



**Financial Results for Third Quarter of Fiscal 2008,
from April 1 to December 31, 2007**
(Translation of Japanese Flash Report, Released on February 6, 2008)

Company name: Sun Frontier Fudousan Co., Ltd.

Stock listing: Tokyo Stock Exchange 1st Section

Code number: 8934

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*Amounts under one million yen have been rounded down.

1. Consolidated Performance in Third Quarter of Fiscal 2008 (from April 1 to December 31, 2007)

(1) Operating results

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

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income
Third Quarter of Fiscal 2008	¥27,665 (49.8%)	¥5,301 (44.5%)	¥4,937 (46.7%)
Third Quarter of Fiscal 2007	¥18,462 (59.0%)	¥3,668 (53.0%)	¥3,364 (54.4%)
Fiscal 2007	¥35,254 (- %)	¥8,708 (- %)	¥8,289 (- %)

	Net Income	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Third Quarter of Fiscal 2008	¥2,749 (16.1%)	¥8,295.45	¥8,293.30
Third Quarter of Fiscal 2007	¥2,368 (92.6%)	¥7,502.80	¥7,462.56
Fiscal 2007	¥4,853 (- %)	¥15,192.55	¥15,134.76

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Third Quarter of Fiscal 2008	¥67,999	¥25,179	37.0%	¥75,868.89
Third Quarter of Fiscal 2007	¥44,053	¥20,244	45.9%	¥61,106.46
Fiscal 2007	¥54,502	¥22,734	41.7%	¥68,613.51

(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 Term-End
Third Quarter of Fiscal 2008	¥(15,377)	¥(179)	¥11,557	¥6,169
Third Quarter of Fiscal 2007	¥(11,607)	¥(494)	¥15,337	¥9,241
Fiscal 2007	¥(13,299)	¥(1,085)	¥18,548	¥10,169



2. Projections for Consolidated Performance in Fiscal 2008 (from April 1, 2007 to March 31, 2008) *Percentage figures are indicated year-on year changes for those items.

There are no changes from the annual earnings forecasts reported in “Notification regarding the revision of the earnings forecasts for the first half and full year of the fiscal year ended March 31, 2008” released on November 1, 2007.

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Fiscal 2008	¥55,000 (56.0%)	¥10,690 (22.8%)	¥9,900 (19.4%)	¥5,200 (7.1%)	¥15,695.60

3. Other

(1) Major subsidiary changes during the term (changes to specified subsidiaries due to changes in the scope of consolidation): No

(2) Adoption of simplified accounting methods: Yes

(3) Changes in accounting methods since most recent consolidated fiscal year: Yes

Note: For detailed information, see Item 4, “ Other ” under “ Qualitative information/financial statements ” on page 5.

Reference: Overview of Non-consolidated Performance

1. Non-consolidated Performance in Third Quarter of Fiscal 2008 (from April 1 to December 31, 2007)

(1) Operating Results

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

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income
Third Quarter of Fiscal 2008	¥18,239 (40.8%)	¥2,593 (-13.6%)	¥2,304 (-20.9%)
Third Quarter of Fiscal 2007	¥12,951 (12.0%)	¥3,002 (24.8%)	¥2,914 (29.9%)
Fiscal 2007	¥17,228 (-%)	¥3,440 (-%)	¥3,286 (-%)

	Net Income	Net Income per Share (Yen)
Third Quarter of Fiscal 2008	¥5,031 (156.6%)	¥15,179.83
Third Quarter of Fiscal 2007	¥1,960 (50.1%)	¥6,211.91
Fiscal 2007	¥1,962 (-%)	¥6,143.24

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Third Quarter of Fiscal 2008	¥67,393	¥24,716	36.7	¥74,472.10
Third Quarter of Fiscal 2007	¥30,226	¥19,983	66.1	¥60,318.00
Fiscal 2007	¥40,825	¥19,989	49.0	¥60,328.12

2. Projections for Non-consolidated Performance in Fiscal 2008 (from April 1, 2007 to March 31, 2008)

There are no changes from the annual earnings forecasts reported in “Notification regarding the revision of the earnings forecasts for the first half and full year of the fiscal year ended March 31, 2008” released on November 1, 2007.

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share (Yen)
Fiscal 2008	¥47,000 (172.8%)	¥9,680 (181.4%)	¥9,000 (173.9%)	¥8,538 (335.0%)	¥25,756.04

Appropriate use of projections for performance, other notes

Caution on forward-looking statements

The projections for performance in this report contain forward-looking statements based on information available to the Company at the date of publication, and on certain set assumptions that have been deemed reasonable. Actual earnings may vary greatly in accordance with a wide range of factors.

Qualitative information/financial statements

1. Qualitative information on consolidated business performance

For the third quarter of fiscal 2008, 9 months ended December 31, 2007, Sun Frontier Fudousan's consolidated net sales were 27,665 million yen (up 49.8% from the third quarter of fiscal 2007), operating income was 5,301 million yen (up 44.5%), ordinary income was 4,937 million yen (up 46.7%) and net income was 2,749 million yen (up 16.1%).

Japan's economy during the quarter was marked by a shift from the solid corporate business performance of past quarters to conditions of increasing uncertainty. This shift can be attributed to the US subprime loan problem (worsening since last summer) or the jump in oil prices, both of which have reignited fears of an economic slowdown there and increased the dollar's weakness in the exchange market.

The real estate industry is also facing increasing uncertainty overall. Japan's Financial Instruments and Exchange Law (which went into effect on September 30, 2007) and the US subprime loan problem have increased fears of falling capital adequacy ratios particularly among Western financial institutions. Increasingly stringent loan approval standards are making it difficult for some real estate funds to procure capital, forcing some property buyers to cut back on purchases. Property appraisals for investment suitability are becoming increasingly stringent, especially for properties facing legal compliance difficulties. Many properties are being passed over as possible investments due to factors such as their application, area and cost. The standard used for appraising properties has shifted. While once buyers placed the highest priority on the returns of the income capitalization approach, today's buyers are seeking properties that meet environmental and other socially-aware real estate, or that offer the value as investment products.

To respond to the demands of the current economic climate, our Group is continuing to advance its corporate mission of enabling environmental coexistence and urban revitalization. Sun Frontier offers a comprehensive range of real estate services specializing in commercial buildings in urban areas. We go beyond mere remodeling work, focusing on creating buildings with a strong commitment to legal compliance. By creating added value in both tangible and intangible ways, we make an effort to contribute to community and increase customer satisfaction. We consider the real estate industry to be a venue for showcasing our 'workmanship', and in the quarter made a Groupwide effort to deliver products with a greater priority on quality than ever before. Earnings for each business segment are described below.

Real Estate Revitalization

The real estate revitalization segment had sales of 26,247 million yen (up 52.3%) and operating income of 5,772 million yen (up 41.2%).

Real estate market transactions continued at a lively pace overall. However, the J-REITs and privately offered funds that have heavily invested in trust beneficiary right have a sign of slow down, and an increase in transactions aiming at existing real estate is seen. As a background of such situation, in our replanning business, sales to the major privately offered funds that were expected to be the area for immediate growth stalled and traditional-type transactions with wealthy individuals (including asset management companies) and building leasing companies became the major customers as in the past. On the other hand, its purchasing from privately offered funds continued to be solid. A total of seven building sales were completed (for a total of 4,716 million yen) during the quarter. All were to wealthy individuals or corporations. During this quarter, we were planning a package sale of about 10 legal-compliance properties (for a total of around 15 billion yen) and working to complete each property which was continued from the first half of the fiscal year. We plan to switch our strategy to individual sales since the property scale is small, and target wealthy individuals and corporations starting in December.

Our building leasing business enjoyed steady growth due to stable operation of long-term owned buildings and improved rent income from an increase in inventory.

Real Estate Services

The real estate services segment had sales of 1,244 million yen (up 3.3%), and an operating income of 2 million yen (down 97.5%).

This segment's focus was the release of replanning products by the function of each business section.



Driven by the idea that legal compliance and profitability are the source of real estate value, we worked on multiple properties at once, while also working on purchasing and selling methods to contribute creation of new projects. In the brokerage business, we have been commercializing replanning products that we worked on expanding the handling scale, realizing the brokerage transactions of large-sized properties for buying, selling, and leasing.

The property management business received stable income from management commissions from trust properties, and focused on creating new earnings opportunities such as incentive fees from rent increase negotiations with existing tenants.

Our leasing guarantee business among outside brokerage companies has continued to gradually increase its level of penetration, turning it into a leasing market mainstay. The number of contracts has also grown.

Other Real Estate

Our other real estate segment had sales of 173 million yen (up 779.6%) and operating income of 135 million yen (up from an operating loss of 22 million yen). These results were largely the result of stable dividend income from the business' investments, and asset management income from sales of properties by privately offered funds.

2. Qualitative information on consolidated financial conditions

Total assets at the end of the third quarter of fiscal 2008 were 67,999 million yen, up 13,496 million yen from the end of fiscal 2007. This figure was mainly the result of a 17,891 million yen increase in inventory as a result of the acquisition of replanning properties by our real estate revitalization business.

Total liabilities rose 11,052 million yen to 42,819 million yen, the result of an 8,870 million yen increase in short-term borrowings for acquiring inventory and a 3,069 million yen increase in long-term debts (including current portion of long-term debts). Total net assets rose 2,444 million yen to 25,179 million yen, mainly due to a 2,749 million yen net income for the quarter.

These conditions resulted in net assets per share of 75,868.89 yen.

Cash flows

The balance of cash and cash equivalents (hereinafter, 'cash') at the end of the third quarter of fiscal 2008 was 6,169 million yen, down 3,999 million yen from the end of fiscal 2007. Each cash flow is described below, along with the factors affecting it.

Cash flow from operating activities

Net cash used in operating activities was 15,377 million yen (up 15.6%). This figure was mainly the result of an 18,241 million yen increase in inventory and a 3,831 million yen income tax payment. It was offset by a 4,978 million yen income before income taxes and a 1,250 million yen increase in security deposits received.

Cash flow from investing activities

Net cash used in investing activities was 179 million yen (down 83.5%). This figure was mainly the result of an outlay of 405 million yen for time deposits, an outlay of 185 million yen for purchases of property and equipments and an outlay of 586 million yen for purchases of investment securities. It was offset by 1,110 million yen in proceed from time deposits.

Cash flow from financing activities

Net cash provided by financing activities was 11,557 million yen (down 37.7%). This figure was mainly the result of an 8,870 million yen net increase in short-term borrowings and income of 5,932 million yen from long-term borrowings. It was offset by a 2,862 million yen outlay to repay long-term borrowings and 329 million yen dividend paid.



3. Qualitative information on consolidated earnings forecasts

There are no changes from the annual earnings forecasts reported in “Notification regarding the revision of the earnings forecasts for the first half and full year of the fiscal year ended March 31, 2008” released on November 1, 2007.

4. Other

(1) Major subsidiary changes during the term (changes to specified subsidiaries due to changes in the scope of consolidation): None.

As reported on August 1, 2007 in “News release regarding the merger of the Company and our consolidated subsidiary (short form merger)”, the Company acquired and assimilate wholly-owned consolidated subsidiary SF Investments Inc. on October 1, 2007.

(2) Use of simplified accounting process method

Tax expenses are accounted by a simplified method, and simplified procedures are used for some other amounts affected by this method, when the amounts are negligible.

(3) Change in accounting process method since most recent consolidated accounting year

Change in method of depreciating tangible fixed assets

In response to revisions to Japan’s Corporation Tax Law (Law for Partial Amendment of the Income Tax Law, Law No. 6 of March 30, 2007; and Ordinance for Partial Amendment of the Corporation Tax Law Enforcement Ordinance, Ordinance No. 83 of March 30, 2007), the Company has changed the method of accounting the depreciation on tangible fixed assets acquired on or after April 1, 2007, to a method in compliance with the revised law. The effects of this change on operating income ordinary income and income before income taxes for the quarter were negligible.



4. Summarized Quarterly Consolidated Financial Statements

*Amounts under one thousand yen have been rounded down.

(1) Summarized Quarterly Consolidated Balance Sheets

(¥ thousand)

Items	Third Quarter of Fiscal 2007 (as of December 31, 2006)		Third Quarter of Fiscal 2008 (as of December 31, 2007)		Increase/Decrease		Fiscal 2007 (as of March 31, 2007)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)
ASSETS								
Current Assets								
Cash and bank deposits	10,233,291		6,465,596		(3,767,695)	(36.8)	11,170,280	
Accounts receivable - trade	92,137		98,955		6,818	7.4	242,424	
Inventories	29,442,488		55,732,261		26,289,772	89.3	37,840,343	
Other current assets	1,436,141		1,416,393		(19,748)	(1.4)	1,815,716	
Allowance for doubtful accounts	(651)		(279)		372	(57.2)	(1,006)	
Total Current Assets	41,203,407	93.5	63,712,927	93.7	22,509,520	54.6	51,067,757	93.7
Fixed Assets								
Property and Equipment								
Buildings	1,040,200		1,156,135		115,935	11.1	1,052,621	
Land	1,186,585		1,261,337		74,751	6.3	1,186,585	
Other	42,251		49,421		7,169	17.0	38,016	
Total Property and Equipment	2,269,037	5.2	2,466,894	3.6	196,857	8.7	2,277,222	4.2
Intangible Fixed Assets	62,494	0.1	72,220	0.1	9,725	15.6	64,413	0.1
Investments and Other Assets	519,560		1,749,225		1,229,665	236.7	1,094,600	
Allowance for doubtful accounts	(1,307)		(1,930)		(623)	47.7	(1,307)	
Total Investments and Other Assets	518,252	1.2	1,747,294	2.6	1,229,041	237.2	1,093,293	2.0
Total Fixed Assets	2,849,784	6.5	4,286,409	6.3	1,436,625	50.4	3,434,929	6.3
Total Assets	<u>44,053,191</u>	<u>100.0</u>	<u>67,999,336</u>	<u>100.0</u>	<u>23,946,145</u>	<u>54.4</u>	<u>54,502,686</u>	<u>100.0</u>

(¥ thousand)

Items	Third Quarter of Fiscal 2007 (as of December 31, 2006)		Third Quarter of Fiscal 2008 (as of December 31, 2007)		Increase/Decrease		Fiscal 2007 (as of March 31, 2007)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)
LIABILITIES								
Current Liabilities								
Accounts payable - trade	124,375		316,855		192,480	154.8	775,838	
Short-term borrowings	13,569,000		16,789,500		3,220,500	23.7	7,919,000	
Current portion of bonds	108,000		108,000		—	—	108,000	
Current portion of long-term debts	323,900		13,259,150		12,935,250	3993.6	8,363,200	
Income taxes payable	184,301		923,352		739,050	401.0	2,434,210	
Accrued bonuses for employees	20,216		21,475		1,258	6.2	72,203	
Accrued bonuses for directors	30,600		39,000		8,400	27.4	46,000	
Construction warranty reserve	73,100		16,800		(56,300)	(77.0)	61,100	
Reserve for losses on closure of business offices	—		—		—	—	10,575	
Other current liabilities	623,626		911,665		288,039	46.2	910,365	
Total Current Liabilities	15,057,121	34.2	32,385,799	47.6	17,328,678	115.1	20,700,493	38.0
Long-term Liabilities								
Corporate bonds	540,000		432,000		(108,000)	(20.0)	486,000	
Long-term debts	7,333,760		6,382,760		(951,000)	(13.0)	8,209,260	
Reserve for directors' retirement benefits	78,451		—		(78,451)	(100.0)	78,451	
Security deposits received	—		3,544,254		3,544,254	—	—	
Other long-term liabilities	799,103		75,174		(723,929)	(90.6)	2,293,699	
Total Long-term Liabilities	8,751,314	19.9	10,434,188	15.4	1,682,873	19.2	11,067,410	20.3
Total Liabilities	23,808,436	54.1	42,819,987	63.0	19,011,551	79.9	31,767,904	58.3
NET ASSETS								
Shareholders' Equity								
Common stock	7,227,668	16.4	7,228,308	10.6	640	0.0	7,227,668	13.3
Additional paid-in capital	7,289,003	16.5	7,289,643	10.7	639	0.0	7,289,003	13.4
Retained earnings	5,724,685	13.0	10,628,845	15.7	4,904,160	85.7	8,210,477	15.0
Total Shareholders' Equity	20,241,357	45.9	25,146,797	37.0	4,905,440	24.2	22,727,149	41.7
Valuation and Translation Adjustments								
Net unrealized holding gain on other securities	3,397	0.0	3,362	0.0	(35)	(1.0)	4,714	0.0
Total Valuation and Translation Adjustments	3,397	0.0	3,362	0.0	(35)	(1.0)	4,714	0.0
Stock Acquisition Rights	—	—	29,188	0.0	29,188	—	2,918	0.0
Total Net Assets	20,244,755	45.9	25,179,348	37.0	4,934,593	24.4	22,734,782	41.7
Total Liabilities and Net Assets	<u>44,053,191</u>	<u>100.0</u>	<u>67,999,336</u>	<u>100.0</u>	<u>23,946,145</u>	<u>54.4</u>	<u>54,502,686</u>	<u>100.0</u>



(2) Summarized Quarterly Consolidated Statements of Income

(¥ thousand)

Items	Third Quarter of Fiscal 2007 (April 1– December 31, 2006)		Third Quarter of Fiscal 2008 (April 1– December 31, 2007)		Increase/Decrease		Fiscal 2007 (April 1, 2006 – March 31, 2007)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)
Net Sales	18,462,762	100.0	27,665,570	100.0	9,202,807	49.8	35,254,545	100.0
Cost of Sales	12,316,199	66.7	20,149,392	72.8	7,833,193	63.6	23,155,684	65.7
Gross Profit	6,146,563	33.3	7,516,177	27.2	1,369,614	22.3	12,098,860	34.3
Selling, General and Administrative Expenses	2,478,334	13.4	2,214,241	8.0	(264,092)	(10.7)	3,390,702	9.6
Operating Income	3,668,229	19.9	5,301,936	19.2	1,633,707	44.5	8,708,157	24.7
Other Income	8,757	0.0	67,511	0.2	58,754	670.9	14,387	0.0
Other Expenses	312,101	1.7	431,889	1.6	119,788	38.4	432,878	1.2
Ordinary Income	3,364,885	18.2	4,937,558	17.8	1,572,673	46.7	8,289,666	23.5
Extraordinary Gains	1,429	0.0	47,634	0.2	46,205	—	9,614	0.0
Extraordinary Losses	1,265	0.0	6,751	0.0	5,485	433.4	11,773	0.0
Income before Income Taxes	3,365,048	18.2	4,978,441	18.0	1,613,393	47.9	8,287,507	23.5
Income Taxes	996,909	5.4	2,228,770	8.1	1,231,861	123.6	3,433,576	9.7
Net Income	<u>2,368,139</u>	<u>12.8</u>	<u>2,749,671</u>	<u>9.9</u>	<u>381,531</u>	<u>16.1</u>	<u>4,853,931</u>	<u>13.8</u>



(3) Summarized Quarterly Consolidated Statements of Cash Flows

(¥ thousand)

Items	Period	Third Quarter of Fiscal 2007 (April 1– December 31, 2006)	Third Quarter of Fiscal 2008 (April 1– December 31, 2007)	Fiscal 2007 (April 1, 2006 – March 31, 2007)
		Amount	Amount	Amount
Cash Flows from Operating Activities				
Income before income taxes		3,365,048	4,978,441	8,287,507
Depreciation and amortization		167,214	417,127	291,314
Amortization of goodwill		473,078	—	473,078
Stock acquisition rights		—	26,269	2,918
Allowance for doubtful accounts		(1,429)	(104)	(1,074)
Accrued bonuses for employees		(36,243)	(50,727)	15,742
Accrued bonuses for directors		30,600	(7,000)	46,000
Reserve for directors' retirement benefits		3,866	(78,451)	3,866
Construction warranty reserve		(100)	(44,300)	(12,100)
Reserve for losses on closure of business offices		—	(5,279)	10,575
Interest and dividend income		(2,442)	(10,663)	(7,706)
Interest expense		211,706	388,135	286,024
Common stock issuance cost		42,834	44	42,928
Sales of property and equipments		—	6,650	—
Disposal of property and equipments		1,197	12	1,197
Accounts receivable - trade		164,227	225,244	173,973
Inventories		(13,453,663)	(18,241,665)	(21,949,630)
Accounts payable-trade		844,103	(84,251)	861,676
Consumption tax payable		(131,625)	(80,414)	(51,115)
Consumption tax receivable		63,635	(129,352)	7,834
Security deposits received		269,378	1,250,554	1,764,901
Payment for directors' and statutory auditors' bonuses		(25,000)	—	(25,000)
Others, net		(497,313)	66,510	132,503
Sub total		(8,510,928)	(11,373,218)	(9,644,583)
Interest and dividend received		1,892	12,913	5,504
Interest paid		(220,278)	(388,048)	(291,673)
Refunded income tax received		—	202,417	—
Income tax paid		(2,878,007)	(3,831,361)	(3,368,432)
Net Cash Used in Operating Activities		(11,607,321)	(15,377,298)	(13,299,184)
Cash Flows from Investing Activities				
Payments for time deposits		(270,119)	(405,290)	(395,268)
Proceed from time deposits		—	1,110,679	116,000
Purchases of property and equipments		(45,185)	(185,794)	(48,035)
Sales of property and equipments		—	840	—
Purchases of intangible fixed assets		(38,379)	(28,188)	(42,343)
Purchases of investment securities		(137,553)	(586,700)	(713,804)
Payments for security deposits		(11,977)	(156,796)	(14,213)
Proceed from security deposits		—	67,939	—
Others, net		8,691	4,027	12,168
Net Cash Used in Investing Activities		(494,525)	(179,283)	(1,085,497)
Cash Flows from Financing Activities				
Proceeds from short-term borrowings		3,846,000	8,870,500	(1,804,000)
Proceeds from long-term borrowings		6,940,000	5,932,000	15,960,000
Repayments of long-term borrowings		(2,728,100)	(2,862,550)	(2,833,300)
Payments for redemption of bonds		(934,000)	(54,000)	(988,000)
Proceeds from issuance of common stock		8,310,676	1,235	8,310,583
Dividends paid		(96,611)	(329,898)	(96,643)
Net Cash Provided by Financing Activities		15,337,964	11,557,286	18,548,639
Increase in Cash and Cash Equivalents		3,236,117	(3,999,294)	4,163,957
Cash and Cash Equivalents at Beginning of the Term		6,005,324	10,169,282	6,005,324
Cash and Cash Equivalents at End of the Term		<u>9,241,442</u>	<u>6,169,987</u>	<u>10,169,282</u>

(4) Segment Information

Business Performance by Segment

Third Quarter of Fiscal 2007 (from April 1 December 31, 2006)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	17,238,713	1,204,284	19,764	18,462,762	—	18,462,762
Intersegment sales	—	207,714	—	207,714	(207,714)	—
Total sales	17,238,713	1,411,999	19,764	18,670,477	(207,714)	18,462,762
Operating expenses	13,150,965	1,314,409	42,412	14,507,787	286,745	14,794,533
Operating income (loss)	4,087,747	97,590	(22,647)	4,162,689	(494,460)	3,668,229

Notes: During the 9 months, sales to external clients from the Group's real estate revitalization business segment consisted of ¥16,194,009 thousand from replanning business, and ¥1,044,703 thousand from building leasing business. Similarly, sales from the Group's real estate services business segment consisted of sales of ¥669,596 thousand from brokerage business, and ¥534,688 thousand from areas such as property management and construction planning.

Third Quarter of Fiscal 2008 (from April 1 December 31, 2007)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	26,247,511	1,244,214	173,844	27,665,570	—	27,665,570
Intersegment sales	—	15,437	—	15,437	(15,437)	—
Total sales	26,247,511	1,259,651	173,844	27,681,007	(15,437)	27,665,570
Operating expenses	20,474,706	1,257,197	38,070	21,769,974	593,658	22,363,633
Operating income (loss)	5,772,804	2,454	135,773	5,911,032	(609,095)	5,301,936

Notes: During the 9 months, sales to external clients from the Group's real estate revitalization business segment consisted of ¥24,062,236 thousand from replanning business, and ¥2,185,274 thousand from building leasing business. Similarly, sales from the Group's real estate services business segment consisted of sales of ¥634,971 thousand from brokerage business, and ¥609,243 thousand from areas such as property management and construction planning.

Reference: Fiscal 2007 (from April 1, 2006 March 31, 2007)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	32,662,679	1,647,087	944,777	35,254,545	—	35,254,545
Intersegment sales	—	223,628	—	223,628	(223,628)	—
Total sales	32,662,679	1,870,715	944,777	35,478,173	(223,628)	35,254,545
Operating expenses	24,151,905	1,833,555	58,258	26,043,719	502,668	26,546,387
Operating income (loss)	8,510,774	37,160	886,518	9,434,453	(726,296)	8,708,157

Notes: During the year, sales to external clients from the Group's real estate revitalization business segment consisted of ¥31,250,199 thousand from replanning business, and ¥1,412,480 thousand from building leasing business. Similarly, sales from the Group's real estate services business segment consisted of sales of ¥962,009 thousand from brokerage business, and ¥685,077 thousand from areas such as property management and construction planning.

Segment Information by Business Location

During the third quarter of fiscal 2007 (from April 1 – December 31, 2006), the third quarter of fiscal 2008 (from April 1 – December 31, 2007) and the fiscal 2007 (from April 1, 2006 – March 31, 2007), 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 third quarter of fiscal 2007 (from April 1 – December 31, 2006), the third quarter of fiscal 2008 (from April 1 – December 31, 2007) and the fiscal 2007 (from April 1, 2006 – March 31, 2007), the Company and subsidiaries did not account overseas sales, so this item does not exist.

5. Summarized Quarterly Non-consolidated Financial Statements

(1) Summarized Quarterly Non-consolidated Balance Sheets

(¥ thousand)

Items	Third Quarter of Fiscal 2007 (as of December 31, 2006)		Third Quarter of Fiscal 2008 (as of December 31, 2007)		Increase/Decrease		Fiscal 2007 (as of March 31, 2007)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)
ASSETS								
Current Assets								
Cash and bank deposits	9,546,350		5,822,980		(3,723,370)	(39.0)	8,756,578	
Accounts receivable - trade	92,137		89,325		(2,811)	(3.1)	241,024	
Inventories	11,512,801		55,732,261		44,219,459	384.1	26,714,972	
Short-term loans to affiliates	4,300,000		—		(4,300,000)	(100.0)	—	
Other current assets	1,076,248		1,322,801		246,553	22.9	1,539,707	
Allowance for doubtful accounts	(651)		(279)		372	(57.2)	(1,006)	
Total Current Assets	26,526,886	87.8	62,967,089	93.4	36,440,203	137.4	37,251,276	91.2
Fixed Assets								
Property and Equipment								
Buildings	1,040,200		1,156,135		115,935	11.1	1,052,621	
Land	1,186,585		1,261,337		74,751	6.3	1,186,585	
Other	42,061		49,342		7,280	17.3	37,889	
Total Property and Equipment	2,268,847	7.5	2,466,815	3.7	197,968	8.7	2,277,095	5.6
Intangible Fixed Assets	62,494	0.2	72,151	0.1	9,657	15.5	64,345	0.2
Investments and Other Assets	1,369,460		1,889,153		519,692	37.9	1,234,473	
Allowance for doubtful accounts	(1,307)		(1,930)		(623)	47.7	(1,307)	
Total Investments and Other Assets	1,368,152	4.5	1,887,222	2.8	519,069	37.9	1,233,165	3.0
Total Fixed Assets	3,699,494	12.2	4,426,189	6.6	726,695	19.6	3,574,606	8.8
Total Assets	<u>30,226,380</u>	<u>100.0</u>	<u>67,393,279</u>	<u>100.0</u>	<u>37,166,899</u>	<u>123.0</u>	<u>40,825,883</u>	<u>100.0</u>

(¥ thousand)

Items	Third Quarter of Fiscal 2007 (as of December 31, 2006)		Third Quarter of Fiscal 2008 (as of December 31, 2007)		Increase/Decrease		Fiscal 2007 (as of March 31, 2007)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)
LIABILITIES								
Current Liabilities								
Accounts payable - trade	104,953		316,439		211,486	201.5	592,351	
Short-term borrowings	4,369,000		16,789,500		12,420,500	284.3	3,719,000	
Current portion of bonds	108,000		108,000		—	0.0	108,000	
Current portion of long-term debts	143,900		13,259,150		13,115,250	—	8,123,200	
Income taxes payable	—		920,453		920,453	—	19,856	
Accrued bonuses for employees	20,216		20,528		311	1.5	72,203	
Accrued bonuses for directors	30,600		39,000		8,400	27.5	46,000	
Construction warranty reserve	73,100		16,800		(56,300)	(77.0)	61,100	
Reserve for losses on closure of business offices	—		—		—	—	10,575	
Other current liabilities	539,072		772,899		233,827	43.4	793,015	
Total Current Liabilities	5,388,842	17.8	32,242,771	47.8	26,853,928	498.3	13,545,301	33.2
Long-term Liabilities								
Corporate bond	540,000		432,000		(108,000)	(20.0)	486,000	
Long-term debt	3,673,760		6,382,760		2,709,000	73.7	4,669,260	
Reserve for directors' retirement benefits	78,451		—		(78,451)	(100.0)	78,451	
Security deposits received	—		3,544,254		3,544,254	—	2,057,061	
Other long-term liabilities	561,790		75,174		(486,616)	(86.6)	—	
Total Long-term Liabilities	4,854,001	16.1	10,434,188	15.5	5,580,186	115.0	7,290,772	17.8
Total Liabilities	10,242,844	33.9	42,676,959	63.3	32,434,115	316.7	20,836,074	51.0
NET ASSETS								
Shareholders' Equity								
Common stock	7,227,668	23.9	7,228,308	10.8	640	0.0	7,227,668	17.7
Additional paid-in capital	7,289,003	24.1	7,289,643	10.8	639	0.0	7,289,003	17.9
Retained earnings	5,463,466	18.1	10,165,816	15.1	4,702,350	86.1	5,465,503	13.4
Total Shareholders' Equity	19,980,138	66.1	24,683,768	36.7	4,703,630	23.5	19,982,175	49.0
Valuation and Translation Adjustments								
Net unrealized holding gain on other securities	3,397	0.0	3,362	0.0	(35)	(1.0)	4,714	0.0
Total Valuation and Translation Adjustments	3,397	0.0	3,362	0.0	(35)	(1.0)	4,714	0.0
Stock Acquisition Rights	—	—	29,188	0.0	29,188	—	2,918	0.0
Total Net Assets	19,983,535	66.1	24,716,319	36.7	4,732,783	23.7	19,989,808	49.0
Total Liabilities and Net Assets	<u>30,226,380</u>	<u>100.0</u>	<u>67,393,279</u>	<u>100.0</u>	<u>37,166,899</u>	<u>123.0</u>	<u>40,825,883</u>	<u>100.0</u>



(2) Summarized Quarterly Non-consolidated Statements of Income

(¥ thousand)

Items	Third Quarter of Fiscal 2007 (April 1– December 31, 2006)		Third Quarter of Fiscal 2008 (April 1– December 31, 2007)		Increase/Decrease		Fiscal 2007 (April 1, 2006 – March 31, 2007)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)
Net Sales	12,951,015	100.0	18,239,063	100.0	5,288,047	40.8	17,228,323	100.0
Cost of Sales	8,039,446	62.1	13,581,851	74.5	5,542,404	68.9	11,067,310	64.2
Gross Profit	4,911,569	37.9	4,657,212	25.5	(254,357)	(5.2)	6,161,012	35.8
Selling, General and Administrative Expenses	1,909,180	14.7	2,063,393	11.3	154,213	8.1	2,720,873	15.8
Operating Income	3,002,389	23.2	2,593,818	14.2	(408,570)	(13.6)	3,440,139	20.0
Other Income	56,196	0.4	67,088	0.4	10,892	19.4	73,840	0.4
Other Expenses	143,705	1.1	356,458	2.0	212,752	148.0	227,614	1.3
Ordinary Income	2,914,879	22.5	2,304,448	12.6	(610,431)	(20.9)	3,286,366	19.1
Extraordinary Gains	1,016,074	7.9	3,845,732	21.1	2,829,658	278.5	9,616	0.0
Extraordinary Losses	1,369,238	10.6	6,751	0.0	(1,362,486)	(99.5)	365,169	2.1
Income before Income Taxes	2,561,715	19.8	6,143,429	33.7	3,581,714	139.8	2,930,811	17.0
Income Taxes	601,023	4.6	1,111,813	6.1	510,789	85.0	968,082	5.6
Net Income	<u>1,960,691</u>	<u>15.2</u>	<u>5,031,615</u>	<u>27.6</u>	<u>3,070,924</u>	<u>156.6</u>	<u>1,962,728</u>	<u>11.4</u>