

Financial Statements for the First Quarter of 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 Quarter of the Fiscal Year Ending March 31, 2008

(April 1, 2007 – June 30, 2007)

(1) Consolidated results of operations

(Percentages in revenues, operating income, ordinary income, and net income represent the year-on-year percentage change)

	Revenues		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1Q ended Jun. 2007	3,944	67.6	(51)	-	(102)	-	(109)	-
1Q ended Jun. 2006	2,352	(39.9)	88	(65.0)	9	(95.7)	3	(97.8)
(For reference) FY ended Mar. 2007	19,615	-	1,240	-	1,068	-	733	-

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
1Q ended Jun. 2007	(2,748.00)	-
1Q ended Jun. 2006	85.00	83.89
(For reference) FY ended Mar. 2007	18,829.05	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
1Q ended Jun. 2007	25,685	4,737	18.4	118,697.13
1Q ended Jun. 2006	18,928	3,462	18.3	93,032.54
(For reference) FY ended Mar. 2007	25,690	4,909	19.0	123,183.53

(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
1Q ended Jun. 2007	(965)	(71)	309	786
1Q ended Jun. 2006	(1,135)	252	(905)	547
(For reference) FY ended Mar. 2007	(3,942)	255	2,632	1,513

2. Dividends

	Dividend per share
(Record date)	1Q
	Yen
1Q ended Jun. 2006	-
1Q ended Jun. 2007	-

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

(Percentages represent changes from the same period of the previous fiscal year)

	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
First half	9,500	11.7	160	(47.3)	65	(61.2)	40	(72.2)	1,007.07
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
- (2) Adoption of the simplified principles for accounting: Yes
- (3) Changes in accounting principles from the recent consolidated fiscal years: None

Note: Please refer to “Qualitative Information and Financial Statements, 3. Others” on page 4 for further information.

* Cautionary statement with respect to forward-looking statements

- (1) We maintain the forecasts for the fiscal year ending March 31, 2008 we previously announced on May 18, 2007.
- (2) The estimated values above have been prepared based on assumptions judged to be valid and information available as of the announcement date of the summary. Actual results of operations may differ from the estimated values depending on various factors.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results of Operations

Group revenues in the first quarter (April 1, 2007 – June 30, 2007) of the current fiscal year totaled 3,944 million yen (+67.6% year-over-year), operating loss 51 million yen (compared with an 88 million yen income in the same period of the previous fiscal year), ordinary loss 102 million yen (a 9 million yen income), and net loss 109 million yen (a 3 million yen income).

We delivered 4 buildings to corporations (compared with 1 in the first quarter of the previous fiscal year), 16 to individuals (15), 14 land plots (15), and 18 one-room rental apartment units (24). Revenues increased 1,591 million yen year-over-year mainly due to an increase in building deliveries to corporations.

Operating income, ordinary income, and net income fell year-over-year due to leading investments in new hirings in preparation for the launch of new businesses, and an increase in SG&A expenses due to pro-active marketing. Nevertheless, earnings trended above our initial forecasts.

In the industry in which we operate, most apartment building construction finishes around February to March, the season when demand for apartments is strongest; as a result, sales and profits in our real estate sales (investment) business tend to concentrate in the fourth quarter.

2. Qualitative Information Regarding Consolidated Financial Position

Our financial position at the end of the first quarter, as compared with the end of the previous fiscal year, changed as follows:

Total assets decreased 4 million yen to 25,685 million yen. Positive factors included 1,309 million yen in real estate for sale, 924 million yen in real estate operation outlays, while negative factors included 696 million yen in cash and deposits, and 1,389 million yen in real estate operation accounts due and accounts receivable.

Liabilities increased 167 million yen. Positive factors included 1,381 million yen in short-term borrowings, while negative factors included 813 million yen in real estate operation unpaid accounts and accounts payable, and 879 million yen in long-term borrowings.

Net assets totaled 4,737 million yen due to decrease in retained earnings.

(Cash Flow Position)

Cash and cash equivalents (hereinafter called 'net cash') at the end of the first quarter were 786 million yen, a decrease of 727 million yen year-over-year.

(Operating activities)

Net cash used in operating activities totaled 965 million yen (1,135 million yen cash used in the same period of the previous fiscal year).

Positive factors included a 1,597 million yen decline in accounts receivable, while negative factors included a 2,234 million yen increase in inventories, and an 813 million yen decline in accounts payable.

(Investing activities)

Net cash used in investing activities totaled 71 million yen (252 million yen cash provided in the same period of the previous fiscal year).

Negative factors included 19 million yen in outlays for acquisition of tangible fixed assets, and 28 million yen in investment in capital.

(Financing activities)

Net cash provided by financing activities totaled 309 million yen (905 million yen cash used in the same period of the previous fiscal year).

Negative factors included a 2,398 million yen decrease in long-term borrowings, 100 million yen in payment for redemption of corporate bonds, positive factors included a 1,305 million yen increase in long-term borrowings, and a 1,595 million yen net increase in short-term borrowings.

3. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

Not applicable.

(2) Adoption of the simplified principles for accounting

We have adopted some simplified methods for booking reserves.

We have adopted the simplified method for booking corporate taxes and other items.

(3) Changes in accounting principles from the recent consolidated fiscal years

Not applicable.

** 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.*

5. Consolidated Financial Statements (summary)

(1) Consolidated Balance Sheets (summary)

(Thousands of yen)

Items	As of Jun. 30, 2006	As of Jun. 30, 2007	Change		As of Mar. 31, 2007
	Amount	Amount	Amount	%	Amount
Assets					
I Current assets					
1. Cash and deposits	638,534	880,440	241,905		1,606,469
2. Real estate operation accounts due and accounts receivable	432,184	1,487,104	1,054,920		2,876,303
3. Operating loans receivable	1,749,361	2,061,668	312,306		2,032,983
4. Real estate for sale	2,161,908	5,830,833	3,668,924		4,521,135
5. Real estate operation outlays	10,531,105	12,201,494	1,670,388		11,276,546
6. Other inventories	36,782	38,796	2,013		38,796
7. Income tax refund -receivable	110,960	-	(110,960)		-
8. Deferred tax assets	394,396	135,796	(258,599)		135,803
9. Others	335,466	387,312	51,846		572,374
Allowance for doubtful accounts	(25,818)	(48,348)	(22,529)		(42,831)
Total current assets	16,364,882	22,975,099	6,610,216	40.4	23,017,580
II Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures	683,623	695,838	12,214		693,918
(2) Land	1,199,439	1,139,558	(59,881)		1,139,558
(3) Others	227,116	239,071	11,955		239,717
Total tangible fixed assets	2,110,180	2,074,468	(35,711)	(1.6)	2,073,194
2. Intangible assets					
(1) Consolidated adjustment accounts	118,475	-	(118,475)		-
(2) Goodwill	-	111,123	111,123		112,961
(3) Others	2,964	2,964	-		2,964
Total intangible assets	121,440	114,088	(7,351)	(6.0)	115,926
3. Investments and other assets					
(1) Investments in securities	20,278	130,437	110,158		113,651
(2) Deferred tax assets	26,538	16,007	(10,530)		16,007
(3) Others	325,535	402,326	76,790		378,530
Allowance for doubtful accounts	(39,899)	(26,739)	13,160		(24,502)
Total investments and other assets	332,453	522,032	189,579	57.0	483,687
Total fixed assets	2,564,073	2,710,589	146,515	5.7	2,672,808
Total assets	18,928,956	25,685,688	6,756,732	35.7	25,690,389

(Thousands of yen)

Items	As of Jun. 30, 2006	As of Jun. 30, 2007	Change		As of Mar. 31, 2007
	Amount	Amount	Amount	%	Amount
Liabilities					
I Current liabilities					
1. Real estate operation unpaid accounts and accounts payable	196,484	615,769	419,284		1,429,723
2. Short-term borrowings	5,712,118	11,289,023	5,576,904		9,907,044
3. Corporate bonds due within one year	340,000	1,010,000	670,000		910,000
4. Accrued income taxes	5,990	5,913	(77)		38,001
5. Real estate operation advances payable	120,778	876,659	755,881		247,059
6. Deposits received	341,206	269,035	(72,170)		335,219
7. Accrued employees' bonuses	26,922	35,955	9,032		17,370
8. Allowance for construction compensation	1,227	1,017	(210)		1,017
9. Reserves for losses related to the earthquake-resistance data falsification scandal	103,306	-	(103,306)		-
10. Others	267,722	475,366	207,644		424,527
Total current liabilities	7,115,756	14,578,740	7,462,983	104.8	13,309,963
II Long-term liabilities					
1. Bonds	1,220,000	10,000	(1,210,000)		210,000
2. Long-term borrowings	6,630,637	6,100,550	(530,087)		6,980,205
3. Accrued employees' retirement benefits	16,473	19,618	3,144		19,341
4. Accrued officers' severance benefits	220,490	-	(220,490)		-
5. Others	263,019	239,501	(23,518)		261,303
Total long-term liabilities	8,350,621	6,369,669	(1,980,951)	(23.7)	7,470,849
Total liabilities	15,466,378	20,948,409	5,482,031	35.4	20,780,813
Net assets					
I Shareholders' equity					
1. Common stock	1,567,159	1,922,159	355,000		1,922,159
2. Capital surplus	1,499,564	1,854,564	355,000	-	1,854,564
3. Retained earnings	538,201	1,082,277	544,076		1,260,933
4. Treasury stock	(142,347)	(142,347)	-		(142,347)
Total shareholders' equity	3,462,578	4,716,654	1,254,076	36.2	4,895,310
II Valuation and translation adjustments					
1. Unrealized holding gain (loss) on other securities	-	(2,237)	(2,237)		(2,237)
2. Foreign currency translation adjustments	-	114	114		(345)
Total valuation and translation adjustments	-	(2,122)	(2,122)	-	(2,583)
III Stock acquisition rights	-	22,747	22,747	-	16,849
Total net assets	3,462,578	4,737,278	1,274,700	36.8	4,909,576
Total liabilities and net assets	18,928,956	25,685,688	6,756,732	35.7	25,690,389

(2) Consolidated Statements of Income (summary)

(Thousands of yen)

Items	Apr. 1, 2006 – Jun. 30, 2006	Apr. 1, 2007 – Jun. 30, 2007	Change		Apr. 1, 2006 – Mar. 31, 2007
	Amount	Amount	Amount	%	Amount
I Revenues	2,352,360	3,944,326	1,591,966	67.6	19,615,256
II Cost of revenues	1,723,599	3,355,609	1,632,009	94.6	16,016,284
Gross profit	628,760	588,717	(40,042)	(6.3)	3,598,971
III SG&A expenses	540,630	640,554	99,924	18.4	2,358,415
Operating income (loss)	88,130	(51,837)	(139,967)	-	1,240,556
IV Non-operating income	4,515	4,243	(271)	(6.0)	29,773
V Non-operating expenses	83,489	55,046	(28,442)	(34.0)	201,813
Ordinary income (loss)	9,156	(102,639)	(111,796)	-	1,068,517
VI Extraordinary gains	-	-	-	-	288,835
VII Extraordinary losses	-	-	-	-	321,827
Net income (loss) before income taxes	9,156	(102,639)	(111,796)	-	1,035,526
Income taxes	5,993	6,507	514	8.5	301,583
Net income (loss)	3,163	(109,147)	(112,311)	-	733,942

(3) Consolidated Statements of Cash Flows (summary)

(Thousands of yen)

	Apr. 1, 2006 – Jun. 30, 2006	Apr. 1, 2007 – Jun. 30, 2007	Apr. 1, 2006 – Mar. 31, 2007
Items	Amount	Amount	Amount
I Cash flows from operating activities			
1. Net income before income taxes	9,156	(102,639)	1,035,526
2. Depreciation	18,289	18,312	75,455
3. Amortization of consolidated adjustment accounts	1,837	1,837	-
4. Amortization of goodwill	-	-	7,351
5. Interest expenses	66,635	35,317	153,894
6. Interest income	(100)	(108)	(566)
7. Decrease (increase) in accounts receivable	1,132,549	1,597,199	(1,674,678)
8. Decrease (increase) in inventories	(889,502)	(2,234,645)	(2,884,169)
9. Increase (decrease) in accounts payable	(1,114,093)	(813,954)	(88,323)
10. Payment of increase in operating loans receivable	(113,222)	(112,295)	(571,722)
11. Proceeds from collection of operating loans receivable	53,526	83,610	228,404
12. Decrease in real estate operation advances payable	(208,002)	(26,500)	(1,946,286)
13. Increase in real estate operation advances payable	217,736	656,100	2,082,302
14. Others	(188,466)	(29,633)	50,172
Subtotal	(1,013,654)	(927,400)	(3,532,635)
15. Payment for losses related to the earthquake-resistance data falsification scandal	(104,024)	-	(198,129)
16. Settlement packages paid	-	-	(295,643)
17. Income taxes paid	(17,369)	(37,937)	(26,719)
18. Income taxes refund	-	-	110,960
Net cash used in operating activities	(1,135,048)	(965,337)	(3,942,166)
II Cash flows from investing activities			
1. Payment for acquisition of tangible fixed assets	(4,955)	(19,396)	(95,229)
2. Proceeds from sale of tangible fixed assets	300,000	-	528,266
3. Payment for time deposits	(76,502)	(1,500)	(195,053)
4. Proceeds from cancellation of time deposits	165,702	-	282,766
5. Payment for acquisition of investment in securities	-	(34)	(155,959)
6. Proceeds from sale of investment in securities	-	420	50,420
7. Increase in investment in capital	-	(28,940)	-
8. Payment for increase in security deposits	(178,837)	(748)	(170,141)
9. Proceeds from decrease of security deposits	100,057	481	16,585
10. Others	(53,134)	(21,951)	(5,858)
Net cash provided by (used in) investing activities	252,329	(71,668)	255,797
III Cash flows from financing activities			
1. Net increase (decrease) in short-term borrowings	(663,485)	1,595,505	(481,495)
2. Proceeds from long-term borrowings	377,177	1,305,500	6,359,692
3. Repayment for long-term borrowings	(559,831)	(2,398,681)	(3,280,525)
4. Payment for redemption of corporate bonds	-	(100,000)	(440,000)
5. Proceeds from new issues of shares	-	-	706,923
6. Dividends paid	-	(69,508)	-
7. Interests paid	(64,817)	(39,837)	(162,345)
8. Others	5,636	16,039	(69,300)
Net cash provided by (used in) financing activities	(905,330)	309,016	2,632,949
IV Effect of exchange rate changes on cash and cash equivalents	-	460	(345)
V Increase in cash and cash equivalents	(1,788,049)	(727,989)	(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	547,522	786,440	1,513,969