



**Consolidated Financial Results for First Quarter of Fiscal 2007,
from April 1 to June 30, 2006
(Translation of Japanese Flash Report, Released on August 1, 2006)**

Company name: Sun Frontier Fudousan Co., Ltd.

Stock listing: JASDAQ

Code number: 8934

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1. Items pertaining to creation of quarterly financial information

(1) Adoption of simplified accounting methods: Yes

Description: We adopt a simple set procedure that provides a sufficiently accurate picture of the Company without greatly misleading investors, rooted in the standards for creating the quarterly consolidated financial statements.

(2) Changes in accounting methods since most recent consolidated fiscal year: No

(3) Changes in consolidation and scope of application for equity method: No

(4) The overall financial/operating figures for the first quarter of fiscal 2007 (from April 1, 2006 – June 30, 2006) have not been audited by an independent auditor.

2. Consolidated Performance in First Quarter of Fiscal 2007 (from April 1 to June 30, 2006)

(1) Operating results

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income
First Quarter of Fiscal 2007	¥5,116 (- %)	¥727 (- %)	¥617 (- %)
First Quarter of Fiscal 2006	- (-)	- (-)	- (-)
Fiscal 2006	16,730	3,756	3,474

	Net Income	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
First Quarter of Fiscal 2007	¥190 (- %)	¥656.37	¥650.87
First Quarter of Fiscal 2006	- (-)	-	-
Fiscal 2006	1,744	18,914.91	18,747.82

Notes: 1. Weighted average number of shares outstanding

First quarter of fiscal 2007: 290,898

Fiscal 2006: 90,886

2. Percentage figures shown in the net sales, operating income, ordinary income, and net income columns indicate year-on-year changes for those items.

3. The Company started quarterly consolidated reporting from the third quarter of fiscal 2006, ended December 31, 2006, so we have not posted our quarterly consolidated results of the first quarter of fiscal 2006.

4. The Company executed 3-for-1 stock split on April 1, 2006.



Quantitative Information on Consolidated Business Performance

The Group provides comprehensive real estate services centered on real estate revitalization, specialized for small and medium-sized commercial buildings in city centers. For the first quarter of the current financial year (April 1, 2006 through June 30, 2006), net sales were ¥5,116 million, operating income was ¥727 million, ordinary income was ¥617 million, and net income was ¥190 million. The performances for each business segment are described below.

Real Estate Revitalization

Since our November 2004 listing on JASDAQ, the Group's recognition level has increased, and clients have responded favorably to our management principle and corporate philosophy of prioritizing contribution to the public good. Access to more complete information on properties is enabling us to target larger and higher-quality replanning properties. Our business model targets mainly small and medium-sized buildings in city centers, aiming to revitalize pre-owned commercial buildings to improve vacancy rates and raise market values using the income approach to value. The model has also achieved these objectives with larger and higher-quality properties. We believe that this was the result of added value creation born out of our own renovation planning and planning ability (coordination ability) of bringing all employees' wisdom together. Our Group brought the leasing brokerage business and property management division mainly for city-center properties inside. By doing so, we feel close to market conditions and can conduct renovation planning from building owners' and tenants' point of view.

During this first quarter, our search for larger properties for replanning work while realizing the sale of a medium-sized property purchased for over 2 billion yen (Investment Project No. 1), generated major revenue and profit increases. In addition to conventional replanning properties, our building leasing business segment was able to significantly increase the value of its investment properties, helping expand earnings.

Our SF Investments subsidiary also purchased a medium-sized property for over 2 billion yen, laying the foundation for further progress in our real estate revitalization business moving forward. Profits were offset by a 236 million yen charge for an amortization of consolidation adjustment accounts made in line with a merger and acquisition involving our real estate business area in the previous fiscal year. However, we expect to recover this charge when we sell the property involved in or after the second quarter.

Real Estate Services

The Group's policy is to prioritize balanced growth of each of our business segment: brokerage services, property management, construction planning and leasing guarantee services. Aided by favorable market conditions and an increase in introductions from new clients, our property transactions commercial real estate brokerage business unit enjoyed higher profit and revenue relative to the same quarter last year. Our office and store leasing business unit suffered a shortage of properties due to a decrease in the vacancy rate in city-center commercial buildings, but an improvement in market penetration helped us rally support from building owners we have previously done business with, and profits and revenue increased from a steady stream of large property agreements. Our property management business unit managed to commission property management work for other companies' funds and for larger presold replanning properties, creating major increases in revenue and profit. Through introductions from other service business areas, our construction planning business unit was able to expand its sales, mainly for renewal work on small pre-owned commercial buildings. By teaming with our office and store leasing business unit, our leasing guarantee business segment has gained recognition for its lineup of services that offer greater customer satisfaction. As a result, its contract volume growth is now exceeding projections.

Other Real Estate Services

First-quarter sales from asset management revenue were only ¥1 million, due to the timing of the reckoning period for privately placed funds.



(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Shareholders' Equity	Equity Ratio (%)	Shareholders' Equity per Share (Yen)
First Quarter of Fiscal 2007	¥31,124	¥9,712	31.2%	¥33,387.54
First Quarter of Fiscal 2006	-	-	-	-
Fiscal 2006	28,005	9,643	34.4	99,192.78

Notes: 1. Number of shares issued and outstanding at end of the period

First quarter of fiscal 2007: 290,898

Fiscal 2006: 96,966

2. The Company executed 3-for-1 stock split on April 1, 2006.

3. The Company started quarterly consolidated reporting from the third quarter of fiscal 2006, ended December 31, 2006, so we have not posted our quarterly consolidated results of the first quarter of fiscal 2006.

(3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Year-End
First Quarter of Fiscal 2007	¥(5,123)	¥(104)	¥3,433	¥4,120
First Quarter of Fiscal 2006	-	-	-	-
Fiscal 2006	¥(6,905)	¥(557)	¥12,004	¥6,005

Notes: The Company started quarterly consolidated reporting from the third quarter of fiscal 2006, ended December 31, 2006, so we have not posted our quarterly consolidated results of the first quarter of fiscal 2006.

Quantitative Information on Changes in Consolidated Financial Condition

Cash flows

The balance of cash and cash equivalents during the first quarter of fiscal 2007 (from April 1, 2006 – June 30, 2006) were ¥4,210 million, down ¥1,794 million from the end of the previous consolidated accounting year. The quarter's cash flows and their causes are discussed below.

Cash flows from operating activities

Net cash used in operating activities was ¥5,123 million. This figure was mainly the result of a ¥5,793 million increase in inventories and a ¥1,555 million income tax payable. It was offset by income before income taxes of ¥617 million and increase in accounts payable of ¥986 million.

Cash flows from investing activities

Net cash used in investing activities was ¥104 million, mainly the result of a ¥126 million outlay to time deposits.

Cash flow from financing activities

Net Cash Provided by Financing Activities was ¥3,433 million. This figure was mainly the result of ¥5,100 million in proceeds from long-term borrowings, and a ¥1,053 million net increase of short-term borrowings. It was offset by a ¥2,516 million outlay for repayments of long-term borrowings.

Attached materials

1. Summarized Quarterly Consolidated Balance Sheets
2. Summarized Quarterly Consolidated Statements of Income
3. Summarized Quarterly Consolidated Statements of Cash Flows
4. Segment Information



Reference

Projections for Fiscal 2007 (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
First half of fiscal 2007	¥12,236	¥1,332	¥579
Fiscal 2007	¥33,871	¥5,616	¥3,421

Reference: Projected net income per share (for the year): ¥10,498.17

Note: The projected net income per share (for the year) is calculated by the forecast number of shares issued at the end of the period (325,898 shares), including the number of shares (35,000 shares) issued through a public offering held on July 11, 2006 to increase capital.

The Projections above has been made based on information obtainable on the date of release of these materials, and based on assumptions about uncertain elements that could impact future earnings, that were reasonable on the release date. Actual earnings could be greatly affected by various factors in the future.



3. Summarized Quarterly Consolidated Financial Statements

(1) Summarized Quarterly Consolidated Balance Sheets

(¥ thousand)

Period Items	First Quarter of Fiscal 2007 (as of June 30, 2006)		Fiscal 2006 (as of March 31, 2006)	
	Amount	Share of Total (%)	Amount	Share of Total (%)
ASSETS				
Current Assets				
Cash and bank deposits	5,022,283		6,678,054	
Accounts receivable - trade	276,723		208,660	
Inventories	21,959,073		16,100,951	
Other current assets	902,420		1,765,639	
Allowance for doubtful accounts	(1,973)		(2,074)	
Total Current Assets	28,158,527	90.5	24,751,231	88.4
Fixed Assets				
Property and Equipment				
Buildings	1,060,453		1,070,737	
Land	1,186,585		1,186,585	
Other	37,831		38,053	
Total Property and Equipment	2,284,870	7.3	2,295,375	8.2
Intangible Fixed Assets	293,173	0.9	528,983	1.9
Investments and Other Assets				
Allowance for doubtful accounts	(1,313)		(1,313)	
Total Investments and Other Assets	387,638	1.3	429,439	1.5
Total Fixed Assets	2,965,681	9.5	3,253,799	11.6
Total Assets	<u>31,124,208</u>	<u>100.0</u>	<u>28,005,030</u>	<u>100.0</u>



(¥ thousand)

Items	Period	First Quarter of Fiscal 2007 (as of June 30, 2006)		Fiscal 2006 (as of March 31, 2006)	
		Amount	Share of Total (%)	Amount	Share of Total (%)
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts payable - trade		217,294		138,584	
Short-term borrowings		10,776,000		9,723,000	
Current portion of bonds		328,000		328,000	
Current portion of long-term debts		418,300		303,300	
Income taxes payable		436,190		1,565,157	
Accrued bonuses for employees		12,203		56,460	
Construction warranty reserve		73,200		73,200	
Other current liabilities		1,392,413		1,174,158	
Total Current Liabilities		13,653,602	43.9	13,361,860	47.7
Long-term Liabilities					
Corporate bond		1,144,000		1,254,000	
Long-term debt		5,610,760		3,142,460	
Reserve for directors' retirement benefits		67,666		74,584	
Other long-term liabilities		935,809		528,797	
Total Long-term Liabilities		7,758,235	24.9	4,999,842	17.9
Total Liabilities		21,411,837	68.8	18,361,703	65.6
Shareholders' Equity					
Common stock		3,050,911	9.8	3,050,911	10.9
Additional paid-in capital		3,112,248	10.0	3,112,248	11.1
Retained earnings		3,547,485	11.4	3,478,512	12.4
Net unrealized holding gain on securities		1,725	0.0	1,654	0.0
Total Shareholders' Equity		9,712,371	31.2	9,643,327	34.4
Total Liabilities and Shareholders' Equity		31,124,208	100.0	28,005,030	100.0



(2) Summarized Quarterly Consolidated Statements of Income

(¥ thousand)

Items	Period		Fiscal 2006 (April 1, 2005 – March 31, 2006)	
	First Quarter of Fiscal 2007 (April 1– June 30, 2006)		Amount	Share of Total (%)
	Amount	Share of Total (%)	Amount	Share of Total (%)
Net Sales	5,116,641	100.0	16,730,890	100.0
Cost of Sales	3,630,061	70.9	10,766,197	64.3
Gross Profit	1,486,580	29.1	5,964,692	35.7
Selling, General and Administrative Expenses	759,287	14.9	2,207,999	13.2
Operating Income	727,292	14.2	3,756,693	22.5
Other Income	2,075	0.1	3,294	0.0
Other Expenses	112,367	2.2	285,777	1.7
Ordinary Income	617,000	12.1	3,474,210	20.8
Extraordinary Gains	-	-	183	0.0
Extraordinary Losses	-	-	26,022	0.2
Income before Income Taxes	617,000	12.1	3,448,371	20.6
Income taxes	426,062	8.4	1,704,270	10.2
Net Income	<u>190,938</u>	3.7	<u>1,744,100</u>	10.4



(3) Summarized Quarterly Consolidated Statements of Cash Flows

(¥ thousand)

Items	Period	First Quarter of Fiscal 2007 (April 1– June 30, 2006)	Fiscal 2006 (April 1, 2005 – March 31, 2006)
		Amount	Amount
Cash Flows from Operating Activities			
Income before income taxes		617,000	3,448,371
Depreciation and amortization		44,982	191,111
Amortization of consolidation adjustment accounts		236,539	78,846
Allowance for doubtful accounts		(101)	(183)
Accrued bonuses for employees		(44,256)	20,914
Reserve for directors' retirement benefits		(6,918)	12,398
Construction warranty reserve		-	60,100
Interest and dividend income		(25,793)	(1,563)
Interest expense		60,106	168,198
Common stock issuance cost		-	38,119
Bonds issuance cost		-	22,716
Disposal of property and equipments		-	347
Accounts receivable - trade		400,599	(148,569)
Inventories		(5,793,421)	(8,707,322)
Advances paid		-	(120,000)
Accounts payable-trade		986,913	(991,572)
Consumption tax payable		(113,378)	108,362
Consumption tax receivable		(66,564)	(239,706)
Security deposits received		407,011	(4,570)
Payment for directors' and statutory auditors' bonuses		(25,000)	(12,000)
Others, net		(184,596)	180,928
Sub total		(3,506,876)	(5,895,074)
Interest and dividend received		276	1,563
Interest paid		(61,543)	(176,809)
Income tax paid		(1,555,029)	(834,940)
Net Cash Used in Operating Activities		(5,123,172)	(6,905,260)
Cash Flows from Investing Activities			
Payments for time deposits		(126,022)	(450,586)
Proceed from time deposits		36,000	1,342,159
Purchases of property and equipment		-	(102,017)
Purchases of subsidiary accompanying in scope of consolidation		-	(1,305,973)
Payments for security deposits		(11,719)	(94,530)
Proceed from security deposits		-	78,330
Others, net		(3,062)	(24,748)
Net Cash Provided by Investing Activities		(104,804)	(557,366)
Cash Flows from Financing Activities			
Proceeds from short-term borrowings		1,053,000	5,667,000
Proceeds from long-term borrowings		5,100,000	2,500,000
Repayments of long-term borrowings		(2,516,700)	(1,661,800)
Proceeds from issuance of bonds		-	733,284
Payments for redemption of bonds		(110,000)	(274,000)
Proceeds from issuance of common stock		-	5,081,390
Dividends paid		(90,907)	(41,836)
Others, net		(2,207)	-
Net Cash Provided by Financing Activities		3,433,184	12,004,037
Increase in Cash and Cash Equivalents		(1,794,793)	4,541,411
Cash and cash equivalents at beginning of the period		6,005,324	1,463,913
Cash and cash equivalents at end of the period		<u>4,210,531</u>	<u>6,005,324</u>



(4) Segment information

Business performance by segment

First Quarter of Fiscal 2007 (from April 1 June 30, 2006)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	4,685,139	429,884	1,618	5,116,641	-	5,116,641
Intersegment sales	-	160,283	-	160,283	(160,283)	-
Total sales	4,685,139	590,168	1,618	5,276,925	(160,283)	5,116,641
Operating expenses	4,019,983	450,645	7,122	4,477,751	(88,402)	4,389,349
Operating income	665,155	139,522	(5,504)	799,174	(71,881)	727,292

(Notes) 1. The following are the internal business segments of the Group and the description of the Company's primary businesses.

- (1) Real estate revitalization business: Purchase, leasing and sale of pre-owned commercial buildings for revitalization
- (2) Real estate services business: Commercial real estate brokerage, office and store leasing, property management, construction planning and leasing guarantee services
- (3) Other real estate business unit: Asset management, Private fund planning, creation, and management

2. Among operating expenses, the amount of undistributable operating expenses included in the "Elimination/Corporate" column was ¥108,306 thousand, mainly expenses for the Company's management departments.

3. During the quarter, sales to external clients from the Group's real estate revitalization business segment consisted of ¥4,340,307 thousand from replanning business, and ¥344,831 thousand from building leasing business. Similarly, sales from the Group's real estate services business segment consisted of sales of ¥211,560 thousand from brokerage business, and ¥218,323 thousand from areas such as property management and construction planning.

Segment Information by Business Location

During the first quarter of fiscal 2007 (from April 1 – June 30, 2006), there was no consolidated subsidiary in any country or territory outside Japan, and no major overseas branch, so this item does not exist.

Overseas Sales

During the first quarter of fiscal 2007 (from April 1 – June 30, 2006), the Company and subsidiaries have not accounted overseas sales, so this item does not exist.