280,692	243,827
5 Other receivables	113,980	136,314
6 Deferred tax assets	76,725	163,454
7 Other assets (*2)	1,755,009	1,149,027
Allowance for doubtful accounts	-334,361	-269,400
Total current assets	7,500,794	5,897,986
II Non-current assets		
1 Property and equipment		
(1) Building (*2)	12,404,654	12,393,344
Accumulated depreciation	-295,532	-587,584
Building (net)	12,109,121	11,805,759
(2) Furniture and equipment	101,968	99,065
Accumulated depreciation	-61,294	-68,198
Furniture and equipment (net)	40,674	30,866
(3) Land (*2)	18,382,261	18,382,261
Total property and equipment	30,532,057	30,218,887
2 Intangible assets		
(1) Software	6,892	3,897
Total Intangible assets	6,892	3,897
3 Investments and other assets		
(1) Investment securities (*1)	7,782,662	6,002,888
(2) Other securities of affiliates (*2)	3,989,818	3,877,426
(3) Long-term loans receivable	2,107,695	2,019,943
(4) Security deposits	288,102	265,218
(5) Deferred tax assets	796,423	1,056,865
(6) Others (*2)	361,284	180,240
Allowance for doubtful accounts	—	-11,370
Total investments and other assets	15,325,988	13,391,214
Total non-current assets	45,864,938	43,613,999
Total assets	53,365,732	49,511,985

(Thousands of yen)

	As of December 31, 2008	As of December 31, 2009
	Amount	Amount
(Liabilities)		
I Current liabilities		
1 Short-term borrowings (*3)	3,600,000	1,339,592
2 Accounts payable	171,575	349,027
3 Income tax payable	201,032	1,023,964
4 Deposits payable	516,625	385,720
5 Accrued bonus	56,750	80,000
6 Other liabilities	348,793	420,678
Total current liabilities	4,894,775	3,598,983
II Non-current liabilities		
1 Bond (*2)	4,605,487	4,605,487
2 Convertible bond	6,000,000	4,500,000
3 Long-term borrowings (*2)	22,000,000	21,581,341
4 Deposit from silent partners	4,074,080	4,040,825
5 Deferred tax liability	—	27,547
Total non-current liabilities	36,679,567	34,755,202
Total liabilities	41,574,343	38,354,185
(Net assets)		
I Shareholders' equity		
1 Common stock	1,200,779	1,400,529
2 Capital surplus	1,168,729	1,368,324
3 Retained earnings	5,672,419	6,769,184
Total shareholders' equity	8,041,927	9,538,038
II Valuation and translation adjustments		
1 Unrealized gains on available for sale securities	-50,666	-654,173
2 Foreign currency translation adjustments	-508,248	-437,703
Total valuation and transaction adjustment	-558,914	-1,091,877
III Share warrants	2,306	13,408
IV Non-controlling interests	4,306,069	2,698,229
Total net assets	11,791,389	11,157,799
Total liabilities and net assets	53,365,732	49,511,985

[2] Consolidated statements of income

(Thousands of yen)

	Year ended December 31, 2008	Year ended December 31, 2009
	Amount	Amount
I Revenue	5,807,840	6,248,741
II Cost of revenue	1,631,142	2,523,494
Gross profit	4,176,697	3,725,246
III Selling, general and administrative expenses		
1 Directors' salaries	250,987	223,102
2 Employees' salaries	1,187,041	1,082,808
3 Employees' bonuses	164,700	159,750
4 Provision for accrued bonuses	56,750	80,000
5 Bad debt expense	211,345	16,022
6 Professional fees	233,025	175,225
7 Rent expenses	238,605	230,058
8 Charges	469,236	266,310
9 Other expenses	646,686	748,533
Total Selling, general and administrative expenses	3,458,379	2,981,810
Operating income	718,318	743,436
IV Non-operating income		
1 Interest income	73,850	15,307
2 Dividend income	3,060	2,801
3 Equity in earnings of affiliated companies	8,132	7,589
4 Exchange gain	6,258	—
5 Interest on refund of tax	12,809	5,307
6 Others	2,490	3,801
Total Non-operating income	106,602	34,806
V Non-operating expenses		
1 Interest expenses	514,076	552,006
2 Bond Interest expenses	—	72,678
3 Financing commissions	82,574	105,934
4 Losses on derivatives	61,648	23,556
5 Others	4	33,837
Total Non-operating expenses	658,304	788,013
Ordinary income(loss)	166,616	-9,770
VI Extraordinary gain		
1 Gain on redemptions of bonds	—	1,393,300
2 Gain on sales of investment securities	1,790	27,117
3 Others	—	37,764
Total Extraordinary gain	1,790	1,458,181

VII Extraordinary loss		
1 Loss on disposition of fixed assets (*1)	2,132	1,010
2 Loss on valuation of investment securities	1,310,751	334,274
3 Loss on sales of other securities of affiliates	—	154,619
4 Loss on closure of office	—	13,201
5 Others	69,327	6,582
Total Extra ordinary loss	1,382,212	509,688
Income(loss) before silent partnership distribution and income taxes	-1,213,804	938,723
Income allocations to silent partnership	-14,321	75,671
Income(loss) before income taxes	-1,199,482	863,051
Income taxes		
- current	501,076	1,047,865
- deferred	-299,623	-372,746
Total Income taxes	201,452	675,118
Non-controlling interests in earnings(losses) of subsidiaries	-1,030,857	-909,327
Net income(loss)	-370,077	1,097,259

[3] Consolidated statements of changes in shareholders' equity

(Thousands of yen)

	Year ended December 31, 2008	Year ended December 31, 2009
	Amount	Amount
I Shareholders' equity		
1 Common stock		
Balance at the beginning of the period	1,200,253	1,200,779
Issuance of stocks	525	199,750
Total changes in this period	525	199,750
Balance at the end of the period	1,200,779	1,400,529
2 Capital surplus		
Balance at the beginning of the period	1,168,214	1,168,729
Issuance of stocks	514	199,595
Total changes in this period	514	199,595
Balance at the end of the period	1,168,729	1,368,324
3 Retained earnings		
Balance at the beginning of the period	6,224,674	5,672,419
Dividend paid	-182,178	—
Changes in scope of consolidation	—	-494
Net Income or net loss	-370,077	1,097,259
Total changes in this period	-552,255	1,096,765
Balance at the end of the period	5,672,419	6,769,184

4	Total shareholders' equity		
	Balance at the beginning of the period	8,593,142	8,041,927
	Issuance of stocks	1,040	399,345
	Dividend paid	-182,178	—
	Changes in scope of consolidation	—	-494
	Net income or net loss	-370,077	1,097,259
	Total changes in this period	-551,214	1,496,111
	Balance at the end of the period	8,041,927	9,538,038
II	Valuations and translation adjustments		
1	Unrealized gains on available for sale securities		
	Balance at the beginning of the period	-21,289	-50,666
	Changes other than shareholders' equity	-29,376	-603,507
	Total changes in this period	-29,376	-603,507
	Balance at the end of the period	-50,666	-654,173
2	Foreign currency translation adjustments		
	Balance at the beginning of the period	-59,910	-508,248
	Changes other than shareholders' equity	-448,337	70,544
	Total changes in this period	-448,337	70,544
	Balance at the end of the period	-508,248	-437,703
3	Total valuations and translation adjustments		
	Balance at the beginning of the period	-81,199	-558,914
	Changes other than shareholders' equity	-477,714	-532,963
	Total changes in this period	-477,714	-532,963
	Balance at the end of the period	-558,914	-1,091,877
III	Share warrants		
	Balance at the beginning of the period	2,317	2,306
	Changes other than shareholders' equity	-10	11,102
	Total changes in this period	-10	11,102
	Balance at the end of the period	2,306	13,408
IV	Non-controlling interests		
	Balance at the beginning of the period	1,999,975	4,306,069
	Changes other than shareholders' equity	2,306,094	-1,607,839
	Total changes in this period	2,306,094	-1,607,839
	Balance at the end of the period	4,306,069	2,698,229
V	Total net assets		
	Balance at the beginning of the period	10,514,235	11,791,389
	Issuance of stocks	1,040	399,345
	Dividend paid	-182,178	—
	Changes in scope of consolidation	—	-494

Net income or net loss	-370,077	1,097,259
Changes other than shareholders' equity	1,828,369	-2,129,700
Total changes in this period	1,277,154	-633,589
Balance at the end of the period	11,791,389	11,157,799

[4] Consolidated statements of cash flows

(Thousands of yen)

	Year ended December 31, 2008	Year ended December 31, 2009
	Amount	Amount
I Operating activities		
Income(loss) before income taxes	-1,199,482	863,051
Depreciation and amortization	299,289	313,617
Increase(decrease) in accrued bonus	24,750	23,250
Increase(decrease) in allowance for doubtful accounts	211,345	-53,590
Operating interest income	-665,300	-519,839
Operating interest expenses	294,406	196,964
Interest and dividend income	-76,911	-18,108
Interest expenses and bond interest expenses	514,076	624,684
Gain on redemption of bonds	—	-1,393,300
Operating losses on valuation of investment securities	826,135	1,743,694
Loss on disposition of fixed assets	2,132	1,010
Loss on valuation of investment security	1,310,751	334,274
Loss on sale of other securities of affiliates	—	154,619
Increase (decrease) in accounts receivable	628,597	-114,568
Increase (decrease) in other receivable	108,839	-18,383
Increase (decrease) in other current assets	-631,714	11,237
Increase (decrease) in accounts payable	-190,214	177,452
Increase (decrease) in deposit payable	-27,787	-130,904
Increase (decrease) in consumption tax payable	-126,170	40,068
Equity in earnings (losses) of silent partnerships	376,600	1,024,512
Income allocations to silent partnerships	-14,321	75,671
Operating interest received	653,282	549,642
Operating interest paid	-244,157	-224,268
Others	-61,956	313,697
Sub total	2,012,192	3,974,486
Interest and dividend received	88,636	18,724
Interest paid	-404,592	-556,971
Income taxes refunded	593,345	419,166
Income taxes paid	-2,022,676	-222,305
Net cash provided by operating activities	266,906	3,633,100
II Investing activities		
Purchases of fixed assets	-23,505,842	-7,054
Purchases of investment securities	-4,000	—
Proceeds from sales and redemption of investment securities	22,979	110,934
Purchases of other securities of affiliates	-1,981,363	-1,537,790

Proceeds from sales and redemption of other securities of affiliates	786,667	1,106,337
Investments in silent partnership	-512,620	-143,606
Proceeds from redemption of investment in silent partnership	182,466	195,353
Purchases of money trust	-1,503,638	—
Proceeds from redemption of money trust	759,519	66,963
Payments for loans issued	-20,751	—
Collections of loans receivable	94,569	106,103
Others	8,834	25,243
Net cash used in investing activities	-25,673,180	-77,516
III Financing activities		
Increase (decrease) in short-term borrowings	-5,500,175	-2,260,408
Proceeds from long-term borrowings	22,023,000	—
Repayment of long-term borrowings	—	-418,658
Proceeds from issuance of bonds	3,397,800	2,985,895
Redemption of bonds	-38,545	-3,106,700
Proceeds from issuance of stock	—	396,447
Dividends paid	-180,086	-498
Proceeds from non-controlling interests	3,625,192	3
Distribution to non-controlling interests	-291,725	-232,413
Proceeds from silent partners	1,258,119	—
Others	-252,932	-94,926
Net cash provided(used in) by financing activities	24,040,646	-2,731,257
IV Foreign currency translation adjustments in cash and cash equivalents	24,041	13,906
V Net increase(decrease) in cash and cash equivalents	-1,341,585	838,231
VI Cash and cash equivalents at the beginning of period	4,402,843	3,061,257
VII Decrease by exclusion of consolidated subsidiaries	—	-4,714
VIII Cash and cash equivalents at the end of period (*)	3,061,257	3,894,775

Going concern assumption

N/A

Basis of presenting the consolidated financial statements

1 Scope of consolidation

Year ended December 31, 2008	Year ended December 31, 2009
<p>(1) Number of consolidated subsidiaries: 24 entities</p> <p>Names of the consolidated main subsidiaries are as follows:</p> <p>SCJ Servicing Co., Ltd. SCJ Investment Management Co., Ltd. SCJ VM Y.K. SCJ REP GP Investor Y.K. SCJ-M-B Investment LPS SCJREP NK Partnership SCJREP II NK Partnership SCJREP Asia NK Partnership SCJREP Asia Management, L.P. SCJ Real Estate Mezzanine Partners I Investment LPS Ashwood II Y.K. SCJ-RMF-B Investment LPS SRF Toranomom Chukan Hojin SCJ Mezzanine Investment G.K. SCJ Residential Fund2 G.K. RF2C G.K. RF2A G.K. RF2D G.K. SCJREP IV Management, LLC</p> <p>SCJREP IV Management, LLC is established in this year and included in the consolidated financial statements.</p> <p>(2) Names of the main unconsolidated subsidiaries are as follows:</p> <p>Mountain Recovery Fund I Y.K. SCJREP I Management, L.P. SCJREP II Management, L.P. SCJREP Asia, L.P. SCJREP IV, L.P. SCJREP IV Cayman, L.P. SCJREP IV Fund, L.P.</p> <p>Mountain Recovery Fund I Y.K. maintains loan portfolios for silent partners. SCJREP I Management, L.P., SCJREP II Management, L.P., SCJREP Asia, L.P., SCJREP IV, L.P., SCJREP IV Cayman, L.P. and SCJREP IV Fund, L.P. maintain real estate property</p>	<p>(1) Number of consolidated subsidiaries: 22 entities</p> <p>Names of the consolidated main subsidiaries are as follows:</p> <p>SCJ Servicing Co., Ltd. SCJ Investment Management Co., Ltd. SCJ VM Y.K. SCJ REP GP Investor Y.K. SCJ-M-B Investment LPS SCJREP NK Partnership SCJREP II NK Partnership SCJREP Asia NK Partnership SCJREP Asia Management, L.P. SCJ Real Estate Mezzanine Partners I Investment LPS Ashwood II Y.K. SCJ-RMF-B Investment LPS SRF Toranomom Ippanshadan Hojin SCJ Mezzanine Investment G.K. SCJ Residential Fund2 G.K. RF2C G.K. RF2A G.K. RF2D G.K. SCJREP IV Management, LLC</p> <p>The total assets, revenues, net income and retained earnings of Ashwood I Y.K. and RF2B G.K. have no material effect on the consolidated financial statements taken as a whole. Therefore, they are not included in the consolidated financial statements.</p> <p>(2) Names of the main unconsolidated subsidiaries are as follows:</p> <p>Mountain Recovery Fund I Y.K. SCJREP I Management, L.P. SCJREP II Management, L.P. SCJREP Asia, L.P. SCJREP IV, L.P. SCJREP IV Cayman, L.P. SCJREP IV Fund, L.P. SCJIV, LPS</p> <p>Mountain Recovery Fund I Y.K. maintains loan portfolios for silent partners. SCJREP I Management, L.P., SCJREP II Management, L.P., SCJREP Asia, L.P., SCJREP IV, L.P., SCJREP IV Cayman, L.P. ,SCJREP IV Fund, L.P. and SCJIV, LPS maintain real estate</p>

<p>portfolios for partners. Our substantial share of assets, net income or loss in the entity has no material effect on the consolidated financial statements taken as a whole. Therefore, they are not included in the consolidated financial statements in accordance with Japanese Accounting Standards for the consolidated financial statements No.5-1-2.</p> <p>The total assets, revenues, net income and retained earnings (based on ownership interest) of the other unconsolidated subsidiaries have no material effects on the consolidated financial statements. Therefore activities from other unconsolidated subsidiaries are not included in the consolidated financial statements.</p>	<p>property portfolios for partners. Our substantial share of assets, net income or loss in the entity has no material effect on the consolidated financial statements taken as a whole. Therefore, they are not included in the Japanese Accounting Standards for the consolidated financial statements No.5-1-2.</p> <p>The total assets, revenues, net income and retained earnings (based on ownership interest) of the other unconsolidated subsidiaries have no material effects on the consolidated financial statements. Therefore activities from other unconsolidated subsidiaries are not included in the consolidated financial statements.</p>
---	---

2 Application of equity method

Year ended December 31, 2008	Year ended December 31, 2009
<p>(1) Affiliated companies accounted for using the equity method.</p> <p>J-STAR K.K. J-STAR No.1 Investment LPS</p> <p>(2) Unconsolidated subsidiaries accounted for using the equity method.</p> <p>SCJREP I Management, L.P. SCJREP II Management, L.P. SCJREP Asia, L.P. SCJREP IV, L.P. SCJREP IV Cayman, L.P. SCJREP IV Fund, L.P.</p> <p>SCJREP IV, L.P., SCJREP IV Cayman, L.P. and SCJREP IV Fund, L.P. are established in the current year and accounted for using the equity method.</p> <p>(3) The following unconsolidated subsidiaries are not accounted for using the equity method.</p> <p>Mountain Recovery Fund I Y.K.</p> <p>Net income and retained earnings of the above unconsolidated subsidiaries have no material effect on the consolidated financial statements. Thus, these companies are not accounted for using the equity method.</p>	<p>(1) Affiliated companies accounted for using the equity method.</p> <p>All stocks of J-STAR K.K. and portion of our investment in J-STAR No.1Investment LPS were sold during this period. Therefore they are no longer accounted for using the equity method.</p> <p>(2) Unconsolidated subsidiaries accounted for using the equity method.</p> <p>SCJREP I Management, L.P. SCJREP II Management, L.P. SCJREP Asia, L.P. SCJREP IV, L.P. SCJREP IV Cayman, L.P. SCJREP IV Fund, L.P. SCJIV, LPS</p> <p>Net income and retained earnings of SCJIV, LPS became material effect on the consolidated financial statements. Thus, this LPS is accounted for using the equity method.</p> <p>(3) The following unconsolidated subsidiaries are not accounted for using the equity method.</p> <p>Same as on the left</p> <p>Same as on the left</p>

3 Fiscal year of consolidated Subsidiaries

Year ended December 31, 2008	Year ended December 31, 2009
<p>The fiscal year end for the subsidiaries</p> <p>SCJ Real Estate Mezzanine End of January Partners I Investment LPS End of January SRF Toranomom Chukan Hojin End of January SCJ Toranomom Chukan Hojin End of June</p> <p>However, these subsidiaries are consolidated based on their financial statements as of the end of December. Other consolidated subsidiaries have the same fiscal year end as the parent company.</p>	<p>The fiscal year end for the subsidiaries</p> <p>SCJ Real Estate Mezzanine End of January Partners I Investment LPS End of January SRF Toranomom Ippanshadan End of January Hojin</p> <p>However, these subsidiaries are consolidated based on their financial statements as of the end of December. Other consolidated subsidiaries have the same fiscal year end as the parent company.</p>

4 Summary of significant accounting policies

Year ended December 31, 2008	Year ended December 31, 2009
<p>(1) Significant asset valuation method</p> <p>a) For securities with fair market value Valuation is based on the market value at each year end. (The unrealized gain/loss is recorded in the net assets section.)</p> <p>b) For securities without fair market value</p> <p>The purchase cost of the securities is used. (For the US dollar denominated securities, these securities are re-measured into the Japanese Yen using the prevailing market rate at the year end. The unrealized gain/loss is recorded in the net assets section.) (Refer 4-(7)-a for the treatment of the investment in silent partnership) (The capital contributions made to limited liability partnerships and similar partnerships are treated as "securities" on the consolidated balance sheets in the amount proportional to the contributions made to the partnerships. The changes in the company's share of the interests in the partnerships are adjusted based on the company's share accordingly.)</p> <p>c) Derivatives</p> <p>Evaluation is based on the market value.</p>	<p>(1) Significant asset valuation method</p> <p>a) For securities with fair market value</p> <p>Same as on the left</p> <p>b) For securities without fair market value</p> <p>Same as on the left</p> <p>c) Derivatives</p> <p>Same as on the left</p>

<p>(2) Depreciation method of significant depreciable assets</p> <p>a) Tangible assets: Buildings except for building attachments are depreciated as follows:</p> <ul style="list-style-type: none"> i) Acquired on and before March 31, 1998 Old declining balance method ii) Acquired from April 1, 1998 to March 31, 2007 Old straight-line method iii) Acquired on and after April 1, 2007 New straight-line method <p>Other tangible assets are depreciated as follows:</p> <ul style="list-style-type: none"> i) Acquired on and before March 31, 2007 Old declining balance method ii) Acquired on and after April 1, 2007 New declining balance method <p>The useful life of principal assets is as follows: Buildings: 15-45 years Furniture and equipment: 4-15 years</p> <p>b) Intangible assets: Intangible assets are depreciated by straight-line method. Software for internal use is depreciated by straight-line method over the expected available period of 5 years.</p> <p>(3) Amortization method of significant deferred assets</p> <p>a) Stock issuance related expenses: Stock issuance related costs are expensed as incurred.</p> <p>b) Bond issuance expenses: Bond issuance costs are expensed as incurred.</p> <p>(4) Accounting for significant allowances and reserves:</p> <p>a) Allowance for doubtful accounts: For general receivables, general allowances are provided using a rate determined by our past bad debt history. Specific allowances are provided for estimated amounts considered to be uncollectible after the reviewing the individual collectability of certain doubtful accounts.</p> <p>b) Allowance for bonus payments: The company properly accrues estimated incentive payments for employees that have been vested during the year.</p>	<p>(2) Depreciation method of significant depreciable assets</p> <p>a) Tangible assets: (excluding lease assets) Buildings except for building attachments are depreciated as follows:</p> <ul style="list-style-type: none"> i) Acquired on and before March 31, 1998 Old declining balance method ii) Acquired from April 1, 1998 to March 31, 2007 Old straight-line method iii) Acquired on and after April 1, 2007 New straight-line method <p>Other tangible assets are depreciated as follows:</p> <ul style="list-style-type: none"> i) Acquired on and before March 31, 2007 Old declining balance method ii) Acquired on and after April 1, 2007 New declining balance method <p>The useful life of principal assets is as follows: Buildings: 15-45 years Furniture and equipment: 4-15 years</p> <p>b) Intangible assets(Excluding Lease assts) Intangible assets are depreciated by straight-line method. Software for internal use is depreciated by straight-line method over the expected available period of 5 years.</p> <p>(3) Amortization method of significant deferred assets</p> <p>a) Stock issuance related expenses: Same as on the left</p> <p>b) Bond issuance expenses: Same as on the left</p> <p>(4) Accounting for significant allowances and reserves:</p> <p>a) Allowance for doubtful accounts: Same as on the left</p> <p>b) Allowance for bonus payments: Same as on the left</p>
--	---

<p>(5) Translation of foreign currency transactions:</p> <p>Foreign currency denominated payables and receivables are re-measured into the Japanese Yen using the prevailing market currency exchange rate at the year end.</p> <p>(6) Accounting for significant leases:</p> <p>All finance leases, except for those leases with the transfer of ownership, are treated as operating leases.</p> <p>(7) Other significant accounting policies:</p> <p>a) Accounting for investment in silent partnership: Investment in silent partnership is accounted as 'Investment securities' on the consolidated balance sheets in the amount proportional to the contribution of the assets to the silent partnership which is recorded at the time such investment is made. The change in company's share of equity interests in the silent partnership is accounted as 'Sales' and the equivalent amount of increases/decreases as 'Investment securities'. A distribution from the company's investee is accounted as redemption of the investment which decreases the amount of 'Investment securities'.</p> <p>b) Accounting for purchased loans: Collection of purchased loans offsets the 'Purchased loans' and difference from purchase price is recorded as 'Sales'.</p> <p>c) Accounting for consumption taxes: The consumption tax and the local consumption tax are excluded from transaction amounts. The undetectable consumption taxes are expensed for the current period and related to the fixed assets are included in the purchase prices.</p>	<p>(5) Translation of foreign currency transactions:</p> <p>Same as on the left</p> <p>(6) Accounting for significant leases:</p> <p>N/A</p> <p>(7) Other significant accounting policies:</p> <p>a) Accounting for investment in silent partnership: Same as on the left</p> <p>b) Accounting for purchased loans: Same as on the left</p> <p>c) Accounting for consumption taxes: Same as on the left</p>
--	---

5 Valuation method used for consolidated subsidiaries' assets and liabilities

Year ended December 31, 2008	Year ended December 31, 2009
The fair market value method is fully adopted for the valuation of assets and liabilities of the consolidated subsidiaries.	Same as on the left

6 Definition of cash and cash equivalents in consolidated statement of cash flows

Year ended December 31, 2008	Year ended December 31, 2009
Cash and cash equivalents are comprised of short-term investments with original maturities of less than ninety days.	Same as on the left

Changes in accounting policy

Year ended December 31, 2008	Year ended December 31, 2009
<p>The building and land held by funds managed by our group companies are recorded as entrusted properties in the prior year.</p> <p>However, the management of the consolidated group places more emphasis on the importance of expected future cash flows from tenants from the time of its acquisition. This is because the expected amount of time that the properties held by funds is expected to be longer in comparison to our funds established a few years ago due to many current economical factors. As a result, the balance of 'Entrusted properties' decreased by ¥30,398,916 thousand and 'Property and equipment' increased by the amount in comparison to the balance using the old account policy. In addition, on the consolidated statements of cash flows for the current year, the amount of 'Increase in entrusted properties' decreased by ¥23,481,719 thousand and 'Purchases of fixed assets' increased by the amount in comparison to the balance using the old account policy.</p>	<p>Accounting standard for Lease transactions (ASBJ Statement No.13) and Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No.16) were applied from the beginning of the current fiscal year.</p> <p>Finance lease transactions that do not transfer ownership were accounted for in a similar method of ordinary rental transactions. However, such method is no longer applicable, and those transactions shall be accounted for in a similar method of ordinary sale and purchase transactions.</p> <p>Lease transactions which began before December 31, 2008 are accounted for in a similar method of ordinary rental transactions.</p> <p>This change has no impact on our Net incomes.</p>

Changes in presentation

Year ended December 31, 2008	Year ended December 31, 2009
<p>Consolidated balance sheets:</p> <p>The amount of 'Non-current deferred tax assets' on the consolidated balance sheets became over 1% of the total assets, thus it is presented separately. The amount of 'Non-current deferred tax assets' for the last year was ¥57,516 thousand if disclosed on the face of the consolidated income statement.</p> <p>Consolidated statements of income:</p> <p>The amount of 'Interest on refund of tax' on the consolidated statements of income became over 10% of the total non-operating income, thus it is presented separately. The amount of 'Interest on refund of tax' for the last year was ¥373 thousand if disclosed on the face of the consolidated income statement.</p> <p>Consolidated statements of cash flows:</p> <p>(1) The following accounts become material to the consolidated financial statements, thus they are presented separately. The amounts of these accounts on the fiscal year ended December 31, 2007 were as follows;</p>	<p>-----</p> <p>Consolidated statements of income:</p> <p>The amount of 'Exchange loss' on the consolidated statements of income became fewer than 10% of the total non-operating expenses. Thus that is included in others in the section of Non-operating expenses. And The amount of 'Exchange loss' for the current year is ¥2,106 thousand.</p> <p>-----</p>

Account	Amount
Operating interest income	¥512,815 thousand
Increase(decrease) in consumption tax payable	¥5,099 thousand
Operating interest received	¥483,162 thousand

(2) The 'Purchases of software', 'Contributions to capital' and 'Proceeds from transfers and sales of capital contributions' in investing activities section are included in 'others' due to its immateriality. Their amounts for the current year are ¥862 thousand, ¥9,000 thousand and ¥5,000 thousand, respectively.

Notes

(Consolidated balance sheets)

Year ended December 31, 2008	Year ended December 31, 2009
<p>(1) Capital establishment of non-consolidated companies are as follows:</p> <p style="padding-left: 40px;">Investment securities ¥93,378 thousand</p> <p>(2) Assets pledged as collateral were as follows:</p> <p style="padding-left: 40px;"><u>Assets pledged as collateral</u></p> <p style="padding-left: 80px;">Current other assets ¥537,807 thousand</p> <p style="padding-left: 80px;">Building ¥12,016,655 thousand</p> <p style="padding-left: 80px;">Land ¥18,382,261 thousand</p> <p style="padding-left: 80px;">Other securities of affiliates ¥4,000 thousand</p> <p style="padding-left: 80px;">Non-current other assets ¥14,022 thousand</p> <hr style="width: 80%; margin-left: 0;"/> <p style="padding-left: 80px;">Total ¥30,954,746 thousand</p> <p style="padding-left: 40px;"><u>Liabilities corresponding to assets pledged as collateral</u></p> <p style="padding-left: 80px;">Long-term borrowings ¥22,000,000 thousand</p> <p style="padding-left: 80px;">Bond ¥4,605,487 thousand</p> <hr style="width: 80%; margin-left: 0;"/> <p style="padding-left: 80px;">Total ¥26,605,487 thousand</p> <p>The above borrowings and bond are non-recourse liabilities and expected to be repaid by only pledged assets and future income from them.</p> <p>In addition, other securities of affiliates of ¥5,145,737 thousand are pledged as collateral, but they were eliminated on the consolidated balance sheets.</p> <p>(3) The company entered into credit line agreements with several banks.</p> <p style="padding-left: 40px;">The total amount of credit line agreements ¥3,900,000 thousand</p> <p style="padding-left: 40px;">Used credit line balance as of December 31, 2008 ¥3,600,000 thousand</p> <hr style="width: 80%; margin-left: 0;"/> <p style="padding-left: 40px;">Unexercised credit line balance as of December 31, 2008 ¥300,000 thousand</p> <p>2 billion YEN credit line agreement with one of our banks requires the Company to maintain the ordinary consolidated income to be more than 1 billion Yen on an annual basis. Currently, our consolidated ordinary income does not meet the requirement. However, the bank acknowledges the fact and does not plan to take an action to declare a default event. The agreement covers the period from October 12, 2006 to October 12, 2009.</p>	<p>(1) Capital establishment of non-consolidated companies are as follows:</p> <p style="padding-left: 40px;">Investment securities ¥29,456 thousand</p> <p>(2) Assets pledged as collateral were as follows:</p> <p style="padding-left: 40px;"><u>Assets pledged as collateral</u></p> <p style="padding-left: 80px;">Current other assets ¥483,547 thousand</p> <p style="padding-left: 80px;">Building ¥11,733,317 thousand</p> <p style="padding-left: 80px;">Land ¥18,382,261 thousand</p> <p style="padding-left: 80px;">Other securities of affiliates ¥0 thousand</p> <p style="padding-left: 80px;">Non-current other assets ¥1 thousand</p> <hr style="width: 80%; margin-left: 0;"/> <p style="padding-left: 80px;">Total ¥30,599,127 thousand</p> <p style="padding-left: 40px;"><u>Liabilities corresponding to assets pledged as collateral</u></p> <p style="padding-left: 80px;">Long-term borrowings ¥21,581,341 thousand</p> <p style="padding-left: 80px;">Bond ¥4,605,487 thousand</p> <hr style="width: 80%; margin-left: 0;"/> <p style="padding-left: 80px;">Total ¥26,186,829 thousand</p> <p>The above borrowings and bond are non-recourse liabilities and expected to be repaid by only pledged assets and future income from them.</p> <p>In addition, other securities of affiliates of ¥2,980,579 thousand are pledged as collateral, but they were eliminated on the consolidated balance sheets.</p>

(Consolidated statements of income)

Year ended December 31, 2008	Year ended December 31, 2009
<p>(1) Detail of the loss on disposition of fixed assets:</p> <p style="padding-left: 40px;">Furniture and Equipment ¥2,132 thousand</p>	<p>(1) Detail of the loss on disposition of fixed assets:</p> <p style="padding-left: 40px;">Furniture and Equipment ¥1,010 thousand</p>

(Consolidated statements of changes in shareholders' equity)

Year ended December 31, 2008

1. Type and number of stocks

	Number at the beginning of year	Number of increase during the year	Number of decrease during the year	Number at the end of year	Description
Issued stocks (common stock)	121,452 shares	54 shares	—	121,506 shares	*1

Notes: 1. The increase of issued stocks (54 shares) was due to executions of stock options.

2. Stock options

Entity	Detail	Balance as of December 31, 2008
Secured Capital Japan Co., Ltd.	Stock acquisition rights	¥2,306 thousand

3. Dividend paid

Resolution	Share type	Total amount of dividend	Dividend per share	Record date	Effective date
Annual shareholders' meeting on March 26, 2008	Common stock	¥182,178 thousand	¥1,500	December 31, 2007	March 27, 2008

Year ended December 31, 2009

1. Type and number of stocks

	Number at the beginning of year	Number of increase during the year	Number of decrease during the year	Number at the end of year	Description
Issued stock (common stock)	121,506 shares	5,710 shares	—	127,216 shares	*1

Notes: 1. The increase of issued stock (5,710 shares) was due to executions of stock options (810 shares) and share warrants (4,900 shares)

2. Stock options and share warrants

Entity : Secured Capital Japan Co., Ltd.

Description	Number of shares (Object of share warrants)	Balance as of December 31, 2009
Stock options	—	¥2,152 thousand
Convertible Bond with share warrants (Due:2012)	3,871 shares	—
Convertible Bond with share warrants (Series A, Due:2012)	21,904 shares	—
Convertible Bond with share warrants (Series B, Due:2013)	21,904 shares	—
Convertible Bond with share warrants (Series C, Due:2014)	21,904 shares	—
Convertible Bond with share warrants (Series D, Due:2015)	21,904 shares	—
Share warrants with the right to modify execution price	20,100 shares	¥11,256 thousand
	111,587 shares	¥13,408 thousand

3. Dividend payable

Dividend to be effective on and after next period

Resolution	Share type	Total amount of dividend	Source	Dividend per share	Record date	Effective date
Annual shareholders' meeting on March 30, 2010	Common stock	¥127,216 thousand	Retained earnings	¥1,000	December 31, 2009	March 31, 2010

(Consolidated statements of cash flows)

Year ended December 31, 2008		Year ended December 31, 2009	
Cash and cash equivalents at the end of the year and their relevant items posted in the consolidated balance sheets and their amount.		Cash and cash equivalents at the end of the year and their relevant items posted in the consolidated balance sheets and their amount.	
Cash	¥3,061,257 thousand	Cash	¥3,894,775 thousand
Cash and cash equivalents	¥3,061,257 thousand	Cash and cash equivalents	¥3,894,775 thousand

(Segment information)

1. Business segment information

Year ended December 31, 2008

(Thousands of yen)

	Real estate investment management	Loan investment and asset management	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues and operating income					
Revenues					
(1) Revenue from external customers	4,889,255	918,584	5,807,840	—	5,807,840
(2) Inter-segment revenues and transfers	—	—	—	—	—
Total	4,889,255	918,584	5,807,840	—	5,807,840
Operating expenses	3,952,360	832,563	4,784,924	304,597	5,089,521
Operating income	936,894	86,020	1,022,915	-304,597	718,318
Assets depreciation expense and capital expenditure					
Assets	48,527,540	1,067,516	49,595,056	3,770,675	53,365,732
Depreciation expense	272,802	6,448	279,251	20,038	299,289
Capital expenditure	23,490,254	4,341	23,494,596	12,109	23,506,705

Notes 1. Primary operations of the respective business segments are as follows:

Real estate investment management:

Consists of the acquisition and asset management of real estate properties.

Loan investment and asset management:

Consists of the acquisition and servicing of secured and unsecured loans.

- Unallocated operating expenses included in the eliminations and corporate components of operating expenses in 2008 amounted to ¥304,597 thousand. These expenses primarily represent administrative expenses of the Company.
- The total amount of assets, ¥3,770,675 thousand for the corporate section mainly represents cash equivalents, and security deposits.

Year ended December 31, 2009

(Thousands of yen)

	Property acquisition and asset management	Loan acquisition and management	Total	Eliminations or non-allocatable expenses	Consolidated total
Revenues and operating income					
Revenues					
(1) Revenues from external customers	5,673,155	575,586	6,248,741	—	6,248,741
(2) Inter-segment revenues and transfers	—	—	—	—	—
Total	5,673,155	575,586	6,248,741	—	6,248,741
Operating expenses	4,840,224	407,326	5,247,550	257,754	5,505,305
Operating income	832,931	168,259	1,001,191	-257,754	743,436
Assets depreciation expense and capital expenditure					
Assets	46,557,680	830,408	47,388,089	2,123,896	49,511,985
Depreciation expense	292,900	4,935	297,836	15,781	313,617
Capital expenditure	2,472	1,276	3,748	3,306	7,054

- Notes
- Primary operations of the respective business segments are as follows:
 Property Acquisition and Asset Management:
 Consists of the acquisition and asset management of real estate properties.
 Loan Acquisition and Management:
 Consists of the acquisition and servicing of secured and unsecured loans.
 - Unallocated operating expenses included in the eliminations and corporate components of operating expenses in 2009 amounted to ¥257,754 thousand. These expenses primarily represent administrative expenses of the Company.
 - The total amount of assets, ¥2,123,896 thousand for the corporate section mainly represents cash equivalents, and security deposits.

2. Geographical segment information

Year ended December 31, 2008

(Thousands of yen)

	Japan	North America	Total	Eliminations or corporate	Consolidated total
Revenues and operating income					
(1) Revenues from external customers	4,658,765	1,149,074	5,807,840	—	5,807,840
(2) Inter-segment revenues and transfers	262,558	—	262,558	-262,558	—
Total	4,921,324	1,149,074	6,070,399	-262,558	5,807,840
Operating expenses	4,781,920	21,059	4,802,980	286,541	5,089,521
Operating income	139,403	1,128,014	1,267,418	-549,099	718,318
Assets	45,984,808	3,611,634	49,596,442	3,769,289	53,365,732

- Notes
- Geographical segment is determined based on the location of the countries.
 - The country included in 'North America' segment is the United States.
 - Unallocated operating expenses included in the eliminations and corporate components of operating expenses amounted to ¥304,597 thousand. These expenses primarily represent administrative expenses of the company.
 - The total amount of assets, ¥3,770,675 thousand for the corporate section mainly represents cash equivalents, income tax receivables and security deposits.

Year ended December 31, 2009

(Thousands of yen)

	Japan	North America	Total	Eliminations or corporate	Consolidated total
Revenues and operating income					
(1) Revenues to external customers	4,776,563	1,472,178	6,248,741	—	6,248,741
(2) Inter-segment revenues and transfers	515,795	—	515,795	-515,795	—
Total	5,292,358	1,472,178	6,764,537	-515,795	6,248,741
Operating expenses	5,129,851	158,608	5,288,459	216,845	5,505,305
Operating income	162,507	1,313,570	1,476,077	-732,641	743,436
Assets	43,587,055	3,801,034	47,388,089	2,123,896	49,511,985

- Notes
1. Geographical segment is determined based on the location of the countries.
 2. The country included in 'North America' segment is the United States.
 3. Unallocated operating expenses included in the eliminations and corporate components of operating expenses amounted to ¥257,754 thousand. These expenses primarily represent administrative expenses of the company.
 4. The total amount of assets, ¥2,123,896 thousand for the corporate section mainly represents cash equivalents, and security deposits.

3. Overseas sales

Year ended December 31, 2008

	North America	Total
I Revenues from overseas customers	¥1,153,752 thousand	¥1,153,752 thousand
II Consolidated revenues		¥5,807,840 thousand
III Portion of revenues from overseas customers	19.9%	19.9%

- Notes
1. Geographical segment is classified based on the location of the countries.
 2. The country included in 'North America' segment is the United States.

Year ended December 31, 2009

	North America	Total
I Revenues from overseas customers	¥1,478,469 thousand	¥6,248,741 thousand
II Consolidated revenues		¥6,248,741 thousand
III Portion of revenues from overseas customers	23.7%	23.7%

- Notes
1. Geographical segment is classified based on the location of the countries.
 2. The country included in 'North America' segment is the United States.

(Earnings per share data)

	Year ended December 31, 2008	Year ended December 31, 2009
Net assets per share	¥61,585.54	¥66,392.29
Net income(loss) per share after taxes	¥-3,046.20	¥8,975.10
Diluted net income per share after taxes	—	¥1,434.97

(Notes) 1. Items used to calculate the amount of net assets per share:

	Year ended December 31, 2008	Year ended December 31, 2009
Amount of net assets	¥11,791,389 thousand	¥11,157,799 thousand
Amount of deductions	¥4,308,376 thousand	¥2,711,638 thousand
(Including Stock options)	(¥2,306 thousand)	(¥13,408 thousand)
(Including Non-controlling interests)	(¥4,306,069 thousand)	(¥2,698,229 thousand)
Amount of net assets relevant to common stock	¥7,483,013 thousand	¥8,446,161 thousand
Number of common stock at the end of year	121,506 shares	127,216 shares

(Notes) 2. Items used to calculate earnings per share and diluted earnings per share:

	Year ended December 31, 2008	Year ended December 31, 2009
Net income(loss)	¥-370,077 thousand	¥1,097,259 thousand
Amount not allocable to common shareholders	—	—
Net income(loss) available for common stock shareholders	¥-370,077 thousand	¥1,097,259 thousand
Number of average shares outstanding during the year	121,488 shares	122,256 shares
Details of net income adjustments included in the calculation of diluted earnings per share	—	-783,128 thousand
(Including Interest expense)	—	(43,098) thousand
(Including gain on redemption of bonds)	—	(-826,226) thousand
Details of increased number of shares	—	96,655 shares
(Including execution of share warrants)	—	(17,811 shares)
(Including execution of convertible bonds with share warrants attached)	—	(78,844 shares)
Details of items not included in the calculation of diluted earnings per share	(See notes)	Stock option (Authorized on March 30, 2005) 3,702 shares Stock option (Authorized on March 30, 2006) 1,000 shares

Notes
Stock options (Authorized on July 25, 2002) ... 12,069 shares
Stock options (Authorized on January 8, 2004) ... 6,750 shares
Stock options (Authorized on March 30, 2005) ... 3,792 shares
Stock options (Authorized on March 30, 2006) ... 1,000 shares
Convertible bond (Authorized on April 11, 2007) ... 15,487 shares

(Significant subsequent events)

Year ended December 31, 2009

N/A

7. Non-consolidated financial statements

[1] Non-consolidated balance sheets

(Thousands of yen)

	As of December 31, 2008	As of December 31, 2009
	Amount	Amount
(Assets)		
I Current assets		
1 Cash and cash equivalents	2,669,618	1,624,382
2 Accounts receivables	1,971,923	1,017,124
3 Other receivables	111,513	101,214
4 Income tax receivable	364,429	—
5 Prepaid expenses	46,230	36,777
6 Deferred tax assets	35,893	75,998
7 Short-term loans receivable from affiliates	7,737,101	7,940,000
8 Other assets	168,610	21,878
Allowance for doubtful accounts	-54	—
Total current assets	13,105,266	10,817,375
II Non-current assets		
1 Property and equipment		
(1) Building	123,972	112,662
Accumulated depreciation	-31,505	-40,220
Building (net)	92,466	72,442
(2) Furniture and equipment	101,968	99,065
Accumulated depreciation	-61,294	-68,198
Furniture and equipment(net)	40,674	30,866
Total property and equipment	133,141	103,308
2 Intangible assets		
(1) Software	6,892	3,897
Total intangible assets	6,892	3,897
3 Investments and other assets		
(1) Investment securities	1,092,029	743,930
(2) Investment in affiliates	627,797	1,397,654
(3) Other securities of affiliates	1,622,761	1,500,619
(4) Capital contribution	91,266	39,849
(5) Capital contribution to affiliates	10,000	10,000
(6) Long-term loans receivable from affiliates	552,056	548,677
(7) Security deposits	263,102	245,218
(8) Deferred tax assets	337,607	326,123

Allowance for doubtful accounts	-68,400	-301,597
Total investments and other assets	4,528,221	4,510,476
Total non-current assets	4,668,255	4,617,683
Total assets	17,773,521	15,435,059
(Liabilities)		
I Current liabilities		
1 Short-term borrowings	3,935,000	1,639,592
2 Accounts payable	115,519	278,862
3 Income tax payable	12,333	341,030
4 Deposit payable	27,545	24,828
5 Accrued bonus	56,750	80,000
6 Other liabilities	19,257	105,164
Total current liabilities	4,166,404	2,469,476
II Non-current liabilities		
1 Convertible bond	6,000,000	4,500,000
Total non-current liabilities	6,000,000	4,500,000
Total liabilities	10,166,404	6,969,476
(Net assets)		
I Shareholders' equity		
1 Common stock	1,200,779	1,400,529
2 Capital surplus		
(1) Additional paid-in capital	1,168,729	1,368,324
Total capital surplus	1,168,729	1,368,324
3 Retained earnings		
(1) Retained earnings		
Retained earnings carried forward	5,315,769	5,808,570
Total retained earnings	5,315,769	5,808,570
Total shareholders' equity	7,685,277	8,577,424
II Valuations and translation adjustments		
1 Unrealized gains on available for sale securities	-80,467	-125,250
Total valuations and translation adjustments	-80,467	-125,250
III Share warrants	2,306	13,408
Total net assets	7,607,116	8,465,582
Total liabilities and net assets	17,773,521	15,435,059

[2] Non-consolidated statements of income

(Thousands of yen)

	Year ended December 31, 2008	Year ended December 31, 2009
	Amount	Amount
I Revenues	1,948,315	2,408,806
II Selling, general and administrative expenses	2,594,134	2,469,215
Operating loss	-645,819	-60,408
III Non-operating income		
1 Interest income	168,814	175,737
2 Dividend income	1,895,160	2,312
3 Currency exchange gain	5,047	—
4 Others	1,221	2,453
Total Non-operating income	2,070,243	180,503
IV Non-operating expenses		
1 Interest expenses	39,167	72,208
2 Bond interest expenses	—	72,678
3 Others	0	21,990
Total Non-operating expense	39,168	166,876
Ordinary income(loss)	1,385,255	-46,781
V Extraordinary gain		
1 Gain on redemption of bonds	—	1,393,300
2 Gain on sale of investment security	1,790	68,485
3 Others	—	54
Total Extraordinary gain	1,790	1,461,839
VI Extraordinary loss		
1 Loss on disposition of fixed assets	2,132	1,010
2 Loss on valuation of investment securities	138,808	403,614
3 Loss on sales of other securities of affiliates	—	157,146
4 Loss on closure of office	—	13,201
5 Others	5,628	5,929
Total Extraordinary loss	146,569	580,901
Income before income taxes	1,240,476	834,156
Income taxes		
- current	118,470	369,977
- deferred	-333,966	-28,621
Total Income taxes	-215,495	341,355
Net income	1,455,972	492,800

[3] Non-consolidated statements of changes in shareholders' equity

(Thousands of yen)

	Year ended December 31, 2008	Year ended December 31, 2009
	Amount	Amount
I Shareholders' equity		
1 Common stock		
Balance at the beginning of the period	1,200,253	1,200,779
Issuance of stock	525	199,750
Total changes in this period	525	199,750
Balance at the end of the period	1,200,779	1,400,529
2 Capital surplus		
① Additional paid in capital		
Balance at the beginning of the period	1,168,214	1,168,729
Issuance of stock	514	199,595
Total changes in this period	514	199,595
Balance at the end of the period	1,168,729	1,368,324
② Total Additional paid in capital		
Balance at the beginning of the period	1,168,214	1,168,729
Issuance of stocks	514	199,595
Total changes in this period	514	199,595
Balance at the end of the period	1,168,729	1,368,324
3 Retained earnings		
① Retained earnings carried forward		
Balance at the beginning of the period	4,041,975	5,315,769
Dividend paid	-182,178	—
Net income	1,455,972	492,800
Total changes in this period	1,273,794	492,800
Balance at the end of the period	5,315,769	5,808,570
② Total Retained earnings		
Balance at the beginning of the period	4,041,975	5,315,769
Dividend paid	-182,178	—
Net income	1,455,972	492,800
Total changes in this period	1,273,794	492,800
Balance at the end of the period	5,315,769	5,808,570
4 Total shareholders' equity		
Balance at the beginning of the period	6,410,443	7,685,277
Issuance of stock	1,040	399,345

Dividend paid	-182,178	—
Net income	1,455,972	492,800
Total changes in this period	1,274,834	892,146
Balance at the end of the period	7,685,277	8,577,424
II Valuations and translation adjustments		
1 Unrealized gains on available for sale securities		
Balance at the beginning of the period	-11,203	-80,467
Changes other than shareholders' equity	-69,263	-44,783
Total changes in this period	-69,263	-44,783
Balance at the end of the period	-80,467	-125,250
2 Total valuations and translation adjustments		
Balance at the beginning of the period	-11,203	-80,467
Changes other than shareholders' equity	-69,263	-44,783
Total changes in this period	-69,263	-44,783
Balance at the end of the period	-80,467	-125,250
III Share warrants		
Balance at the beginning of the period	2,317	2,306
Changes other than shareholders' equity	-10	11,102
Total changes in this period	-10	11,102
Balance at the end of the period	2,306	13,408
IV Total net assets		
Balance at the beginning of the period	6,401,556	7,607,116
Issuance of stock	1,040	399,345
Dividend paid	-182,178	—
Net income	1,455,972	492,800
Changes other than shareholders' equity	-69,274	-33,680
Total changes in this period	1,205,560	858,465
Balance at the end of the period	7,607,116	8,465,582

Going concern assumption

N/A