



## Financial Results for Fiscal 2008, from April 1, 2007 to March 31, 2008 (Translation of Japanese Flash Report, Released on May 8, 2008)

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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 Fiscal 2008 (from April 1, 2007 to March 31, 2008)

#### (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	Net Income
Fiscal 2008	¥48,150 ( 36.6%)	¥6,960 (-20.1%)	¥6,346 (-23.4%)	¥3,650 (-24.8%)
Fiscal 2007	¥35,254 (110.7%)	¥8,708 (131.8%)	¥8,289 (138.6%)	¥4,853 (178.3%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
Fiscal 2008	¥11,014.04	¥11,011.48	15.0%	11.4%	14.5%
Fiscal 2007	¥15,192.55	¥15,134.76	30.0%	20.1%	24.7%

Reference: Income on investments based on equity method: Fiscal 2008: ¥184 million    Fiscal 2007: -

#### (2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2008	¥57,316	¥26,085	45.5%	¥78,584.15
Fiscal 2007	¥54,502	¥22,734	41.7%	¥68,613.51

Reference: Equity at year-end: Fiscal 2008: ¥26,050 million    Fiscal 2007: ¥22,731 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 2008	¥(4,955)	¥(388)	¥(36)	¥4,787
Fiscal 2007	¥(13,299)	¥(1,085)	¥18,548	¥10,169

## 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 2007	-	¥1,000.00	¥1,000.00	¥331	6.6	1.2
Fiscal 2008	-	¥1,500.00	¥1,500.00	¥497	13.6	2.0
Fiscal 2009 (Projections)	-	¥1,500.00	¥1,500.00		13.4	

## 3. Projections for Consolidated Performance in Fiscal 2009 (from April 1, 2008 to March 31, 2009) \*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 2009	¥21,000 (-1.9%)	¥1,100 (-76.3%)	¥600 (-86.5%)	¥340 (-86.3%)	¥1,025.65
Fiscal 2009	¥57,000 (18.4%)	¥7,600 ( 9.2%)	¥6,500 ( 2.4%)	¥3,700 ( 1.4%)	¥11,161.55

## 4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes  
 Newly companies: —  
 Excluded companies: 1 (SF Investments Inc.)
- (2) Changes in accounting principles, procedures and presentation methods for preparation of interim consolidated financial statements
  - 1) Changes caused by revision of accounting standards: Yes
  - 2) Other changes: No
- (3) Number of shares issued and outstanding at end of the period (common shares)
  - 1) Number of shares issued and outstanding at end of period (including treasury stock):  
 March 2008: 331,495 shares      March 2007: 331,303 shares
  - 2) Number of treasury stock at end of period:  
 March 2008: — shares      March 2007: — shares

## Reference: Overview of Non-consolidated Performance

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

#### (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	Net Income
Fiscal 2008	¥36,504 (111.9%)	¥2,070 (-39.8%)	¥1,528 (-53.5%)	¥4,669 (137.9%)
Fiscal 2007	¥17,228 ( 4.3%)	¥3,440 ( -8.4%)	¥3,286 ( -8.4%)	¥1,962 ( 3.8%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2008	¥14,087.28	¥14,084.01
Fiscal 2007	¥6,143.24	¥6,119.87

#### (2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2008	¥56,911	¥24,359	42.7%	¥73,376.61
Fiscal 2007	¥40,825	¥19,989	49.0%	¥60,328.12

Reference: Equity at year-end: Fiscal 2008: ¥24,323 million Fiscal 2007: ¥19,986 million

#### ※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. Refer to section **5. Results of Operation** 1 Analysis of the Results of Operations on page 4 for assumptions used for projections and the notes on the use of the projections

## 5. Results of Operations

### 1. Analysis of Results of Operations

The Japanese economy during the fiscal year was strongly affected by declines in share prices, the depreciation of the US dollar, and rising natural resource prices against a backdrop of financial instability stemming from the subprime loan problem and concerns about a collapse of the housing bubble that started in the US. Therefore, there was growing economic uncertainty, which extended to shrinking consumer spending and falling corporate capital expenditures. Within the real estate industry, there was a decline in market liquidity particularly for midsize properties around ¥3.0 billion as a result of fund raising difficulties faced by privately offered funds and J-REITs, which had until then been the driving force behind price rises. In addition, there was a decline in the availability of non-recourse loans, which are indispensable for real estate securitization, and a sense of stagnation spread throughout the whole market. However, projects related to relatively small size properties remained firm, and a polarization of the real estate for investment purposes became evident.

Under these conditions, Sun Frontier Fudousan has worked to clarify its policy to concentrate on operations which make it possible for the Group to make use of its specialized know-how and to once again focus on urban projects with the corporate mission “to foster environmental coexistence and urban revitalization.” The Group is able to realize “workmanship with true value” for numerous aspects of real estate by seamlessly integrating the Group’s various in-house specializations such as leasing, property management, construction planning, and leasing guarantees, and is striving to be able to create a beneficial and profitable business for society through distribution of real estate. In order to create a foundation for this, the Group has been replacing its existing properties, particularly in the fourth fiscal quarter, and the Group has concentrated on creating an environment that makes it possible to focus on projects that the Group should be working on.

As a result, consolidated sales for the fiscal year rose to ¥48,150,224 thousand, up 36.6% year-on-year, but operating income declined to ¥6,960,840 thousand, down 20.1% year-on-year, ordinary income shrank to ¥6,346,455 thousand, down 23.4% year-on-year, and net income fell to ¥3,650,868 thousand, down 24.8% year-on-year

The following provides a breakdown of earnings by the business segment

#### ***Real Estate Revitalization***

For the replanning business, the Group’s core business, a policy of “specialization in urban office building” has once again been clearly worked out, and the Group actively worked to replace properties held while moving forward with the disposal of real estate held for sale. In particular, it was determined important to quickly dispose of certain types of properties and generate cash considering the present market. They are ones that are illiquid, such as those in non-urban areas, residential properties, or have divided ownership, which are not in line with the Group’s business policies. These are the properties that the Group cannot sufficiently make use of its leasing strengths with, and properties that must be held for extended periods (around 3-5 years) in order to coordinate the rights of existing tenants when seismically retrofitting the property. The Group boldly sold off these properties even if at a price below the book value. As the desire among real estate funds to purchase properties wanes at a time of concern about a credit crunch, the Group has strengthened its sales activities targeting the Group’s important clients, general businesses and wealthy individuals, particularly those who desire to purchase properties for a variety of purposes including replacing business assets or for inheritance purposes. Therefore, 25 buildings were sold in the fourth fiscal quarter alone compared to 22 buildings during the first three fiscal quarters, dramatically expanding business. In addition, the Group introduced “accounting standards for inventory valuation” early, and recorded a total of ¥1.33 billion of inventory write-downs, accounting for possible losses earlier than scheduled. On the other hand, the Group’s business superiority in fields that it should be active in became apparent since the Group was able to record income as planned from urban projects that made use of “planning ability driven by all its employees,” the company’s management resources.

As for purchases, a total of 40 properties were purchased during the fiscal year, and 23 of these were disposed of during the same period. In particular, during the fourth fiscal quarter, the Group purchased 4 properties that have particular characteristics such as being located in an urban area and having a high vacancy rate, which the Group is strong at exploiting, and the Group can strongly reflect its business view with these properties.

As for the building leasing business, properties held for the long-term provide stability, are able to be utilized throughout the year, and the lease revenue from inventories has been firm.

As a result, for the overall real estate revitalization business, sales rose to ¥44,063,777 thousand, up 34.9% year-on-year, but operating income contracted to ¥5,432,867 thousand, down 36.2% year-on-year

### ***Real Estate Services***

In real estate services, the Group's both sales and leasing property brokerage divisions and property management as well as construction planning operations, have been focusing on efforts to further improve the quality of its real estate revitalization business.

Within the brokerage operations and centered on the leasing brokerage division, the Group created added value in terms of rent, the source of real estate value, and worked to rapidly market properties by providing indirect support for high-quality workmanship. In addition, the sales brokerage division recorded firm earnings even though there was a downward trend in the actual number of deals since the Group succeeded in concluding large contracts generating more than ¥200 million in fees per contract, having worked to increase the size of deals with parties outside the Group, and moved forward with the sale of revitalized properties. Furthermore, there was a dramatic increase in the quality of deals, with the Group concluding brokerage contracts targeting J-REITs.

Within the property management business, although there was a slight decline in the number of properties under contract, there was a substantial improvement in the size of individual contracts as a result of continued aggressive promotion of large contracts, resulting in an increase in total floor space under contract. Furthermore, the Group was able to increase profitability by creating new revenue sources such as rent revision fees.

Within the construction planning business, the Group has strongly promoted an improvement in the quality of revitalization properties by refocusing on the marketing of revitalization undertakings with an increase in the number of properties handled by the real estate revitalization business.

As for the leasing guarantee business, the number and value of guarantees have been firm as a result of active efforts to target outside brokerage companies while also receiving business introductions from inside the group.

Therefore, for the overall real estate service business, sales rose to ¥1,719,581, up 4.4% year-on-year, and operating income increased to ¥56,157 thousand, up 51.1% year-on-year.

### ***Other Real Estate***

The asset management business made substantial contributions to income such as recording asset management revenue following the disposal of properties held by privately offered funds.

The real estate securitization business also posted dividend revenue accompanying the disposal of properties held by privately offered funds.

Therefore, for the overall other real estate business, sales rose to ¥2,366,865 thousand, up 150.5% year-on-year, and operating income increased to ¥2,294,240 thousand, up 158.8% year-on-year.

### ***Outlook for next year***

It is expected that the present harsh market conditions will continue into the next fiscal year. As for the subprime loan problem, the situation will remain unpredictable until a complete solution is reached although uncertainty has decreased somewhat as a result of both aggressive measures by regulator authorities and the booking of major losses by financial institutions. In addition, high prices for natural resources such as crude oil and iron ore will continue, and a sense of stagnation will spread throughout the market as high prices finally begin to affect the real economy. Within the real estate industry, there is a clear polarization of demand as an economic downturn affects differently between urban properties and

those in the suburbs or regional areas, and between office buildings and residential properties. Furthermore, although there has been an upward trend in vacancy rates, particularly for class S through A urban buildings, and since a slight spread has appeared between rents paid by existing tenants and present market rents, it is expected that the slight upward trend in rents will continue for the present time.

Under these conditions, there is recognition of the superiority of the real estate revitalization business that the Group is involved in, and that is based on an environment friendly business model that reduces the inefficient use of fossil fuels. The present business environment can be considered a good one for the Group. Since the Group pursues not only the visible tangible value of real estate but also the intangible value of real estate, that is more difficult to see, the Group has come to be involved in “workmanship that seeks truth.” By developing a business centered on the four elements of creating, leasing, selling, and servicing, and improving both the quality of both physical buildings the service side of the business that makes the most of the Group’s various abilities, such as those related to leasing, property management, brokering, and leasing guarantees, the Group will create genuine real estate value.

Under the harsh conditions discussed above, the Group anticipates that privately offered funds dispose of a number of properties in the market. “Revitalization ability based on an intimate knowledge of the leasing market” that makes it possible to create genuine real estate value will also become more important. The Group has once again set a policy of specializing in its forte of urban office buildings, centered around its sales offices, and is aiming to become the top player in the area and to expand the scope of business. (Offices are presently located in Ginza, Kanda, Shinjuku, Yokohama, and a new one is expected to be opened in Shibuya in July.)

As a result, for the full fiscal year, it is forecast that sales will rise to ¥57,000 million, up 18.4% year-on-year, operating income will increase to ¥7,600 million, up 9.2% year-on-year, ordinary income will grow to ¥6,500 million, up 2.4% year-on-year, and net income will rise to ¥3,700 million, up 1.4% year on year.

As for consolidated earnings forecasts for the fiscal year ending March 31, 2009, during the first half the Group will complete the disposal of properties that do not conform to the Group’s policies such as the “specialization in urban properties” discussed above. It will move forward with the marketing of revitalization properties that are in line with the Group’s business guidelines and are important for the Group, including two large-scale revitalization buildings worth ¥10.0 billion that are presently being undertaken. These properties are expected to be sold off in the second half of the year. In addition, other revenue such as dividends from private placement funds that the Group has invested in are expected to be recorded in the second half, making the second half of the fiscal year particularly important in terms of income.

\* The above forecasts are based on information available and on assumptions made at the time the forecasts were announced, and related to uncertainties that could affect future earnings. Actual earnings may differ substantially from the forecasts for various reasons.

## 2. Analysis of Financial Position

### **i) Assets, liabilities and net assets**

Current assets increased ¥1,892,655 thousand compared to the closing balance for the previous fiscal year to ¥52,960,413 thousand because of a decline in cash and bank deposits and an increase in inventory.

Cash and bank deposits fell ¥5,947,371 thousand compared to the closing balance for the previous fiscal year to ¥5,222,909 thousand, which was the result of a net outflow from operating activities of ¥4,955,836, a net outflow from investing activities of ¥388,657 thousand, a net outflow of ¥36,985 thousand from financing activities, and a fall of ¥565,892 thousand in time deposits with a maturity of more than 3 months.

Inventories mainly consisted of real estate held for sale and for-sale real estate under construction in the replanning business unit, and increased ¥7,564,119 thousand compared to the closing balance for the previous fiscal year to ¥45,404,462 thousand as inventory allowance for future earning growth.

Fixed assets rose ¥920,813 thousand compared to the closing balance for the previous fiscal year to

¥4,355,742 thousand due to such factors as the acquisition of investment securities.

Total liabilities at the end of the fiscal year declined ¥537,390 thousand compared to the closing balance for the previous fiscal year to ¥31,230,513 thousand as a result of a net increase in short-term borrowings for the acquisition of inventory and the repayment of long-term borrowings. Total net assets increased ¥3,350,859 thousand compared to the closing balance for the previous fiscal year to ¥26,085,642 because of ¥3,650,868 thousand in net income.

As a result, net assets per share were ¥78,584.15.

Actual experience by the replanning business unit has facilitated fund raising. As a result, the Group has moved forward with the purchasing of inventory, resulting in total assets growing ¥2,813,469 thousand compared to the closing balance for the previous fiscal year to ¥57,316,156 thousand.

## ii) Cash flows

Cash and cash equivalents (“cash”) fell ¥5,381,479 thousand compared to the balance at the beginning of the fiscal year and stood at ¥4,787,802 thousand at the end of the fiscal year. This was due to various factors such as the fact that while the Group recorded ¥6,532,648 thousand in income before income taxes, inventories rose as a result of the acquisition of replanning properties by the real estate revitalization business and there was an increase in income tax payments.

This fiscal year’s consolidated cash flows and their components are discussed below.

### *Cash flow from operating activities*

Net cash used in operating activities fell to ¥4,955,836 thousand, down 62.7% year-on-year. This was mainly due to the fact that inventories rose ¥8,056,132 thousand and ¥4,234,260 thousand was paid in taxes although the Group recorded ¥6,352,648 in income before income taxes.

### *Cash flow from investing activities*

Net cash used in investing activities contracted to ¥388,657 thousand, down 64.2% year-on-year. The was chiefly the result of an inflow of ¥1,035,326 thousand in revenue from time deposits maturing, an outlay of ¥469,435 thousand for new time deposits, and ¥604,700 thousand for the acquisition of investment securities.

### *Cash flow from financing activities*

Net cash used in financing activities was ¥36,985 thousand, compared in an inflow of ¥18,548,639 thousand for the previous fiscal year. This was because of various factors, particularly the fact that although there was a net increase of short-term borrowings of ¥5,271,000 thousand and revenue of ¥6,232,000 from long-term loans, ¥11,103,200 thousand was used to repay long-term loans and ¥330,021 thousand used for dividend payments.

## 3. 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 ¥1,500 per share for the fiscal year under review. The annual dividend for the next fiscal year is expected to be ¥1,500 per share.

## 5. Summarized Consolidated Financial Statements

\*Amounts under one thousand yen have been rounded down.

### (1) Summarized Consolidated Balance Sheets

(¥ thousand)

Items	Period	Fiscal 2007 (as of March 31, 2007)		Fiscal 2008 (as of March 31, 2008)		Increase/ Decrease
		Amount	Share of Total (%)	Amount	Share of Total (%)	Amount
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and bank deposits		11,170,280		5,222,909		
Accounts receivable - trade		242,424		55,126		
Inventories		37,840,343		45,404,462		
Deferred tax assets		366,206		988,383		
Other current assets		1,449,510		1,289,592		
Allowance for doubtful accounts		(1,006)		(60)		
<b>Total Current Assets</b>		<b>51,067,757</b>	<b>93.7</b>	<b>52,960,413</b>	<b>92.4</b>	<b>1,892,655</b>
<b>Fixed Assets</b>						
<b>Property and Equipment</b>						
Buildings		1,052,621		1,138,030		
Vehicles		3,193		2,174		
Land		1,186,585		1,261,337		
Other		34,822		39,158		
<b>Total Property and Equipment</b>		<b>2,277,222</b>	<b>4.2</b>	<b>2,440,701</b>	<b>4.3</b>	<b>163,478</b>
<b>Intangible Fixed Assets</b>						
Other		64,413		73,726		
<b>Total Intangible Fixed Assets</b>		<b>64,413</b>	<b>0.1</b>	<b>73,726</b>	<b>0.1</b>	<b>9,313</b>
<b>Investments and Other Assets</b>						
Investment securities		722,756		1,461,737		
Other		339,089		383,107		
Deferred tax assets		32,755		—		
Allowance for doubtful accounts		(1,307)		(3,530)		
<b>Total Investments and Other Assets</b>		<b>1,093,293</b>	<b>2.0</b>	<b>1,841,314</b>	<b>3.2</b>	<b>748,021</b>
<b>Total Fixed Assets</b>		<b>3,434,929</b>	<b>6.3</b>	<b>4,355,742</b>	<b>7.6</b>	<b>920,813</b>
<b>Total Assets</b>		<b><u>54,502,686</u></b>	<b><u>100.0</u></b>	<b><u>57,316,156</u></b>	<b><u>100.0</u></b>	<b><u>2,813,469</u></b>

(¥ thousand)

Items	Period	Fiscal 2007 (as of March 31, 2007)		Fiscal 2008 (as of March 31, 2008)		Increase/ Decrease
		Amount	Share of Total (%)	Amount	Amount	Share of Total (%)
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable - trade		775,838		594,467		
Short-term borrowings		7,919,000		13,190,000		
Current portion of bonds		108,000		108,000		
Current portion of long-term debts		8,363,200		7,878,000		
Income taxes payable		2,434,210		1,490,368		
Accrued bonuses for employees		72,203		90,658		
Accrued bonuses for directors		46,000		—		
Construction warranty reserve		61,100		47,500		
Reserve for losses on closure of business offices		10,575		—		
Other current liabilities		910,365		1,029,977		
<b>Total Current Liabilities</b>		<b>20,700,493</b>	<b>38.0</b>	<b>24,428,971</b>	<b>42.6</b>	<b>3,728,477</b>
<b>Long-term Liabilities</b>						
Corporate bond		486,000		378,000		
Long-term debt		8,209,260		3,823,260		
Deferred tax liabilities		—		38,607		
Reserve for directors' retirement benefits		78,451		—		
Other long-term liabilities		2,293,699		2,561,674		
<b>Total Long-term Liabilities</b>		<b>11,067,410</b>	<b>20.3</b>	<b>6,801,541</b>	<b>11.9</b>	<b>(4,265,868)</b>
<b>Total Liabilities</b>		<b>31,767,904</b>	<b>58.3</b>	<b>31,230,513</b>	<b>54.5</b>	<b>(537,390)</b>
<b>NET ASSETS</b>						
<b>Shareholders' Equity</b>						
Common stock		7,227,668	13.3	7,228,308	12.6	640
Additional paid-in capital		7,289,003	13.4	7,289,643	12.7	639
Retained earnings		8,210,477	15.0	11,530,043	20.1	3,319,565
<b>Total Shareholders' Equity</b>		<b>22,727,149</b>	<b>41.7</b>	<b>26,047,994</b>	<b>45.4</b>	<b>3,320,845</b>
<b>Valuation and Translation Adjustments</b>						
Net unrealized holding gain on securities		4,714	0.0	2,259	0.0	(2,455)
<b>Total Valuation and Translation Adjustments</b>		<b>4,714</b>	<b>0.0</b>	<b>2,259</b>	<b>0.0</b>	<b>(2,455)</b>
<b>Stock Acquisition rights</b>		<b>2,918</b>	<b>0.0</b>	<b>35,388</b>	<b>0.1</b>	<b>32,469</b>
<b>Total Net Assets</b>		<b>22,734,782</b>	<b>41.7</b>	<b>26,085,642</b>	<b>45.5</b>	<b>3,350,859</b>
<b>Total Liabilities and Net Assets</b>		<b><u>54,502,686</u></b>	<b><u>100.0</u></b>	<b><u>57,316,156</u></b>	<b><u>100.0</u></b>	<b><u>2,813,469</u></b>

**(2) Summarized Consolidated Statements of Income**

(¥ thousand)

Items	Period	Fiscal 2007 (April 1, 2006 – March 31, 2007)		Fiscal 2008 (April 1, 2007 – March 31, 2008)		Increase/ Decrease
		Amount	Share of Total (%)	Amount	Share of Total (%)	Amount
<b>Net Sales</b>		<b>35,254,545</b>	<b>100.0</b>	<b>48,150,224</b>	<b>100.0</b>	<b>12,895,678</b>
<b>Cost of Sales</b>		23,155,684	65.7	37,877,164	78.7	14,721,479
Gross Profit		12,098,860	34.3	10,273,059	21.3	(1,825,800)
<b>Selling, General and Administrative Expenses</b>		3,390,702	9.6	3,312,218	6.9	(78,483)
<b>Operating Income</b>		<b>8,708,157</b>	<b>24.7</b>	<b>6,960,840</b>	<b>14.4</b>	<b>(1,747,316)</b>
<b>Other Income</b>		<b>14,387</b>	<b>0.0</b>	<b>76,534</b>	<b>0.2</b>	<b>62,147</b>
Interest income		7,294		17,698		
Dividend receivable		411		480		
Insurance cancellation gain		3,587		—		
Penalty income		—		41,854		
Interest on tax refund		—		10,748		
Other		3,093		5,753		
<b>Other Expenses</b>		<b>432,878</b>	<b>1.2</b>	<b>690,920</b>	<b>1.4</b>	<b>258,041</b>
Interest Expense		286,024		550,419		
Fees for finance		70,500		138,662		
Other		76,353		1,837		
<b>Ordinary Income</b>		<b>8,289,666</b>	<b>23.5</b>	<b>6,346,455</b>	<b>13.2</b>	<b>(1,943,211)</b>
<b>Extraordinary Gains</b>		<b>9,614</b>	<b>0.0</b>	<b>17,239</b>	<b>0.0</b>	<b>7,624</b>
Gain on allowance for doubtful accounts		1,074		684		
Gain on construction warranty reserve		8,540		13,042		
Gain on reserve for losses on closure of business offices		—		3,511		
<b>Extraordinary Losses</b>		<b>11,773</b>	<b>0.0</b>	<b>11,046</b>	<b>0.0</b>	<b>(726)</b>
loss on sales of property and equipment		—		7,645		
loss on disposal of property and equipment		1,197		100		
Transfer to reserve for losses on closure of business offices		10,575		—		
Loss on liquidation of investment		—		3,300		
<b>Income before Income Taxes</b>		<b>8,287,507</b>	<b>23.5</b>	<b>6,352,648</b>	<b>13.2</b>	<b>(1,934,859)</b>
<b>Income taxes</b>		<b>3,433,576</b>	<b>9.7</b>	<b>2,701,780</b>	<b>5.6</b>	<b>(731,796)</b>
Income taxes-current		4,056,679		3,250,910		
Income taxes-deferred		(623,103)		(549,129)		
<b>Net Income</b>		<b><u>4,853,931</u></b>	<b><u>13.8</u></b>	<b><u>3,650,868</u></b>	<b><u>7.6</u></b>	<b><u>(1,203,063)</u></b>

**(3) Summarized Consolidated Statements of Changes in Shareholders' Equity**  
Fiscal 2007 (April 1, 2006 – March 31, 2007)

(¥ thousand)

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

(¥ thousand)

	Valuation and Translation Adjustments		Stock Acquisition Rights	Total Net Assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments		
<b>Balance as of March 31, 2006</b>	<b>1,654</b>	<b>1,654</b>	<b>—</b>	<b>9,643,327</b>
<b>Changes during the year</b>				
Common stock issued	—	—	—	8,353,511
Cash dividends from retained earnings <sup>※</sup>	—	—	—	(96,966)
Bonuses to directors by appropriated retained earnings <sup>※</sup>	—	—	—	(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
<b>Total changes during the year</b>	<b>3,059</b>	<b>3,059</b>	<b>2,918</b>	<b>13,091,455</b>
<b>Balance as of March 31, 2007</b>	<b><u>4,714</u></b>	<b><u>4,714</u></b>	<b><u>2,918</u></b>	<b><u>22,734,782</u></b>

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



Fiscal 2008 (April 1, 2007 – March 31, 2008)

(¥ thousand)

	Shareholders' Equity			
	Common stock	Additional paid-in capital	Retained earnings	Total Shareholders' Equity
<b>Balance as of March 31, 2007</b>	<b>7,227,668</b>	<b>7,289,003</b>	<b>8,210,477</b>	<b>22,727,149</b>
<b>Changes during the year</b>				
Common stock issued	640	639	—	1,280
Cash dividends from retained earnings	—	—	(331,303)	(331,303)
Net income	—	—	3,650,868	3,650,868
Changes during the year in items other than shareholders' equity (net)	—	—	—	—
<b>Total changes during the year</b>	<b>640</b>	<b>639</b>	<b>3,319,565</b>	<b>3,320,845</b>
<b>Balance as of March 31, 2008</b>	<b><u>7,228,308</u></b>	<b><u>7,289,643</u></b>	<b><u>11,530,043</u></b>	<b><u>26,047,994</u></b>

(¥ thousand)

	Valuation and Translation Adjustments		Stock Acquisition Rights	Total Net Assets
	Net unrealized holding gain (loss) on securities	Total valuation and translation adjustments		
<b>Balance as of March 31, 2007</b>	<b>4,714</b>	<b>4,714</b>	<b>2,918</b>	<b>22,734,782</b>
<b>Changes during the year</b>				
Common stock issued	—	—	—	8,353,511
Cash dividends from retained earnings	—	—	—	(96,966)
Net income	—	—	—	4,853,931
Changes during the year in items other than shareholders' equity (net)	(2,455)	(2,455)	32,469	30,014
<b>Total changes during the year</b>	<b>(2,455)</b>	<b>(2,455)</b>	<b>32,469</b>	<b>3,350,859</b>
<b>Balance as of March 31, 2008</b>	<b><u>2,259</u></b>	<b><u>2,259</u></b>	<b><u>35,388</u></b>	<b><u>26,085,642</u></b>

**(4) Summarized Consolidated Statements of Cash Flows**

(¥ thousand)

Items	Period	Fiscal 2007 (April 1, 2006 – March 31, 2007)	Fiscal 2008 (April 1, 2007 – March 31, 2008)	Increase/ Decrease
		Amount	Amount	Amount
<b>Cash Flows from Operating Activities</b>				
Income before income taxes		8,287,507	6,352,648	
Depreciation and amortization		291,314	589,164	
Amortization of goodwill		473,078	—	
Stock acquisition rights		2,918	32,469	
Allowance for doubtful accounts		(1,074)	1,276	
Accrued bonuses for employees		15,742	18,455	
Accrued bonuses for directors		46,000	(46,000)	
Reserve for directors' retirement benefits		3,866	(78,451)	
Construction warranty reserve		(12,100)	(13,600)	
Reserve for losses on closure of business offices		10,575	(5,279)	
Interest and dividend income		(7,706)	(18,178)	
Interest expense		286,024	550,419	
Insurance cancellation gain		(3,587)	—	
Common stock issuance cost		42,928	—	
Sales of property and equipments		—	7,645	
Disposal of property and equipments		1,197	100	
Loss on liquidation of investment		—	3,300	
Accounts receivable - trade		173,973	220,395	
Inventories		(21,949,630)	(8,056,132)	
Accounts payable-trade		861,676	(370,732)	
Consumption tax payable		(51,115)	(80,510)	
Consumption tax receivable		7,834	45,433	
Security deposits received		1,764,901	192,556	
Payment for directors' and statutory auditors' bonuses		(25,000)	—	
Others, net		136,090	260,415	
Sub total		(9,644,583)	(394,602)	9,249,980
Interest and dividend received		5,504	20,428	
Interest paid		(291,673)	(549,819)	
Refunded income tax received		—	202,417	
Income tax paid		(3,368,432)	(4,234,260)	
<b>Net Cash Used in Operating Activities</b>		<b>(13,299,184)</b>	<b>(4,955,836)</b>	<b>8,343,348</b>
<b>Cash Flows from Investing Activities</b>				
Payments for time deposits		(395,268)	(469,435)	
Proceed from time deposits		116,000	1,035,326	
Purchases of property and equipment		(48,035)	(272,780)	
Sales of property and equipments		—	1,442	
Purchases of intangible fixed assets		(42,343)	(36,617)	
Purchases of investment securities		(713,804)	(604,700)	
Payments for security deposits		(14,213)	(156,806)	
Proceed from security deposits		—	108,241	
Others, net		12,168	6,671	
<b>Net Cash Used in Investing Activities</b>		<b>(1,085,497)</b>	<b>(388,657)</b>	<b>696,839</b>



Items	Period	Fiscal 2007 (April 1, 2006 – March 31, 2007)	Fiscal 2008 (April 1, 2007 – March 31, 2008)	Increase/ Decrease
		Amount	Amount	Amount
<b>Cash Flows from Financing Activities</b>				
Proceeds from short-term borrowings		(1,804,000)	5,271,000	
Proceeds from long-term borrowings		15,960,000	6,232,000	
Repayments of long-term borrowings		(2,833,300)	(11,103,200)	
Payments for redemption of bonds		(988,000)	(108,000)	
Proceeds from issuance of common stock		8,310,583	1,235	
Dividends paid		(96,643)	(330,021)	
<b>Net Cash Provided by Financing Activities</b>		<b>18,548,639</b>	<b>(36,985)</b>	<b>(18,585,625)</b>
<b>Increase in Cash and Cash Equivalents</b>		<b>4,163,957</b>	<b>(5,381,479)</b>	<b>(9,545,437)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>		<b>6,005,324</b>	<b>10,169,282</b>	<b>4,163,957</b>
<b>Cash and Cash Equivalents at End of Year</b>		<b><u>10,169,282</u></b>	<b><u>4,787,802</u></b>	<b><u>(5,381,479)</u></b>