



**Consolidated Financial Results for Fiscal 2007,
from April 1, 2006 to March 31, 2007**
(Translation of Japanese Flash Report, Released on May 10, 2007)

Company name: Sun Frontier Fudousan Co., Ltd.

Stock listing: Tokyo Stock Exchange 1st Section

Code number: 8934

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1. Performance in Fiscal 2007 (from April 1, 2006 to March 31, 2007)

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

(1) Results

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal 2007	¥35,254 (110.7%)	¥8,708 (131.8%)	¥8,289 (138.6%)	¥4,853 (178.3%)
Fiscal 2006	¥16,730 (-%)	¥3,756 (-%)	¥3,474 (-%)	¥1,744 (-%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
Fiscal 2007	¥15,192.55	¥15,134.76	30.0%	20.1%	24.7%
Fiscal 2006	¥18,914.91	¥18,747.82	18.1%	12.4%	22.5%

Reference: Income (Loss) on investments based on equity method: Fiscal 2007: - Fiscal 2006: -

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2007	¥54,502	¥22,734	41.7%	¥68,613.51
Fiscal 2006	¥28,005	¥9,643	34.4%	¥99,192.78

Reference: Shareholders' Equity: Fiscal 2007: ¥22,731 million Fiscal 2006: ¥9,643 million



(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
Fiscal 2007	¥(13,299)	¥(1,085)	¥18,548	¥10,169
Fiscal 2006	¥(6,905)	¥(557)	¥12,004	¥6,005

2. Cash Dividends

	Cash Dividends per Share			Dividends Paid	Payout Ratio	Dividends on equity
	Interim period	Year end	Total			
	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
Fiscal 2006	-	¥1,000.00	¥1,000.00	¥96	5.3	1.0
Fiscal 2007	-	¥1,000.00	¥1,000.00	¥331	6.6	1.2
Fiscal 2008 (Projections)	-	¥1,500.00	¥1,500.00		9.6	

3. Projections for Fiscal 2008 (from April 1, 2007 to March 31, 2008)

*Percentage figures are indicated year-on year changes for those items.

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
1st Half of Fiscal 2008	¥21,000 (35.8%)	¥3,660 (19.7%)	¥3,250 (14.7%)	¥1,700 (16.5%)	¥5,131.25
Fiscal 2008	¥55,000 (56.0%)	¥10,690 (22.8%)	¥9,900 (19.4%)	¥5,200 (7.1%)	¥15,695.60

4. Other

(1) Changes in consolidation and scope of application for equity method: Yes

Newly companies: —

Excluded companies: 1

(2) Changes in accounting methods

Changes accordance with revision of accounting standards: Yes

(3) Number of shares issued and outstanding at end of the period

Fiscal 2007: 331,303

Fiscal 2006: 96,966

Reference: Overview of Non-consolidated Performance

1. Performance in Fiscal 2007 (from April 1, 2006 to March 31, 2007)

(1) Results

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal 2007	¥17,228 (4.3%)	¥3,440 (-8.4%)	¥3,286 (-8.4%)	¥1,962 (3.8%)
Fiscal 2006	¥16,525 (112.9%)	¥3,756 (133.0%)	¥3,587 (149.5%)	¥1,890 (147.1%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2007	¥6,143.24	¥6,119.87
Fiscal 2006	¥20,520.41	¥20,339.14

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2007	¥40,825	¥19,989	49.0%	¥60,328.12
Fiscal 2006	¥20,042	¥9,789	48.8%	¥100,700.82

Notes: Shareholders' equity: Fiscal 2007: ¥19,986 million Fiscal 2006: ¥9,789 million

2. Projections for Fiscal 2008 (from April 1, 2007 to March 31, 2008)

*Percentage figures are indicated year-on year changes for those items.
(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
1st Half of Fiscal 2008	¥13,500 (33.5%)	¥2,720 (8.6%)	¥2,380 (-1.9%)	¥1,250 (3.1%)	¥3,772.98
Fiscal 2008	¥47,000 (172.8%)	¥9,680 (181.4%)	¥9,000 (173.9%)	¥4,740 (141.5%)	¥14,307.14

Note: The projections in this material reflect management's judgment at the time of compilation. The company does not guarantee or pledge the accuracy or completeness of this information, which it may alter at any time without notice.

Reference: The Company executed 3-for-1 stock split on April 1, 2006. If the stock split is deemed to have occurred on April 1, 2005, per share information for year ended March 31, 2006 are adjusted retroactively as follows

(1) Consolidated

(Yen)

	Net Income per Share	Fully Diluted Net Income per Share	Net Assets per Share
Fiscal 2007	¥15,192.55	¥15,134.76	¥68,613.51
Fiscal 2006	¥6,304.97	¥6,249.27	¥33,064.26

(1) Non-consolidated

(Yen)

	Net Income per Share	Fully Diluted Net Income per Share	Net Assets per Share
Fiscal 2007	¥6,143.24	¥6,119.87	¥60,328.12
Fiscal 2006	¥6,840.13	¥6,779.71	¥33,566.94

3. Results of Operations

(1) Analysis of Results of Operations

With growth in capital expenditure and the improvement in employment conditions buoyed up by positive corporate earnings, Japan's economy also witnessed a trend of recovery in personal consumption during the consolidated fiscal year under review. Nevertheless, uncertain factors have come increasingly to the fore, including the rise in raw material expenses due to the global hike in crude oil prices and the anticipation of higher interest rates, and it is still not possible to predict a scenario of stable growth. In this environment, the market in the real estate industry has remained active. Backed by a strong appetite for property acquisition among J-REITs and funds offered through private placement, real estate prices have risen, primarily for commercial property in the three major metropolitan areas, and local rates of increase exceeding 30% have been witnessed in areas with particularly strong brand power. On the other hand, signs of a change are emerging in demand for J-REITs and privately offered funds, where the balance of assets under management has maintained a consistent trend of growth. This is due to concerns such as rising interest rates and the effect of a tightening up on property screening by financial institutions. Moreover, in the office rental market, the vacancy rate in the five central districts of Tokyo has continued to fall with tightening demand and supply while at the same time the increase in rent levels has become even more pronounced.

Sun Frontier Fudousan has responded to these conditions by offering a comprehensive line-up of real estate services that primarily specialize in urban commercial real estate, and driven by our corporate mission – to foster environmental coexistence and urban revitalization. We have replanning and building leasing businesses which are the core of our real estate revitalization business, real estate brokerage and property management/construction planning/leasing guarantee businesses which are our real estate service business, and real estate securitization/asset management businesses which constitute others. Our work in each of these areas is devoted entirely to addressing the needs of urban spaces, building owners and tenants, providing total solutions for the real estate industry. Production is the common thread that binds all the Group's activities together, shaping and defining the areas we consider our top priorities – environmental coexistence, philanthropy and customer satisfaction – to advance in our business.

Each of the Group's business units adapted to the business environment described above by making concerted efforts to increase its property turnover in terms of volume and average property size, helping refine our ability to provide total solutions.

As a result, sales for the year were ¥35,254,545 thousand, up 110.7% year-on-year, operating income stood at ¥8,708,157 thousand, up 131.8%, ordinary income was ¥8,289,666 thousand, up 138.6%, and net income for the year was ¥4,853,931 thousand, up 178.3%.

Financial results by business segment were as follows.

Real estate revitalization

The increase in real estate prices became more pronounced backed by the strong demand from funds, and in our replanning business we were able to improve both the quality and average size of properties added to our inventory while the prices of properties sold increased across the board. The Group's original marketing activities brought together our Company-wide know-how and creativity, with planning ability driven by all our employees. This resulted in a total of eighteen properties sold with a good balance between rapid completion projects closed in around six months and medium-term projects taking about one year that provide thorough revitalization and the maximization of value added. Furthermore, completion on sales of properties acquired through mergers and acquisitions during the previous consolidated fiscal year resulted in the diversification of the replanning business. Meanwhile, our work on larger properties drew effectively on procured capital, and our subsidiary SF Investments was able to complete the USC Building project, the Group's first large-scale project, as planned. Overall, sales were 32,662,679 thousand yen, up 117.2% year-on-year, and operating income was 8,510,774 thousand yen, up 108.9%. These figures reflect higher rents from larger properties and properties developed for optimum applications, as well as an active real estate market.

Real estate services

Although property transactions brokerage services suffered a decline in revenue and profit in orders from outside the Group as a result of the focus on strengthening functions in the replanning business as the driving force of property acquisition and sales activities, this contributed significantly to product acquisitions starting from next year. Similarly, the leasing brokerage segment also recorded a fall in revenue and profit in orders from outside the Group as a result of bringing the product development process forward and the focus on adapting to the growing complexity accompanying the diversification in property characteristics in the replanning business, and this made a major contribution to the increase in revenue and profit in the replanning business. Property management contracts from outside funds grew steadily and success in contracts for J-REIT properties based on this track record boosted revenue and profit in the property management business unit. The construction planning business unit also recorded growth in revenue and profit with the completion of a number of relatively large-scale remodelling projects combined with small repair projects. While our leasing guarantee service has in the past conducted its activities centered on introductions to customers involved in projects brokered by the Group, it stepped up approaches to other brokerage firms from this year, working to consolidate the foundations for a full-scale growth strategy. Therefore, business volume also grew steadily.

As a result, sales in the real estate services segment were ¥1,647,087 thousand, down 1.3% year-on-year, and operating income was ¥37,160 thousand, down 82%.

Other real estate business

We also posted stable asset management income and dividends from private offered funds with existing contracts as well as dividend income for completing sales at a high price than initially projected for asset management contracts. As a result, sales in segment were ¥944,777 thousand, up 3,712% year-on-year, and operating income was ¥886,518 thousand, up 12,257.4%.

(2) Outlook for next year

In the outlook for the next fiscal year, while the real estate market continues to be active, the effect of such factors as concerns about rising interest rates and the tightening of inspections of real estate funds by financial institutions is becoming more pronounced. Accompanying this, demand for J-REITs and privately offered funds appear to be changing. Although the upward trend in real estate prices will be maintained for a while, this will peak in a price adjustment phase expected in the near future, and this could also affect the prices of Sun Frontier Fudosan properties. Moreover, the vacancy rate in the five central districts of Tokyo has fallen substantially, so supply and demand in the office leasing market is becoming increasingly tight, which could reduce business opportunities in the market overall. On the other hand, the upward trend in rent levels is also pronounced, so the impact on the market overall is expected to be slight.

Grounded in the real estate revitalization business (asset business areas) specialized to urban commercial real estate, Sun Frontier Fudosan offers a comprehensive line-up of real estate services (non-asset business areas) such as brokerage services, property management, construction planning, and leasing guarantee services. This comprehensive line-up of services makes the Group uniquely positioned to read the needs and current state of the commercial real estate market in a timely manner through our front-line activities. Being able to accurately assess the day-to-day condition of the commercial real estate sales and leasing markets is a vital skill. It gives us the ability to invest the right amount of capital in each business segment while staying in tune to economic changes and maintaining a well-balanced business structure. It is this ability that we are committed to maintaining in the years ahead.

Our mainstay business area, replanning, is progressing well both in terms of sales and inventory purchasing activities. Inventory, which stood at ¥16.1 billion at the end of the previous consolidated fiscal year, rose 135% to ¥37.8 billion at the end of the consolidated fiscal year under review. At the same time as successfully marketing and selling properties scheduled for sale during the year under review, we also built up an array of expertise in renovation planning fostering human resources, which we also plan to utilize in acquisition activities from next year. Marketing the revitalization properties we have on hand will further refine the Group's ability to offer total solutions, and help to improve the overall quality of all our real



estate service business units. Aided by the generally positive environment of the commercial real estate sales market and office leasing market, achieving more growth in the real estate services that serve as the basis of our real estate revitalization business is essential to the Group's sustained development. To this end, we will continue strengthening our replanning business unit's planning (production) ability. We want to maximize shareholder value and corporate value by maintaining and developing the real estate securitization business (non-asset business) combined with exit strategies as a business areas derived from our revitalization business unit.

Over the full consolidated fiscal year, we expect these activities to generate sales of ¥55,000 million, up 56% year-on-year, operating income of ¥10,690 million, up 22.8%, ordinary income of ¥9,900 million, up 19.4%, and net income of ¥5,200 million, up 7.1%.

(3) Analysis of Financial Position

i) Assets, liabilities and net assets

Cash and cash equivalents stood at ¥10,169,282 thousand at the end of the fiscal year, the result of ¥13,299,184 thousand in negative cash flows from operating activities, ¥1,085,497 thousand in negative cash flows from investing activities, and ¥18,548,639 thousand in positive cash flows from financial activities.

Inventories were mainly real estate held for sale and for-sale real estate under construction in our replanning business unit – an inventory allowance for earnings growth next year.

Fixed assets stood at ¥3,434,929 thousand due to such factors as the result of the acquisition of investment securities.

Total liabilities at the end of the consolidated fiscal year were ¥31,767,904 thousand as a result of a net increase in short term loans due to the acquisition of inventories and long-term loans. Total net assets was ¥22,734,782 thousand due to the rise in net income for the year and an increase in capital and additional paid-in capital generated by public offerings.

As a result, net assets per share was ¥68,613.51.

Developments such as the accumulation of positive results in our replanning business unit and our November 2004 listing on JASDAQ have facilitated fund procurement. As a result, our inventory of working assets has been growing, giving total assets of ¥54,502,686 thousand at the end of the consolidated fiscal year.

ii) Cash flows

During the consolidated fiscal year under review, the balance of cash and cash equivalents (“cash”) rose ¥4,163,957 thousand compared to the beginning of the year to stand at ¥10,169,282 thousand at year-end. While the acquisition of replanning properties by our real estate revitalization business unit increased our inventories on the negative side, our income before income tax for the year of ¥8,287,507 thousand boosted cash, and cash also increased due to income from loans and stock issues.

The year's cash flows and their components are discussed below.

Cash flows from operating activities

Net cash used in operating activities was ¥13,299,184 thousand, up 92.6% year-on-year. Despite income before income tax for the year of ¥8,287,507 thousand and increase of ¥1,764,901 thousand in guarantees deposited, the main components in this were a ¥21,949,630 thousand increase in inventories and income tax payments of ¥3,368,432 thousand.

Cash flows from investing activities

Net cash used in investing activities was ¥1,085,497 thousand, up 94.8% year-on-year. The main components were ¥395,268 thousand in outlays for time deposits and ¥713,804 thousand in outlays for the acquisition of investment securities.

Cash flows from financial activities

Net cash provided by financial activities was ¥18,548,639 thousand, up 54.5% year-on-year. The main components were a net decline of ¥1,804,000 thousand in short-term loans, ¥2,833,300 thousand in outlays



for the repayment of long-term loans, and ¥988,000 thousand in outlays for the redemption of corporate bonds offset by ¥15,960,000 thousand in income from long-term loans and ¥8,310,583 thousand in income from stock issues.

(4) Basic policy on distribution of company profit and dividends for the fiscal year under review and next fiscal year

Sun Frontier Fudousan considers the consistent and steady return of profits to shareholders to be a key management issue. The basic policy is to determine dividends by taking into account the financial results for each fiscal year while considering the accumulation of internal reserves with the aim of boosting the company's growth potential and raising management efficiency. In order to adapt to the changes in the business environment as we go forward, Sun Frontier plans to apply internal reserves to reinforcing its financial structure and future business expansion with a policy of seeking to raise corporate value through the effective utilization of funds.

Based on the aforementioned policy, Sun Frontier Fudousan plans an annual dividend of ¥1,000 per share for the fiscal year under review. The annual dividend for the next fiscal year is expected to be ¥1,500 per share.

4. Summarized Consolidated Financial Statements

(1) Summarized Consolidated Balance Sheets

(¥ thousand)

Items	Period	Fiscal 2006 (as of March 31, 2006)		Fiscal 2007 (as of March 31, 2007)		Increase/ Decrease
		Amount	Share of Total (%)	Amount	Share of Total (%)	Amount
ASSETS						
Current Assets						
Cash and bank deposits		6,678,054		11,170,280		
Accounts receivable - trade		208,660		242,424		
Inventories		16,100,951		37,840,343		
Deferred tax assets		258,143		366,206		
Other current assets		1,507,495		1,449,510		
Allowance for doubtful accounts		(2,074)		(1,006)		
Total Current Assets		24,751,231	88.4	51,067,757	93.7	26,316,526
Fixed Assets						
Property and Equipment						
Buildings		1,070,737		1,052,621		
Vehicles		4,689		3,193		
Land		1,186,585		1,186,585		
Other		33,364		34,822		
Total Property and Equipment		2,295,375	8.2	2,277,222	4.2	(18,153)
Intangible Fixed Assets						
Consolidation adjustment accounts		473,078		-		
Other		55,905		64,413		
Total Intangible Fixed Assets		528,983	1.9	64,413	0.1	(464,570)
Investments and Other Assets						
Investment securities		6,540		722,756		
Other		383,607		339,089		
Deferred tax assets		40,605		32,755		
Allowance for doubtful accounts		(1,313)		(1,307)		
Total Investments and Other Assets		429,439	1.5	1,093,293	2.0	663,853
Total Fixed Assets		3,253,799	11.6	3,434,929	6.3	181,130
Total Assets		<u>28,005,030</u>	<u>100.0</u>	<u>54,502,686</u>	<u>100.0</u>	<u>26,497,656</u>

(¥ thousand)

Items	Period	Fiscal 2006 (as of March 31, 2006)		Fiscal 2007 (as of March 31, 2007)		Increase/ Decrease
		Amount	Share of Total (%)	Amount	Amount	Share of Total (%)
LIABILITIES						
Current Liabilities						
Accounts payable - trade		138,584		775,838		
Short-term borrowings		9,723,000		7,919,000		
Current portion of bonds		328,000		108,000		
Current portion of long-term debts		303,300		8,363,200		
Income taxes payable		1,565,157		2,434,210		
Deferred tax liabilities		520,791		-		
Accrued bonuses for employees		56,460		72,203		
Accrued bonuses for directors		-		46,000		
Construction warranty reserve		73,200		61,100		
Reserve for losses on closure of business offices		-		10,575		
Other current liabilities		653,366		910,365		
Total Current Liabilities		13,361,860	47.7	20,700,493	38.0	7,338,633
Long-term Liabilities						
Corporate bond		1,254,000		486,000		
Long-term debt		3,142,460		8,209,260		
Reserve for directors' retirement benefits		74,584		78,451		
Other long-term liabilities		528,797		2,293,699		
Total Long-term Liabilities		4,999,842	17.9	11,067,410	20.3	6,067,567
Total Liabilities		18,361,703	65.6	31,767,904	58.3	13,406,200
SHAREHOLDERS' EQUITY						
Common stock		3,050,911		-		(3,050,911)
Additional paid-in capital		3,112,248		-		(3,112,248)
Retained earnings		3,478,512		-		(3,478,512)
Net unrealized holding gain on securities		1,654		-		(1,654)
Total Shareholders' Equity		9,643,327	34.4	-	-	(9,643,327)
Total Liabilities and Shareholders' Equity		<u>28,005,030</u>	<u>100.0</u>	-	-	<u>(28,005,030)</u>
NET ASSETS						
Shareholders' Equity						
Common stock		-	-	7,227,668	13.3	7,227,668
Additional paid-in capital		-	-	7,289,003	13.4	7,289,003
Retained earnings		-	-	8,210,477	15.0	8,210,477
Total Shareholders' Equity		-	-	22,727,149	41.7	22,727,149
Valuation and Translation Adjustments						
Net unrealized holding gain on securities		-	-	4,714	0.0	4,714
Total Valuation and Translation Adjustments		-	-	4,714	0.0	4,714
Stock Acquisition rights		-	-	2,918	0.0	2,918
Total Net Assets		-	-	22,734,782	41.7	22,734,782
Total Liabilities and Net Assets		-	-	<u>54,502,686</u>	100.0	<u>54,502,686</u>

(2) Summarized Consolidated Statements of Income

(¥ thousand)

Period	Fiscal 2006 (April 1, 2005 – March 31, 2006)		Fiscal 2007 (April 1, 2006 – March 31, 2007)		Increase/ Decrease
	Amount	Share of Total (%)	Amount	Share of Total (%)	Amount
Net Sales	16,730,890	100.0	35,254,545	100.0	18,523,655
Cost of Sales	10,766,197	64.3	23,155,684	65.7	12,389,487
Gross Profit	5,964,692	35.7	12,098,860	34.3	6,134,167
Selling, General and Administrative Expenses	2,207,999	13.2	3,390,702	9.6	1,182,703
Operating Income	3,756,693	22.5	8,708,157	24.7	4,951,464
Other Income	3,294	0.0	14,387	0.0	11,092
Interest income	1,179		7,294		
Dividend receivable	383		411		
Fees from lectures	538		-		
Insurance cancellation gain	-		3,587		
Other	1,193		3,093		
Other Expenses	285,777	1.7	432,878	1.2	147,100
Interest Expense	168,198		286,024		
Common stock issuance cost	38,119		-		
Fees for finance	42,474		70,500		
Other	36,985		76,353		
Ordinary Income	3,474,210	20.8	8,289,666	23.5	4,815,456
Extraordinary Gains	183	0.0	9,614	0.0	9,431
Gain on allowance for doubtful accounts	183		1,074		
Gain on construction warranty reserve	-		8,540		
Extraordinary Losses	26,022	0.2	11,773	0.0	(14,249)
Cancellation fee of interest rate swap agreements	24,764		-		
Transfer to reserve for losses on closure of business offices	-		10,575		
Other	1,258		1,197		
Income before Income Taxes	3,448,371	20.6	8,287,507	23.5	4,839,136
Income taxes	1,704,270	10.2	3,433,576	9.7	1,729,306
Income taxes-current	1,874,693		4,056,679		
Income taxes-deferred	(170,423)		(623,103)		
Net Income	<u>1,744,100</u>	<u>10.4</u>	<u>4,853,931</u>	<u>13.8</u>	<u>3,109,830</u>



(3) Summarized Consolidated Statements of Retained Earnings

(¥ thousand)

Items	Period	Fiscal 2006 (April 1, 2005 – March 31, 2006)	
		Amount	
CAPITAL SURPLUS			
Opening Balance			552,500
Increase in Capital Surplus			
Capital increase upon stock issuance		2,559,748	2,559,748
Closing Balance			3,112,248
EARNED SURPLUS			
Opening Balance			1,788,419
Increase in Retained Earnings			
Net income		1,744,100	1,744,100
Decrease in Retained Earnings			
Cash dividends		42,008	
Bonuses to directors		12,000	54,008
Closing Balance			<u>3,478,512</u>



Summarized Consolidated Statements of Changes in Shareholders' Equity

(¥ thousand)

	Shareholders' Equity			
	Common stock	Additional paid-in capital	Retained earnings	Total Shareholders' Equity
Balance as of March 31, 2006	3,050,911	3,112,248	3,478,512	9,641,673
Changes during the year				
Common stock issued	4,176,756	4,176,754	-	8,353,511
Cash dividends from retained earnings	-	-	(96,966)	(96,966)
Bonuses to directors by appropriated retained earnings	-	-	(25,000)	(25,000)
Net income	-	-	4,853,931	4,853,931
Changes during the year in items other than shareholders' equity (net)	-	-	-	-
Total changes during the year	4,176,756	4,176,754	4,731,965	13,085,476
Balance as of March 31, 2007	<u>7,227,668</u>	<u>7,289,003</u>	<u>8,210,477</u>	<u>22,727,149</u>

(¥ thousand)

	Valuation and Translation Adjustments		Stock Acquisition Rights	Total Net Assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments		
Balance as of March 31, 2006	1,654	1,654	-	9,643,327
Changes during the year				
Common stock issued	-	-	-	8,353,511
Cash dividends from retained earnings	-	-	-	(96,966)
Bonuses to directors by appropriated retained earnings	-	-	-	(25,000)
Net income	-	-	-	4,853,931
Changes during the year in items other than shareholders' equity (net)	3,059	3,059	2,918	5,978
Total changes during the year	3,059	3,059	2,918	13,091,455
Balance as of March 31, 2007	<u>4,714</u>	<u>4,714</u>	<u>2,918</u>	<u>22,734,782</u>

: Appropriated retained earnings' items at the annual general meeting of shareholders in June 2006

(4) Summarized Consolidated Statements of Cash Flows

(¥ thousand)

Items	Period	Fiscal 2006 (April 1, 2005 – March 31, 2006)	Fiscal 2007 (April 1, 2006 – March 31, 2007)	Increase/ Decrease
		Amount	Amount	Amount
Cash Flows from Operating Activities				
Income before income taxes		3,448,371	8,287,507	
Depreciation and amortization		191,111	291,314	
Amortization of consolidation adjustment accounts		78,846	-	
Amortization of goodwill		-	473,078	
Stock acquisition rights		-	2,918	
Allowance for doubtful accounts		(183)	(1,074)	
Accrued bonuses for employees		20,914	15,742	
Accrued bonuses for directors		-	46,000	
Reserve for directors' retirement benefits		12,398	3,866	
Construction warranty reserve		60,100	(12,100)	
Reserve for losses on closure of business offices		-	10,575	
Interest and dividend income		(1,563)	(7,706)	
Interest expense		168,198	286,024	
Insurance cancellation gain		-	(3,587)	
Common stock issuance cost		38,119	-	
Stock delivery cost		-	42,928	
Bonds issuance cost		22,716	-	
Disposal of property and equipments		347	1,197	
Accounts receivable - trade		(148,569)	173,973	
Inventories		(8,707,322)	(21,949,630)	
Advances paid		(120,000)	-	
Accounts payable-trade		(991,572)	861,676	
Consumption tax payable		108,362	(51,115)	
Consumption tax receivable		(239,706)	7,834	
Security deposits received		(4,570)	1,764,901	
Payment for directors' and statutory auditors' bonuses		(12,000)	(25,000)	
Others, net		180,928	136,090	
Sub total		(5,895,074)	(9,644,583)	(3,749,509)
Interest and dividend received		1,563	5,504	
Interest paid		(176,809)	(291,673)	
Income tax paid		(834,940)	(3,368,432)	
Net Cash Used in Operating Activities		(6,905,260)	(13,299,184)	(6,393,924)
Cash Flows from Investing Activities				
Payments for time deposits		(450,586)	(395,268)	
Proceed from time deposits		1,342,159	116,000	
Purchases of property and equipment		(102,017)	(48,035)	
Purchases of intangible fixed assets		-	(42,343)	
Purchases of investment securities		-	(713,804)	
Purchases of subsidiary accompanying in scope of consolidation		(1,305,973)	-	
Payments for security deposits		(94,530)	(14,213)	
Proceed from security deposits		78,330	-	
Others, net		(24,748)	12,168	
Net Cash Used in Investing Activities		(557,366)	(1,085,497)	(528,130)



Items	Period	Fiscal 2006 (April 1, 2005 – March 31, 2006)	Fiscal 2007 (April 1, 2006 – March 31, 2007)	Increase/ Decrease
		Amount	Amount	Amount
Cash Flows from Financing Activities				
Proceeds from short-term borrowings		5,667,000	(1,804,000)	
Proceeds from long-term borrowings		2,500,000	15,960,000	
Repayments of long-term borrowings		(1,661,800)	(2,833,300)	
Proceeds from issuance of bonds		733,284	-	
Payments for redemption of bonds		(274,000)	(988,000)	
Proceeds from issuance of common stock		5,081,390	8,310,583	
Dividends paid		(41,836)	(96,643)	
Net Cash Provided by Financing Activities		12,004,037	18,548,639	6,544,601
Increase in Cash and Cash Equivalents		4,541,411	4,163,957	(377,453)
Cash and Cash Equivalents at Beginning of Year		1,463,913	6,005,324	4,541,411
Cash and Cash Equivalents at End of Year		<u>6,005,324</u>	<u>10,169,282</u>	<u>4,163,957</u>

5. Summarized Non-consolidated Financial Statements

(1) Summarized Non-consolidated Balance Sheets

(¥ thousand)

Items	Fiscal 2006 (as of March 31, 2006)		Fiscal 2007 (as of March 31, 2007)		Increase/ (Decrease)
	Amount	Share of Total (%)	Amount	Share of Total (%)	Amount
ASSETS					
Current Assets					
Cash and bank deposits	5,347,283		8,756,578		
Notes and accounts receivable, trade	171,013		241,024		
Real estate held for sale	562,533		1,253,779		
Real estate under construction	5,240,850		25,350,188		
Construction	20,000		106,263		
Supplies	497		4,741		
Advances paid	479,378		780,090		
Prepaid expenses	47,124		128,992		
Deferred tax assets	209,482		139,043		
Other current assets	92,536		491,581		
Allowance for doubtful accounts	(2,074)		(1,006)		
Total Current Assets	12,168,625	60.7	37,251,276	91.2	25,082,651
Fixed Assets					
Property and Equipment					
Buildings and structures	1,070,737		1,052,621		
Vehicles	4,689		3,193		
Machinery, equipment and furniture	33,364		34,696		
Land	1,186,585		1,186,585		
Total Property and Equipment	2,295,375	11.4	2,277,095	5.6	(18,279)
Intangible Fixed Assets					
Land leasehold rights	121		121		
Software	53,273		50,106		
Software suspense account	380		12,054		
Other	2,053		2,063		
Total Intangible Fixed assets	55,827	0.3	64,345	0.2	8,517
Investments and Other Assets					
Investments in securities	6,540		147,756		
Affiliate's equities	70,000		150,000		
Other affiliate's securities	-		575,000		
Capital contributions	9,510		9,510		
Investments in affiliate	1,451,328		-		
Long-term loans to employees	562		-		
Long-term loans to affiliates	3,590,000		-		
Bankruptcy and delinquent receivables	1,372		1,372		
Long-term prepaid expenses	21,911		20,369		
Deferred tax assets	33,753		32,727		
Security deposits	271,779		285,892		
Other assets	67,368		11,844		
Allowance for doubtful accounts	(1,313)		(1,307)		
Total Investments and Other Assets	5,522,813	27.6	1,233,165	3.0	(4,289,647)
Total Fixed Assets	7,874,016	39.3	3,574,606	8.8	(4,299,409)
Total Assets	<u>20,042,641</u>	<u>100.0</u>	<u>40,825,883</u>	<u>100.0</u>	<u>20,783,241</u>

Items	Period	Fiscal 2006 (as of March 31, 2006)		Fiscal 2007 (as of March 31, 2007)		Increase/ (Decrease)
		Amount	Share of Total (%)	Amount	Share of Total (%)	Amount
LIABILITIES						
Current Liabilities						
Notes and accounts payable – trade		123,800		592,351		
Short-term borrowings		4,723,000		3,719,000		
Current portion of bond		328,000		108,000		
Current portion of long-term debt		183,300		8,123,200		
Accounts payable		132,656		170,224		
Accrued expenses		55,051		70,537		
Income taxes payable		1,495,474		19,856		
Consumption taxes payable		130,316		-		
Advances received		92,387		250,318		
Deposits received		210,879		301,440		
Accrued bonuses for employees		56,460		72,203		
Accrued bonuses for directors		-		46,000		
Construction warranty reserve		73,200		61,100		
Reserve for losses on closure of business offices		-		10,575		
Other current liabilities		171		494		
Total Current Liabilities		7,604,697	37.9	13,545,301	33.2	5,940,604
Long-term Liabilities						
Corporate Bond		1,254,000		486,000		
Long-term debt		832,460		4,669,260		
Reserve for employees' retirement benefits		74,584		78,451		
Security deposits received		487,343		2,057,061		
Total Long-term Liabilities		2,648,388	13.2	7,290,772	17.8	4,642,383
Total Liabilities		10,253,085	51.2	20,836,074	51.0	10,582,988
SHAREHOLDERS' EQUITY						
Common stock		3,050,911	15.2	-	-	(3,050,911)
Additional paid-in capital		3,112,248	15.5	-	-	(3,112,248)
Retained earnings		3,624,740	18.1	-	-	(3,624,740)
Net unrealized holding gain on securities		1,654	0.0	-	-	(1,654)
Total Shareholders' Equity		9,789,555	48.8	-	-	(9,789,555)
Total Liabilities and Shareholders' Equity		20,042,641	100.0	-	-	(20,042,641)
NET ASSETS						
Shareholders' Equity						
Common stock		-	-	7,227,668	17.7	7,227,668
Additional paid-in capital		-	-	7,289,003	17.9	7,289,003
Retained earnings		-	-	5,465,503	13.4	5,465,503
Total Shareholders' Equity		-	-	19,982,175	49.0	19,982,175
Valuation and Translation Adjustments						
Net unrealized holding gain on securities		-	-	4,714	0.0	4,714
Total Valuation and Translation Adjustments		-	-	4,714	0.0	4,714
Stock Acquisition rights		-	-	2,918	0.0	2,918
Total Net Assets		-	-	19,989,808	49.0	19,989,808
Total Liabilities and Net Assets		-	-	40,825,883	100.0	40,825,883

(2) Summarized Non-consolidated Statements of Income

(¥ thousand)

Items	Fiscal 2006 (April 1, 2005– March 31, 2006)		Fiscal 2007 (April 1, 2006– March 31, 2007)		Increase/ (Decrease)
	Amount	Share of Total (%)	Amount	Share of Total (%)	Amount
Net Sales	16,525,269	100.0	17,228,323	100.0	703,054
Cost of Sales	10,658,184	64.5	11,067,310	64.2	409,125
Gross Profit	5,867,084	35.5	6,161,012	35.8	293,928
Selling, General and Administrative Expenses	2,110,978	12.8	2,720,873	15.8	609,894
Operating Income	3,756,105	22.7	3,440,139	20.0	(315,966)
Other Income	37,573	0.2	73,840	0.4	36,267
Interest income	35,523		68,186		
Dividend receivable	383		411		
Other	1,665		5,242		
Other Expenses	206,281	1.3	227,614	1.3	21,332
Interest Expenses	124,987		123,069		
Interest on bonds	8,857		6,191		
Bond issuance cost	22,716		-		
Stock issuance cost	38,119		-		
Stock delivery expenses	-		42,928		
Stock market listing expenses	-		29,187		
Other	11,600		26,238		
Ordinary Income	3,587,397	21.7	3,286,366	19.1	(301,031)
Extraordinary Gains	183	0.0	9,616	0.0	9,431
Reversal of allowance for doubtful accounts	183		1,074		
Drawdown of construction warranty reserve	-		8,540		
Extraordinary Losses	26,022	0.2	365,169	2.1	339,146
Loss on sale and disposal of property and equipment, net	347		1,197		
Cancellation fee of interest rate swap agreements	24,764		-		
Transfer to reserve for losses on closure of business offices	-		353,395		
Losses on liquidation of affiliated companies	-		10,575		
Other	910		-		
Income before Income Taxes	3,561,558	21.6	2,930,811	17.0	(630,746)
Income taxes	1,671,540	10.1	968,082	5.6	(703,457)
Income taxes	1,805,000		898,717		
Income taxes-deferred	(133,459)		69,365		
Net Income	<u>1,890,018</u>	<u>11.4</u>	<u>1,962,728</u>	<u>11.4</u>	<u>72,710</u>
Retained earnings at beginning of the year	1,565,165		-		
Unappropriated retained earnings	3,455,183		-		