

Financial Results for Fiscal Year Ended March 31, 2010 (Fiscal 2010) (Translation of Japanese Flash Report, Released on May 13, 2010)

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 Fiscal 2010 (from April 1, 2009 to March 31, 2010)

(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 Loss	Ordinary Loss	Net Loss
Fiscal 2010	¥14,469 (-46.2%)	¥(3,448) (-%)	¥(3,776) (-%)	¥(3,712) (-%)
Fiscal 2009	¥26,870 (-44.2%)	¥(17,090) (-%)	¥(17,794) (-%)	¥(17,666) (-%)

	Net Loss per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Equity	Ordinary Income / Total Assets	Operating Income / Net Sales
Fiscal 2010	¥(10,764.64)	¥-	-56.9%	-18.5%	-23.8%
Fiscal 2009	¥(53,293.94)	¥-	-104.1%	-42.0%	-63.6%

Reference: Income on investments based on equity method: Fiscal 2010: ¥- million Fiscal 2009: ¥- 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 2010	¥13,359	¥5,184	38.7%	¥13,923.14
Fiscal 2009	¥27,479	¥7,939	28.7%	¥23,785.76

Reference: Equity at year-end: Fiscal 2010: ¥5,172 million Fiscal 2009: ¥7,884 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 2010	¥11,365	¥(771)	¥(10,704)	¥3,612
Fiscal 2009	¥5,483	¥1,515	¥(8,074)	¥3,712

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 2009	¥0.00	¥0.00	¥0.00	¥0	-	-
Fiscal 2010	¥0.00	¥0.00	¥0.00	¥0	-	-
Fiscal 2011 (Projections)	¥0.00	¥0.00	¥0.00		-	

3. Projections for Consolidated Performance in Fiscal 2011 (from April 1, 2010 to March 31, 2011)

*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 2011	-	-	-	-	-
Fiscal 2011	¥9,200 (-36.4%)	¥860 (-%)	¥720 (-%)	¥700 (-%)	¥1,884.27

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 Capital Co., Ltd.)

(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 (common shares)

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

March 2010: 371,495 shares March 2009: 331,495 shares

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

March 2010: - shares March 2009: - shares

Reference: Overview of Non-consolidated Performance

1. Non-consolidated Performance in Fiscal 2010 (from April 1, 2009 to March 31, 2010)

(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 2010	¥14,349 (-46.7%)	¥(3,492) (-%)	¥(3,841) (-%)	¥(2,070) (-%)
Fiscal 2009	¥26,906 (-26.3%)	¥(16,921) (-%)	¥(17,656) (-%)	¥(17,574) (-%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Fiscal 2010	¥(6,004.18)	¥-
Fiscal 2009	¥(53,016.72)	¥-

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Fiscal 2010	¥13,221	¥5,192	39.2%	¥18,855.44
Fiscal 2009	¥27,311	¥6,305	22.9%	¥18,855.44

Reference: Equity at year-end: Fiscal 2010: ¥5,179 million Fiscal 2009: ¥6,250 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

During current consolidated fiscal year ended March 2010, harsh business sentiments clouded Japan's economy during the first half of the fiscal year as the effects of the global financial crisis lingered. During the second half, however, the economy broke out of this bleak period and continued its return to a gradual recovery path, including the first indications of positive momentum in real GDP. Corporate operating performance exhibited an improvement trend, particularly in export-related areas, against the backdrop of vigorous economic recoveries in China and other newly developing countries and moderate exchange rate volatility, and personal consumption as well showed signs activity of recovery as a result of the policy effects of government measures to boost the economy. At the same time, however, no substantial changes were seen in either deflation or the severe employment situation, and when tempered by risk factors that could tip the global economy back into recession, such as the fiscal management worries in Europe, the future direction of Japan's economy remained uncertain.

In the real estate industry of which the Sun Frontier Fudousan Group is a part, an increasingly positive financing stance by financial institutions was also perceptible in the second half of fiscal year, and the industry similarly displayed indications of a recovery that was supported by small and medium-sized property purchases by personal investors and improvement in the financing environment, including a revival of property acquisitions by J-REITs. Nevertheless, for commercial properties, vacancy rates continued to rise and rents continued to fall, and the strong sense of uncertainty over the market outlook persisted.

Confronted with such circumstances, the Sun Frontier Fudousan Group strove to bolster its financial position and return to profitability by (1) decreasing interest-bearing debts and slimming down balance sheet by shrinking inventory assets, (2) establishing a stable earnings base by enhancing estate services business, (3) lowering the break-even point through cost reduction at all levels of the company and (4) strengthening capital through a third-party allotment of new shares. Although we were unable to achieve positive earnings for the full year because of losses that included a substantial valuation loss in the second quarter, by steadily implementing such measures we reported positive quarterly net income for two consecutive fiscal quarters in the third and fourth quarters, and our immediate operating results are showing a recovery trend.

As a result of the above initiatives, our operating results for the current consolidated fiscal year are as follows: sales of ¥14,469 million (down 46.2% from the previous fiscal year), an operating loss of ¥3,448 million (compared with an operating loss of ¥17,090 million in the previous fiscal year), an ordinary loss of ¥3,776 million (compared with an ordinary loss of ¥17,794 million in the previous fiscal year) and a net loss of ¥3,712 million (compared with a net loss of ¥17,666 million in the previous fiscal year).

Business performance by segment is as follows.

Meanwhile, as we revised our business segments in the current fiscal year according to the characteristics of each business, when comparing operating performance with the previous consolidated fiscal year we have restated the previous consolidated fiscal year results into the classifications used following the revision.

Real Estate Revitalization

In the replanning business, we worked to reduce interest-bearing debts and slimming down the balance sheet as we continued to sell properties. As a result, for the full year we sold six properties. In addition, we transferred to fixed assets four replanning buildings deemed to be appropriate to hold, from the perspective of broadening the base for stable earnings, for our building leasing business over the long term. Consequently the number of inventory properties at the end of the fiscal year fell to one property. In activities to acquire properties, on the other hand, we studied numerous properties, particularly small and medium-sized properties located in the five wards of central Tokyo, while continuing to prudently watch for signs that the market had bottomed out, and in the fourth quarter signed a contract to acquire one new property, our first such purchase in about two years. Settlement of the property is scheduled for May 2010.

In the building leasing business, although there was a drop in rental revenue resulting from our progress in selling large-scale replanning properties for which commercialization was completed, the two buildings we have been holding as fixed assets and the four replanning buildings transferred to inventory for the purpose of

long-term ownership all maintained stable, high occupancy rates throughout the fiscal year.

In the real estate securitization business, in the second fiscal quarter we recorded a valuation loss and other losses totaling approximately ¥3,000 million related to investments in a new commercial property construction project by development SPC (special purpose company) and other privately offered funds, and reported a loss.

In the asset management business, asset management fees from existing projects remained stable.

As a result of the above activities, sales were ¥12,748 million (down 50.5% from the previous fiscal year) and the operating loss was ¥3,347 million (compared with an operating loss of ¥16,033 million in the previous fiscal year).

Real Estate Services

In our sales brokerage business, we continued efforts to strengthen our employees and organizational structure, and worked to develop our customer base by taking maximum advantage of our collective capabilities, through cooperation among internal divisions such as our leasing brokerage and property management businesses. We also worked to uncover the potential needs of existing clients with whom we already have a proven track record. As a result, we achieved steady contract results centered on small to medium-sized properties.

In our leasing brokerage business, we moved forward on commercialization of replanning properties (attracting tenants), while also qualitatively and quantitatively strengthening our business strategy, including an increase in the number of marketing staff, and concentrating on external brokerage projects. Moreover, collaboration with peripheral businesses related to leasing brokerage that comprehensively support office relocation, and the strengthening of our ability to attract customers through the innovation of a leasing search site, helped generate positive results. As a result, the number of leasing brokerage transactions we completed increased steadily.

In the property management business, contract results in our leasing business also led to new contracts for property management, even amid the rising trend for the vacancy rate in the leasing market, and the number of properties under contract grew steadily. Along with striving to prevent vacancies by raising the level of customer satisfaction through detailed support for tenants at properties under contract, we also focused on creating new earnings opportunities. This included aggressively proposing property improvements and restoration work, with a view to increasing property values.

In our leasing guarantee business, the number of contracts rose steadily and the balance of guarantees also increased firmly. Growth was spurred by the desire of building owners to avoid rent delinquency risk, and tenants' need to control expenditures and lower the risk of entrusting security deposits, because of the economic downturn. In addition, we were able to sufficiently control delinquencies through rigorous preliminary investigations and prompt and resolute action when delinquencies did occur.

As a result of the above activities, sales were ¥1,720 million (up 52.4% compared with the previous fiscal year), and operating income was ¥226 million (compared with an operating loss of ¥423 million in the previous fiscal year).

Outlook for next year

At the Sun Frontier Fudousan Group, we will continue to strengthen our customer base and management foundation and strive to improve earning capacity through reinforcement of our real estate service business, and establish a business structure that is less susceptible to market fluctuations. As a comprehensive real estate services firm specializing in the central area of Tokyo, the Sun Frontier Fudousan Group will provide various real estate services by drawing on the collective capabilities of related internal divisions that are engaged in real estate services including leasing brokerage, sales brokerage, property management, leasing guarantees, the provision of total support for office relocations including office furniture procuring and office layout proposals, and the brokerage of offices and stores equipped with furnishings and fixtures, and flexibly forming business activities by moving from points to lines, lines to surfaces, surfaces to three dimensions. Through our existing businesses, peripheral businesses and new businesses, we will provide multifaceted services that satisfy customers' requests, and focus on management to maximize customer satisfaction, by positioning building owners and tenant firms as a two-pronged major customer base.

In our replanning business, on the other hand, as signs that the market has reached bottom begin to emerge we will use the next fiscal year as a period to restart our replanning business, providing attractive buildings and other properties that conform to customers' needs through demonstrating the planning capabilities and revitalization know-how we have cultivated over many years. Over the near term, as our basic business model we will develop the business centered on small and medium-sized projects (roughly ¥1,000 million or less) that enjoy strong market demand. This uses revitalization that can be completed quickly and has a clear exit strategy, while continuing to carefully follow and ascertain economic trends, future market conditions and business risk. We also will pursue construction of a new business model to restrain funding risk and capital risk by linking our planning skills and revitalization know-how to the fund investment demands of foreign investors, and making the fees from construction management, leasing management, brokerage and other activities the central pivot of earnings.

As a result of executing the various measures described above, in our forecast of consolidated operating results for the fiscal year ending March 2011, we project sales of ¥9,200 million (down 36.4% from the previous fiscal year), operating income of ¥860 million (compared with an operating loss of ¥3,448 million in the previous fiscal year), ordinary income of ¥720 million (compared with an ordinary loss of ¥3,776 million in the previous fiscal year) and net income of ¥700 million (compared with a net loss of ¥3,712 million in the previous fiscal year).

Because a certain amount of time is required to realize earnings from the sale of properties in the replanning business, and even a small increase in the length of time required can have a substantial affect on our profit and loss, it is difficult to release a first half consolidated earnings projection at this time. If it becomes possible to release a forecast near the end of the second quarter, we will release the projection promptly at that time.

* 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 fiscal year ended March 2010 declined ¥18,907 million compared to the closing balance for the previous fiscal year to ¥4,928 million, due to a decrease in inventories.

Movements in cash and bank deposits were characterized by incoming cash flow of ¥11,365 million from operating activities, outgoing cash flow of ¥771 million from investing activities, outgoing cash flow of ¥10,704 million from financing activities, in addition to a rise in time deposits with a maturity of more than 3 months of ¥56 million, with the result that cash and bank deposits declined by ¥53 million from the end of the previous fiscal year to ¥3,940 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 ¥18,810 million compared to the end of the previous fiscal year to ¥764 million.

Fixed assets increased ¥4,787 million from the end of the previous consolidated fiscal year to ¥8,430 million. Although fixed assets were reduced by the valuation loss reported on investment securities, property and equipment increased as a result of the change in holding objective for inventory assets.

The repayment of long-term debts helped reduce total liabilities at the end of the current fiscal year by ¥11,365 million compared with the end of the previous fiscal year to ¥8,174 million. Total net assets declined ¥2,755 million compared with the end of the previous fiscal year to ¥5,184 million, despite the increase in common stock and additional paid-in capital from the third-party allotment of shares, because of the net loss of ¥371 million.

As a consequence, net assets per share were ¥13,923. 14.

Total assets at the end of the current fiscal year fell by ¥14,120 million from the end of the previous fiscal year to ¥13,359 million.

ii) Cash flows

For the fiscal year ended March 2010, cash and cash equivalents (hereinafter referred to as “cash”) totaled ¥3,601 million, a decrease of ¥110 million compared to the balance at the beginning of the year. This decrease resulted mainly from a net loss before income taxes of ¥3,698 million and repayment of long-term borrowings, although decreases in inventories due to sales and the recording of a valuation loss on replanning properties in the real estate revitalization business, and a loss on investment in a silent partnership.

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 ¥11,365 million (up 107.3% compared with the previous fiscal year). This was mainly due to a decrease in inventories of ¥12,204 million and a loss on investment in a silent partnership of ¥2,994 million, although there was a net loss before income taxes of ¥3,698 million and income tax paid of ¥365 million.

Cash flow from investing activities

Net cash used in investing activities amounted to ¥771 million (compared to net cash provided by ¥1,515 million in the previous fiscal year). This was mainly due to a payment for purchases of investment securities of ¥752 million.

Cash flow from financing activities

Net cash used in financing activities amounted to ¥10,704 million (compared to net cash used in ¥8,074 million in the previous fiscal year). This was mainly due to repayment of long-term borrowings amounted to ¥12,520 million, although there were proceeds from short-term borrowings of ¥931 million and issuance of common stock of ¥994 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 for two consecutive fiscal years in the previous and current fiscal years (years ended March 31, 2009 and 2010); 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, 2011) 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.

(4) Important matters concerning the going concern assumption

In the previous consolidated fiscal year, the Sun Frontier Fudousan Group reported an operating loss of ¥17,090 million and a net loss of ¥17,666 million. Furthermore, the consolidated fiscal year ended March 2010, the Group reported an operating loss of ¥3,448 million and a net loss of ¥3,712 million, after additionally recording a valuation loss on inventories in light of prevailing market conditions and a new valuation loss on investment securities.

As specific measures to improve earning capacity, the Sun Frontier Fudousan Group has fully implemented actions to (1) strengthen its specialized leasing brokerage business capabilities for the central Tokyo area, (2) enhance sales brokerage to take maximum advantage of the Group’s comprehensive capabilities based on cooperation among the leasing brokerage, property management and other divisions and (3) reduce costs. In addition, (4) to achieve growth in earnings from small and medium-sized scale replanning projects, the Group increased capital through a 1,000 million yen capital injection based on a third-party allotment on November 30, 2009. By resolutely executing these measures, the Group judges it will be able to sufficiently resolve these important matters.

2. Consolidated Financial Statements

*Amounts under one thousand yen have been rounded down.

(1) Consolidated Balance Sheets

(¥ thousand)

	Fiscal 2009 (as of March 31, 2009)	Fiscal 2010 (as of March 31, 2010)
ASSETS		
Current Assets		
Cash and bank deposits	3,994,254	3,940,389
Accounts receivable - trade	63,380	134,534
Real estate held for sale	9,199,348	764,318
For-sale real estate under construction	10,374,534	-
Supplies	1,346	-
Other current assets	208,894	95,750
Allowance for doubtful accounts	(5,586)	(6,544)
Total Current Assets	23,836,173	4,928,448
Fixed Assets		
Property and Equipment		
Buildings	1,094,288	5,072,584
Accumulated depreciation	(149,828)	(210,542)
Buildings (net)	944,459	4,862,042
Vehicles	5,210	5,210
Accumulated depreciation	(4,309)	(4,596)
Vehicles (net)	900	613
Land	722,773	3,192,919
Other	71,061	61,165
Accumulated depreciation	(48,258)	(47,553)
Other (net)	22,802	13,611
Total Property and Equipment	1,690,936	8,069,186
Intangible Fixed Assets		
Other	53,018	34,176
Total Intangible Fixed Assets	53,018	34,176
Investments and Other Assets		
Investment securities	1,542,041	4,830
Other	426,208	390,343
Allowance for doubtful accounts	(68,680)	(67,883)
Total Investments and Other Assets	1,899,569	327,289
Total Fixed Assets	3,643,524	8,430,651
Total Assets	<u>27,479,697</u>	<u>13,359,100</u>

(¥ thousand)

	Fiscal 2009 (as of March 31, 2009)	Fiscal 2010 (as of March 31, 2010)
LIABILITIES		
Current Liabilities		
Accounts payable - trade	201,016	79,329
Short-term borrowings	-	931,000
Current portion of bonds	108,000	108,000
Current portion of long-term debts	3,920,688	408,688
Income taxes payable	14,666	14,517
Accrued bonuses for employees	40,459	36,258
Construction warranty reserve	30,600	6,100
Provisions for fulfillment of guarantees	6,700	6,381
Provision for office relocation expenses	-	4,870
Other current liabilities	652,972	614,647
Total Current Liabilities	4,975,102	2,209,792
Long-term Liabilities		
Corporate bonds	270,000	162,000
Long-term debts	13,498,968	4,490,280
Deferred tax liabilities	567	439
Long-term outstanding account	-	766,942
Other long-term liabilities	795,233	544,836
Total Long-term Liabilities	14,564,769	5,964,498
Total Liabilities	19,539,871	8,174,290
NET ASSETS		
Shareholders' Equity		
Common stock	7,228,308	7,728,308
Additional paid-in capital	7,289,643	500,000
Retained earnings	(6,633,874)	(3,056,570)
Total Shareholders' Equity	7,884,077	5,171,738
Valuation and Translation Adjustments		
Net unrealized holding gain on other securities	786	640
Total Valuation and Translation Adjustments	786	640
Stock Acquisition Rights	54,962	12,431
Total Net Assets	7,939,826	5,184,810
Total Liabilities and Net Assets	27,479,697	13,359,100

(2) Consolidated Statements of Income

(¥ thousand)

	Fiscal 2009 (April 1, 2008 – March 31, 2009)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Net Sales	26,870,706	14,469,122
Cost of Sales	40,752,622	16,167,518
Gross Loss	(13,881,915)	(1,698,396)
Selling, General and Administrative Expenses	3,208,974	1,749,847
Operating Loss	(17,090,889)	(3,448,243)
Other Income	43,287	4,108
Interest income	10,578	2,493
Dividend receivable	509	489
Penalty income	10,000	-
Return from cancellation of insurance	18,387	-
Other	3,811	1,125
Other Expenses	747,212	332,435
Interest expense	545,795	323,761
Fees for finance	200,006	-
Other	1,410	8,673
Ordinary Loss	(17,794,814)	(3,776,569)
Extraordinary Gains	1,059,544	95,696
Gain on sales of property and equipment	1,059,544	-
Reversal of construction warranty reserve	-	22,625
Reversal of accrued bonuses for employees	-	17,709
Gain on reversal of stock acquisition rights	-	48,777
Other	-	6,585
Extraordinary Losses	27,839	17,585
Loss on disposal of property and equipment	26,336	10,761
Revision of provision for office relocation expenses	-	4,870
Loss on revaluation of memberships	-	1,859
Other	1,502	94
Loss before Income Taxes	(16,763,110)	(3,698,458)
Income Taxes	903,565	13,880
Income taxes-current	7,396	13,638
Refund of income taxes	(54,916)	-
Income taxes-deferred	951,085	241
Net Loss	<u>(17,666,675)</u>	<u>(3,712,338)</u>

(3) Consolidated Statements of Changes in Shareholders' Equity

(¥ thousand)

	Fiscal 2009 (April 1, 2008 – March 31, 2009)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Shareholders' Equity		
Common stock		
Balance as of end of previous fiscal year	7,228,308	7,228,308
Changes during the year		
Common stock issued	-	500,000
Total changes during the year	-	500,000
Balance as of end of current fiscal year	7,228,308	7,728,308
Additional paid-in capital		
Balance as of end of previous fiscal year	7,289,643	7,289,643
Changes during the year		
Common stock issued	-	500,000
Deficit disposition	-	(7,289,643)
Total changes during the year	-	(6,789,643)
Balance as of end of current fiscal year	7,289,643	500,000
Retained earnings		
Balance as of end of previous fiscal year	11,530,043	(6,633,874)
Changes during the year		
Deficit disposition	-	7,289,643
Cash dividends from retained earnings	(497,242)	-
Net loss	(17,666,675)	(3,712,338)
Total changes during the year	(18,163,917)	3,577,304
Balance as of end of current fiscal year	(6,633,874)	(3,056,570)
Total Shareholders' Equity		
Balance as of end of previous fiscal year	26,047,994	7,884,077
Changes during the year		
Common stock issued	-	1,000,000
Cash dividends from retained earnings	(497,242)	-
Net loss	(17,666,675)	(3,712,338)
Total changes during the year	(18,163,917)	(2,712,338)
Balance as of end of current fiscal year	7,884,077	5,171,738
Valuation and Translation Adjustments		
Net unrealized holding gain on securities		
Balance as of end of previous fiscal year	2,259	786
Changes during the year		
Changes during the year in items other than shareholders' equity (net)	(1,473)	(145)
Total changes during the year	(1,473)	(145)
Balance as of end of current fiscal year	786	640
Total valuation and translation adjustments		
Balance as of end of previous fiscal year	2,259	786
Changes during the year		
Changes during the year in items other than shareholders' equity (net)	(1,473)	(145)
Total changes during the year	(1,473)	(145)
Balance as of end of current fiscal year	786	640

(¥ thousand)

	Fiscal 2009 (April 1, 2008 – March 31, 2009)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Stock Acquisition Rights		
Balance as of end of previous fiscal year	35,388	54,962
Changes during the year		
Changes during the year in items other than shareholders' equity (net)	19,574	(42,531)
Total changes during the year	19,574	(42,531)
Balance as of end of current fiscal year	54,962	12,431
Total Net Assets		
Balance as of end of previous fiscal year	26,085,642	7,939,826
Changes during the year		
Common stock issued	-	1,000,000
Cash dividends from retained earnings	(497,242)	-
Net loss	(17,666,675)	(3,712,338)
Changes during the year in items other than shareholders' equity (net)	18,100	(42,677)
Total changes during the year	(18,145,816)	(2,755,016)
Balance as of end of current fiscal year	7,939,826	5,184,810

(4) Consolidated Statements of Cash Flows

(¥ thousand)

	Fiscal 2009 (April 1, 2008 – March 31, 2009)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Cash Flows from Operating Activities		
Loss before income taxes	(16,763,110)	(3,698,458)
Depreciation and amortization	412,438	249,452
Stock acquisition rights	19,574	(42,531)
Allowance for doubtful accounts	70,676	161
Accrued bonuses for employees	(50,198)	(4,200)
Construction warranty reserve	(16,900)	(24,500)
Provisions for fulfillment of guarantees	6,700	(318)
Provision for office relocation expenses	-	4,870
Investment in a silent partnership	-	2,994,172
Interest and dividend income	(11,088)	(2,982)
Interest expense	545,795	323,761
Cancellation of insurance	(18,387)	-
Sales of property and equipments	(1,059,544)	-
Disposal of property and equipments	26,336	8,461
Accounts receivable - trade	(151,946)	(74,320)
Inventories	25,502,695	12,204,140
Accounts payable-trade	576,000	(136,687)
Consumption tax payable	30,267	32,355
Consumption tax receivable	186,439	-
Security deposits received	(1,747,272)	(194,147)
Others, net	(88,830)	(9,206)
Sub total	7,469,645	11,630,022
Interest and dividend received	11,032	3,038
Interest paid	(495,015)	(365,558)
Income tax (paid) or refunded	(1,502,214)	97,718
Net Cash Provided by Operating Activities	5,483,448	11,365,220
Cash Flows from Investing Activities		
Payments for time deposits	(800,101)	(322,475)
Proceed from time deposits	793,164	281,000
Purchases of property and equipments	(29,312)	(3,210)
Sales of property and equipments	1,747,290	-
Purchases of intangible fixed assets	(2,199)	(1,623)
Purchases of investment securities	(319,300)	(752,821)
Payments for loans receivable	(88,633)	-
Proceeds from collection of loans receivable	17,000	6,633
Payments for security deposits	(4,831)	-
Proceed from security deposits	163,994	20,995
Others, net	38,620	-
Net Cash Provided by (Used in) Investing Activities	1,515,691	(771,502)

(¥ thousand)

	Fiscal 2009 (April 1, 2008 – March 31, 2009)	Fiscal 2010 (April 1, 2009 – March 31, 2010)
Cash Flows from Financing Activities		
Net increase (Decrease) in short-term borrowings	(13,190,000)	931,000
Proceeds from long-term borrowings	18,160,000	-
Repayments of long-term borrowings	(12,441,604)	(12,520,688)
Payments for redemption of bonds	(108,000)	(108,000)
Proceeds from issuance of common stock	-	994,369
Dividends paid	(495,127)	(740)
Net Cash Used in Financing Activities	(8,074,731)	(10,704,059)
Increase (Decrease) in Cash and Cash Equivalents		
	(1,075,591)	(110,340)
Cash and Cash Equivalents at Beginning of Year	4,787,802	3,712,211
Cash and Cash Equivalents at End of Year	3,712,211	3,601,870