

Financial Results for First Half of Fiscal Year Ending March 31, 2009 (Translation of Japanese Flash Report, Released on October 30, 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 First Half of Fiscal Year Ending March 31, 2009 (from April 1 to September 30, 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 (loss)		Ordinary Income (loss)	
1st half of FY ending March 31, 2009	¥14,688	- %	¥(1,400)	- %	¥(1,875)	- %
1st half of FY ended March 31, 2008	¥21,407	38.5%	¥4,642	51.9%	¥4,429	56.3%

	Net Income (loss)		Net Income (loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)
1st half of FY ending March 31, 2009	¥(523)	- %	¥(1,579.32)	¥-
1st half of FY ended March 31, 2008	¥2,480	69.9%	¥7,484.13	¥7,481.89

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
1st half of FY ending March 31, 2009	¥54,480	¥25,078	45.9%	¥75,502.05
FY ended March 31, 2008	¥57,316	¥26,085	45.5%	¥78,584.15

Reference) Equity at term-end: 1st half of FY ending March 31, 2009: ¥25,028 million
FY ended March 31, 2008: ¥26,050 million

2. Cash Dividends

(Yen)

	Cash Dividends per Share				
	1st quarter period	2nd quarter period	3rd quarter period	Year end	Annual total
FY ended March 31, 2008	-	-	-	¥1,500.00	¥1,500.00
FY ending March 31, 2009	-	-	-	-	-
FY ending March 31, 2009 (Projections)	-	-	-	¥1,500.00	¥1,500.00

Note: There were no revisions to forecast dividends during the quarter.

3. Projections for Consolidated Performance in Fiscal Year Ending March 31, 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 (loss)		Ordinary Income (loss)		Net Income		Net Income per Share (Yen)
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount
Full year	¥46,000	-4.5%	¥(300)	- %	¥1,100	- %	¥650	-82.2%	¥1,960.81

Note: There were revisions to consolidated earnings forecasts during the quarter.

4. Other

(1) Significant change in subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly companies: —

Excluded companies: —

(2) Adoption of simplified accounting processes and special accounting processes in making quarterly consolidated financial statements: Yes

Note: For detailed information, see Item 4, “ Other ” under “ Qualitative information/financial statements ” on page 6.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: No

Note: For detailed information, see Item 4, “ Other ” under “ Qualitative information/financial statements ” on page 6.

(4) 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):

September 2008: 331,495 shares March 2008: 331,495 shares

2) Number of treasury stock at end of period:

September 2008: — shares March 2008: — shares

3) Weighted average number of shares for first half period (April 1 – September 30):

April 1 – September 30, 2008: 331,495 shares April 1 – September 30, 2007: 331,454 shares

Appropriate use of projections for performance, other notes

1. 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 Item 3, “Qualitative information on consolidated earnings forecasts” under “Qualitative information/financial statements” on page 5.
2. The Company applied Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard No.12 of the Accounting Standards Board of Japan), and Guidance on Accounting Standard for Quarterly Financial Statements (Implementation Guidance No.14 of the Accounting Standards Board of Japan) from the fiscal year beginning April 1, 2008.) We have made our quarterly consolidated financial statements as specified by Regulations on Quarterly Consolidated Financial Statements.

Qualitative information/financial statements

1. Qualitative information on consolidated business performance

Japan's economy during the second quarter of fiscal year ending March 31, 2009 (the three months ended September 30, 2008) responded to the financial anxiety radiating from the US and Europe with plunges in stock prices, an increasingly stronger yen, stagnant personal consumption and capital investment, and a marked business slowdown. The real estate industry (the Group's industry) responded to the global financial market upheaval with a slump in real estate transactions. For some companies, these extremely demanding conditions resulted in financing difficulties leading to bankruptcy.

We, Sun Frontier Fudousan Group ("the group"), have responded to this environment by honing our specialized business strategies for central Tokyo office buildings, and focusing on augmenting our lineup of general real estate services centered around real estate revitalization. The Group generated a steady stream of products with high added value, aiming to create real value by creating secure, livable and environmentally aware office buildings. But the rise in financial anxiety that began in August resulted in a sudden increase in credit contraction that significantly reduced real estate liquidity. These sudden market changes underscored the importance of further strengthening our financial structure, and we worked on raising capital by selling property and aggressive measures to procure long-term loans.

These developments resulted in the following second-quarter consolidated business performance: Sales of ¥2,381,579 thousand, an operating loss of ¥1,946,818 thousand, ordinary loss of ¥2,203,147 thousand, and net loss of ¥696,154 thousand. (See the Group's quarterly business performance report for the first quarter of fiscal year ending March 31, 2009, released on July 30, 2008, for qualitative information on consolidated business performance for the first quarter of fiscal 2008.) Business performance for each segment is described below.

Real Estate Revitalization

The Group's replanning business aggressively continued its work on property sales during the quarter. Quickly creating real estate revitalization properties ready for market and selling off inventory were the top priorities. The Group worked on several bold and wide-ranging initiatives during the quarter, targeting the buyer segment that includes wealthy individuals seeking stable long-term investments and general business concerns seeking properties for their own use. But the worsening global financial anxiety that began in August created a once-in-a-century credit contraction that induced purchase cancellations and postponements, and a drop in market liquidity worse than we expected.

Due to this challenging environment, the Group sold four properties during the quarter, generating sales of ¥1,592 million, and a gross profit of ¥161 million (a gross profit rate of 10.2%). In light of recent economic conditions and anticipated real estate market trends for the coming six months, we conducted an inventory valuation, and entered valuation loss on inventories of ¥1,936 million at the end of the quarter.

The Group decided to purchase only one property during the quarter. Amid a sudden rise in the amount of market sale property information since the summer, the decision was the result of careful research targeting medium and small central Tokyo office buildings which have high long-term rental demand and stable market liquidity. We purchased two properties during the quarter, for a total cost of ¥3,889 million. The other property contract was signed in the previous quarter and which was settled and delivered in the current quarter.

The Group's building leasing business was solid overall since new vacancies were filled and fixed assets

were operated stably, although property sales during the first quarter resulted in a slight decrease in rental income from inventory. Building leasing business sales for the quarter of ¥444 million, gross profit of ¥291 million, and a gross profit rate of 65.6%.

Overall, these efforts gave the real estate revitalization segment sales for the quarter of ¥2,036,716 thousand and an operating loss of ¥1,739,361 thousand.

Real Estate Services

The focus of our real estate services segment during the quarter was intensive input of internal resources to the task of creating real estate revitalization properties, to strengthen and speed the process of readying products for market.

Our sales brokerage business continued the previous quarter's focus on selling replanning properties, bringing the efforts of the entire department to bear. Value creation work on replanning properties were still getting underway in July and sales activities didn't get fully underway until August, so the properties information was not able to fully penetrate the market, but the effects of these activities started to gradually take hold in late September.

Our leasing brokerage business focused on activities to fill all vacancies in replanning properties, and on gaining larger brokerage projects.

Our property management business consisted of replacing trust properties to gain larger projects, and stepping up activities aimed at improving tenant satisfaction in existing trust properties. We focused on earning consulting fees for rent renegotiations and construction renovations.

In light of the recent economic slowdown, our leasing guarantee business was marked by a market environment of increasing tenant rent delinquency. And with several privately offered funds going bankrupt recently, building owners are facing a growing risk of repayment defaults on rent deposits. The Group responded to these challenges by seeking to create a solid business organization and enforcing a more rigorous tenant screening system. From our inception through the end of the current quarter, the Group has only had to make two guarantee payouts. Japan's increasing appreciation of the importance of leasing guarantee providers has helped the Group aggressively expand sales channels and steadily raise the total contract value. (The Group's leasing guarantees do not cover debts incurred for rent deposit repayments to tenants.)

These efforts gave the real estate services segment sales for the quarter of ¥266,938 thousand and an operating loss of ¥96,602 thousand.

Other Real Estate

Our asset management business and real estate securitization business enjoyed solid growth during the quarter, with stable asset management fees and dividend income from privately offered funds the Group has financed. This growth gave our 'other real estate' segment sales of ¥77,924 thousand and operating income of ¥56,735 thousand.

2. Qualitative information on consolidated financial conditions

On a consolidated basis, total assets at the end of the second quarter of fiscal year ending March 31, 2009 were ¥54,480,033 thousand (down 4.9% from the end of the previous fiscal year), and liabilities were ¥29,401,324 thousand (down 5.9%). The decrease in total assets was mainly due to a ¥583,187 thousand decrease in cash and bank deposits, ¥990,209 thousand decrease in inventories and ¥1,067,823 thousand decrease in other current

assets (such as advances paid). The decrease in liabilities was mainly due to a ¥1,456,882 thousand increase in interest-bearing debts, ¥302,847 thousand decrease in accounts payable, ¥1,461,975 thousand decrease in income taxes payable, and ¥1,213,486 thousand decrease in other long-term liabilities (such as security deposits received). Net assets were ¥25,078,708 thousand (down 3.9%), a decrease due mainly to a net loss of ¥523,539 thousand and dividends paid of ¥497,242 thousand. These figures resulted in an equity ratio of 45.9%.

Cash flows

On a consolidated basis, cash and cash equivalents ('cash') for the second quarter of fiscal year ending March 31, 2009 were ¥4,449,677 thousand, a decrease of ¥3,173,764 thousand from the balance at the end of the first quarter. This decrease resulted mainly from an increase in inventory due to the acquisition of replanning properties for real estate revitalization, offset by gain on sales of property and equipment and proceeds from long-term borrowings. The consolidated cash flows for the second quarter of fiscal year ending March 31, 2009 are described below, along with the factors responsible for them.

Cash flow from operating activities

Net cash used in operating activities was ¥3,402,704 thousand. This figure was mainly the result of ¥1,058,783 thousand in gain on sales of property and equipment, a net loss before income taxes of ¥1,112,675 thousand, and an increase in inventories of ¥1,358,851 thousand.

Cash flow from investing activities

Net cash provided by investing activities was ¥2,017,875 thousand. This figure mostly reflected ¥380,145 thousand in proceed from time deposits and ¥1,746,758 thousand in sale of property and equipments. It was offset by ¥65,000 thousand of payments for short-term loan receivable.

Cash flow from financing activities

Net cash used in financing activities was ¥1,788,934 thousand. This figure resulted primarily from a net decrease of ¥7,163,500 thousand in short-term borrowings and payments of ¥2,367,617 thousand to repay long-term borrowings. It was offset by ¥7,860,000 thousand in proceeds from long-term borrowings.

3. Qualitative information on consolidated earnings forecasts

We have revised the earnings forecast figures announced on May 8, 2008. The revisions are described in the "Earnings Surprises for First Half of Fiscal Year Ending March 31, 2009 and Yearly Earnings Forecast Revisions" information released today.

4. Other

(1) Significant change in subsidiaries during the period (changes to specified subsidiaries due to changes in the scope of consolidation): None.

(2) Adoption of simplified accounting processes and special accounting processes in making quarterly consolidated financial statements

Method of calculating doubtful accounts estimate amounts for general debts

Since we have found no significant difference between the doubtful accounts ratio for the end of the first quarter of fiscal year ending March 2009 and the ratio for the end of previous fiscal year, we have used the doubtful accounts ratio used at the end of previous fiscal year to calculate the estimated doubtful accounts

total.

- (3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

The Company applied Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard No.12 of the Accounting Standards Board of Japan), and Guidance on Accounting Standard for Quarterly Financial Statements (Implementation Guidance No.14 of the Accounting Standards Board of Japan) from the fiscal year beginning April 1, 2008.) We have made our quarterly consolidated financial statements as specified by Regulations on Quarterly Consolidated Financial Statements.

5. Consolidated Financial Statements

*Amounts under one thousand yen have been rounded down.

(1) Quarterly Consolidated Balance Sheets

(¥ thousand)

	End of 2Q of FY ending March 31, 2009 (as of September 30, 2008)	FY ended March 31, 2008 (as of March 31, 2008)
ASSETS		
Current Assets		
Cash and bank deposits	4,639,721	5,222,909
Accounts receivable - trade	71,608	55,126
Real estate held for sale	21,961,133	24,913,204
For-sale real estate under construction	22,451,865	20,487,697
Supplies	1,254	3,559
Deferred tax assets	1,283,496	988,383
Other current assets	221,769	1,289,592
Allowance for doubtful accounts	(80)	(60)
Total Current Assets	50,630,767	52,960,413
Fixed Assets		
Property and Equipment		
Buildings	967,722	1,138,030
Vehicles	1,827	2,174
Land	722,773	1,261,337
Other	31,338	39,158
Total Property and Equipment	1,723,661	2,440,701
Intangible Fixed Assets		
Other	64,139	73,726
Total Intangible Fixed Assets	64,139	73,726
Investments and Other Assets		
Investment securities	1,680,106	1,461,737
Other	384,887	383,107
Allowance for doubtful accounts	(3,530)	(3,530)
Total Investments and Other Assets	2,061,464	1,841,314
Total Fixed Assets	3,849,265	4,355,742
Total Assets	54,480,033	57,316,156

(¥ thousand)

	End of 2Q of FY ending March 31, 2009 (as of September 30, 2008)	FY ended March 31, 2008 (as of March 31, 2008)
LIABILITIES		
Current Liabilities		
Accounts payable - trade	291,619	594,467
Short-term borrowings	6,038,000	13,190,000
Current portion of bonds	108,000	108,000
Current portion of long-term debts	4,775,056	7,878,000
Income taxes payable	28,393	1,490,368
Accrued bonuses for employees	73,512	90,658
Accrued bonuses for directors	18,500	—
Construction warranty reserve	22,800	47,500
Other current liabilities	747,144	1,029,977
Total Current Liabilities	12,103,026	24,428,971
Long-term Liabilities		
Corporate bonds	324,000	378,000
Long-term debts	15,589,086	3,823,260
Deferred tax liabilities	37,024	38,607
Other long-term liabilities	1,348,188	2,561,674
Total Long-term Liabilities	17,298,298	6,801,541
Total Liabilities	29,401,324	31,230,513
NET ASSETS		
Shareholders' Equity		
Common stock	7,228,308	7,228,308
Additional paid-in capital	7,289,643	7,289,643
Retained earnings	10,509,261	11,530,043
Total Shareholders' Equity	25,027,212	26,047,994
Valuation and Translation Adjustments		
Net unrealized holding gain on other securities	1,341	2,259
Total Valuation and Translation Adjustments	1,341	2,259
Stock Acquisition Rights	50,154	35,388
Total Net Assets	25,078,708	26,085,642
Total Liabilities and Net Assets	54,480,033	57,316,156

(2) Interim Consolidated Statements of Income

(¥ thousand)

	1st half of FY ending March 31, 2009 (April 1– September 30, 2008)
Net Sales	14,688,778
Cost of Sales	14,304,503
Gross Profit	384,274
Selling, General and Administrative Expenses	1,785,047
Operating Loss	(1,400,772)
Other Income	11,919
Interest income	7,030
Dividend receivable	375
Other	4,512
Other Expenses	486,263
Interest Expense	286,525
Fees for finance	199,009
Other	728
Ordinary Loss	(1,875,116)
Extraordinary Gains	1,059,311
Gain on sales of property and equipment	1,058,783
Reversal of construction warranty reserve	527
Extraordinary Losses	486
Loss on disposal of property and equipment	486
Loss before Income Taxes	(816,291)
Income Taxes	(292,752)
Income taxes-current	3,313
Income taxes-deferred	(296,066)
<u>Net Loss</u>	<u>(523,539)</u>

(2) Quarterly Consolidated Statements of Income

(¥ thousand)

	2nd quarter of FY ending March 31, 2009 (July 1– September 30, 2008)
Net Sales	2,381,579
Cost of Sales	3,586,539
Gross Loss	(1,204,960)
Selling, General and Administrative Expenses	741,857
Operating Loss	(1,946,818)
Other Income	11,450
Interest income	6,950
Dividend receivable	135
Other	4,363
Other Expenses	267,779
Interest Expense	158,060
Fees for finance	109,354
Other	365
Ordinary Loss	(2,203,147)
Extraordinary Gains	1,090,958
Gain on sales of property and equipment	1,058,783
Reversal of construction warranty reserve	32,175
Extraordinary Losses	486
Loss on disposal of property and equipment	486
Loss before Income Taxes	(1,112,675)
Income Taxes	(416,520)
Income taxes-current	1,798
Income taxes-deferred	(418,318)
<u>Net Loss</u>	<u>(696,154)</u>

(3) Interim Consolidated Statements of Cash Flows

(¥ thousand)

	1st half of FY ending March 31, 2009 (April 1– September 30, 2008)
Cash Flows from Operating Activities	
Loss before income taxes	(816,291)
Depreciation and amortization	222,213
Stock acquisition rights	14,766
Allowance for doubtful accounts	20
Accrued bonuses for employees	(17,145)
Accrued bonuses for directors	18,500
Construction warranty reserve	(24,700)
Interest and dividend income	(7,406)
Interest expense	286,525
Gain on sales of property and equipment	(1,058,783)
Loss on disposal of property and equipment	486
Accounts receivable - trade	(75,515)
Inventories	812,409
Accounts payable-trade	666,157
Consumption tax receivable	171,852
Security deposits received	(1,198,861)
Others, net	(198,229)
Sub total	(1,204,003)
Interest and dividend received	7,406
Interest paid	(231,744)
Income tax paid	(1,471,147)
Net Cash Used in Operating Activities	(2,899,489)
Cash Flows from Investing Activities	
Payments for time deposits	(180,082)
Proceed from time deposits	416,145
Purchases of property and equipments	(5,445)
Sales of property and equipments	1,746,758
Purchases of intangible fixed assets	(2,199)
Purchases of investment securities	(319,300)
Payments for short-term loan receivable	(65,000)
Payments for security deposits	(4,828)
Proceed from security deposits	10,707
Others, net	2,277
Net Cash Provided by Investing Activities	1,599,034
Cash Flows from Financing Activities	
Decrease in short-term borrowings, net	(7,152,000)
Proceeds from long-term borrowings	16,660,000
Repayments of long-term borrowings	(7,997,117)
Payments for redemption of bonds	(54,000)
Dividends paid	(494,552)
Net Cash Provided by Financing Activities	962,330
Decrease in Cash and Cash Equivalents	(338,124)
Cash and Cash Equivalents at Beginning of the Term	4,787,802
Cash and Cash Equivalents at End of the Term	<u>4,449,677</u>

The Company applied Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard No.12 of the Accounting Standards Board of Japan), and Guidance on Accounting Standard for Quarterly Financial Statements (Implementation Guidance No.14 of the Accounting Standards Board of Japan) from the fiscal year beginning April 1, 2008.) We have made our quarterly consolidated financial statements as specified by Regulations on Quarterly Consolidated Financial Statements.

(4) Notes on going-concern assumptions

None.

(5) Segment Information

a. Business Performance by Segment

Second Quarter of FY Ending March 31, 2009 (from July 1 —September 30, 2008)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	2,036,716	266,938	77,924	2,381,579	—	2,381,579
Intersegment sales	—	—	—	—	—	—
Total sales	2,036,716	266,938	77,924	2,381,579	—	2,381,579
Operating income (loss)	(1,739,361)	(96,602)	56,735	(1,779,229)	(167,588)	(1,946,818)

First Half of FY Ending March 31, 2009 (from April 1 —September 30, 2008)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	14,008,751	554,818	125,208	14,688,778	—	14,688,778
Intersegment sales	—	—	—	—	—	—
Total sales	14,008,751	554,818	125,208	14,688,778	—	14,688,778
Operating income (loss)	(953,595)	(196,120)	77,202	(1,072,512)	(328,259)	(1,400,772)

Notes: 1. Businesses are divided in accordance with categories used for the internal management of earnings.

2. The following are the primary business segments of the Group and the description of the Company's primary businesses.

(1) Real-estate revitalization ----- Purchase, leasing, sales of revitalization type used building for business

(2) Real-estate services ----- Sales and leasing brokerage services, Property management, Construction planning, Leasing guarantee, Real estate loan guarantee

(3) Other real-estate business ----- Asset management, Private fund planning, creation, and management

b. Segment Information by Business Location

During the second quarter of FY ending March 31, 2009 (from July 1 – September 30, 2008) and the first half of FY ending March 31, 2009 (from April 1 – September 30, 2008), there was no consolidated subsidiary in any country or territory outside Japan, and no major overseas branch, so this item does not exist.

c. Overseas Sales

During the second quarter of FY ending March 31, 2009 (from July 1 – September 30, 2008) and the first half of FY ending March 31, 2009 (from April 1 – September 30, 2008), the Company and subsidiaries did not account overseas sales, so this item does not exist.

(6) Notes accompanying significant changes in amounts of shareholders' equity

None.

Reference

Interim Consolidated Financial Statements, etc. for Previous Fiscal Year

(1) Summarized Interim Consolidated Statements of Income

(¥ thousand)

	1st half of FY ended March 31, 2008 (April 1– September 30, 2007)
Net Sales	21,407,936
Cost of Sales	15,293,317
Gross Profit	6,114,618
Selling, General and Administrative Expenses	1,471,714
Operating Income	4,642,904
Other Income	61,941
Interest income	8,340
Dividend receivable	359
Penalty income	41,854
Other	11,387
Other Expenses	275,339
Interest Expense	248,430
Other	26,908
Ordinary Income	4,429,506
Extraordinary Gains	36,634
Reversal of allowance for doubtful accounts	104
Reversal of construction warranty reserve	33,019
Gain on reserve for losses on closure of business offices	3,511
Extraordinary Losses	100
Loss on disposal of property and equipment	100
Income before Income Taxes	4,466,040
Income Taxes	1,985,394
Income taxes-current	2,061,900
Income taxes-deferred	(76,505)
<u>Net Income</u>	<u>2,480,645</u>

(2) Summarized Interim Consolidated Statements of Cash Flows

(¥ thousand)

	1st half of FY ended March 31, 2008 (April 1– September 30, 2007)
Cash Flows from Operating Activities	
Income before income taxes	4,466,040
Depreciation and amortization	252,661
Stock acquisition rights	17,513
Allowance for doubtful accounts	(104)
Accrued bonuses for employees	4,959
Accrued bonuses for directors	(20,000)
Reserve for directors' retirement benefits	(78,451)
Construction warranty reserve	(33,300)
Reserve for losses on closure of business offices	(5,279)
Interest and dividend income	(8,699)
Interest expense	248,430
Common stock issuance cost	44
Disposal of property and equipments	100
Accounts receivable - trade	341,307
Inventories	(9,092,392)
Accounts payable-trade	217,235
Consumption tax payable	61,665
Consumption tax receivable	99,470
Security deposits received	562,764
Others, net	15,134
Sub total	(2,950,897)
Interest and dividend received	10,949
Interest paid	(248,450)
Refunded income tax received	202,417
Income tax paid	(2,407,705)
Net Cash Used in Operating Activities	(5,393,687)
Cash Flows from Investing Activities	
Payments for time deposits	(182,172)
Proceed from time deposits	974,679
Purchases of property and equipments	(69,096)
Purchases of intangible fixed assets	(23,987)
Purchases of investment securities	(586,700)
Proceed from security deposits	19,744
Others, net	(589)
Net Cash Provided by Investing Activities	131,877
Cash Flows from Financing Activities	
Proceeds from short-term borrowings	230,000
Proceeds from long-term borrowings	5,282,000
Repayments of long-term borrowings	(190,400)
Payments for redemption of bonds	(54,000)
Proceeds from issuance of common stock	1,235
Dividends paid	(329,724)
Net Cash Provided by Financing Activities	4,939,111
Net Decrease in Cash and Cash Equivalents	(322,698)
Cash and Cash Equivalents at Beginning of the Term	10,169,282
Cash and Cash Equivalents at End of the Term	<u>9,846,584</u>

(3) Segment Information

a. Business Performance by Segment

First Half of FY Ended March 31, 2008 (from April 1 —September 30, 2007)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	20,748,193	629,628	30,114	21,407,936	—	21,407,936
Intersegment sales	—	15,424	—	15,424	(15,424)	—
Total sales	20,748,193	645,052	30,114	21,423,360	(15,424)	21,407,936
Operating expenses	15,593,297	738,283	27,427	16,359,007	406,024	16,765,031
Operating income (loss)	5,154,896	(93,230)	2,687	5,064,352	(421,448)	4,642,904

b. Segment Information by Business Location

During the first half of FY ended March 31, 2008 (from April 1 – September 30, 2007), there was no consolidated subsidiary in any country or territory outside Japan, and no major overseas branch, so this item does not exist.

c. Overseas Sales

During the first half of FY ended March 31, 2008 (from April 1 – September 30, 2007), the Company and subsidiaries did not account overseas sales, so this item does not exist.