

**Financial Results for First Half of Fiscal Year Ending  
March 31, 2012  
(Based on Japanese GAAP)  
(Translation of Japanese Flash Report, Released on November 10, 2011)**

Company name: Sun Frontier Fudousan Co., Ltd.  
 Stock listing: Tokyo Stock Exchange 1st Section  
 Code number: 8934  
 URL: <http://www.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  
 (Phone: +81-3-5521-1301)

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

**1. Consolidated Performance in First Half of Fiscal Year Ending March 31, 2012**

(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	Ordinary Income
1st Half of FY ending March 31, 2012	¥3,349 (70.2%)	¥317 (38.2%)	¥285 (67.0%)
1st Half of FY ended March 31, 2011	¥1,967 (-38.9%)	¥229 (-%)	¥170 (-%)

	Net Income	Net Income per Share (Yen)	Fully Diluted Net Income per Share(Yen)
1st Half of FY ending March 31, 2012	¥254 (58.3%)	¥684.96	¥684.94
1st Half of FY ended March 31, 2011	¥160 (-%)	¥432.59	¥432.56

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

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)
1st Half of FY ending March 31, 2012	¥9,992	¥5,790	57.9%
FY ended March 31, 2011	¥12,787	¥5,554	43.3%

Reference) Equity at term-end: 1st Half of FY ending March 31, 2012 (as of November 30, 2011): ¥5,790 million

FY ended March 31, 2011 (as of March 31, 2011): ¥5,535 million

## 2. Cash Dividends

(Yen)

	Cash Dividends per Share				
	1st quarter period	2nd quarter period	3rd quarter period	Year end	Annual total
FY ended March 31, 2011	-	¥0.00	-	¥0.00	¥0.00
FY ending March 31, 2012	-	¥0.00			
FY ending March 31, 2012 (Projections)			-	¥0.00	¥0.00

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

## 3. Projections for Consolidated Performance in the Fiscal Year Ending March 31, 2012

(From April 1, 2011 to March 31, 2012) \*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)
FY ending March 31, 2012	¥6,300 (46.9%)	¥500 (-24.5%)	¥440 (-18.8%)	¥400 (10.1%)	¥1,076.73

Note: There were revisions to consolidated earnings forecasts.

## 4. Other

(1) Significant changes in scope of consolidation during the period (change of specified subsidiaries that lead to a change in the scope of consolidation): None

New Companies: -- Company (Company Name)

Excluded Companies: -- Company (Company Name)

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statement: None

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes caused by revision of accounting standards: None

2) Changes other than those included in 1): None

3) Changes in accounting estimates: None

4) Restatement of corrections: None

(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):

September 2011: 371,495 shares      March 2011: 371,495 shares

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

September 2011: — shares      March 2011: — shares

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

September 2011: 371,495 shares      September 2010: 371,495 shares

### ※Disclosure concerning status of implementation of quarterly review procedure

This quarterly financial results report is exempt from the quarterly review procedure based on the Financial Instruments and Exchange Law. At the time of disclosure of this quarterly financial results report, such review procedure for quarterly reports based on the Financial Instruments and Exchange Law had been under development.

### ※Appropriate use of projections for performance, other notes

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.

## 1. Qualitative information concerning consolidated business performance for the quarter under review

### (1) Qualitative information on consolidated operating results

During the second quarter, trends pointing towards a general rally due to the recovery from major drops in production and consumption from the effects of the Great East Japan Earthquake and the following supply chain problems were observed; however, the future of the economy is still uncertain due to financial problems in the U.S and Europe as well as the rapid appreciation of the yen.

In the real estate industry, the difficult situation for the office rental market in central Tokyo is continuing as vacancy rates hovered at a high level and rents continue to decrease. In the real estate investment market, potential needs in urban real estate that centered on the wealthy have been strong, and self-use demand from corporations has been materializing. The number of transactions, which had been low, has also showed signs of gradual recovery, such as the partial improvement of the disparity in price levels between selling and buying prices.

Under these circumstances, the Sun Frontier Fudousan Group has evolved our business to focus on offices and retail buildings in central Tokyo, which compose the middle to downstream business areas in the real estate industry including property management, sales brokerage, and leasing brokerage. The brokerage and property management business needs to be expanded steadily with a long-term view, and while increasing the amount of assets under contract in the property management business, we have placed our efforts on generating business opportunities through incorporating sales, construction, and revitalization needs derived from transactions in the leasing brokerage. On the other hand, in the real estate revitalization business, we focused on acquisition/sales activities in the market for mid- to small-size properties of several hundred million yen worth with high liquidity.

As a result, our operating results for the first half of the fiscal year ending March 2012 were as follows: sales of ¥3,349 million (up by 70.2% from the same period of the previous fiscal year), operating income of ¥317 million (up by 38.2%), and ordinary income of ¥285 million (up by 67.0%). Net income was ¥254 million (up by 58.3%).

Business performance by segment is as follows.

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

In our replanning business, we focused on property acquisition and sales activities, while carefully ascertaining the real estate market trend. We carefully examined properties located in the five wards in Tokyo, the group's strongest area, mainly as short-term projects and purchased three properties. In addition, by simultaneously pursuing various property commercialization measures, we quickly restored high occupancy rates and completed the sale of four properties, while the property (land) that we were holding for a long time has been sold in the current quarter.

In the building leasing business, despite maintaining high occupancy rates, lease revenue decreased as a result of the sale of four leasing buildings in May, with only one purchased.

As a result of the above activities, sales were ¥2,432 million (up by 110.1% from the same period of the previous fiscal year) and segment income was ¥455 million (up by 23.8%).

#### ***Real Estate Brokerage***

In our sales brokerage business, we continued to strengthen our customer base through efforts such as expanding trade opportunities with foreign investors, with Asia as our main focus. Because potential needs in urban real estate that centered on the wealthy has been strong, self-use demand from corporations has been materializing, and a partial improvement of the disparity in price levels between selling and buying prices has been seen, there is an upward trend in the number of contracts concluded through the sales brokerage.

In the leasing brokerage business, we endeavored to increase fee income by continued strengthening of brokerage sales efforts, through the "as-is office," cooperation with related projects such as supporting a

comprehensive office relocation, and including peripheral business. As a result of the above activities, sales were ¥461 million (up by 10.8% from the same period of the previous fiscal year) and segment income was ¥387 million (up by 7.0%).

### ***Property Management***

In the property management business, we worked to expand assets under contract in order to create business opportunities including sales brokerage, construction, and revitalization by focusing on the needs of consignors. Further, we have focused on creating new business opportunities by actively proposing renewal plans that aim to increase the added value of properties under contract, while we made an effort to prevent vacancies through close tenant support.

As a result of the above activities, sales were ¥219 (up by 12.8% from the same period of the previous fiscal year) million and segment income was ¥160 million (up by 12.0%).

### ***Other Businesses***

In the construction planning business, performance of the “Total Relocation Services,” a project that aims to solve the various issues that arise when relocating offices, such as layout proposals, interior contracting and restoration work, has remained steady.

Additionally the delinquent rent guarantee business has also remained stably due to the desire of building owners to avoid rent delinquency and tenants wanting to lower the risk of entrusting guarantee money and security deposits under the sluggish economy.

As a result of the above activities, sales were ¥235 (up by 18.4% from the same period of the previous fiscal year) million and segment income was ¥109 million (up by 31.9%).

## **(2) Qualitative information on consolidated financial position**

Total assets at the end of first half were ¥9,992 million (down by 21.9% from the end of the previous consolidated fiscal year), and liabilities were ¥4,201 million (down by 41.9%). The decrease in total assets was mainly because of a decrease in property, plant and equipment of ¥4,150 million and inventories of ¥777 million, although an increase in cash and deposits of ¥2,220 million. The decrease in liabilities was mainly due to a decrease in long-term loans payable of ¥2,135 million and short-term loans payable of ¥600 million.

Net assets were ¥5,790 million (up by 4.2 %). The main reason for the increase in net assets was the net income of ¥254 million. As a result, equity ratio changed to 57.9%.

### **Cash Flow**

Cash and cash equivalents, hereinafter referred to as capital, in this second quarter increased ¥1,202 million over the start-of-period balance with an end-of-period balance of ¥2,943 million as a result of ¥5,413 million in income from the sale of property, plant and equipment, ¥1,300 million in proceeds from long-term loans payable, and other income, despite expenses such as ¥3,623 million in expenses from the repayment of long-term loans payable, ¥1,154 million in expenses from fixed-term deposits, ¥1,317 million in expenses due to the acquisition of property, plant and equipment, and other expenses.

Second quarter cash flows and their sources are given below.

### ***Cash flow from operating activities***

Capital obtained as a result of operating activities was ¥959 million (the same period last year had an expense of ¥131 million). This is mainly due to reduction in inventories in the amount of ¥769 million and income before income taxes and minority interests of ¥263 million.

### ***Cash flows from investment activities***

Capital obtained as a result of investing activities was ¥3,220 million (the same period last year had an expense of ¥84 million). This was mainly due to ¥5,413 million in income from the sale of property, plant and equipment and ¥281 million in income from the refund of fixed deposits, despite ¥1,154 million in expenses from fixed-term deposits and ¥1,317 million in expenses due to the acquisition of property, plant and equipment.

***Cash flows from financing activities***

Capital used as a result of financing activities was ¥2,977 million (an increase of 658.5% over the same period last year). This was mainly due to ¥3,623 million in expenses from the repayment of long-term loans payable and a net decrease in short-term loans payable of ¥600 million, despite ¥1,300 million in proceeds from long-term loans payable.

**(3) Qualitative information on consolidated earnings forecasts**

The consolidated earnings forecast for the year ending March 2012 that was announced on August 10, 2011 have been revised based on earnings during the second quarter. For details of the revision, please refer to the "Difference with Consolidated Earnings Forecast for the Second Quarter of the Fiscal Year ending March 31, 2012 & Notification Regarding Revised Full Year Earnings Forecast," which was announced today (November 10, 2011).

## 2. Consolidated Financial Statements

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

### (1) Quarterly Consolidated Balance Sheets

(¥ thousand)

	FY ended March 31, 2011 (as of March 31, 2011)	1st Half of FY ending March 31, 2012 (as of September 30, 2011)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	2,115,547	4,336,100
Accounts receivable-trade	147,498	180,934
Real estate for sale	787,243	—
Real estate for sale in process	1,015,584	1,026,051
Supplies	600	—
Other	191,352	202,551
Allowance for doubtful accounts	(6,583)	(12,767)
<b>Total current assets</b>	<b>4,251,244</b>	<b>5,732,871</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings, net	4,697,732	1,862,125
Vehicles, net	2,650	2,109
Land	3,192,919	1,938,898
Construction in progress	62,500	—
Other, net	9,804	12,048
<b>Total property, plant and equipment</b>	<b>7,965,607</b>	<b>3,815,182</b>
<b>Intangible assets</b>		
Other	46,180	36,515
<b>Total intangible assets</b>	<b>46,180</b>	<b>36,515</b>
<b>Investments and other assets</b>		
Other	530,792	413,625
Allowance for doubtful accounts	(6,351)	(6,151)
<b>Total investments and other assets</b>	<b>524,440</b>	<b>407,473</b>
<b>Total noncurrent assets</b>	<b>8,536,228</b>	<b>4,259,172</b>
<b>Total assets</b>	<b>12,787,473</b>	<b>9,992,043</b>

(¥ thousand)

	FY ended March 31, 2011 (as of March 31, 2011)	1st Half of FY ending March 31, 2012 (as of September 30, 2011)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable-trade	102,674	107,975
Short-term loans payable	600,000	—
Current portion of bonds	108,000	108,000
Current portion of long-term loans payable	392,688	205,320
Income taxes payable	39,510	14,671
Provision for bonuses	39,360	39,813
Construction warranty reserve	800	3,293
Provision for loss on guarantees for rent	6,896	7,951
Other	520,801	667,118
<b>Total current liabilities</b>	<b>1,810,730</b>	<b>1,154,144</b>
<b>Noncurrent liabilities</b>		
Bonds payable	54,000	—
Long-term loans payable	4,741,592	2,605,640
Deferred tax liabilities	451	424
Other	626,094	441,702
<b>Total noncurrent liabilities</b>	<b>5,422,138</b>	<b>3,047,767</b>
<b>Total liabilities</b>	<b>7,232,869</b>	<b>4,201,912</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	7,728,308	5,515,443
Capital surplus	500,000	—
Retained earnings	(2,693,256)	274,069
<b>Total shareholders' equity</b>	<b>5,535,052</b>	<b>5,789,512</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	658	619
<b>Total accumulated other comprehensive income</b>	<b>658</b>	<b>619</b>
<b>Subscription rights to shares</b>	<b>18,893</b>	<b>—</b>
<b>Total net assets</b>	<b>5,554,603</b>	<b>5,790,131</b>
<b>Total liabilities and net assets</b>	<b>12,787,473</b>	<b>9,992,043</b>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of comprehensive income

Quarterly Consolidated Statements of Income

(¥ thousand)

	1st Half of FY ended March 31, 2011 (April 1– September 30, 2010)	1st Half of FY ending March 31, 2012 (April 1– September 30, 2011)
<b>Sales</b>	<b>1,967,379</b>	<b>3,349,020</b>
<b>Cost of sales</b>	<b>940,428</b>	<b>2,180,498</b>
Gross profit	1,026,950	1,168,522
<b>Selling, general and administrative expenses</b>	<b>797,398</b>	<b>851,277</b>
<b>Operating income</b>	<b>229,552</b>	<b>317,244</b>
<b>Non-operating income</b>		
Interest income	1,133	485
Dividends income	343	331
Compensation income	—	4,200
Interest on refund	21	2,236
Gain on disposal of unpaid dividend	778	2,054
Liquidated Damages Income	1,587	—
Other	521	493
<b>Total non-operating income</b>	<b>4,386</b>	<b>9,801</b>
<b>Non-operating expenses</b>		
Interest expenses	62,586	35,233
Other	403	6,353
<b>Total non-operating expenses</b>	<b>62,989</b>	<b>41,587</b>
<b>Ordinary income</b>	<b>170,949</b>	<b>285,458</b>
<b>Extraordinary income</b>		
Gain on reversal of subscription rights to shares	—	18,893
Reversal of allowance for doubtful accounts	4,010	—
Reversal of construction warranty reserve	1,520	—
Other	933	2,702
<b>Total extraordinary income</b>	<b>6,463</b>	<b>21,595</b>
<b>Extraordinary loss</b>		
Loss on derivatives cancellation	—	41,510
Loss on adjustment for changes of accounting standard for asset retirement obligations	3,291	—
Other	105	1,596
<b>Total extraordinary losses</b>	<b>3,396</b>	<b>43,107</b>
<b>Income before income taxes and minority interests</b>	<b>174,016</b>	<b>263,947</b>
Income taxes-current	13,309	9,019
Income taxes-deferred	—	467
<b>Total income taxes</b>	<b>13,309</b>	<b>9,486</b>
<b>Income before minority interests</b>	<b>160,706</b>	<b>254,460</b>
<b>Net income</b>	<b>160,706</b>	<b>254,460</b>

## Quarterly Consolidated Statements of comprehensive income

(¥ thousand)

	1st Half of FY ended March 31, 2011 (April 1– September 30, 2010)	1st Half of FY ending March 31, 2012 (April 1– September 30, 2011)
<b>Income before minority interests</b>	<b>160,706</b>	<b>254,460</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(263)	(39)
<b>Total other comprehensive income</b>	<b>(263)</b>	<b>(39)</b>
<b>Comprehensive income</b>	<b>160,443</b>	<b>254,421</b>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of the parent	160,443	254,421

### (3) Consolidated Statements of Cash Flows

(¥ thousand)

	1st Half of FY ended March 31, 2011 (April 1– September 30, 2010)	1st Half of FY ending March 31, 2012 (April 1– September 30, 2011)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	174,016	263,947
Depreciation and amortization	109,590	75,044
Increase (decrease) in stock acquisition	3,365	(18,893)
Increase (decrease) in allowance for doubtful accounts	(3,696)	5,983
Increase (decrease) in provision for bonuses	2,831	453
Increase (decrease) in construction warranty reserve	(2,000)	2,493
Increase or decrease in provision for loss on guarantees for rent	(681)	1,054
Increase (decrease) in Provision for office transfer	(2,765)	–
Interest and dividends income	(1,477)	(816)
Interest expenses	62,586	35,233
Loss on derivatives cancellation	–	41,510
Loss (gain) on sales of noncurrent assets	–	(2,702)
Decrease (increase) in notes and accounts receivable-trade	16,492	(64,069)
Decrease (increase) in investment securities for sale	(180,000)	–
Decrease (increase) in inventories	(124,747)	769,742
Increase (decrease) in notes and accounts payable-trade	(8,538)	(15,933)
Increase (decrease) in accrued consumption taxes	(62,309)	88,912
Decrease (increase) in consumption taxes refund receivable	(33,147)	113,796
Increase (decrease) in guarantee deposits received	(6,117)	(185,592)
Other, net	(14,274)	(18,361)
Subtotal	<u>(70,874)</u>	<u>1,091,804</u>
Interest and dividends income received	1,477	820
Interest expenses paid	(62,211)	(65,037)
Amount of payment by the derivative business cancellation of a contract	–	(41,510)
Income taxes (paid) refund	167	(26,673)
<b>Net cash provided by (used in) operating activities</b>	<b><u>(131,441)</u></b>	<b><u>959,404</u></b>
<b>Net cash provided by (used in) investing activities</b>		
Payments into time deposits	(66,352)	(1,154,621)
Proceeds from withdrawal of time deposits	48,000	281,480
Purchase of property, plant and equipment	(19,480)	(1,317,391)
Proceeds from sales of property, plant and equipment	–	5,413,951
Purchase of intangible assets	(37,998)	–
Payments for guarantee deposits	(14,013)	–
Proceeds from collection of guarantee deposits	5,536	–
Other, net	(262)	(3,054)
<b>Net cash provided by (used in) investing activities</b>	<b><u>(84,570)</u></b>	<b><u>3,220,364</u></b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(214,000)	(600,000)
Proceeds from long-term loans payable	100,000	1,300,000
Repayment of long-term loans payable	(224,344)	(3,623,320)
Redemption of bonds	(54,000)	(54,000)
Cash dividends paid	(208)	(36)
<b>Net cash provided by (used in) financing activities</b>	<b><u>(392,552)</u></b>	<b><u>(2,977,356)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(608,564)</u></b>	<b><u>1,202,412</u></b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>3,601,870</u></b>	<b><u>1,740,676</u></b>
<b>Cash and cash equivalents at end of period</b>	<b><u>2,993,305</u></b>	<b><u>2,943,088</u></b>