

Interim Financial Results for the Fiscal Year Ending March 31, 2008

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(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2008 (April 1, 2007 – September 30, 2007)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Revenues		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1H ended Sep. 2007	10,754	26.4	202	(33.3)	75	(55.0)	41	(71.5)
1H ended Sep. 2006	8,505	30.4	303	13.5	167	0.5	144	-
FY ended Mar. 2007	19,615	-	1,240	-	1,068	-	733	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
1H ended Sep. 2007	1,033.37	-
1H ended Sep. 2006	3,768.05	3,764.31
FY ended Mar. 2007	18,829.05	-

Reference: Investment profit/loss under equity method (Millions of Yen): Sep. 2007: (4) Sep. 2006: (2) Mar. 2007: (9)

Note: Net income per share (diluted) for the first half ended Sep. 2007 is not presented since we have no outstanding dilutive securities.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
1H ended Sep. 2007	27,271	4,888	17.9	122,342.30
1H ended Sep. 2006	22,133	4,317	19.5	108,567.39
FY ended Mar. 2007	25,690	4,909	19.0	123,183.53

Reference: Shareholders' equity (Millions of Yen): Sep. 2007: 4,859 Sep. 2006: 4,312 Mar. 2007: 4,892

(3) Consolidated cash flow position

	CF from operating activities	CF from investing activities	CF from financing activities	Cash and cash equivalents at end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
1H ended Sep. 2007	(1,117)	(133)	1,201	1,464
1H ended Sep. 2006	(1,070)	379	274	1,919
FY ended Mar. 2007	(3,942)	255	2,632	1,513

2. Dividends

(Record date)	Dividend per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
FY ended Mar. 2007	-	1,750.00	1,750.00
FY ending Mar. 2008	-	-	-
FY ending Mar. 2008 (forecast)	-	1,875.00	1,875.00

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 - March 31, 2008)

(Percentages represent year-on-year changes)

	Revenues		Operating income		Ordinary income		Net income		Net income per share (basic)
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	26,500	35.1	1,450	16.9	1,300	21.7	820	11.7	20,645.03

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Note: Please refer to “Corporate Group” on page 6 for further information.

(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: None

Note: Please refer to “[Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements](#)” on [page 16](#) for further information.

(3) Number of outstanding shares (common shares)

1) Shares outstanding at end of period (including treasury stock):

Sep. 2007: 40,307.52 shares Sep. 2006: 40,307.52 shares Mar. 2007: 40,307.52 shares

2) Treasury stock at end of period:

Sep. 2007: 588.52 shares Sep. 2006: 588.52 shares Mar. 2007: 588.52 shares

Note: Please refer to “Per Share Data” on page 34 for the number of shares used in calculating interim consolidated net income per share.

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for First Half of the Fiscal Year Ending March 31, 2008

(April 1, 2007 – September 30, 2007)

(1) Non-consolidated results of operations

(Percentages represent year-on-year changes)

	Revenues		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1H ended Sep. 2007	8,667	17.2	149	(27.3)	79	(41.0)	50	(51.9)
1H ended Sep. 2006	7,389	26.4	205	(18.3)	134	(16.3)	104	-
FY ended Mar. 2007	16,116	-	910	-	840	-	536	-

	Net income per share (basic)
	Yen
1H ended Sep. 2007	1,240.68
1H ended Sep. 2006	2,735.02
FY ended Mar. 2007	13,763.85

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
1H ended Sep. 2007	18,811	4,525	24.0	112,266.25
1H ended Sep. 2006	17,356	4,095	23.6	102,975.83
FY ended Mar. 2007	19,018	4,537	23.8	113,827.07

Reference: Shareholders' equity (Millions of Yen): Sep. 2007: 4,496 Sep. 2006: 4,090 Mar. 2007: 4,521

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 - March 31, 2008)

(Percentages represent year-on-year changes)

	Revenues		Operating income		Ordinary income		Net income		Net income per share (basic)
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	8,935	(44.5)	190	(79.2)	120	(85.7)	65	(87.8)	1,636.49

* Cautionary statement with respect to forward-looking statements

The estimated values above have been prepared based on information currently available. Actual results of operations may differ from the estimated values depending on various factors. Please reference page 4 “1. Results of Operations, (2) Analysis of Financial Position 3) Outlook for the fiscal year ending March 31, 2008” for precondition and assumption as the basis of the above forecasts.

1. Results of Operations

(1) Analysis of Results of Operations

While concerns existed such as rising crude oil price and the decline in stock prices due to U.S. subprime mortgage fallout, the Japanese economy is remained on a recovery path during the interim period under review against a backdrop of rising capital investment prompted by improved corporate performance.

In the real estate industry, disputes over purchasing land caused by climbing land prices mainly in metropolitan areas and delay in construction confirmation process due to the revision of the Building Standard Law have led to decrease in the number of housing starts so that the market competition is heating up.

Under these circumstances, in this interim period under review, our group reported consolidated revenues of 10,754 million yen (up 26.4 % from a year earlier) and operating income of 202 million yen (down 33.3%). Ordinary income of 75 million yen (down 55.0%) and interim net income of 41 million yen (down 71.5%) were posted. The Group has registered revenue increases for four consecutive terms.

The outline of results by business segment is as follows:

1) Real estate sales (investment) business

In the PI (personal investment) business, our bases focused on purchase of land for sale. We also proposed apartment building management by using a non-recourse loan, this proposal was well received by owners of all ages, and the number of new orders steadily increased. As a result, revenues totaled 3,604 million yen.

In the CI (corporate investment) business, our domestic bases worked hard to secure quality land plots for development and we made effort to open sales channels to corporate investors (investment funds, etc.), and the number of new orders largely rose as well. As a result, revenues totaled 5,769 million yen.

Revenues in the real estate sales (investment) business including the PI and CI businesses totaled 9,374 million yen (up 28.5% from a year earlier), and operating income 214 million yen (down 34.7%).

2) Rental real estate management business (PM business)

In the rental real estate management business, new properties for management have continued to grow steadily reflecting strong sales of rental apartment buildings as previous fiscal year. The number of family units for management totaled 9,286 at the end of the interim period. We have started introduction of content services provided by USEN Corporation to offer tenants of rental apartment buildings higher added value.

Revenues in the rental real estate management business totaled 1,012 million yen (up 30.6% from a year earlier), and operating income 169 million yen (up 34.0%).

3) Finance business

In the finance business, the balance of operating loans at the end of the interim period totaled 2,205 million yen owing to an increase in the number of new customers in the real estate sales (investment) business. In order to increase the number of new customers, we have launched small free loan mainly for tenants.

Revenues in the finance business totaled 74 million yen (up 22.5% from a year earlier), and operating income 12 million yen (down 7.5%).

4) Other businesses

As for the other businesses, the number of family units to which LPG was supplied and sold by SK Energy Co., Ltd. totaled 4,785 (up 13.9% from a year earlier) at the end of the interim period under review.

Performance of the two franchise restaurants that we operate remained firm as well through well-planned promotional activities.

Revenues in other businesses totaled 293 million yen (down 22.7% from a year earlier), and operating income 69 million yen (down 9.0%).

(2) Analysis of Financial Position

1) Balance sheet position

Assets

Total assets increased **1,581** million yen from the end of the previous fiscal year to **27,271** million yen. The main factors were increases in real estate for sale and real estate operation outlays.

Liabilities

Liabilities totaled **22,383** million yen, an increase of **1,602** million yen from the end of the previous fiscal year. The main factors were increase in short-term borrowing, though corporate bonds and long-term borrowings decreased.

Net assets

Total net assets decreased 21 million yen from the end of previous fiscal year to 4,888 million yen. It was mainly due to decrease in retained earnings.

2) Cash flows

Cash and cash equivalents (hereinafter 'net cash') on a consolidated basis for the interim period ended September 30, 2007 totaled 1,464 million yen, a decrease of 49 million yen from the previous fiscal year ended March 31, 2007.

The status of cash flows by activity were as follows:

Operating activities

Net cash used in operating activities totaled **1,117** million yen (1,070 million yen cash used in the same period of the previous fiscal year). Positive factor was a **1,730** million yen decline in accounts receivable, while negative factor was a **2,918** million yen increase in inventories.

Investing activities

Net cash used in investing activities was **133** million yen. Negative factors included 33 million yen in outlays for acquisition of tangible fixed assets and **107 million yen in outlays for acquisition of investment in securities**.

Financing activities

Net cash provided by financing activities was **1,201** million yen (274 million yen cash provided in the same period of the previous fiscal year). Cash flow increased due to a **2,579** million yen net increase in short-term borrowings, and cash flow decreased due to a **587** million yen net decrease in long-term borrowings and **590 million yen in redemption of corporate bonds**.

3) Outlook for the fiscal year ending March 31, 2008

While there are concerns such as U.S. economic trends, the Japanese economy is expected to remain on a recovery path against a backdrop of improved corporate performance.

As for the real estate industry, the group's main business field, though there is some cause for concerns such as the serious impact of the Building Standard Law revision and rising land prices, our group will make effort to improve performances by implementing three measures such as 1) expand our sales network, 2) develop new business lines, and 3) strengthen financial standing. In addition, we have shifted to a holding company from October 2007 so that synergies among group businesses will be more effective.

Our forecast for the fiscal year ending March 31, 2008 is as follows: consolidated revenues of 26,500 million yen; consolidated operating income of 1,450 million yen; consolidated ordinary income of 1,300 million yen and consolidated net income of 820 million yen.

(3) Basic Policy of Profit Distribution and Dividends for the Current Fiscal Year

We aim to continuously improve shareholder value including through profit distribution.

For this purpose, we have established an effective business organization for the aggressive promotion of operations, and have established a stable and continuous profit structure that is not easily impacted by changes in the economic environment. Our top priorities are returning profits to shareholders and maintaining stable operations.

In accordance with the basic policy above, we plan to pay a dividend of 1,875.00 yen per share for the fiscal year ending March 31, 2008.

2. Corporate Group

The Shinoken Group consists of the Company, six consolidated subsidiaries, and three equity-method affiliates. The main line of business is asset utilization and consulting for rental apartment building management.

Below we discuss the major lines of business of the corporate group, and business relations with consolidated subsidiaries.

The business divisions described below are the same as those used in ‘Operating segment information’ in the ‘Segment Information’ section of attachments.

Real estate sales (investment) business

The Group prepares a business plan for rental apartment building management using quality land information obtained through in-house research, and sells both land and rental apartment buildings to individual investors. The Group sells directly and through sales agencies, and is expanding supplies and coverage areas.

Also, we handle the planning and sales of one-room rental apartments for investment mainly in the Tokyo metropolitan area.

Real estate rental management business

We provide overall support to customers for rental apartment building management, including occupant advertising, rent collection, housing maintenance, and so on.

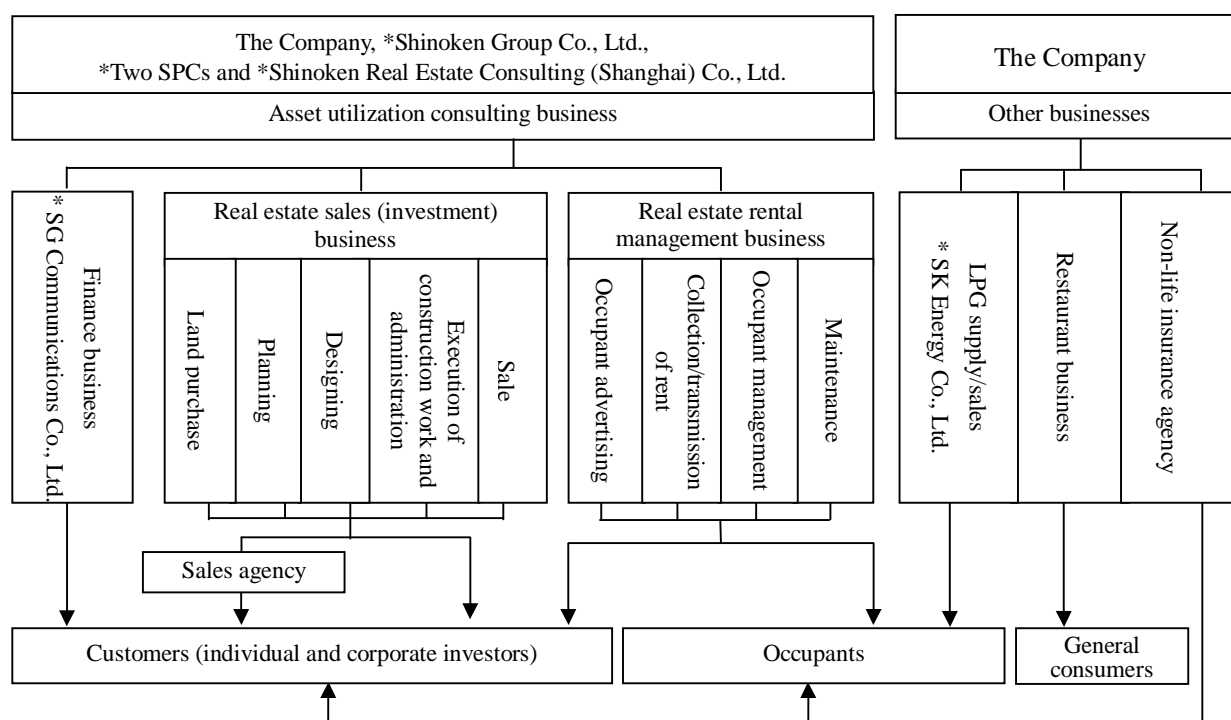
Finance business

We provide financing of the purchase of properties sold by the Group and also engage in rent guarantee business offered to properties managed by the Group.

Other businesses

SK Energy Co., Ltd. is responsible for supplying and sales LPG to occupants of rental apartment buildings that we manage in Fukuoka area. In addition, we manage two restaurants through franchise contracts, and operate non-life insurance agencies for Tokio Marine & Nichido Fire Insurance Co., Ltd. and Asahi Fire & Marine Insurance Co., Ltd.

Business flow chart is as follows:



Note: * Consolidated subsidiaries

Nissho Harmony Co., Ltd. has changed its name to Shinoken Group Co., Ltd. effective on April 12, 2007.

SHC Co., Ltd. has changed its name to SG Communications Co., Ltd. effective on July 9, 2007.

Two SPCs are KS Fund. Y.K. and S&M Fund. Y.K.

3. Management Policies

(1) Basic Management Policy

Since its incorporation, the Group has been involved in the asset utilization and consulting business mainly in the Tokyo metropolitan area, as well as Sapporo, Sendai, Nagoya, and Fukuoka areas. As an asset expansion specialist, its business philosophy is ‘The success of customers is everything!’

We aim to eliminate the stereotype that rental apartment building management is an asset utilization tool for landowners only, and promote a business model by which even ordinary individual investors that do not own land can safely participate, [in the PI \(private investment\) business in the real estate sales \(investment\) business](#). We also devote ourselves to supplying quality rental apartment buildings with a comfortable living environment in the CI (corporate investment) business, and will continuously work to strengthen our organizational structure and develop products to ensure we remain an equitable and enduring publicly-listed company that contributes to community development.

(2) Target Performance Indicators

We position ‘Return on equity’ (ROE) as an important performance indicator. We aim to strengthen the corporate foundation to maintain ROE above 20% in all business circumstances.

(3) Mid- to Long-Term Business Strategy

Real estate sales (investment) and real estate rental management form the foundation of the Group’s profit structure. As for the PI (personal investment) business in real estate sales (investment) business segment, we will focus on business activities in the group’s every branch office across the country and we differentiate ourselves from major competitors through a marketing strategy that encourages a direct approach to ordinary individual investors who do not own land. We will struggle for expanding business by strengthening business in Tokyo metropolitan area where demand is strong and targeting individual investors who already own land. In the CI (corporate investment) business as well, [we will intensify our present policies on development, construction and sales of middle- and high-rise apartments](#). At the same time, we will implement in-house development as well as joint development with funds of non-residential properties such as hotels and office buildings.

As for real estate rental management business, we will make more effort to increase the number of units under management of properties sold by the Group. As a differentiation strategy, we will offer our tenants financing of initial payment jointly with SG Communications Co., Ltd., a group’s subsidiary, and free internet environment in order to achieve higher occupancy rates.

(4) Challenges

We omit this section, as we have made no material changes to the content we disclosed in our financial results for the fiscal year ended March 31, 2007 (released May 18, 2007.)

Please link to the following page of our website for the financial results.

Shinoken Group website:

<http://www.shinoken.co.jp/>

Listed company search service at the JASDAQ Securities Exchange website:

<http://jds.jasdaq.co.jp/tekiiji/>

(5) Other Important Management Matters

Please see the corporate governance report “Basic policy and arrangement of the internal control system.”

4. Interim Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

Items	Note	As of Sep. 30, 2006		As of Sep. 30, 2007		As of Mar. 31, 2007		
		Amount	%	Amount	%	Amount	%	
Assets								
I Current assets								
1. Cash and deposits	*2	2,011,596		1,560,347		1,606,469		
2. Trade notes receivable		-		16,400		350,000		
3. Real estate operation accounts due and accounts receivable		2,720,101		1,478,036		2,876,303		
4. Operating loans receivable	*2	1,733,071		2,205,301		2,032,983		
5. Real estate for sale	*2	4,069,887		5,652,381		4,521,135		
6. Real estate operation outlays	*2	8,450,788		13,029,647		11,276,546		
7. Other inventories		34,106		73,208		38,796		
8. Deferred tax assets		305,489		88,077		135,803		
9. Others		191,122		442,667		222,374		
Allowance for doubtful accounts		(32,056)		(22,490)		(42,831)		
Total current assets		19,484,107	88.0	24,523,577	89.9	23,017,580	89.6	
II Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures	*2	690,795		690,031		693,918		
(2) Land	*2	1,139,558		1,139,558		1,139,558		
(3) Others		227,281	2,057,636	238,061	2,067,651	239,717	2,073,194	
2. Intangible assets								
(1) Goodwill		116,637		109,285		112,961		
(2) Others		2,964	119,602	2,964	112,250	2,964	115,926	
3. Investments and other assets								
(1) Deferred tax assets		41,058		22,356		16,007		
(2) Others		462,626		567,398		492,182		
Allowance for doubtful accounts		(31,773)	471,910	(21,714)	568,039	(24,502)	483,687	
Total fixed assets			2,649,148	12.0		2,747,941	10.1	
Total assets			22,133,256	100.0		27,271,519	100.0	

(Thousands of Yen)

Items	Note	As of Sep. 30, 2006		As of Sep. 30, 2007		As of Mar. 31, 2007	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Real estate operation unpaid accounts and accounts payable		1,984,266		1,690,900		1,429,723	
2. Short-term borrowings	*2	4,896,951		11,904,729		9,907,044	
3. Corporate bonds due within one year		810,000		530,000		910,000	
4. Accrued income taxes		15,021		14,772		38,001	
5. Real estate operation advances payable		98,299		291,699		247,059	
6. Deposits received		319,561		224,797		335,219	
7. Accrued employees' bonuses		16,271		21,113		17,370	
8. Allowance for construction compensation		1,227		702		1,017	
9. Reserves for losses related to the earthquake-resistance data falsification scandal		36,491		-		-	
10. Others		419,756		466,481		424,527	
Total current liabilities		8,597,846	38.8	15,145,195	55.5	13,309,963	51.8
II Long-term liabilities							
1. Corporate bonds		730,000		-		210,000	
2. Long-term borrowings	*2	8,007,539		6,973,971		6,980,205	
3. Accrued employees' retirement benefits		17,534		23,166		19,341	
4. Accrued officers' severance benefits		216,340		-		-	
5. Deposits received		221,328		204,638		226,797	
6. Others		25,425		36,524		34,506	
Total long-term liabilities		9,218,167	41.7	7,238,300	26.6	7,470,849	29.1
Total liabilities		17,816,013	80.5	22,383,495	82.1	20,780,813	80.9
Net assets							
I Shareholders' equity							
1. Common stock		1,922,159	8.7	1,922,159	7.0	1,922,159	7.5
2. Capital surplus		1,854,564	8.4	1,854,564	6.8	1,854,564	7.2
3. Retained earnings		679,141	3.1	1,232,469	4.5	1,260,933	4.9
4. Treasury stock		(142,347)	(0.7)	(142,347)	(0.5)	(142,347)	(0.6)
Total shareholders' equity		4,313,518	19.5	4,866,846	17.8	4,895,310	19.0
II Valuation and translation adjustments							
1. Unrealized holding gain (loss) on other securities		(1,330)	(0.0)	(7,371)	(0.0)	(2,237)	(0.0)
2. Foreign currency translation adjustments		-	-	(161)	(0.0)	(345)	(0.0)
Total valuation and translation adjustments		(1,330)	(0.0)	(7,532)	(0.0)	(2,583)	(0.0)
III Stock acquisition rights		5,054	0.0	28,709	0.1	16,849	0.1
Total net assets		4,317,242	19.5	4,888,023	17.9	4,909,576	19.1
Total liabilities and net assets		22,133,256	100.0	27,271,519	100.0	25,690,389	100.0

(2) Consolidated Statements of Income

(Thousands of Yen)

Items	Note	Apr. 1, 2006 – Sep. 30, 2006		Apr. 1, 2007 – Sep. 30, 2007		Apr. 1, 2006 – Mar. 31, 2007	
		Amount	%	Amount	%	Amount	%
I Revenues	*1	8,505,278	100.0	10,754,381	100.0	19,615,256	100.0
II Cost of revenues		7,048,109	82.9	9,326,973	86.7	16,016,284	81.7
Gross profit		1,457,168	17.1	1,427,407	13.3	3,598,971	18.3
III SG&A expenses	*2	1,153,288	13.5	1,224,816	11.4	2,358,415	12.0
Operating income		303,879	3.6	202,590	1.9	1,240,556	6.3
IV Non-operating income							
1. Fee income		-		-		83	
2. Gains on membership		7,019		8,439		14,049	
3. Additional tax refund		3,295		-		3,295	
4. Others		2,692	13,008	11,011	19,450	12,345	29,773
Operating income			0.2		0.2		0.1
V Non-operating expenses							
1. Interest expenses		117,389		94,461		153,894	
2. Stock issue expenses		3,076		-		3,837	
3. Fees and commissions		25,944		39,069		33,799	
4. Investment loss under equity method		2,751		4,171		9,948	
5. Others		56	149,217	8,972	146,674	332	201,813
Operating income			1.8		1.4		1.0
Ordinary income			2.0		0.7		5.4
VI Extraordinary gains							
1. Gain on sale of fixed assets	*3	49,128		-		49,526	
2. Gain on prior-year adjustment	*5	10,980		-		10,980	
3. Gain on reversal from accrued officers' severance benefits	*4	-		-		228,328	
4. Gain on reversal from allowance for doubtful accounts		-	60,109	17,666	17,666	-	288,835
Operating income			0.7		0.2		1.5
VII Extraordinary losses							
1. Repair costs on properties sold in prior year	*6	-		-		50,200	
2. Loss on disposal of fixed assets		-		-		3,277	
3. Settlement packages	*7	-		-		244,790	
4. Prior year consumption taxes, etc.		-	-	-	-	23,558	321,827
Operating income			-		-		1.6
Net income before income taxes			227,779		93,032		1,035,526
Current income taxes			9,286		7,131		37,542
Prior year income taxes refund			-		-		(6,601)
Deferred income taxes			74,389		44,856		270,642
Operating income			1.0		0.5		301,583
Net income			144,103		41,044		733,942
			1.7		0.4		3.7

(3) Consolidated Statements of Change in Shareholders' Equity

Previous interim period (Apr. 1, 2006 – Sep. 30, 2006)

(Thousands of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Mar. 31, 2006	1,567,159	1,499,564	535,037	(142,347)	3,459,414
Changes in the current period					
Issuance of new share	355,000	355,000			710,000
Net income			144,103		144,103
Changes (net) in items other than shareholders' equity					-
Total changes in the current period	355,000	355,000	144,103	-	854,103
Balance as of Sep. 30, 2006	1,922,159	1,854,564	679,141	(142,347)	4,313,518

	Valuation and translation adjustments	Stock acquisition rights	Minority interests	Total net assets
	Unrealized holding gain (loss) on other securities			
Balance as of Mar. 31, 2006	-	-	-	3,459,414
Changes in the current period				
Issuance of new share				710,000
Net income				144,103
Changes (net) in items other than shareholders' equity	(1,330)	5,054	-	3,724
Total changes in the current period	(1,330)	5,054	-	857,828
Balance as of Sep. 30, 2006	(1,330)	5,054	-	4,317,242

Current interim period (Apr. 1, 2007 – Sep. 30, 2007)

(Thousands of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Mar. 31, 2007	1,922,159	1,854,564	1,260,933	(142,347)	4,895,310
Changes in the current period					
Issuance of new share					-
Dividend of surplus			(69,508)		(69,508)
Net income			41,044		41,044
Changes (net) in items other than shareholders' equity					-
Total changes in the current period	-	-	(28,463)	-	(28,463)
Balance as of Sep. 30, 2007	1,922,159	1,854,564	1,232,469	(142,347)	4,866,846

	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Unrealized holding gain (loss) on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Mar. 31, 2007	(2,237)	(345)	(2,583)	16,849	4,909,576
Changes in the current period					
Issuance of new share					-
Dividend of surplus					(69,508)
Net income					41,044
Changes (net) in items other than shareholders' equity	(5,133)	184	(4,949)	11,859	6,910
Total changes in the current period	(5,133)	184	(4,949)	11,859	(21,553)
Balance as of Sep. 30, 2007	(7,321)	(161)	(7,532)	28,709	4,888,023

Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)

(Thousands of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Mar. 31, 2006	1,567,159	1,499,564	535,037	(142,347)	3,459,414
Changes in the current period					
Issuance of new share	355,000	355,000			710,000
Net income			733,942		733,942
Decrease in earnings due to changes in scope of consolidation			(8,046)		(8,046)
Changes (net) in items other than shareholders' equity					-
Total changes in the current period	355,000	355,000	725,895	-	1,435,895
Balance as of Mar. 31, 2007	1,922,159	1,854,564	1,260,933	(142,347)	4,895,310

	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Unrealized holding gain (loss) on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of Mar. 31, 2006	-	-	-	-	3,459,414
Changes in the current period					
Issuance of new share					710,000
Net income					733,942
Decrease in earnings due to changes in scope of consolidation					(8,046)
Changes (net) in items other than shareholders' equity	(2,237)	(345)	(2,583)	16,849	14,266
Total changes in the current period	(2,237)	(345)	(2,583)	16,849	1,450,161
Balance as of Mar. 31, 2007	(2,237)	(345)	(2,583)	16,849	4,909,576

(4) Consolidated Statements of Cash Flows

(Thousands of Yen)

		Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
Items	Note	Amount	Amount	Amount
I Cash flows from operating activities				
1. Net income before income taxes		227,779	93,032	1,035,526
2. Depreciation		36,324	39,399	75,455
3. Amortization of goodwill		3,675	3,675	7,351
4. Stock compensation cost		5,054	11,859	16,849
5. Increase (decrease) in allowance for doubtful accounts		8,582	(23,128)	12,085
6. Increase (decrease) in accrued employees' bonuses		3,295	3,742	4,393
7. Increase (decrease) in allowance for construction compensation		-	(315)	(210)
8. Increase (decrease) in accrued employees' retirement benefits		1,846	3,825	3,653
9. Increase (decrease) in accrued officers' severance benefits		12,350	-	(203,990)
10. Interest expenses		117,389	94,461	153,894
11. Gain on sale of land		(49,128)	-	(49,526)
12. Decrease (increase) in accounts receivable		(1,160,502)	1,730,451	(1,674,678)
13. Decrease (increase) in inventories		(714,487)	(2,918,751)	(2,884,169)
14. Increase (decrease) in accounts payable		673,688	261,176	(88,323)
15. Payment of increase in operating loans receivable		(175,722)	(331,825)	(571,722)
16. Proceeds from collection of operating loans receivable		132,316	159,506	228,404
17. Decrease in real estate operation advances payable		(1,323,747)	(70,060)	(1,946,286)
18. Increase in real estate operation advances payable		1,311,003	114,700	2,082,302
19. Increase (decrease) in consumption taxes payable (receivable)		(24,439)	(35,953)	(2,296)
20. Others		(65,866)	(231,928)	268,649
Subtotal		(980,587)	(1,096,134)	(3,532,635)
21. Payment for losses related to the earthquake-resistance data falsification scandal		(184,528)	-	(198,129)
22. Settlement packages paid		-	-	(295,643)
23. Income taxes paid		(16,481)	(27,149)	(26,719)
24. Income taxes refund		110,960	6,126	110,960
Net cash used in operating activities		(1,070,637)	(1,117,158)	(3,942,166)

(Thousands of Yen)

		Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
Items	Note	Amount	Amount	Amount
II Cash flows from investing activities				
1. Payment for time deposits		(78,002)	(3,000)	(195,053)
2. Proceeds from cancellation of time deposits		165,702	-	282,766
3. Payment for acquisition of tangible fixed assets		(30,973)	(33,476)	(95,229)
4. Proceeds from sale of tangible fixed assets		521,210	-	528,266
5. Payment for acquisition of investment in securities		(143,334)	(107,765)	(155,959)
6. Proceeds from sale of investment in securities		50,420	-	50,420
7. Increase in security deposits		(112,308)	(2,506)	(170,141)
8. Decrease in security deposits		11,426	8,155	16,585
9. Others		(4,312)	4,752	(5,857)
Net cash provided by (used in) investing activities		379,828	(133,840)	255,797
III Cash flows from financing activities				
1. Net increase (decrease) in short-term borrowings		(1,089,100)	2,579,215	(481,495)
2. Proceeds from long-term borrowings		1,926,692	2,925,500	6,359,692
3. Repayment of long-term borrowings		(1,121,997)	(3,513,264)	(3,280,525)
4. Payment for redemption of corporate bonds		(20,000)	(590,000)	(440,000)
5. Proceeds from new issues of shares		706,923	-	706,923
6. Dividends paid		-	(69,508)	-
7. Interests paid		(127,015)	(97,497)	(162,345)
8. Others		(1,181)	(32,663)	(69,300)
Net cash provided by financing activities		274,321	1,201,781	2,632,949
IV Effect of exchange rate changes on cash and cash equivalents				
		-	96	(345)
V Increase (decrease) in cash and cash equivalents				
		(416,487)	(49,121)	(1,053,765)
VI Cash and cash equivalents at the beginning of period				
		2,335,571	1,513,969	2,335,571
VII Impact in cash and cash equivalents due to changes in scope of consolidation				
		-	-	232,162
VIII Cash and cash equivalents at the end of period				
		1,919,084	1,464,847	1,513,969

Conditions and events that might raise critical questions about the validity of the going-concern assumption

Previous interim period (Apr. 1, 2006 – Sep. 30, 2006)

Not applicable.

Current interim period (Apr. 1, 2007 – Sep. 30, 2007)

Not applicable.

Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)

Not applicable.

Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
1. Scope of consolidation	<p>(1) Number of consolidated subsidiaries: 3</p> <p>Name of consolidated subsidiaries: SHC Co., Ltd. SK Energy Co., Ltd. Nissho Harmony Co., Ltd.</p> <p>(2) Name of non-consolidated subsidiaries KS Fund. Y.K. S&M Fund. Y.K.</p> <p>Reason for exclusion from the consolidation: The consolidated financial statements do not include the accounts of the non-consolidated subsidiaries since their entities are small-scale businesses whose total assets, revenues, net income/loss (equity in earnings/losses) or retained earnings (equity in earnings/losses) have no significant effect on the overall results of interim consolidated financial statements.</p>	<p>(1) Number of consolidated subsidiaries: 6</p> <p>Name of consolidated subsidiaries: SG Communications Co., Ltd. SK Energy Co., Ltd. Shinoken Group Co., Ltd. Shinoken Real Estate Consulting (Shanghai) Co., Ltd. KS Fund. Y.K. S&M Fund. Y.K.</p> <p>SHC Co., Ltd. has changed its name to SG Communications Co., Ltd. effective on July 9, 2007. Nissho Harmony Co., Ltd. has changed its name to Shinoken Group Co., Ltd. effective on April 12, 2007.</p> <p>(2) Name of non-consolidated subsidiaries SKG Preparatory Co., Ltd. Nissho Harmony Co., Ltd.</p> <p>Reason for exclusion from the consolidation: Same as on the left.</p>	<p>(1) Number of consolidated subsidiaries: 6</p> <p>Name of consolidated subsidiaries: SHC Co., Ltd. SK Energy Co., Ltd. Nissho Harmony Co., Ltd. Shinoken Real Estate Consulting (Shanghai) Co., Ltd. KS Fund. Y.K. S&M Fund. Y.K.</p> <p>Shinoken Real Estate Consulting (Shanghai) Co., Ltd. is included in the consolidation due to its establishment, and KS Fund. Y.K. and S&M Fund. Y.K. are included in the consolidation due to its increased materiality of impact on consolidated financial statements.</p> <p>(2) Name of non-consolidated subsidiary SKG Preparatory Co., Ltd.</p> <p>Reason for exclusion from the consolidation: The consolidated financial statements do not include the accounts of the non-consolidated subsidiary since the entity is a small-scale business whose total assets, revenues, net income/loss (equity in earnings/losses) or retained earnings (equity in earnings/losses) have no significant effect on the overall results of consolidated financial statements.</p>

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
2. Application of the equity method	<p>All affiliates are accounted for under the equity method.</p> <p>(1) Number of equity method affiliates: 3</p> <p>Name of equity method affiliates: My Media Co., Ltd. BETTER HOUSE HOLDING LIMITED BETTER HOUSE Property Consultants (Shanghai) Limited</p> <p>We purchased stock of BETTER HOUSE HOLDING LIMITED and BETTER HOUSE Property Consultants (Shanghai) Limited during the current interim period, and these companies are accounted for under the equity method.</p> <p>(2) Name of non-consolidated subsidiaries not accounted for under equity method KS Fund. Y.K. S&M Fund. Y.K.</p> <p>Reason for not accounted for under equity method: Above non-consolidated subsidiaries are not accounted for under the equity method of accounting, since they have a very minor effect on net income/loss (equity in earnings/losses) and retained earnings (equity in earnings/losses) and is relatively insignificant in the context of the interim consolidated financial statements.</p>	<p>All affiliates are accounted for under the equity method.</p> <p>(1) Number of equity method affiliates: 3</p> <p>Name of equity method affiliates: My Media Co., Ltd. BETTER HOUSE HOLDING LIMITED BETTER HOUSE Property Consultants (Shanghai) Limited</p> <p>BETTER HOUSE HOLDING LIMITED has changed its name to Stasia Capital Holding Limited effective on October 10, 2007.</p> <p>(2) Name of non-consolidated subsidiaries not accounted for under equity method SKG Preparatory Co., Ltd. Nissho Harmony Co., Ltd.</p> <p>Reason for not accounted for under equity method: Same as on the left.</p>	<p>All affiliates are accounted for under the equity method.</p> <p>(1) Number of equity method affiliates: 3</p> <p>Name of equity method affiliates: My Media Co., Ltd. BETTER HOUSE HOLDING LIMITED BETTER HOUSE Property Consultants (Shanghai) Limited</p> <p>We purchased stock of BETTER HOUSE HOLDING LIMITED and BETTER HOUSE Property Consultants (Shanghai) Limited during the current fiscal year, and these companies are accounted for under the equity method.</p> <p>(2) Name of non-consolidated subsidiaries not accounted for under equity method SKG Preparatory Co., Ltd.</p> <p>Reason for not accounted for under equity method: Above non-consolidated subsidiary is not accounted for under the equity method of accounting, since it has a very minor effect on net income/loss (equity in earnings/losses) and retained earnings (equity in earnings/losses) and is relatively insignificant in the context of the consolidated financial statements.</p>
3. Period end of consolidated subsidiaries	The interim periods of consolidated subsidiaries end on the closing date of the interim consolidated financial statements.	The interim periods of consolidated subsidiaries end on dates other than that of the interim consolidated financial statements. As for these companies, we have used the preliminary financial statements prepared as of the interim balance sheet date. Shinoken Real Jun. 30 Estate Consulting (Shanghai) Co., Ltd. KS Fund. Y.K. May 31 S&M Fund. Y.K. Aug. 31	The fiscal years of consolidated subsidiaries end on dates other than that of the consolidated financial statements. As for these companies, we have used the preliminary financial statements prepared as of the balance sheet date. Shinoken Real Dec. 31 Estate Consulting (Shanghai) Co., Ltd. KS Fund. Y.K. Nov. 30 S&M Fund. Y.K. Feb. 28

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
4. Significant accounting policies	<p>(1) Valuation criteria and methods for principal assets</p> <p>1) Securities Other securities Securities with market quotations Stated at fair value on the balance sheet date. (Unrealized holding gain (loss) is included directly in net assets. Cost of securities sold is determined by the moving-average method.)</p> <p>Securities without market quotations Stated at cost, cost being determined by the moving-average method.</p> <p>2) Inventories Real estate for sale Stated at cost, cost determined by the specific identification method.</p> <p>Real estate operation outlays Stated at cost, cost determined by the specific identification method.</p> <p>Merchandise Stated at cost, cost being determined by the retail inventory method.</p> <p>Products and raw materials Stated at cost, cost being determined by the weighted average method.</p> <p>Supplies Stated at cost, cost being determined by the method of most recent purchase price.</p> <p>(2) Depreciation and amortization method for principal depreciable assets Tangible fixed assets Depreciation is computed by the declining-balance method, except for buildings (excluding fixtures) acquired on or subsequent to April 1, 1998 on which depreciation is calculated by the straight-line method. The useful lives of principal assets are as follows: Buildings and structures: 5-50 years</p>	<p>(1) Valuation criteria and methods for principal assets</p> <p>1) Securities Other securities Securities with market quotations Same as on the left.</p> <p>Securities without market quotations Same as on the left.</p> <p>2) Inventories Real estate for sale Same as on the left.</p> <p>Real estate operation outlays Same as on the left.</p> <p>_____</p> <p>Products and raw materials Same as on the left.</p> <p>Supplies Same as on the left.</p> <p>(2) Depreciation and amortization method for principal depreciable assets Tangible fixed assets Same as on the left.</p>	<p>(1) Valuation criteria and methods for principal assets</p> <p>1) Securities Other securities Securities with market quotations Stated at fair value on the balance sheet date. (Unrealized holding gain (loss) is included directly in net assets. Cost of securities sold is determined by the moving-average method.)</p> <p>Securities without market quotations Same as on the left.</p> <p>2) Inventories Real estate for sale Same as on the left.</p> <p>Real estate operation outlays Same as on the left.</p> <p>_____</p> <p>Products and raw materials Same as on the left.</p> <p>Supplies Same as on the left.</p> <p>(2) Depreciation and amortization method for principal depreciable assets Tangible fixed assets Same as on the left.</p>

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
		<p>(Additional information) The Company and its domestic subsidiaries have adopted the revised Corporation Tax Law and changed their method of depreciation of assets acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporation Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in the depreciation expense. The impact of the change in accounting procedure on profits is negligible.</p>	
	<p>(3) Accounting for significant deferred assets Stock issue expenses Charged to expenses as incurred.</p>	<p>(3) Accounting for significant deferred assets —————</p>	<p>(3) Accounting for significant deferred assets Stock issue expenses Charged to expenses as incurred.</p>
	<p>(4) Accounting for significant allowances 1) Allowance for doubtful accounts To prepare for credit losses on receivables and loans, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.</p> <p>2) Accrued employees' bonuses To provide for employees' bonus obligation, an allowance is provided for an estimated accrued amount for the period.</p> <p>3) Allowance for construction compensation We set aside funds to cover defect liabilities on completed construction works by applying recent actual construction liability rates to the total value of projects delivered to clients in the previous one year.</p>	<p>(4) Accounting for significant allowances 1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Accrued employees' bonuses Same as on the left.</p> <p>3) Allowance for construction compensation Same as on the left.</p>	<p>(4) Accounting for significant allowances 1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Accrued employees' bonuses Same as on the left.</p> <p>3) Allowance for construction compensation We set aside funds to cover defect liabilities on completed construction works by applying recent actual construction liability rates to the total value of projects delivered to clients in the current fiscal year.</p>

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
	<p>4) Reserves for losses related to the earthquake-resistance data falsification scandal To provide for losses related to the earthquake-resistance data falsification scandal, an allowance is provided on the basis of estimated losses.</p>	_____	_____
	<p>5) Accrued employees' retirement benefits To provide for accrued employees' retirement benefits, an allowance is provided for the amount deemed to have accrued at the end of the current interim period based on the projected benefit obligations at the end of the current fiscal year.</p>	<p>5) Accrued employees' retirement benefits Same as on the left.</p>	<p>5) Accrued employees' retirement benefits To provide for accrued employees' retirement benefits, an allowance is provided for the amount based on the projected benefit obligations at the end of current the fiscal year.</p>
	<p>6) Accrued officers' severance benefits To provide for officers' severance benefits, an allowance is provided for the aggregate amount payable at the end of the current interim period pursuant to our company's rules on officers' retirement benefits.</p>	_____	_____
			<p>(Additional information) Although the Company and a subsidiary had provided an allowance for the aggregate amount payable at the end of the fiscal year in order to provide for officers' severance benefits as required in accordance with an internal rule, the Board of Directors held on March 30, 2007 passed a resolution that the benefit program should be abolished. It was approved at the same time that each eligible officer should refuse to accept officer's severance benefits that should be paid. The amount (228,328 thousand yen) applicable to the fiscal year under review was withdrawn from the balance of the accrued officers' severance benefits as of the end of March 2007 and was accounted as extraordinary gains.</p>
	<p>(5) Accounting for leases Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by a method similar to that applicable to ordinary operating leases.</p>	<p>(5) Accounting for leases Same as on the left.</p>	<p>(5) Accounting for leases Same as on the left.</p>

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
	<p>(6) Accounting for hedges</p> <p>1) Hedge accounting method Interest rate swaps that meet certain criteria are accounted by the short-cut method.</p> <p>2) Hedging instrument and risk hedged Hedging instrument: Interest rate swaps Risk hedged: Borrowings</p> <p>3) Hedging policy The Company uses interest rate swaps for converting the floating interest rate on certain borrowings from financial institutions into a fixed interest rate. The Company does not hold or issue financial derivative instruments for speculation or short-term trading purposes.</p> <p>4) Assessing the effectiveness of a hedge Effectiveness of interest rate swaps is not evaluated since these hedges meet certain criteria.</p> <p>(7) Other significant accounting policies _____</p>	<p>(6) Accounting for hedges</p> <p>1) Hedge accounting method Same as on the left.</p> <p>2) Hedging instrument and risk hedged Same as on the left.</p> <p>3) Hedging policy Same as on the left.</p> <p>4) Assessing the effectiveness of a hedge Same as on the left.</p> <p>(7) Other significant accounting policies</p> <p>1) Accounting for inclusion of interest expenses in cost Interest expenses on the large-scale development projects (total project cost of more than 300 million yen and development period of more than one year) during the scheduled development period are included in acquisition cost.</p>	<p>(6) Accounting for hedges</p> <p>1) Hedge accounting method Same as on the left.</p> <p>2) Hedging instrument and risk hedged Same as on the left.</p> <p>3) Hedging policy Same as on the left.</p> <p>4) Assessing the effectiveness of a hedge Same as on the left.</p> <p>(7) Other significant accounting policies</p> <p>1) Accounting for inclusion of interest expenses in cost Same as on the left.</p> <p>(Changes in accounting method) Until the previous fiscal year, interest expenses on the real estate development business had been recognized as expense during the year. Effective from the fiscal year under review, we decided to make a change in accounting methods, so that interest expenses on the large-scale development projects (total project cost of more than 300 million yen and development period of more than one year) during the scheduled development period are included in cost.</p>

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
	<p>2) Accounting for consumption taxes Consumption taxes are accounted by the tax-exclusion method. Non-deductible consumption taxes are accounted as SG&A expenses.</p>	<p>2) Accounting for consumption taxes Same as on the left.</p>	<p>The decision was made in order to calculate loss and profit during each period properly by comparing them logically, as the significance of the amount of interest expense directly related to real estate development business is increasing due to rising interest rates and expansion of our development business. As a result of this change, ordinary income and net income before income taxes increased by 95,875 thousand yen respectively than otherwise would have been the case. This change in accounting methods has been executed since the second half of the fiscal year under review, as the amount of interest expenses directly related to real estate development business becomes more significant due to increase in the number of our large-scale development projects. Consequently, our accounting methods in this fiscal year are not coherent in this regard.</p> <p>2) Accounting for consumption taxes Same as on the left.</p>
5. Cash and cash equivalents in the statements of cash flows	<p>Vault cash, deposits that can be withdrawn on demand, and short-term investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of change in value.</p>	<p>Same as on the left.</p>	<p>Same as on the left.</p>

Change in Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements

Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
<p>(Accounting standard concerning presentation of net assets on balance sheet) Effective from the current interim period, we have adopted “Accounting Standard for Presentation of Net Assets on Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and “Guidance for Presentation of Net Assets on Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005). Under the previous standard, the amount equivalent to total shareholders’ equity would be 4,312,188 thousand yen. Due to the revision of the regulations of interim consolidated financial statements, net assets in the consolidated balance sheet for the current interim period are presented based on the revised standard.</p>	<p>—————</p>	<p>(Accounting standard concerning presentation of net assets on balance sheet) Effective from the current fiscal year, we have adopted “Accounting Standard for Presentation of Net Assets on Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and “Guidance for Presentation of Net Assets on Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005). Under the previous standard, the amount equivalent to total shareholders’ equity would be 4,892,726 thousand yen. Due to the revision of the regulations of consolidated financial statements, net assets in the consolidated balance sheet for the current fiscal year are presented based on the revised standard.</p>
<p>(Accounting standard for stock options) Effective from the current interim period, we have adopted “Accounting Standard for Stock Options” (ASBJ Statement No. 8, December 27, 2005) and “Guidance on Accounting Standard for Stock Options” (ASBJ Guidance No. 11, May 31, 2006). The effect of this change was to decrease operating income, ordinary income and net income before income taxes by 5,054 thousand yen, respectively.</p>	<p>—————</p>	<p>(Accounting standard for stock options) Effective from the current fiscal year, we have adopted “Accounting Standard for Stock Options” (ASBJ Statement No. 8, December 27, 2005) and “Guidance on Accounting Standard for Stock Options” (ASBJ Guidance No. 11, May 31, 2006). The effect of this change was to decrease operating income, ordinary income and net income before income taxes by 16,849 thousand yen, respectively.</p>
<p>(Tentative solution on accounting for deferred assets) Effective from the current interim period, we have adopted “Tentative Solution on Accounting for Deferred Asset” (Practical Response Report No. 19: Accounting Standards Board of Japan, August 11, 2006). The effect of this change on profit/loss is insignificant.</p>	<p>—————</p>	<p>(Tentative solution on accounting for deferred assets) Effective from the current fiscal year, we have adopted “Tentative Solution on Accounting for Deferred Asset” (Practical Response Report No. 19: Accounting Standards Board of Japan, August 11, 2006). The effect of this change on profit/loss is insignificant.</p>

Reclassifications

Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007
<p>(Consolidated statements of income)</p> <p>1. Effective from the current interim period, “Fee income,” stated as a separate item in the prior periods, is reclassified and included in “Others” under non-operating income since its amount decreased to less than 10% as a percentage of total non-operating income.</p> <p>2. “New share issue expenses” is presented as “Stock issue expenses” in the current interim period.</p> <p>(Consolidated balance sheets)</p> <p>“Consolidation adjustment account” is presented as “Goodwill” in the current interim period.</p> <p>(Consolidated statements of cash flows)</p> <p>1. “Payment for acquisition of investment in securities (3,065 thousand yen)” included in “Others” under “Cash flows from investing activities” in the prior period, is reclassified and presented as separate line item, given the increase in the materiality of impact in the context of the interim consolidated financial statements.</p> <p>2. “Amortization of consolidated adjustment accounts” is presented as “Amortization of goodwill” in the current interim period.</p>	<p>_____</p> <p>_____</p> <p>_____</p>

Notes to Interim Consolidated Financial Statements

Notes to Consolidated Balance Sheets

(Thousands of Yen)

As of Sep. 30, 2006	As of Sep. 30, 2007	As of Mar. 31, 2007
*1. Accumulated depreciation of tangible fixed assets 427,063	*1. Accumulated depreciation of tangible fixed assets 491,566	*1. Accumulated depreciation of tangible fixed assets 452,411
*2. Assets pledged as collateral and corresponding liabilities	*2. Assets pledged as collateral and corresponding liabilities	*2. Assets pledged as collateral and corresponding liabilities
(1) Assets pledged as collateral	(1) Assets pledged as collateral	(1) Assets pledged as collateral
Cash and deposits (time deposits) 50,000	Cash and deposits (time deposits) 50,000	Cash and deposits (time deposits) 50,000
Operating loans receivable (mortgage by transfer) 1,637,382	Real estate operation accounts due and accounts receivable 836,000	Operating loans receivable (mortgage by transfer) 1,685,901
Real estate for sale 1,177,785	Operating loans receivable (mortgage by transfer) 1,887,067	Real estate for sale 1,709,275
Real estate operation outlays 4,904,261	Real estate for sale 4,588,559	Real estate operation outlays 9,365,212
Buildings and structures 437,287	Real estate operation outlays 12,358,899	Buildings and structures 579,947
Land 1,025,750	Buildings and structures 569,490	Land 1,075,146
Total 9,232,466	Land 1,070,977	Total 14,465,483
	Total 21,360,993	
(2) Liabilities corresponding to assets pledged as collateral	(2) Liabilities corresponding to assets pledged as collateral	(2) Liabilities corresponding to assets pledged as collateral
Short-term borrowings 3,060,064	Short-term borrowings 11,425,929	Short-term borrowings 8,725,329
Long-term borrowings 3,459,500	Long-term borrowings 6,761,221	Long-term borrowings 6,679,355
Bond with bank guarantee 470,000	Total 18,187,150	Bond with bank guarantee 470,000
Total 6,989,564		Total 15,874,684
3. Financial covenants	3. Financial covenants	3. Financial covenants
(1) Certain financial covenants are applied to the syndicate loan contract by the Bank of Fukuoka (outstanding balances of credit of 570,000 thousand yen). In the case of violation of following covenants, payment will be accelerated and any all outstanding obligations to lenders shall become immediately due and payable.		(1) Certain financial covenants are applied to the syndicate loan contract by the Bank of Fukuoka (outstanding balances of credit of 570,000 thousand yen). In the case of violation of following covenants, payment will be accelerated and any all outstanding obligations to lenders shall become immediately due and payable.
1) Shareholder's equity reported in the non-consolidated and consolidated balance sheet of each fiscal year and each interim period must be at more than 75% of the non-consolidated and consolidated shareholder's equity in the immediately preceding fiscal year.		1) The amount calculated after deducting stock acquisition rights, minority interests and deferred hedge gain/loss that are reported in net assets from the amount of net assets in the non-consolidated and consolidated balance sheet of each fiscal year and each interim period must be at more than 75% of the amount calculated after deducting stock acquisition rights, minority interests and deferred hedge gain/loss that are reported in net assets from the amount of net assets in the immediately preceding fiscal year.

As of Sep. 30, 2006	As of Sep. 30, 2007	As of Mar. 31, 2007
<p>2) Net loss in the consolidated income statements at the each fiscal year and each interim period may not be recorded for two consecutive terms.</p> <p>(2) Certain financial covenants are applied to the syndicate loan contract by Mizuho Bank, Ltd. (outstanding balances of credit of 2,000,000 thousand yen). In the case of violation of following covenants, payment will be accelerated and any all outstanding obligations to lenders shall become immediately due and payable.</p> <p>1) Shareholder's equity reported in the non-consolidated and consolidated balance sheet of each fiscal year and each interim period must be at more than 75% of the non-consolidated and consolidated shareholder's equity at the end of March 2005.</p> <p>2) Ordinary loss in the non-consolidated and consolidated income statements at the end of each fiscal year and each interim period may not be recorded.</p> <p>_____</p>	<p>_____</p> <p>(2) Certain financial covenants are applied to the syndicate loan contract by Mizuho Bank, Ltd. (outstanding balances of credit of 2,000,000 thousand yen). In the case of violation of following covenants, payment will be accelerated and any all outstanding obligations to lenders shall become immediately due and payable.</p> <p>1) Shareholder's equity reported in the non-consolidated and consolidated balance sheet of each fiscal year and each interim period must be at more than 75% of the non-consolidated and consolidated shareholder's equity at the end of March 2005.</p> <p>2) Ordinary loss in the non-consolidated and consolidated income statements at the end of each fiscal year and each interim period may not be recorded.</p> <p>(3) Certain financial covenants are applied to the term loan agreement for specified period organized by the Bank of Tokyo-Mitsubishi UFJ, Ltd. (outstanding balances of credit of 100,000 thousand yen). In the case of violation of following covenants, payment will be accelerated and any all outstanding obligations to lenders shall become immediately due and payable.</p> <p>1) Net assets reported in the non-consolidated and consolidated balance sheet of each fiscal year and each interim period must be at more than 75% of the non-consolidated and consolidated shareholder's equity at the end of March 2007.</p> <p>2) Ordinary loss in the non-consolidated and consolidated income statements at the end of each fiscal year and each interim period may not be recorded.</p>	<p>2) Net loss in the non-consolidated and consolidated income statements at the end of each fiscal year and each interim period may not be recorded for two consecutive terms.</p> <p>(2) Certain financial covenants are applied to the syndicate loan contract by Mizuho Bank, Ltd. (outstanding balances of credit of 2,000,000 thousand yen). In the case of violation of following covenants, payment will be accelerated and any all outstanding obligations to lenders shall become immediately due and payable.</p> <p>1) The amount calculated after deducting stock acquisition rights, minority interests and deferred hedge gain/loss that are reported in net assets from the amount of net assets in the non-consolidated and consolidated balance sheet of each fiscal year and each interim period must be at more than 75% of non-consolidated and consolidated shareholder's equity at the end of March 2005.</p> <p>2) Ordinary loss in the non-consolidated and consolidated income statements at the end of each fiscal year and each interim period may not be recorded.</p> <p>_____</p>

Notes to Consolidated Statements of Income

(Thousands of Yen)

Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
*1. The Company's revenues are characterized by seasonal fluctuations. Since construction is completed heavily in the second half, there is considerable difference in revenues between the first and the second halves.	*1. Same as on the left.	_____
*2. Significant components of SG&A expenses:	*2. Significant components of SG&A expenses:	*2. Significant components of SG&A expenses:
Advertising expenses 212,770	Advertising expenses 212,715	Advertising expenses 382,859
Provision for allowance for doubtful accounts 9,817	Provision for allowance for doubtful accounts 4,475	Provision for allowance for doubtful accounts 23,336
Salary benefits 295,864	Salary benefits 356,772	Salary benefits 611,439
Provision for accrued employees' bonuses 12,301	Provision for accrued employees' bonuses 17,571	Provision for accrued employees' bonuses 13,790
Provision for accrued employees' retirement benefits 3,100	Provision for accrued employees' retirement benefits 4,496	Provision for accrued employees' retirement benefits 6,353
Provision for accrued officers' severance benefits 12,350		Provision for accrued officers' severance benefits 24,338
*3. Breakdown of "Gains on sales of fixed assets"	_____	*3. Breakdown of "Gains on sales of fixed assets"
Land 49,128		Land 49,128
		Other (buildings) 397
		<u>Total</u> 49,526
_____	_____	*4. Breakdown of "Gain on reversal from accrued officers' severance benefits" Amount reversed from officers' severance benefits due to refusal of final lump sum payment following the resolution approved at Board of Directors meeting held March 30, 2007, to abolish officers' severance benefit plan.
*5. Breakdown of "Gain on prior-year adjustment"	_____	*5. Breakdown of "Gain on prior-year adjustment"
Revenue of real estate rental management 10,980		Revenue of real estate rental management 10,980
_____	_____	*6. Breakdown of "Loss on disposal of fixed assets"
		Buildings and structures 2,651
		Others 626
		<u>(Tools, furniture, and fixtures)</u>
		<u>Total</u> 3,277
_____	_____	*7. Breakdown of "Settlement packages" Settlement packages for customers due to the earthquake-resistance data falsification scandal 244,790

Notes to Consolidated Statement of Changes in Shareholders' Equity

Previous interim period (Apr. 1, 2006 – Sep. 30, 2006)

1. Type and number of outstanding shares and treasury stock

(Shares)

	Number of shares as of Mar. 31, 2006	Increase during the period	Decrease during the period	Number of shares as of Sep. 30, 2006
Outstanding shares				
Common shares	37,807.52	2,500	-	40,307.52
Total	37,807.52	2,500	-	40,307.52
Treasury stock				
Common shares	588.52	-	-	588.52
Total	588.52	-	-	588.52

Note: Number of outstanding shares increased by 2,500 common shares was due to the issue of new shares through a third-party placement.

2. Items related to acquisition rights for new shares and treasury stock

Item	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Sep. 30, 2006 (Thousand yen)
			As of Mar. 31, 2006	Increase during the period	Decrease during the period	As of Sep. 30, 2006	
Reporting company (parent company)	Stock acquisition rights by way of stock options	-	-	-	-	-	5,054
Consolidated subsidiary	-	-	-	-	-	-	-
Total		-	-	-	-	-	5,054

Note: Outstanding balance of unexercised stock acquisition rights.

3. Dividends

(1) Dividends payment

No reportable information.

(2) Dividends with a record date in the current interim period but an effective date in the following interim period

No reportable information.

Current interim period (Apr. 1, 2007 – Sep. 30, 2007)

1. Type and number of outstanding shares and treasury stock

(Shares)

	Number of shares as of Mar. 31, 2007	Increase during the period	Decrease during the period	Number of shares as of Sep. 30, 2007
Outstanding shares				
Common shares	40,307.52	-	-	40,307.52
Total	40,307.52	-	-	40,307.52
Treasury stock				
Common shares	588.52	-	-	588.52
Total	588.52	-	-	588.52

2. Items related to acquisition rights for new shares and treasury stock

Item	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Sep. 30, 2007 (Thousand yen)
			As of Mar. 31, 2007	Increase during the period	Decrease during the period	As of Sep. 30, 2007	
Reporting company (parent company)	Stock acquisition rights by way of stock options	-	-	-	-	-	28,709
Consolidated subsidiary	-	-	-	-	-	-	-
Total		-	-	-	-	-	28,709

Note: Outstanding balance of unexercised stock acquisition rights.

3. Dividends

(1) Dividends payment

Resolution	Type of share	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on Jun. 28, 2007	Common shares	69,508	1,750	Mar. 31, 2007	Jun. 29, 2007

(2) Dividends with a record date in the current interim period but an effective date in the following interim period

No reportable information.

Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)

1. Type and number of outstanding shares and treasury stock

(Shares)

	Number of shares as of Mar. 31, 2006	Increase during the current fiscal year	Decrease during the current fiscal year	Number of shares as of Mar. 31, 2007
Outstanding shares				
Common shares	37,807.52	2,500	-	40,307.52
Total	37,807.52	2,500	-	40,307.52
Treasury stock				
Common shares	588.52	-	-	588.52
Total	588.52	-	-	588.52

Note: Number of outstanding shares increased by 2,500 common shares was due to the issue of new shares through a third-party placement.

2. Items related to acquisition rights for new shares and treasury stock

Item	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Mar. 31, 2007 (Thousand yen)
			As of Mar. 31, 2006	Increase during the fiscal year	Decrease during the fiscal year	As of Mar. 31, 2007	
Reporting company (parent company)	Stock acquisition rights by way of stock options	-	-	-	-	-	16,849
Consolidated subsidiary	-	-	-	-	-	-	-
Total		-	-	-	-	-	16,849

Note: Outstanding balance of unexercised stock acquisition rights.

3. Dividends

(1) Dividends payment

No reportable information.

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (Thousand yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Annual general meeting of shareholders on Jun. 28, 2007	Common shares	69,508	Retained earnings	1,750	Mar. 31, 2007	Jun. 29, 2007

Notes to Consolidated Statements of Cash Flows

(Thousands of Yen)

Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
Reconciliation of “Cash and cash equivalents” of the consolidated statements of cash flows and balance sheet items for the current interim period is made as follows:	Reconciliation of “Cash and cash equivalents” of the consolidated statements of cash flows and balance sheet items for the current interim period is made as follows:	Reconciliation of “Cash and cash equivalents” of the consolidated statements of cash flows and balance sheet items for the current fiscal year is made as follows:
Cash and deposits 2,011,596	Cash and deposits 1,560,347	Cash and deposits 1,606,469
Time deposits with maturities longer than three months (92,512)	Time deposits with maturities longer than three months (95,500)	Time deposits with maturities longer than three months (92,500)
Cash and cash equivalents <u>1,919,084</u>	Cash and cash equivalents <u>1,464,847</u>	Cash and cash equivalents <u>1,513,969</u>

Securities

Previous interim period (As of Sep. 30, 2006)

1. Securities with market quotations

(Thousands of Yen)

Item	Acquisition cost	Carrying value	Unrealized gain/loss
Equity	46,348	45,018	(1,330)
Total	46,348	45,018	(1,330)

2. Securities without market quotations and carrying value

(Thousands of Yen)

Item	Carrying value
Other securities	
Unlisted stock	567

Current interim period (As of Sep. 30, 2007)

1. Securities with market quotations

(Thousands of Yen)

Item	Acquisition cost	Carrying value	Unrealized gain/loss
Equity	49,115	36,747	(12,367)
Total	49,115	36,747	(12,367)

2. Securities without market quotations and carrying value

(Thousands of Yen)

Item	Carrying value
Other securities	
Unlisted stock	120

Previous fiscal year (As of Mar. 31, 2007)

1. Securities with market quotations

(Thousands of Yen)

Item	Acquisition cost	Carrying value	Unrealized gain/loss
Equity	48,907	45,153	(3,754)
Total	48,907	45,153	(3,754)

2. Securities without market quotations and carrying value

(Thousands of Yen)

Item	Carrying value
Other securities	
Unlisted stock	632

Segment Information

a. Operating segment information

Previous interim period (Apr. 1, 2006 – Sep. 30, 2006)

(Thousands of Yen)

	Rental apartment building sales business	Real estate rental management business	Finance business	Other businesses	Total	Elimination or corporate	Consolidated
Revenues							
(1) External sales	7,289,881	775,402	61,000	378,993	8,505,278	-	8,505,278
(2) Inter-segment sales and transfers	-	1,336	-	-	1,336	(1,336)	-
Total	7,289,881	776,739	61,000	378,993	8,506,615	(1,336)	8,505,278
Operating expenses	6,961,716	650,390	47,255	302,406	7,961,768	239,629	8,201,398
Operating income	328,165	126,349	13,744	76,587	544,846	(240,966)	303,879

Current interim period (Apr. 1, 2007 – Sep. 30, 2007)

(Thousands of Yen)

	Real estate sales (investment) business	Real estate rental management business	Finance business	Other businesses	Total	Elimination or corporate	Consolidated
Revenues							
(1) External sales	9,374,143	1,012,365	74,726	293,146	10,754,381	-	10,754,381
(2) Inter-segment sales and transfers	-	2,097	-	-	2,097	(2,097)	-
Total	9,374,143	1,014,462	74,726	293,146	10,756,478	(2,097)	10,754,381
Operating expenses	9,159,845	845,125	62,007	223,440	10,290,419	261,371	10,551,790
Operating income	214,298	169,336	12,719	69,705	466,059	(263,469)	202,590

Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)

(Thousands of Yen)

	Rental apartment building sales business	Real estate rental management business	Finance business	Other businesses	Total	Elimination or corporate	Consolidated
Revenues							
(1) External sales	16,953,989	1,808,494	146,382	706,390	19,615,256	-	19,615,256
(2) Inter-segment sales and transfers	-	2,620	-	-	2,620	(2,620)	-
Total	16,953,989	1,811,114	146,382	706,390	19,617,876	(2,620)	19,615,256
Operating expenses	15,845,886	1,360,275	99,082	582,534	17,887,778	486,920	18,374,699
Operating income	1,108,103	450,839	47,299	123,855	1,730,098	(489,541)	1,240,556

Notes: 1. Method of segmentation

The operating segment information is presented on the basis of the type of business and similarity of activities.

2. Summary of operating segments

- (1) Real estate sales (investment) business: Planning and sales of rental apartment buildings and condominiums; rental apartment sales agent
- (2) Real estate rental management business: Management and brokerage services for rental apartment buildings and condominiums
- (3) Finance business: Financing rental apartment building purchases partially, and rent default guarantee service
- (4) Other businesses: Restaurant (Japanese style pubs (izakaya)) management; subcontracting of renovation and extension construction work, maintenance work; non-life insurance agencies; and LPG supply and sales

3. Significant components and corresponding amounts of “Eliminations or corporate” are summarized below:

(Thousands of Yen)

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007	Major components
Unallocated operating expenses included in “Elimination or corporate”	243,557	268,711	498,158	Primarily the Company’s expenses of the administrative operations.

4. We have renamed “Rental apartment building sales business” to “Real estate sales (investment) business” from the current interim period.

b. Geographical segment information

Previous interim period (Apr. 1, 2006 – Sep. 30, 2006)

Geographical segment information is not presented since we did not have consolidated subsidiaries or branch offices in areas other than Japan.

Current interim period (Apr. 1, 2007 – Sep. 30, 2007)

Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)

Geographical segment information is not presented since domestic revenue exceeded 90% of consolidated revenue.

c. Overseas sales

Previous interim period (Apr. 1, 2006 – Sep. 30, 2006)

Current interim period (Apr. 1, 2007 – Sep. 30, 2007)

Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)

Overseas sales information is not presented since we had no overseas sales.

Per Share Data

(Yen)

Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
Net assets per share: 108,567.39	Net assets per share: 122,342.30	Net assets per share: 123,183.53
Net income per share (basic): 3,768.05	Net income per share (basic): 1,033.37	Net income per share (basic): 18,829.05
Net income per share (diluted): 3,764.31	Net income per share (diluted): -	

Notes: 1. Net income per share (diluted) for previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007) and current interim period (Apr. 1, 2007 – Sep. 30, 2007) is not presented since we have no outstanding dilutive securities.

2. Basis for calculation of net income per share (basic) and net income per share (diluted) is as follows.

(Thousands of Yen)

	Apr. 1, 2006 – Sep. 30, 2006	Apr. 1, 2007 – Sep. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
Net income per share (basic)			
Net income	144,103	41,044	733,942
Amount not available to common shareholders	-	-	-
Net income applicable to common stock	144,103	41,044	733,942
Average number of common stock outstanding during period	38,243 shares	39,719 shares	38,979 shares
Net income per share (diluted)			
Adjusted to net income	-	-	-
Increase in the number of common stock	38 shares	-	-
[of which stock acquisition rights]	[38]	-	-
Summary of potential stock not included in the calculation of “net income per share (diluted)” since there was no dilutive effect.	Stock acquisition rights: 400	Stock acquisition rights approved at annual general shareholders’ meeting held June 29, 2004 Type and number of shares under stock acquisition rights: Common shares: 424	Stock acquisition rights approved at annual general shareholders’ meeting held June 29, 2004 Type and number of shares under stock acquisition rights: Common shares: 476

Material Subsequent Events

Previous interim period (Apr. 1, 2006 – Sep. 30, 2006)

Current interim period (Apr. 1, 2007 – Sep. 30, 2007)

Previous fiscal year (Apr. 1, 2006 – Mar. 31, 2007)

No reportable information.

Omission of Disclosure

Disclosure of the notes on accounting for leases, derivatives, stock option, and business combinations was omitted due to the minor necessity of disclosure in the context of the interim financial results.

* This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.