

Financial Results for Fiscal Year Ended March 31, 2009 (Fiscal 2009)

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Company name: Sun Frontier Fudousan Co., Ltd.

Stock listing: Tokyo Stock Exchange 1st Section

Code number: 8934

URL: <http://sunfirt.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

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

*Amounts under one million yen have been rounded down.

1. Consolidated Performance in Fiscal 2009 (from April 1, 2008 to March 31, 2009)

(1) Operating results

*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)	Net Income (Loss)
Fiscal 2009	¥26,870 (-44.2%)	¥(17,090) (-%)	¥(17,794) (-%)	¥(17,666) (-%)
Fiscal 2008	¥48,150 (36.6%)	¥6,960 (-20.1%)	¥6,346 (-23.4%)	¥3,650 (-24.8%)

	Net Income (Loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
Fiscal 2009	¥(53,293.94)	¥-	-104.1%	-42.0%	-63.6%
Fiscal 2008	¥11,014.04	¥11,011.48	15.0%	11.4%	14.5%

Reference: Income on investments based on equity method: Fiscal 2009: ¥- million Fiscal 2008: ¥184 million

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

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2009	¥27,479	¥7,939	28.7%	¥23,785.76
Fiscal 2008	¥57,316	¥26,085	45.5%	¥78,584.15

Reference: Equity at year-end: Fiscal 2009: ¥7,884 million Fiscal 2008: ¥26,050 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 2009	¥5,483	¥1,515	¥(8,074)	¥3,712
Fiscal 2008	¥(4,955)	¥(388)	¥(36)	¥4,787

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 2008	¥0.00	¥1,500.00	¥1,500.00	¥497	13.6	2.0
Fiscal 2009	¥0.00	¥0.00	¥0.00	¥0	-	-
Fiscal 2010 (Projections)	¥0.00	¥0.00	¥0.00		-	

3. Projections for Consolidated Performance in Fiscal 2010 (from April 1, 2009 to March 31, 2010)

*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 2010	¥7,100 (-51.7%)	¥(160) (-%)	¥(350) (-%)	¥(350) (-%)	¥(1,055.82)
Fiscal 2010	¥14,600 (-45.7%)	¥450 (-%)	¥110 (-%)	¥110 (-%)	¥331.83

4. Others

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

1) Changes caused by revision of accounting standards: No

2) Other changes: No

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

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

March 2009: 331,495 shares March 2008: 331,495 shares

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

March 2009: — shares March 2008: — shares

Reference: Overview of Non-consolidated Performance

1. Non-consolidated Performance in Fiscal 2009 (from April 1, 2008 to March 31, 2009)

(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 2009	¥26,906 (-26.3%)	¥(16,921) (-%)	¥(17,656) (-%)	¥(17,574) (-%)
Fiscal 2008	¥36,504 (111.9%)	¥2,070 (-39.8%)	¥1,528 (-53.5%)	¥4,669 (137.9%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2009	¥(53,016.72)	¥-
Fiscal 2008	¥14,087.28	¥14,084.01

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2009	¥27,311	¥6,305	22.9%	¥18,855.44
Fiscal 2008	¥56,911	¥24,359	42.7%	¥73,376.61

Reference: Equity at year-end: Fiscal 2009: ¥6,250 million Fiscal 2008: ¥24,323 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 1. 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

1. Results of Operations

(1) Analysis of Results of Operations

This consolidated fiscal year, the global financial crisis had an effect on the Japanese economy, with a deterioration in corporate performance, employment adjustment and slump in consumer confidence coming to the surface. In addition, the economy is expected to remain unstable, with the global recession taking hold and turbulent stock markets. This deterioration in the actual economy is having a dramatic impact on the real estate industry, of which the Sun Frontier Fudousan group is a part, and combined with the virtual withdrawal of foreign financial institutions from the non-recourse loan market and the tightening of lending policies of domestic financial institutions has resulted in a decline in real estate transactions, and a slump in prices. Moreover, due to poor corporate performance, central Tokyo office building vacancy rate at the end of March (according to a private-sector research institute) has risen over the 6% barrier, and the deterioration in the office leasing market has also become more pronounced, making for a business environment in the real estate market that remains tough.

Against the backdrop of this situation, the Sun Frontier Fudousan Group has worked to reduce interest-bearing debts by selling properties and shifting from short-term to long-term borrowings in a bid to strengthen our financial position. In the fourth quarter (January to March) especially, in response to the slide in liquidity of real estate, Sun Frontier Fudousan has pushed ahead with sales of inventory properties, even at prices below book value. We have also made a company-wide effort to cut costs by integrating our corporate offices and reviewing advertising expenses, thereby lowering our break-even point. At the same time, we have put in place an organizational framework to strengthen our sales force.

As a result of the above initiatives, our consolidated results for the current fiscal year are as follows: sales of ¥26,870 million (down 44.2% from the previous fiscal year), operating loss of ¥17,090 million (compared to an operating income of ¥6,960 million in the previous fiscal year), an ordinary loss of ¥17,794 million (compared to ordinary income of ¥6,346 million in the previous year), and a net loss of ¥17,666 million (compared to a net income of ¥3,650 million in the previous fiscal year).

Business performance by segment is as follows:

Real Estate Revitalization

In the replanning business, we have dedicated ourselves to the sale of inventory properties in accordance with the sales plan revised in January of this year. However, in the intervening period the market was tougher than expected, and as a consequence sales prices dropped below planned levels. Despite this, we have pushed ahead with sales of properties in a bid to improve our short-term liquidity and to reduce interest-bearing debts. As a result, 8 properties were sold in the fourth quarter, giving a total of 30 properties for the entire fiscal year, and the number of inventory properties at the end of the fiscal year fell to 11. We have proceeded with great caution in selecting properties for sale, refraining from selling properties originally slated for sale but which were deemed appropriate to keep from a cash flow perspective. Including these properties, 2,980 million yen was recorded in cost of sales as valuation loss on inventories at the end of the fourth quarter (the cumulative total for the whole year of the valuation loss on the 11 inventory properties at the end of the fiscal year was ¥9,471 million). As a result, over the entire fiscal year, the replanning business recorded sales of ¥23,932 million and a gross loss of ¥15,838 million.

In the building leasing business, although there was a drop in lease revenue resulting from the sale of the aforementioned properties, properties which operated close to capacity for the entire year, especially fixed assets, made a considerable contribution, resulting in sales of ¥1,644 million and a gross profit of ¥994 million.

As a result of the aforementioned activities, sales of ¥25,577 million (down 42.0% from the previous fiscal year), and an operating loss of ¥16,111 million (compared to an operating income of ¥5,432 million in the previous fiscal year) were recorded.

Real Estate Services

In the sales brokerage business, throughout the year we invested sales personnel as a priority in sales activities for replanning properties, and external brokerage activities were effectively suspended. However, through these

sales activities, we have been promoting customer development and the accumulation of information as a foundation for strengthening our fee-based business in subsequent years.

In the leasing brokerage business, we have focused on commercializing replanning properties (attracting leasing tenants), and have also worked towards a quantitative expansion in brokerage properties. In response to the deterioration in the economy, an increasing number of building owners are faced with high vacancy rates, while there are increasing needs for companies to move due to downsizing, so there has been continued solid demand for good-quality small to medium-sized properties. As a result, Sun Frontier Fudousan's contract completion rate and the number of contracts concluded both remained strong.

In our property management business, in addition to improving the operating efficiency of properties under contract, we are pushing ahead with a variety of initiatives to minimize the occurrence of vacancies, such as strengthening tenant visits to improve occupancy rates. In addition to working to increase the number of properties under contract, we have devoted a great deal of effort to creating new profit-making opportunities, such as actively making refurbishment proposals to building owners with a view to improving added value of their properties.

In the leasing guarantee business, against the backdrop of a generally increasing occurrence of payment defaults as a result of the deteriorating economy, we have worked to prevent payment defaults by closely monitoring tenants and responding rapidly in the event of default, and actively worked to expand sales channels, thereby achieving a single-year profit.

As a result of the outlined above, the virtual cessation of activities in the sales brokerage business had a considerable impact; sales of ¥1,128 million (down 34.3% from the previous fiscal year) and an operating loss of ¥423 million (compared to an operating income of ¥56 million in the previous fiscal year) were achieved.

Other Real Estate

Compared to the previous fiscal year, which included earnings from dividends resulting from the disposal of properties held by privately offered funds, sales and operating income both dropped sharply, but properties being managed have made a stable contribution to earnings throughout the year, resulting in strong performances in the asset management business and real estate securitization business.

As a result of the activities outlined above, sales of ¥164 million (down 93.1% from the previous fiscal year) and operating income of ¥78 million (down 96.6% from the previous fiscal year) were recorded.

Outlook for next year

As at the date of publication, although various indicators suggest a further deterioration in the actual economy, there is also an increasing awareness that in the US, a recovery in the performance of financial institutions and a slowing in the rate of decrease of housing prices are occurring, and within Japan, that the effect of the government's stimulus packages is starting to appear. However, in the real estate market, against the background of a contraction in operations and cost cutting resulting from the deterioration in corporate performance, vacancy rates for office buildings are climbing rapidly, and real estate prices remain at a low level, grounds for the view that the situation will remain unpredictable for the time being.

In response to this situation, the Sun Frontier Fudousan Group has been working to establish a management framework that places priority on generating a stable cash flow, and boosting profitability by strengthening our real estate services business. The replanning business minimizes the waste of resources and contributes to stimulating the economy, and as such society's needs for this business in the future are expected to increase as a recycling business. In addition, for the Sun Frontier Fudousan Group, which specializes in leasing operations and comprehensive revitalization of real estate, the current market situation which is characterized by a slump in office leasing is perceived as a significant opportunity to further improve value. However, there is a strong sense of uncertainty in the current market conditions, as outlined above; therefore, in the future, with regard to the sale-after-revitalization-type replanning business and development business, we have targeted small to medium-sized properties (with values not exceeding 1 billion yen), and are tackling these businesses while closely monitoring risk. Meanwhile, we are also moving to further reinforce stock-type businesses such as proceeds from buildings lease which are held for the long term (including property management business and

leasing guarantee business, and retention-after-revitalization-type replanning business), and non-asset-type businesses such as brokerage business. We are implementing the following four concrete strategies to achieve these objectives:

1) Further strengthening of leasing brokerage business capability specialized in the central Tokyo area

We will further strengthen our regionally-focussed business, specializing in areas where small to medium offices are concentrated in Tokyo's Chiyoda-ku, Chuo-ku and Minato-ku, and specializing in limited areas in the vicinity of large terminal stations such as Shinjuku, Shibuya and Yokohama.

2) Strengthening of sales brokerage business

We will further bolster our sales brokerage business by sales know-how and information accumulated through the sales activities of our replanning properties, and a differentiation strategy which capitalizes on our collective strength of our leasing and property management.

3) Thorough cost cutting with a view to lowering the break-even point

We are committed to developing company-wide cost-cutting activities to restore earning capacity. We are aiming to cut annual costs by approximately ¥1 billion by compressing fixed expenses and reviewing advertising expenses and other sales expenses.

4) Replanning business of small and medium-sized properties (not exceeding ¥1 billion)

For the time being, we are carrying out these activities focusing on small- and medium-sized properties, which have a relatively high degree of liquidity. We will achieve revitalization over the short term by strengthening leasing (attracting leasing tenants) while minimizing tangible and intangible risk of properties. We are adopting a flexible approach, which, in addition to replanning business which assumes the early sale of properties, also involves selling properties with the appropriate timing, by maintaining and managing revitalized properties into the medium and long-term, with a view to generating a secure cash flow.

By steadily implementing these policies, we will overcome the crisis of a simultaneous world recession, and restore profitability as soon as possible.

As a result, the following consolidated earnings forecasts for the fiscal year ending March 31, 2010: sales of ¥14,600 million (down 45.7% from the previous fiscal year), operating income of ¥450 million (compared to an operating loss of ¥17,090 million in the previous fiscal year), ordinary income of ¥110 million (compared to an ordinary loss in the previous fiscal year of ¥17,794 million), and net income of ¥110 million (compared to a net loss of ¥17,666 million in the previous fiscal year).

* 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 at the end of the current fiscal year declined by ¥29,124 million compared to the closing balance for the previous fiscal year to ¥23,836 million, due to a decrease in cash and bank deposits and inventories.

Movements in cash and bank deposits were characterized by incoming cash flow of ¥5,483 million from operating activities, incoming cash flow of ¥1,515 million from investing activities, outgoing cash flow of ¥8,074 million from financing activities, in addition to a drop in time deposits with a maturity of more than 3 months of ¥153 million, with the result that cash and bank deposits declined by ¥1,228 million from the end of the previous fiscal year to ¥3,994 million.

Inventories are mainly real estate held for sale and for-sale real estate under construction in our replanning business, and sales and the recording of a valuation loss on inventories resulted in inventories falling by ¥25,829 million compared to the end of the previous fiscal year to ¥19,575 million.

Fixed assets fell by ¥712 million from the end of the previous fiscal year to ¥3,643 million, due to the sale of property and equipment.

Although proceeds arose from long-term borrowings, a reduction in short-term borrowings pushed down total liabilities at the end of the current fiscal year by ¥11,690 million compared to the end of the previous fiscal year

to ¥19,539 million. In addition, due to the ¥17,666 million of net loss, total net assets declined by ¥18,145 million compared to the end of the previous fiscal year to ¥7,939 million.

As a consequence, net assets per share were ¥23,785.76.

Total assets at the end of the current fiscal year fell by ¥29,836 million from the end of the previous fiscal year to ¥27,479 million.

ii) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") in the current fiscal year, proceeds were generated by the sale of replanning properties in the real estate revitalization business and a reduction in inventories due to the recording of valuation loss of inventories, and proceeds from long-term borrowings. But these were countered by a net loss before income taxes of ¥16,763 million, and a decrease in short-term borrowings and repayment of long-term borrowings, resulting in a drop of ¥1,075 million compared to the balance at the beginning of year to reach ¥3,712 billion at the end of the current fiscal year.

Consolidated cash flows for the current fiscal year and their components are discussed below.

Cash flow from operating activities

Net cash provided by operating activities was ¥5,483 million (compared to an outflow of ¥4,955 million in the previous fiscal year). This was mainly due to a decrease in inventories of ¥25,502 million, although there was a net loss before income taxes of ¥16,763 million, a decrease in security deposits received of ¥1,747 million and income tax paid of ¥1,502 million.

Cash flow from investing activities

Net cash provided by investing activities amounted to ¥1,515 million (compared to an outflow of ¥388 million in the previous fiscal year). Although there was an outgoing of ¥319 million resulting from the purchases of investment securities, this was countered by proceeds from the sales of property and equipment of ¥1,747 million.

Cash flow from financing activities

Net cash used in financing activities amounted to ¥8,074 million (compared to an expenditure of ¥36 million in the previous fiscal year). This was mainly due to proceeds from long-term borrowings in the amount of ¥18,160 million, although there was a decrease in short-term borrowings of ¥13,190 million, repayment of long-term borrowings amounted to ¥12,441 million, and dividends paid of ¥495 million.

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

Sun Frontier Fudousan has the basic policy of working towards the long-term stable return of profits to shareholders, and working to enhance the internal reserves in a bid to flexibly respond to changes in the business environment.

A significant loss was recorded in the current fiscal year (year ended March 31, 2009); therefore, unfortunately we decided to forgo dividend payment. There are no plans to pay a dividend in the next fiscal year (year ending March 31, 2010) either.

We will strive as a company in one united body to improve our business performance and our financial position in a bid to resume dividends as soon as possible.

2. Consolidated Financial Statements

*Amounts under one thousand yen have been rounded down.

(1) Consolidated Balance Sheets

(¥ thousand)

	Fiscal 2008 (as of March 31, 2008)	Fiscal 2009 (as of March 31, 2009)
ASSETS		
Current Assets		
Cash and bank deposits	5,222,909	3,994,254
Accounts receivable - trade	55,126	63,380
Inventories	45,404,462	—
Real estate held for sale	—	9,199,348
For-sale real estate under construction	—	10,374,534
Supplies	—	1,346
Deferred tax assets	988,383	—
Other current assets	1,289,592	208,894
Allowance for doubtful accounts	(60)	(5,586)
Total Current Assets	52,960,413	23,836,173
Fixed Assets		
Property and Equipment		
Buildings	1,339,394	1,094,288
Accumulated depreciation	(201,364)	(149,828)
Buildings (net)	1,138,030	944,459
Vehicles	9,922	5,210
Accumulated depreciation	(7,747)	(4,309)
Vehicles (net)	2,174	900
Land	1,261,337	722,773
Other	115,297	71,061
Accumulated depreciation	(76,139)	(48,258)
Other (net)	39,158	22,802
Total Property and Equipment	2,440,701	1,690,936
Intangible Fixed Assets		
Other	73,726	53,018
Total Intangible Fixed Assets	73,726	53,018
Investments and Other Assets		
Investment securities	1,461,737	1,542,041
Other	383,107	426,208
Allowance for doubtful accounts	(3,530)	(68,680)
Total Investments and Other Assets	1,841,314	1,899,569
Total Fixed Assets	4,355,742	3,643,524
Total Assets	57,316,156	27,479,697

(¥ thousand)

	Fiscal 2008 (as of March 31, 2008)	Fiscal 2009 (as of March 31, 2009)
LIABILITIES		
Current Liabilities		
Accounts payable - trade	594,467	201,016
Short-term borrowings	13,190,000	—
Current portion of bonds	108,000	108,000
Current portion of long-term debts	7,878,000	3,920,688
Income taxes payable	1,490,368	14,666
Accrued bonuses for employees	90,658	40,459
Construction warranty reserve	47,500	30,600
Provisions for fulfillment of guarantees	—	6,700
Other current liabilities	1,029,977	652,972
Total Current Liabilities	24,428,971	4,975,102
Long-term Liabilities		
Corporate bonds	378,000	270,000
Long-term debts	3,823,260	13,498,968
Deferred tax liabilities	38,607	567
Other long-term liabilities	2,561,674	795,233
Total Long-term Liabilities	6,801,541	14,564,769
Total Liabilities	31,230,513	19,539,871
NET ASSETS		
Shareholders' Equity		
Common stock	7,228,308	7,228,308
Additional paid-in capital	7,289,643	7,289,643
Retained earnings	11,530,043	(6,633,874)
Total Shareholders' Equity	26,047,994	7,884,077
Valuation and Translation Adjustments		
Net unrealized holding gain on other securities	2,259	786
Total Valuation and Translation Adjustments	2,259	786
Stock Acquisition Rights	35,388	54,962
Total Net Assets	26,085,642	7,939,826
Total Liabilities and Net Assets	57,316,156	27,479,697

(2) Consolidated Statements of Income

(¥ thousand)

	Fiscal 2008 (April 1, 2007 – March 31, 2008)	Fiscal 2009 (April 1, 2008 – March 31, 2009)
Net Sales	48,150,224	26,870,706
Cost of Sales	37,877,164	40,752,622
Gross Profit (Loss)	10,273,059	(13,881,915)
Selling, General and Administrative Expenses	3,312,218	3,208,974
Operating Income (Loss)	6,960,840	(17,090,889)
Other Income	76,534	43,287
Interest income	17,698	10,578
Dividend receivable	480	509
Penalty income	41,854	10,000
Interest on tax refund	10,748	—
Return from cancellation of insurance	—	18,387
Other	5,753	3,811
Other Expenses	690,920	747,212
Interest Expense	550,419	545,795
Fees for finance	138,662	200,006
Other	1,837	1,410
Ordinary Income (Loss)	6,346,455	(17,794,814)
Extraordinary Gains	17,239	1,059,544
Gain on sales of property and equipment	—	1,059,544
Gain on allowance for doubtful accounts	684	—
Gain on construction warranty reserve	13,042	—
Gain on reserve for losses on closure of business offices	3,511	—
Extraordinary Losses	11,046	27,839
Loss on sales of property and equipment	7,645	—
Loss on disposal of property and equipment	100	26,336
Loss on liquidation of investment	3,300	—
Other	—	1,502
Income (Loss) before Income Taxes	6,352,648	(16,763,110)
Income taxes	2,701,780	903,565
Income taxes-current	3,250,910	7,396
Refund of income taxes	—	(54,916)
Income taxes-deferred	(549,129)	951,085
Net Income (Loss)	<u>3,650,868</u>	<u>(17,666,675)</u>

(3) Consolidated Statements of Changes in Shareholders' Equity

(¥ thousand)

	Fiscal 2008 (April 1, 2007 – March 31, 2008)	Fiscal 2009 (April 1, 2008 – March 31, 2009)
Shareholders' Equity		
Common stock		
Balance as of end of previous fiscal year	7,227,668	7,228,308
Changes during the year		
Common stock issued	640	—
Total changes during the year	640	—
Balance as of end of current fiscal year	7,228,308	7,228,308
Additional paid-in capital		
Balance as of end of previous fiscal year	7,289,003	7,289,643
Changes during the year		
Common stock issued	639	—
Total changes during the year	639	—
Balance as of end of current fiscal year	7,289,643	7,289,643
Retained earnings		
Balance as of end of previous fiscal year	8,210,477	11,530,043
Changes during the year		
Cash dividends from retained earnings	(331,303)	(497,242)
Net income (loss)	3,650,868	(17,666,675)
Total changes during the year	3,319,565	(18,163,917)
Balance as of end of current fiscal year	11,530,043	(6,633,874)
Total Shareholders' Equity		
Balance as of end of previous fiscal year	22,727,149	26,047,994
Changes during the year		
Common stock issued	1,280	—
Cash dividends from retained earnings	(331,303)	(497,242)
Net income (loss)	3,650,868	(17,666,675)
Total changes during the year	3,320,845	(18,163,917)
Balance as of end of current fiscal year	26,047,994	7,884,077
Valuation and Translation Adjustments		
Net unrealized holding gain (loss) on securities		
Balance as of end of previous fiscal year	4,714	2,259
Changes during the year		
Changes during the year in items other than shareholders' equity (net)	(2,455)	(1,473)
Total changes during the year	(2,455)	(1,473)
Balance as of end of current fiscal year	2,259	786
Total valuation and translation adjustments		
Balance as of end of previous fiscal year	4,714	2,259
Changes during the year		
Changes during the year in items other than shareholders' equity (net)	(2,455)	(1,473)
Total changes during the year	(2,455)	(1,473)
Balance as of end of current fiscal year	2,259	786

	Fiscal 2008 (April 1, 2007 – March 31, 2008)	Fiscal 2009 (April 1, 2008 – March 31, 2009)
Stock Acquisition Rights		
Balance as of end of previous fiscal year	2,918	35,388
Changes during the year		
Changes during the year in items other than shareholders' equity (net)	32,469	19,574
Total changes during the year	32,469	19,574
Balance as of end of current fiscal year	35,388	54,962
Total Net Assets		
Balance as of end of previous fiscal year	22,734,782	26,085,642
Changes during the year		
Common stock issued	1,280	—
Cash dividends from retained earnings	(331,303)	(497,242)
Net income (loss)	3,650,868	(17,666,675)
Changes during the year in items other than shareholders' equity (net)	30,014	18,100
Total changes during the year	3,350,859	(18,145,816)
Balance as of end of current fiscal year	26,085,642	7,939,826

(4) Consolidated Statements of Cash Flows

(¥ thousand)

	Fiscal 2008 (April 1, 2007 – March 31, 2008)	Fiscal 2009 (April 1, 2008 – March 31, 2009)
Cash Flows from Operating Activities		
Income (Loss) before income taxes	6,352,648	(16,763,110)
Depreciation and amortization	589,164	412,438
Stock acquisition rights	32,469	19,574
Allowance for doubtful accounts	1,276	70,676
Accrued bonuses for employees	18,455	(50,198)
Accrued bonuses for directors	(46,000)	—
Reserve for directors' retirement benefits	(78,451)	—
Construction warranty reserve	(13,600)	(16,900)
Provisions for fulfillment of guarantees	—	6,700
Reserve for losses on closure of business offices	(5,279)	—
Interest and dividend income	(18,178)	(11,088)
Interest expense	550,419	545,795
Cancellation of insurance	—	(18,387)
Sales of property and equipments	7,645	(1,059,544)
Disposal of property and equipments	100	26,336
Loss on liquidation of investment	3,300	—
Accounts receivable - trade	220,395	(151,946)
Inventories	(8,056,132)	25,502,695
Accounts payable-trade	(370,732)	576,000
Consumption tax payable	(80,510)	30,267
Consumption tax receivable	45,433	186,439
Security deposits received	192,556	(1,747,272)
Others, net	260,415	(88,830)
Sub total	(394,602)	7,469,645
Interest and dividend received	20,428	11,032
Interest paid	(549,819)	(495,015)
Refunded income tax received	202,417	—
Income tax paid	(4,234,260)	(1,502,214)
Net Cash Provided by (Used in) Operating Activities	(4,955,836)	5,483,448
Cash Flows from Investing Activities		
Payments for time deposits	(469,435)	(800,101)
Proceed from time deposits	1,035,326	793,164
Purchases of property and equipments	(272,780)	(29,312)
Sales of property and equipments	1,442	1,747,290
Purchases of intangible fixed assets	(36,617)	(2,199)
Purchases of investment securities	(604,700)	(319,300)
Payments for loans receivable	—	(88,633)
Proceeds from collection of loans receivable	—	17,000
Payments for security deposits	(156,806)	(4,831)
Proceed from security deposits	108,241	163,994
Others, net	6,671	38,620
Net Cash Provided by (Used in) Investing Activities	(388,657)	1,515,691

	Fiscal 2008 (April 1, 2007 – March 31, 2008)	Fiscal 2009 (April 1, 2008 – March 31, 2009)
Cash Flows from Financing Activities		
Net increase (Decrease) in short-term borrowings	5,271,000	(13,190,000)
Proceeds from long-term borrowings	6,232,000	18,160,000
Repayments of long-term borrowings	(11,103,200)	(12,441,604)
Payments for redemption of bonds	(108,000)	(108,000)
Proceeds from issuance of common stock	1,235	—
Dividends paid	(330,021)	(495,127)
Net Cash Used in Financing Activities	(36,985)	(8,074,731)
Increase (Decrease) in Cash and Cash Equivalents		
	(5,381,479)	(1,075,591)
Cash and Cash Equivalents at Beginning of Year	10,169,282	4,787,802
Cash and Cash Equivalents at End of Year	<u>4,787,802</u>	<u>3,712,211</u>