



Consolidated Financial Results for Third Quarter of Fiscal 2007, from April 1 to December 31, 2006 (Translation of Japanese Flash Report, Released on February 1, 2007)

Company name: Sun Frontier Fudousan Co., Ltd.

Stock listing: JASDAQ

Code number: 8934

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Representative: Tomoaki Horiguchi, President

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1. Items pertaining to creation of quarterly financial information

(1) Adoption of simplified accounting methods: Yes

Description: We adopt a simple set procedure that provides a sufficiently accurate picture of the Company without greatly misleading investors, rooted in the standards for creating the quarterly consolidated financial statements.

(2) Changes in accounting methods since most recent consolidated fiscal year: No

(3) Changes in consolidation and scope of application for equity method: No

(4) The overall financial/operating figures for the third quarter of fiscal 2007 (from April 1, 2006 – December 31, 2006) have not been audited by an independent auditor.

2. Performance in Third Quarter of Fiscal 2007 (from April 1 to December 31, 2006)

*Amounts under one million yen have been rounded down.

(1) Results

(Millions of yen, except for per share figures)

	Net Sales	Operating Income	Ordinary Income
Third Quarter of Fiscal 2007	¥18,462 (59.0%)	¥3,668 (53.0%)	¥3,364 (54.4%)
Third Quarter of Fiscal 2006	¥11,615 (-)	¥2,397 (-)	¥2,179 (-)
Fiscal 2006	¥16,730	¥3,756	¥3,474

	Net Income	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Third Quarter of Fiscal 2007	¥2,368 (92.6%)	¥7,502.80	¥7,462.56
Third Quarter of Fiscal 2006	¥1,229 (-)	¥13,830.63	¥13,706.67
Fiscal 2006	¥1,744	¥18,914.91	¥18,747.82

Note: 1. Weighted average number of shares outstanding

Third quarter of fiscal 2007: 315,634

Third quarter of fiscal 2006: 88,896

Fiscal 2006: 90,886

2. Percentage figures shown in the net sales, operating income, ordinary income, and net income columns indicate year-on-year changes for those items.

3. The Company started quarterly consolidated reporting from the third quarter of fiscal 2006, ended December 31, 2006, so we have not posted year-on-year changes of the third quarter of fiscal 2006.

4. The Company executed 3-for-1 stock split on April 1, 2006.



Qualitative Information on Consolidated Results of Operations

The Sun Frontier Fudousan group provides comprehensive real estate services, centered on real estate revitalization specialized for small and medium-sized commercial buildings in city centers. For the first three quarters of fiscal 2007 (April 1, 2006 – December 31, 2006), Sun Frontier Fudousan posted net sales of ¥18,462 million, operating income of ¥3,668 million, ordinary income of ¥3,364 million, and net income of ¥2,368 million.

Business Segment Information

Real Estate Revitalization

During the first three quarters, we were able to maintain both our sales and our profit ratio at high levels due to the upward trend in real estate prices. This was backed by persistently strong market conditions as well as our human resources development which is based on the company's philosophy and the generation of high value added as a result of the improvement in planning capabilities that goes with this human resources development. Moreover, in the purchase of properties, social awareness of real estate revitalization has risen, resulting in a substantial increase in both the quality and volume of properties to which we receive introductions, and we have moved forward with balanced acquisition that includes small and medium-sized properties. Meanwhile, we have also been making steady advances in revival plans involving relatively large properties being handled at SF Investments, Inc., a consolidated subsidiary. Furthermore, the building leasing business also turned in a stable performance in the absence of factors such as tenant replacement. As a result, sales in the real estate revitalization division grew 65.2% year-on-year to ¥17,238 million and operating income rose 57.1% year-on-year to ¥4,087 million.

Real Estate Services

The number of transactions within the group has risen both in brokerage services and property management in conjunction with the increase in the number of large-scale revitalization projects within the group. Both businesses have been directly involved in improved earnings for rehabilitated properties, contributing substantially to company-wide earnings growth. Although year-on-year sales declined in brokerage services, property management continued to forge ahead, registering a solid sales performance. The increase in the scale and number of building contracts continued to rise with the commencement of our first J-REIT property contract, resulting from such factors as the further appearance of a rising interest in improved value of properties invested in and the high evaluation of our track record. In our leasing guarantee services, contracts from fund operators have been on the rise, and there has been a steady increase in both the number and value of contracts. As a result, sales in the real estate services division overall recorded grew 3.1% year-on-year to ¥1,204 million and operating income declined 45.7% year-on-year to ¥97 million.

Other Real Estate Business

Sales in other real estate business rose 110.8% year-on-year to ¥19 million as a result of steadily recording asset management income and dividends from funds planned and organized in fiscal 2005. Meanwhile, this division recorded an operating loss of ¥22 million, compared with an operating loss of ¥2 million for the first three quarters of fiscal 2006, as a result of such factors as an increase in operating expenses.

(2) Financial Position

(Millions of yen, except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
Third Quarter of Fiscal 2007	¥44,053	¥20,244	45.9%	¥61,106.46
Third Quarter of Fiscal 2006	¥22,745	¥9,128	40.1%	¥94,139.97
Fiscal 2006	¥28,005	¥9,643	34.4%	¥99,192.78

Notes: 1. Number of shares issued and outstanding at end of the period

Third quarter of fiscal 2007: 331,303

Third quarter of fiscal 2006: 96,966

Fiscal 2006: 96,966

2. The Company executed 3-for-1 stock split on April 1, 2006.



(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
Third Quarter of Fiscal 2007	¥(11,607)	¥(494)	¥15,337	¥9,241
Third Quarter of Fiscal 2006	¥(7,662)	¥358	¥9,058	¥3,218
Fiscal 2006	¥(6,905)	¥(557)	¥12,004	¥6,005

Qualitative Information on Changes in Financial Position

Cash Flows

The balance of cash and cash equivalents at end of the first three quarters of fiscal 2007 rose ¥3,236 million compared to end of the previous consolidated fiscal year to ¥9,241 million.

Cash flows and the main factors in cash flows during the first three quarters are discussed below:

Cash Flows from Operating Activities

Net cash used in operating activities rose 51.5% year-on-year to ¥11,607 million. This was primarily due to such factors as a ¥13,453 million increase in inventory assets and a ¥2,878 million increase in income tax paid despite income before income taxes of ¥3,365 million and an increase of ¥844 million in account payable-trade.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥494 million against the ¥358 million provided by such activities during the first three quarters last year. This was primarily due to payment of ¥270 million for time deposits and payments of ¥137 million to purchase investment securities.

Cash Flows from Financing Activities

Net cash provided by financing activities increased 69.3% year-on-year to ¥15,337 million. This was primarily due to proceeds of ¥6,940 million from long-term borrowing, a net increase of ¥3,846 million in short-term borrowing and proceeds of ¥8,310 million from the issuance of common stock despite payments of ¥2,728 million for the repayment of long-term borrowing and payments of ¥934 million for the redemption of corporate bonds.

3. Projections for Fiscal 2007 (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	Net Sales	Ordinary Income	Net Income
Fiscal 2007	¥35,000	¥7,500	¥4,660

Reference: Projected net income per share (for the year): ¥14,065.67

Note: The projected net income per share (for the year) is calculated by the number of shares issued and outstanding at the end of third quarter of Fiscal 2007 as of December 31, 2006 (331,303 shares).

The Projections above has been made based on information obtainable on the date of release of these materials, and based on assumptions about uncertain elements that could impact future earnings, that were reasonable on the release date. Actual earnings could be greatly affected by various factors in the future.

Attached materials

1. Summarized Quarterly Non-consolidated Balance Sheets
2. Summarized Quarterly Non-consolidated Statements of Income
3. Summarized Quarterly Non-consolidated Statements of Cash Flows
4. Segment Information



3. Summarized Quarterly Consolidated Financial Statements

(1) Summarized Quarterly Consolidated Balance Sheets

(¥ thousand)

Items	Period		Third Quarter of Fiscal 2007 (as of December 31, 2006)		Third Quarter of Fiscal 2006 (as of December 31, 2005)		Increase/ Decrease		Fiscal 2006 (as of March 31, 2006)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)		
									Amount	(%)
ASSETS										
Current Assets										
Cash and bank deposits	10,233,291		4,304,053		5,929,238	137.8	6,678,054			
Accounts receivable - trade	92,137		208,765		(116,628)	-55.9	208,660			
Inventories	29,442,488		13,373,271		16,069,217	120.2	16,100,951			
Other current assets	1,436,141		848,682		587,458	69.2	1,765,639			
Allowance for doubtful accounts	(651)		(2,933)		2,281	-77.8	(2,074)			
Total Current Assets	41,203,407	93.5	18,731,839	82.4	22,471,567	120.0	24,751,231			88.4
Fixed Assets										
Property and Equipment										
Buildings	1,040,200		1,571,434		(531,233)	-33.8	1,070,737			
Land	1,186,585		1,963,835		(777,250)	-39.6	1,186,585			
Other	42,251		32,855		9,395	28.6	38,053			
Total Property and Equipment	2,269,037	5.2	3,568,124	15.7	(1,299,087)	-36.4	2,295,375			8.2
Intangible Fixed Assets	62,494	0.1	24,016	0.1	38,477	160.2	528,983			1.9
Investments and Other Assets	519,560		423,364		96,195	22.7	430,753			
Allowance for doubtful accounts	(1,307)		(2,013)		706	-35.1	(1,313)			
Total Investments and Other Assets	518,252	1.2	421,350	1.8	96,901	23.0	429,439			1.5
Total Fixed Assets	2,849,784	6.5	4,013,492	17.6	(1,163,708)	-29.0	3,253,799			11.6
Total Assets	44,053,191	100.0	22,745,332	100.0	21,307,859	93.7	28,005,030			100.0



(¥ thousand)

Items	Third Quarter of Fiscal 2007 (as of December 31, 2006)		Third Quarter of Fiscal 2006 (as of December 31, 2005)		Increase/ Decrease		Fiscal 2006 (as of March 31, 2006)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)
LIABILITIES								
Current Liabilities								
Accounts payable - trade	124,375		97,153		27,222	28.0	138,584	
Short-term borrowings	13,569,000		5,987,000		7,582,000	126.6	9,723,000	
Current portion of bonds	108,000		328,000		(220,000)	-67.1	328,000	
Current portion of long-term debts	323,900		924,800		(600,900)	-65.0	303,300	
Income taxes payable	184,301		618,789		(434,487)	-70.2	1,565,157	
Accrued bonuses for employees	20,216		11,601		8,615	74.3	56,460	
Accrued bonuses for directors	30,600		-		30,600	-	-	
Construction warranty reserve	73,100		62,400		10,700	17.2	73,200	
Other current liabilities	623,626		407,709		215,916	53.0	1,174,158	
Total Current Liabilities	15,057,121	34.2	8,437,454	37.1	6,619,667	78.5	13,361,860	47.7
Long-term Liabilities								
Corporate bond	540,000		1,308,000		(768,000)	-58.7	1,254,000	
Long-term debt	7,333,760		3,217,660		4,116,100	127.9	3,142,460	
Reserve for directors' retirement benefits	78,451		73,363		5,087	6.9	74,584	
Other long-term liabilities	799,103		580,477		218,626	37.7	528,797	
Total Long-term Liabilities	8,751,314	19.9	5,179,501	22.8	3,571,813	67.0	4,999,842	17.9
Total Liabilities	23,808,436	54.1	13,616,955	59.9	10,191,480	74.8	18,361,703	65.6
SHAREHOLDERS' EQUITY								
Common stock	-	-	3,050,911	5.6	(3,050,911)	-	3,050,911	10.9
Additional paid-in capital	-	-	3,112,248	7.1	(3,112,248)	-	3,112,248	11.1
Retained earnings	-	-	2,963,900	13.0	(2,963,900)	-	3,478,512	12.4
Net unrealized holding gain on securities	-	-	1,316	0.0	(1,316)	-	1,654	0.0
Total Shareholders' Equity	-	-	9,128,377	40.1	(9,128,377)	-	9,643,327	34.4
Total Liabilities and Shareholders' Equity	-	-	22,745,332	100.0	(22,745,332)	-	28,005,030	100.0
NET ASSETS								
Shareholders' Equity								
Common stock	7,227,668	16.4	-	-	7,227,668	-	-	-
Additional paid-in capital	7,289,003	16.5	-	-	7,289,003	-	-	-
Retained earnings	5,724,685	13.0	-	-	5,724,685	-	-	-
Total Shareholders' Equity	20,241,357	45.9	-	-	20,241,357	-	-	-
Valuation and Translation Adjustments								
Net unrealized holding gain on securities	3,397	0.0	-	-	3,397	-	-	-
Total Valuation and Translation Adjustments	3,397	0.0	-	-	3,397	-	-	-
Total Net Assets	20,244,755	45.9	-	-	20,244,755	-	-	-
Total Liabilities and Net Assets	44,053,191	100.0	-	-	44,053,191	-	-	-



(2) Summarized Quarterly Consolidated Statements of Income

(¥ thousand)

Items	Period		Third Quarter of Fiscal 2007 (April 1– December 31, 2006)		Third Quarter of Fiscal 2006 (April 1– December 31, 2005)		Increase/ Decrease		Fiscal 2006 (Apr. 1, 2005 – Mar. 31, 2006)	
	Amount	Share (%)	Amount	Share (%)	Amount	(%)	Amount	Share (%)		
Net Sales	18,462,762	100.0	11,615,030	100.0	6,847,731	59.0	16,730,890	100.0		
Cost of Sales	12,316,199	66.7	7,751,650	66.7	4,564,548	58.9	10,766,197	64.3		
Gross Profit	6,146,563	33.3	3,863,380	33.3	2,283,182	59.1	5,964,692	35.7		
Selling, General and Administrative Expenses	2,478,334	13.4	1,466,115	12.7	1,012,218	69.0	2,207,999	13.2		
Operating Income	3,668,229	19.9	2,397,264	20.6	1,270,964	53.0	3,756,693	22.5		
Other Income	8,757	0.0	1,733	0.0	7,023	405.1	3,294	0.0		
Other Expenses	312,101	1.7	219,046	1.8	93,055	42.5	285,777	1.7		
Ordinary Income	3,364,885	18.2	2,179,952	18.8	1,184,932	54.4	3,474,210	20.8		
Extraordinary Gains	1,429	0.0	-	-	1,429	-	183	0.0		
Extraordinary Losses	1,265	0.0	25,675	0.3	(24,409)	-95.1	26,022	0.2		
Income before Income Taxes	3,365,048	18.2	2,154,276	18.5	1,210,771	56.2	3,448,371	20.6		
Income taxes	996,909	5.4	924,788	7.9	72,120	7.8	1,704,270	10.2		
Net Income	<u>2,368,139</u>	12.8	<u>1,229,488</u>	10.6	<u>1,138,650</u>	92.6	<u>1,744,100</u>	10.4		



(3) Summarized Quarterly Consolidated Statements of Cash Flows

(¥ thousand)

Items	Period	Third Quarter of Fiscal 2007 (April 1– December 31, 2006)	Third Quarter of Fiscal 2006 (April 1– December 31, 2005)	Fiscal 2006 (Apr. 1, 2005 – Mar. 31, 2006)
		Amount	Amount	Amount
Cash Flows from Operating Activities				
Income before income taxes		3,365,048	2,154,276	3,448,371
Depreciation and amortization		167,214	166,643	191,111
Amortization of consolidation adjustment accounts		-	-	78,846
Amortization of goodwill		473,078	-	-
Allowance for doubtful accounts		(1,429)	1,375	(183)
Accrued bonuses for employees		(36,243)	(23,944)	20,914
Accrued bonuses for directors		30,600	-	-
Reserve for directors' retirement benefits		3,866	11,176	12,398
Construction warranty reserve		(100)	49,300	60,100
Interest and dividend income		(2,442)	(706)	(1,563)
Interest expense		211,706	131,994	168,198
Stock issuance cost		-	35,698	38,119
Stock delivery cost		42,834	-	-
Bonds issuance cost		-	22,716	22,716
Disposal of property and equipments		1,197	-	347
Accounts receivable - trade		164,227	(125,302)	(148,569)
Inventories		(13,453,663)	(8,601,145)	(8,707,322)
Advances paid		-	(120,000)	(120,000)
Accounts payable-trade		844,103	(251,951)	(991,572)
Consumption tax payable		(131,625)	81,363	108,362
Consumption tax receivable		63,635	(247,309)	(239,706)
Security deposits received		269,378	37,061	(4,570)
Payment for directors' and statutory auditors' bonuses		(25,000)	(12,000)	(12,000)
Others, net		(497,313)	(1,503)	180,928
Sub total		(8,510,928)	(6,692,257)	(5,895,074)
Interest and dividend received		1,892	2,962	1,563
Interest paid		(220,278)	(138,039)	(176,809)
Income tax paid		(2,878,007)	(834,785)	(834,940)
Net Cash Used in Operating Activities		(11,607,321)	(7,662,120)	(6,905,260)
Cash Flows from Investing Activities				
Payments for time deposits		(270,119)	(860,084)	(450,586)
Proceed from time deposits		-	1,342,159	1,342,159
Purchases of property and equipment		(45,185)	(88,376)	(102,017)
Purchases of intangible fixed assets		(38,379)	-	-
Purchases of investment securities		(137,553)	-	-
Purchases of subsidiary accompanying in scope of consolidation		-	-	(1,305,973)
Payments for security deposits		(11,977)	(91,970)	(94,530)
Proceed from security deposits		-	75,742	78,330
Others, net		8,691	(18,606)	(24,748)
Net Cash Provided by (Used in) Investing Activities		(494,525)	358,864	(557,366)
Cash Flows from Financing Activities				
Proceeds from short-term borrowings		3,846,000	1,968,000	5,667,000
Proceeds from long-term borrowings		6,940,000	2,500,000	2,500,000
Repayments of long-term borrowings		(2,728,100)	(965,100)	(1,661,800)
Proceeds from issuance of bonds		-	733,284	733,284
Payments for redemption of bonds		(934,000)	(220,000)	(274,000)
Proceeds from issuance of common stock		8,310,676	5,083,812	5,081,390
Dividends paid		(96,611)	(41,827)	(41,836)
Net Cash Provided by Financing Activities		15,337,964	9,058,168	12,004,037
Increase in Cash and Cash Equivalents		3,236,117	1,754,912	4,541,411
Cash and Cash Equivalents at Beginning of the Period		6,005,324	1,463,913	1,463,913
Cash and Cash Equivalents at End of the Period		9,241,442	3,218,826	6,005,324



(4) Segment information

Business performance by segment

Third Quarter of Fiscal 2007 (from April 1 December 31, 2006)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	17,238,713	1,204,284	19,764	18,462,762	-	18,462,762
Intersegment sales	-	207,714	-	207,714	(207,714)	-
Total sales	17,238,713	1,411,999	19,764	18,670,477	(207,714)	18,462,762
Operating expenses	13,150,965	1,314,409	42,412	14,507,787	286,745	14,794,533
Operating income	4,087,747	97,590	(22,647)	4,162,689	(494,460)	3,668,229

(Notes) 1. The following are the internal business segments of the Group and the description of the Company's primary businesses.

- (1) Real estate revitalization business: Purchase, leasing and sale of pre-owned commercial buildings for revitalization
 - (2) Real estate services business: Commercial real estate brokerage, office and store leasing, property management, construction planning and leasing guarantee services
 - (3) Other real estate business unit: Asset management, Private fund planning, creation, and management
2. Among operating expenses, the amount of undistributable operating expenses included in the "Elimination/Corporate" column was ¥463,565 thousand, mainly expenses for the Company's management departments.
3. During the quarter, sales to external clients from the Group's real estate revitalization business segment consisted of ¥16,194,006 thousand from replanning business, and ¥1,044,703 thousand from building leasing business. Similarly, sales from the Group's real estate services business segment consisted of sales of ¥669,596 thousand from brokerage business, and ¥534,688 thousand from areas such as property management and construction planning.

Third Quarter of Fiscal 2006 (from April 1 December 31, 2005)

(¥ thousand)

	Real-estate revitalization	Real-estate services	Other real-estate business	Total	Elimination/Corporate	Consolidated
Sales to external customers	10,437,180	1,168,473	9,376	11,615,030	-	11,615,030
Intersegment sales	-	93,798	-	93,798	(93,798)	-
Total sales	10,437,180	1,262,272	9,376	11,708,829	(93,798)	11,615,030
Operating expenses	7,834,738	1,082,471	11,391	8,928,602	289,163	9,217,765
Operating income	2,602,442	179,800	(2,015)	2,780,226	(382,961)	2,397,264

(Notes) 1. The following are the internal business segments of the Group and the description of the Company's primary businesses.

- (1) Real estate revitalization business: Purchase, leasing and sale of pre-owned commercial buildings for revitalization
 - (2) Real estate services business: Commercial real estate brokerage, office and store leasing, property management, construction planning and leasing guarantee services
 - (3) Other real estate business unit: Asset management, Private fund planning, creation, and management
2. Among operating expenses, the amount of undistributable operating expenses included in the "Elimination/Corporate" column was ¥294,744 thousand, mainly expenses for the Company's management departments.
3. During the quarter, sales to external clients from the Group's real estate revitalization business segment consisted of ¥9,659,520 thousand from replanning business, and ¥777,660 thousand from building leasing business. Similarly, sales from the Group's real estate services business segment consisted of sales of ¥783,984 thousand from brokerage business, and ¥384,489 thousand from areas such as property management and construction planning.

Segment Information by Business Location

During the third quarter of fiscal 2006 (from April 1 – December 31, 2005) and fiscal 2007 (from April 1 – December 31, 2006), there were no consolidated subsidiary in any country or territory outside Japan, and no major overseas branch, so this item does not exist.

Overseas Sales

During the third quarter of fiscal 2006 (from April 1 – December 31, 2005) and fiscal 2007 (from April 1 – December 31, 2006), the Company and subsidiaries have not accounted overseas sales, so this item does not exist.