

**Financial Results for Third Quarter of Fiscal Year  
Ending March 31, 2009 (Fiscal 2009)  
(Translation of Japanese Flash Report, Released on January 29, 2009)**

Company name: Sun Frontier Fudousan Co., Ltd.

Stock listing: Tokyo Stock Exchange 1st Section

Code number: 8934

URL: <http://sunfrt.co.jp>

Address: 14F, Toho Hibiya Building, 2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006

Representative: Tomoaki Horiguchi, President

Inquiry: Seiichi Saito, Senior Managing Director and General Manager of Administration Division

(Phone: +81-3-5521-1301)

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

**1. Consolidated Performance in Third Quarter of Fiscal 2009 (from April 1 to December 31, 2008)**

(1) Fiscal year's 9 months cumulative operating results (from April 1 to December 31)

\*Percentage figures shown under 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)
Third Quarter of Fiscal 2009	¥20,031 (-27.6%)	(¥12,281) (-%)	(¥12,897) (-%)
Third Quarter of Fiscal 2008	¥27,665 (49.8%)	¥5,301 (44.5%)	¥4,937 (46.7%)

	Net Income (Loss)	Net Income (Loss) per Share	Fully Diluted Net Income per Share (Yen)
Third Quarter of Fiscal 2009	(¥12,888) (-%)	(¥38,879.83)	¥-
Third Quarter of Fiscal 2008	¥2,749 (16.1%)	¥8,295.45	¥8,293.30

(2) Financial Position (at end of the term)

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Third Quarter of Fiscal 2009	¥37,833	¥12,714	33.5%	¥38,201.30
Fiscal 2008	¥57,316	¥26,085	45.5%	¥78,584.15

Reference) Equity at term-end: 3Q of fiscal 2009 (as of December 31, 2008): ¥12,663 million

Fiscal 2008 (as of 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
Fiscal 2008	-	-	-	¥1,500.00	¥1,500.00
Fiscal 2009	-	-	-	-	-
Fiscal 2009 (Projections)	-	-	-	¥0.00	¥0.00

Note: There were revisions to forecast dividends during the quarter.

### 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 (Yen)
Full year	¥31,400 (-34.8%)	(¥12,600) (-%)	(¥13,400) (-%)	(¥12,500) (-%)	(¥37,707.95)

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

### 4. Other

(1) Changes in significant 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 methods: Yes

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

(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 5.

(4) Number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding at the end of the period (including treasury stock):

December 2008: 331,495 shares      March 2008: 331,495 shares

2) Number of treasury stock at the end of period:

December 2008: — shares      March 2008: — shares

3) Weighted average number of shares from the first to the third quarter period (April 1 – December 31):

2008: 331,495 shares      2007: 331,467 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**

US investment bank failures saw the financial crisis becoming more severe during the third quarter of the fiscal year ending March 2009 (the three months ended December 31, 2008), resulting in a sudden downturn in the global economy. With the yen's strength and falling demand, Japan's economy also took a sudden turn for the worse. There are now fears of a major recession, with many predicting a major (over 10%) year-on-year drop in real GDP for the quarter. In the real estate industry (the Group's industry), the financial crisis and tighter credit resulted in less real estate financing, sluggish transactions and falling prices.

The Sun Frontier Fudousan Group responded to this environment with an aggressive campaign designed to strengthen our financial condition by selling off inventory as quickly as possible, including inventory not ready for marketing. Since real estate prices are unlikely to recover soon under current market conditions, the Group took some painful but proactive accounting steps such as entering a valuation loss on inventories of ¥9,421 million to the cost of sales, breaking up deferred tax assets, and reducing our short-term borrowings by shifting to long-term debts. We also hastened to take significant Groupwide cost-cutting measures (such as streamlining our headquarters offices and cutting advertising and promotion costs) to lower our break-even point.

These efforts resulted in the following consolidated business performance for the third quarter of fiscal year ending March 2009: Sales of ¥5,342,488 thousand, an operating loss of ¥10,899,616 thousand, an ordinary loss of ¥11,040,770 thousand and a net loss of ¥12,364,929 thousand. Business performance for each segment is described below.

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

During the quarter, the Group's replanning business aggressively continued the efforts of the previous quarter to sell inventory properties, targeting the owner market segment and aiming to sell all remaining inventory properties. However, our aggressive sales efforts and pricing flexibility were largely thwarted by an ever-worsening real estate market reeling from the rapidly deteriorating economy and tighter financing described. They resulted in sales of just 6 properties with a sales volume of ¥4,644 million. Since the market is expected to require more time for a recovery, we have calculated expected sale prices conservatively, and entered a valuation loss on inventories of ¥9,421 million to the cost of sales for 12 of the 18 properties in our inventory at the end of the quarter. The replanning business' gross loss was ¥10,532 million as a result. On the other hand, due to careful investigation of some candidate properties for purchasing, no purchases resulted during the quarter.

Our building leasing business sold fixed assets (a building for leasing) in September, and one of the reasons for a decrease in rental income was this sale. However, an increasing occupancy rate among our existing properties gave our building leasing business' solid overall results, with sales of ¥368 million and a gross profit of ¥211 million.

These efforts resulted in sales of ¥5,012,752 thousand and an operating loss of ¥10,590,955 thousand for the business.

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

The focus of our real estate services segment during the quarter was selling replanning properties mainly through our sales brokerage business, which were also assisted by other business in efforts to improve occupancy rates to encourage sales.

As in the previous quarter, our sales brokerage business continued to focus on selling replanning properties. Despite an aggressive property information campaign that targeted every type of potential buyer, the rapidly worsening financial market that started in October decreased the availability of real estate financing and resulted in few transactions.

Our leasing brokerage business was successful in their efforts to increase the occupancy rates of replanning properties and win larger brokerage projects, and we were able to fill targeted sales properties. The recent poor market conditions are forcing an increasing number of companies to move due to downsizing, so there has been continued solid demand for good-quality medium-sized brokerage projects.

Our property management business consisted of after-sales contracted management work for replanning properties, and activities to increase satisfaction among both owners and tenants. Aiming to increase the amount of contracted management work done near our branches, we worked on improving our leasing business and worked actively on construction renovation proposals to increase building values.

The recession caused a slight increase in the number of rent delinquencies, but since the occupancy rate is falling throughout the market, the market is shifting from an owner's market to a renter's market. But as a result of changes in our sales strategy, our leasing guarantee business generated a solid guarantee contract volume by the end of the quarter.

These efforts gave the real estate services segment sales for the quarter of ¥265,273 thousand and an operating loss of ¥163,369 thousand.

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

Our asset management 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 ¥64,462 thousand and operating income of ¥50,792 thousand.

The Company and subsidiaries did not account overseas sales, so this item does not exist.

## **2. Qualitative information on consolidated financial conditions**

On a consolidated basis, total assets at the end of the third quarter of fiscal year ending March 2009 were ¥37,833,057 thousand (down 34.0% from the end of the previous fiscal year), and liabilities were ¥25,119,031 thousand (down 19.6%). The decrease in total assets was mainly due to a ¥1,282,424 thousand decrease in cash and bank deposits, a ¥15,609,353 thousand decrease in inventories, a ¥988,383 thousand decrease in deferred tax assets and a ¥1,142,957 thousand decrease in current assets (such as advances paid). The decrease in liabilities was mainly due to a ¥2,320,222 thousand decrease in interest-bearing debts, a ¥413,124 thousand decrease in accounts payable, a ¥1,479,765 thousand decrease in income taxes payable, and a ¥1,582,372 thousand decrease in long-term liabilities (such as security deposits received). Net assets were ¥12,714,026 thousand (down 51.3%), a decrease due mainly to this fiscal year's cumulative net loss of ¥12,888,469 thousand and dividends paid of ¥497,242 thousand. These figures resulted in an equity ratio of 33.5%.

#### **Cash flows**

On a consolidated basis, cash and cash equivalents ('cash') for the third quarter of fiscal year ending March 2009 were ¥3,663,422 thousand, a decrease of ¥786,255 thousand from the balance at the end of the second quarter. This decrease resulted mainly from an increase in inventories due to the acquisition of replanning properties by our real estate revitalization business, offset by gain on sales of property and equipment and proceeds from

long-term borrowings.

The consolidated cash flows for the third 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 provided by operating activities was ¥3,068,428 thousand. This figure was mainly the result of a ¥14,538,386 thousand decrease in inventories, offset by a loss before income taxes of ¥11,048,020 thousand.

*Cash flow from investing activities*

Net cash used for investing activities was ¥77,568 thousand. This figure mostly reflected a ¥135,018 thousand payments on time deposits, offset by ¥45,000 thousand in proceeds from time deposits and ¥10,000 thousand in proceeds from collection of security deposits.

*Cash flow from financing activities*

Net cash used in financing activities was ¥3,777,114 thousand. This figure resulted primarily from a net decrease of ¥4,038,000 thousand in short-term borrowings and repayment of ¥1,239,104 thousand in long-term borrowings, offset by proceeds of ¥1,500,000 thousand from long-term borrowings.

3. Qualitative information on consolidated earnings forecasts

We have revised the earnings forecast figures announced on October 30, 2008. The revisions are described in information released today entitled “Notification regarding the revision of the earnings forecasts for Fiscal 2009, year ending March 31, 2009 and revision of dividend forecast, and reduction of directors’ compensation.”

4. Other

(1) Major subsidiary changes during the term (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 third 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)

	Third Quarter of FY ending March 31, 2009 (as of December 31, 2008)	FY ended March 31, 2008 (as of March 31, 2008)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and bank deposits	3,940,484	5,222,909
Accounts receivable - trade	89,971	55,126
Real estate held for sale	14,372,674	24,913,204
For-sale real estate under construction	15,421,028	20,487,697
Supplies	1,405	3,559
Deferred tax assets	—	988,383
Other current assets	146,903	1,289,592
Allowance for doubtful accounts	(3,991)	(60)
<b>Total Current Assets</b>	<b>33,968,476</b>	<b>52,960,413</b>
<b>Fixed Assets</b>		
<b>Property and Equipment</b>		
Buildings	953,449	1,138,030
Vehicles	1,654	2,174
Land	722,773	1,261,337
Other	27,053	39,158
<b>Total Property and Equipment</b>	<b>1,704,930</b>	<b>2,440,701</b>
<b>Intangible Fixed Assets</b>		
Other	58,845	73,726
<b>Total Intangible Fixed Assets</b>	<b>58,845</b>	<b>73,726</b>
<b>Investments and Other Assets</b>		
Investment securities	1,727,832	1,461,737
Other	440,603	383,107
Allowance for doubtful accounts	(67,630)	(3,530)
<b>Total Investments and Other Assets</b>	<b>2,100,805</b>	<b>1,841,314</b>
<b>Total Fixed Assets</b>	<b>3,864,581</b>	<b>4,355,742</b>
<b>Total Assets</b>	<b>37,833,057</b>	<b>57,316,156</b>

(¥ thousand)

	Third Quarter of FY ending March 31, 2009 (as of December 31, 2008)	FY ended March 31, 2008 (as of March 31, 2008)
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable - trade	181,342	594,467
Short-term borrowings	2,000,000	13,190,000
Current portion of bonds	108,000	108,000
Current portion of long-term debts	4,805,628	7,878,000
Income taxes payable	10,603	1,490,368
Accrued bonuses for employees	14,485	90,658
Construction warranty reserve	22,300	47,500
Other current liabilities	785,508	1,029,977
<b>Total Current Liabilities</b>	<b>7,927,867</b>	<b>24,428,971</b>
<b>Long-term Liabilities</b>		
Corporate bonds	324,000	378,000
Long-term debts	15,819,410	3,823,260
Deferred tax liabilities	68,451	38,607
Other long-term liabilities	979,302	2,561,674
<b>Total Long-term Liabilities</b>	<b>17,191,164</b>	<b>6,801,541</b>
<b>Total Liabilities</b>	<b>25,119,031</b>	<b>31,230,513</b>
<b>NET ASSETS</b>		
<b>Shareholders' Equity</b>		
Common stock	7,228,308	7,228,308
Additional paid-in capital	7,289,643	7,289,643
Retained earnings	(1,855,668)	11,530,043
<b>Total Shareholders' Equity</b>	<b>12,662,283</b>	<b>26,047,994</b>
<b>Valuation and Translation Adjustments</b>		
Net unrealized holding gain on other securities	1,255	2,259
<b>Total Valuation and Translation Adjustments</b>	<b>1,255</b>	<b>2,259</b>
<b>Stock Acquisition Rights</b>	<b>50,487</b>	<b>35,388</b>
<b>Total Net Assets</b>	<b>12,714,026</b>	<b>26,085,642</b>
<b>Total Liabilities and Net Assets</b>	<b>37,833,057</b>	<b>57,316,156</b>

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

(From the first to third quarters of the fiscal year ending March 31, 2009)

(¥ thousand)

	From 1Q to3Q of FY ending March 31, 2009 (April 1– December 31, 2008)
<b>Net Sales</b>	<b>20,031,266</b>
Cost of Sales	29,714,814
Gross (Loss)	(9,683,547)
Selling, General and Administrative Expenses	2,598,341
<b>Operating (Loss)</b>	<b>(12,281,889)</b>
<b>Other Income</b>	<b>13,765</b>
Interest income	7,064
Dividend receivable	375
Return from cancellation of insurance	2,834
Other	3,491
<b>Other Expenses</b>	<b>629,263</b>
Interest Expense	428,712
Fees for finance	199,513
Other	1,037
<b>Ordinary (Loss)</b>	<b>(12,897,386)</b>
<b>Extraordinary Gains</b>	<b>1,059,411</b>
Gain on sales of property and equipment	1,058,783
Reversal of construction warranty reserve	627
<b>Extraordinary Losses</b>	<b>26,336</b>
Loss on disposal of property and equipment	26,336
<b>(Loss) before Income Taxes</b>	<b>(11,864,312)</b>
<b>Income Taxes</b>	<b>1,024,156</b>
Income taxes-current	5,509
Income taxes-deferred	1,018,647
<b><u>Net (Loss)</u></b>	<b><u>(12,888,469)</u></b>

(Third quarter of fiscal year ending March 31, 2009)

	(¥ thousand)
	3Q of FY ending March 31, 2009 (October 1– December 31, 2008)
<b>Net Sales</b>	<b>5,342,488</b>
Cost of Sales	15,410,310
Gross (Loss)	(10,067,821)
Selling, General and Administrative Expenses	831,794
<b>Operating (Loss)</b>	<b>(10,899,616)</b>
<b>Other Income</b>	<b>1,846</b>
Interest income	33
Return from cancellation of insurance	1,136
Other	676
<b>Other Expenses</b>	<b>143,000</b>
Interest Expense	142,187
Other	813
<b>Ordinary (Loss)</b>	<b>(11,040,770)</b>
<b>Extraordinary Gains</b>	<b>18,600</b>
Reversal of construction warranty reserve	100
Reversal of accrued bonuses for directors	18,500
<b>Extraordinary Losses</b>	<b>25,850</b>
Loss on disposal of property and equipment	25,850
<b>(Loss) before Income Taxes</b>	<b>(11,048,020)</b>
<b>Income Taxes</b>	<b>1,316,909</b>
Income taxes-current	2,195
Income taxes-deferred	1,314,713
<b><u>Net (Loss)</u></b>	<b><u>(12,364,929)</u></b>

### (3) Quarterly Consolidated Statements of Cash Flows

(¥ thousand)

	From 1Q to3Q of FY ending March 31, 2009 (April 1– December 31, 2008)
<b>Cash Flows from Operating Activities</b>	
(Loss) before income taxes	(11,864,312)
Depreciation and amortization	324,130
Stock acquisition rights	15,098
Allowance for doubtful accounts	68,031
Accrued bonuses for employees	(76,172)
Construction warranty reserve	(25,200)
Interest and dividend income	(7,440)
Interest expense	428,712
Gain on sales of property and equipment	(1,058,783)
Loss on disposal of property and equipment	26,336
Accounts receivable - trade	(172,906)
Inventories	15,350,795
Accounts payable-trade	553,547
Consumption tax payable	27,947
Consumption tax receivable	186,439
Security deposits received	(1,563,203)
Others, net	(198,302)
Sub total	(2,014,717)
Interest and dividend received	7,440
Interest paid	(378,793)
Income tax paid	(1,474,425)
<b>Net Cash Provided by Operating Activities</b>	<b>168,938</b>
<b>Cash Flows from Investing Activities</b>	
Payments for time deposits	(315,101)
Proceed from time deposits	416,145
Purchases of property and equipments	(5,445)
Sales of property and equipments	1,745,927
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	(4,831)
Proceed from security deposits	20,707
Others, net	5,562
<b>Net Cash Provided by Investing Activities</b>	<b>1,521,465</b>
<b>Cash Flows from Financing Activities</b>	
Decrease in short-term borrowings, net	(11,190,000)
Proceeds from long-term borrowings	18,160,000
Repayments of long-term borrowings	(9,236,222)
Payments for redemption of bonds	(54,000)
Dividends paid	(494,561)
<b>Net Cash Used in Financing Activities</b>	<b>(2,814,783)</b>
<b>Decrease in Cash and Cash Equivalents</b>	<b>(1,124,379)</b>
<b>Cash and Cash Equivalents at Beginning of the Term</b>	<b>4,787,802</b>
<b>Cash and Cash Equivalents at End of the Term</b>	<b><u>3,663,422</u></b>

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**

Third Quarter of FY Ending March 31, 2009 (from October 1 —December 31, 2008)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	5,012,752	265,273	64,462	5,342,488	—	5,342,488
Intersegment sales	—	—	—	—	—	—
Total sales	5,012,752	265,273	64,462	5,342,488	—	5,342,488
Operating income (loss)	(10,590,955)	(163,369)	50,792	(10,703,532)	(196,083)	(10,899,616)

From the First to Third Quarters of FY Ending March 31, 2009 (from April 1 —December 31, 2008)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	19,021,504	820,092	189,670	20,031,266	—	20,031,266
Intersegment sales	—	—	—	—	—	—
Total sales	19,021,504	820,092	189,670	20,031,266	—	20,031,266
Operating income (loss)	(11,544,551)	(359,489)	127,995	(11,776,045)	(505,843)	(12,281,889)

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 third quarter of FY ending March 31, 2009 (from October 1 – December 31, 2008) and from the first to third quarters of FY ending March 31, 2009 (from April 1 – December 31, 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 third quarter of FY ending March 31, 2009 (from October 1 – December 31, 2008) and from the first to third quarters of FY ending March 31, 2009 (from April 1 – December 31, 2008), the Company and subsidiaries did not accounted overseas sales, so this item does not exist.

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

None.

## Reference

### Quarterly Consolidated Financial Statements, etc. for Previous Fiscal Year

#### (1) Summarized Quarterly Consolidated Statements of Income

(¥ thousand)

	From 1Q to3Q of FY ending March 31, 2008 (April 1– December 31, 2007)
<b>Net Sales</b>	<b>27,665,570</b>
Cost of Sales	20,149,392
Gross Profit	7,516,177
Selling, General and Administrative Expenses	2,214,241
<b>Operating Income</b>	<b>5,301,936</b>
<b>Other Income</b>	<b>67,511</b>
<b>Other Expenses</b>	<b>431,889</b>
<b>Ordinary Income</b>	<b>4,937,558</b>
<b>Extraordinary Gains</b>	<b>47,634</b>
<b>Extraordinary Losses</b>	<b>6,751</b>
<b>Income before Income Taxes</b>	<b>4,978,441</b>
<b>Income Taxes</b>	<b>2,228,770</b>
<b><u>Net Income</u></b>	<b><u>2,749,671</u></b>

**(2) Summarized Quarterly Consolidated Statements of Cash Flows**

(¥ thousand)

	From 1Q to3Q of FY ending March 31, 2008 (April 1– December 31, 2007)
<b>Cash Flows from Operating Activities</b>	
Income before income taxes	4,978,441
Depreciation and amortization	417,127
Stock acquisition rights	26,269
Allowance for doubtful accounts	(104)
Accrued bonuses for employees	(50,727)
Accrued bonuses for directors	(7,000)
Reserve for directors' retirement benefits	(78,451)
Construction warranty reserve	(44,300)
Reserve for losses on closure of business offices	(5,279)
Interest and dividend income	(10,663)
Interest expense	388,135
Common stock issuance cost	44
Sales of property and equipments	6,650
Disposal of property and equipments	12
Accounts receivable - trade	225,244
Inventories	(18,241,665)
Accounts payable-trade	(84,251)
Consumption tax payable	(80,414)
Consumption tax receivable	(129,352)
Security deposits received	1,250,554
Others, net	66,510
Sub total	(11,373,218)
Interest and dividend received	12,913
Interest paid	(388,048)
Refunded income tax received	202,417
Income tax paid	(3,831,361)
<b>Net Cash Used in Operating Activities</b>	<b>(15,377,298)</b>
<b>Cash Flows from Investing Activities</b>	
Payments for time deposits	(405,290)
Proceed from time deposits	1,110,679
Purchases of property and equipments	(185,794)
Sales of property and equipments	840
Purchases of intangible fixed assets	(28,188)
Purchases of investment securities	(586,700)
Payments for security deposits	(156,796)
Proceed from security deposits	67,939
Others, net	4,027
<b>Net Cash Provided by Investing Activities</b>	<b>(179,283)</b>
<b>Cash Flows from Financing Activities</b>	
Proceeds from short-term borrowings	8,870,500
Proceeds from long-term borrowings	5,932,000
Repayments of long-term borrowings	(2,862,550)
Payments for redemption of bonds	(54,000)
Proceeds from issuance of common stock	1,235
Dividends paid	(329,898)
<b>Net Cash Provided by Financing Activities</b>	<b>11,557,286</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(3,999,294)</b>
<b>Cash and Cash Equivalents at Beginning of the Term</b>	<b>10,169,282</b>
<b>Cash and Cash Equivalents at End of the Term</b>	<b>6,169,987</b>

### (3) Segment Information

#### a. Business Performance by Segment

From the First to Third Quarters of FY Ending March 31, 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

#### b. Segment Information by Business Location

From the first to third quarters of FY ended March 31, 2008 (from April 1 – December 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.

#### c. Overseas Sales

From the first to third quarters of FY ended March 31, 2008 (from April 1 – December 31, 2007), the Company and subsidiaries did not account overseas sales, so this item does not exist.