



Summary of Consolidated Financial Results for the Nine Months Ended April 2006

June 1, 2006

Company name: Ardepro Co., Ltd. (Stock code: 8925, TSE Mothers Market)
 (URL: <http://www.ardepro.co.jp/>)
 Representative: Tatsuya Akimoto, Chief Executive Officer
 Contact: Reiji Kubo, Chief Financial Officer, Managing Director
 Telephone: +81-(3)-5367-2001

1. Significant Accounting Policies in the Preparation of Quarterly Consolidated Financial Statements

- (1) Accounting standards for the preparation of quarterly consolidated financial statements: Standards for interim consolidated financial statements
- (2) Changes in accounting treatment from the most recent consolidated fiscal year: None
- (3) Changes in the scope of consolidation and application of the equity method: Yes
- Consolidation (Newly added): 2 (Excluded): -
 Equity method (Newly added): - (Excluded): -
- (4) Auditing process by independent accountants: Yes
- The quarterly consolidated financial statements has been through auditing process in accordance with the supplementary provisions “Standards of Auditors’ Opinion for the Quarterly Financial Statements” of the “Instructions for the Application of the Regulations for Timely Disclosure of Corporate Information by Issuers of Listed Securities” as set by the Tokyo Stock Exchange.

2. Financial Results for the Nine Months Ended April 2006 (August 1, 2005 – April 30, 2006)

(1) Consolidated Results of Operations (All amounts are rounded down to the nearest million yen)

	Sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended April 2006	30,575	227.9	5,035	259.2	4,689	262.4
Nine months ended April 2005	9,324	-	1,401	-	1,293	-
(Reference) Year ended July 2005	13,583	-	2,110	-	1,905	-

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Nine months ended April 2006	2,424	250.1	3,638.36	3,594.13
Nine months ended April 2005	692	-	1,161.66	1,074.62
(Reference) Year ended July 2005	1,078	-	1,763.17	1,652.97

- Notes: 1. Percentages for sales, operating profit and other figures represent year-on-year percentage change.
 2. A 10-for-1 stock split was conducted on December 20, 2004.
 3. We do not have year-on-year figures for the nine months ended April 2005 since we began preparing quarterly consolidated financial statements in that period.

[Qualitative Information Regarding Consolidated Results of Operations]

During the first nine months of the fiscal year, Japan's economy continued to stage a moderate recovery. Economic expansion was supported mainly by rising consumer spending as the employment picture improved and by higher capital expenditures as corporate earnings rebounded.

According to the Official Land Price Survey 2006 announced by the Ministry of Land, Infrastructure and Transport, land prices continued to decline in terms of the nationwide average. However, in Japan's three major metropolitan areas, prices were higher or flat in almost all central-city districts of Tokyo, Osaka, Kyoto and Nagoya. The highest price increases are taking place in certain locations with outstanding convenience and profitability. In addition, land prices are climbing at some locations in major cities in local regions of Japan. As a result, there is an overall trend toward a recovery in land prices.

In the real estate industry, transaction volume increased along with the upturn in Japan's economy. Growth occurred despite the scandal involving falsification of earthquake-resistance data in November 2005. Furthermore, there is a large volume of transactions associated with real estate funds and other schemes to securitize real estate.

In this environment, the Ardepro Group recorded strong sales of investment properties to corporate buyers and of residential properties to individuals. Although the Tokyo area has been the main source of strength, operations in all nine offices, which are located in large cities throughout Japan, are now performing well.

At group companies, Japan Realty Supervision Co., Ltd. absorbed Planet Support Co., Ltd. on November 1, 2005. Also, Ardepro Asset Management Co., Ltd. was established on October 18, 2005 and Ardepro Property Management Co., Ltd. was established on March 20, 2006. Both are wholly owned subsidiaries. In addition, Ardepro purchased all shares of Odaka Denko Co., Ltd. on March 15, 2006, making this company a wholly owned subsidiary. However, Odaka Denko was not included in the consolidated financial statements in the first nine months because Ardepro was regarded as having gained control of this company on May 31, 2006.

Due to these items, consolidated sales in the first nine months totaled 30,575 million yen, 227.9% higher than the same period one year earlier. There were sales of 646 residences and 186 buildings. Recurring profit was up 262.4% to 4,689 million yen and net income rose 250.1% to 2,424 million yen.

Results by business segment were as follows.

(1) Condominium Revitalization Business

Operations in this segment centered on the sale of properties to individuals for personal use and sales of investment properties to companies and individuals. Due to the prolonged period of low interest rates in Japan, sales of investment properties to companies were particularly strong since these properties offer comparatively high returns. The result was a 93.8% increase in segment sales to 17,464 million yen and operating profit of 2,800 million yen.

(2) Real Estate Sales Business

Due primarily to strong sales of commercial buildings to companies as investments, segment sales totaled 11,438 million yen and operating profit was 2,381 million yen. The real estate sales business was started in May 2005.

(3) Other Businesses

Sales in this segment mainly represents leasing income from properties owned by the Ardepro and revenues from management services provided by subsidiary Japan Realty Supervision Co., Ltd. Due to growth in both of these activities, segment sales increased 922.4% to 1,842 million yen and operating profit was 399 million yen.

(2) Consolidated Financial Position

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

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of April 30, 2006	24,899	6,008	24.1	8,997.10
As of April 30, 2005	7,836	2,522	32.2	4,155.27
(Reference) As of July 31, 2005	10,187	4,035	39.6	6,080.47

(3) Consolidated Cash Flow Position

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

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Nine months ended April 2006	(8,819)	(1,466)	9,879	1,577
Nine months ended April 2005	(2,630)	(96)	3,280	2,120
(Reference) Year ended July 2005	(3,097)	(973)	4,487	1,983

[Qualitative Information Regarding Consolidated Financial Position]

Cash and cash equivalents totaled 1,577 million yen as of April 30, 2006 compared with 2,120 million yen one year earlier. It was due to a large volume of property acquisitions to support future sales growth.

A summary of cash flows was as follows:

Cash flows from operating activities

Net cash used in operating activities was 8,819 million yen, compared with net cash used of 2,630 million yen one year earlier.

Income before income taxes and minority interests was 4,624 million yen, but there were increases of 11,735 million yen in inventories and 327 million yen in advances because of the large volume of property acquisitions.

Cash flows from investing activities:

Net cash used in investing activities was 1,466 million yen, compared with net cash used of 96 million yen one year earlier. The primary use of cash was 1,024 million yen for acquisition of subsidiary stock.

Cash flows from financing activities:

Net cash provided by financing activities was 9,879 million yen, compared with net cash provided by 3,280 million yen one year earlier. The major reason was a 9,961 million yen increase in short-term borrowings to fund property acquisitions.

3. Consolidated Forecast for the Fiscal Year Ending July 2006 (August 1, 2005 - July 31, 2006)

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

	Sales	Recurring profit	Net income
	Million yen	Million yen	Million yen
Full year	35,047	5,298	2,810

Reference: Estimated net income per share for the full year: 4,077.31 yen

Note: Estimated net income per share for the full year reflects the 689,179 shares of newly issued share paid on May 22, 2006 through a private placement.

[Qualitative Information Regarding Forecast]

In the fiscal year ending in July 2006, the operating environment for the real estate industry is expected to remain favorable as land prices continue to rise slowly in metropolitan areas. However, in financial situation, due to the end of quantitative easing by the Bank of Japan, there is a clear upward trend in long-term interest rates that must be closely monitored.

In this environment, the Company will continue to concentrate on the sales of properties.

Currently, the Company has a sales network centered on offices in nine of Japan's major cities. Each office is performing well in terms of gathering information on local properties and purchasing and selling properties. By enlarging the sales network, the Company plans on speeding up the collection of real estate information throughout Japan.

In the condominium revitalization business, emphasis will be placed on the sale of existing condominiums for personal use as well as on the sale of properties to individuals for use as investments. In addition, plans call for further increasing sales of investment properties to companies.

In the real estate sales business, based on the outlook for increasing activity in the real estate securitization market, the Company will increase purchases of quality properties in order to increase sales in this market.

With regard to Ardepro Group, subsidiary Ardepro Property Management is starting full-scale operations. The objective is to use alliances with property management companies in all areas of Japan in order to raise the value of Company properties, thus contributing to sales growth.

In the fiscal year ending in July 2006, the Company is forecasting consolidated sales up 158.0% to 35,047 million yen, a 178.1% increase in recurring profit to 5,298 million yen, and net income is expected to increase 160.6% to 2,810 million yen.

*Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this presentation was prepared. Actual results may differ significantly from these forecasts for a number of factors.

4. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

Thousand yen

Account	Note	Nine months ended April 2005 (As of April 30, 2005)		Nine months ended April 2006 (As of April 30, 2006)		Year ended July 2005 summary (As of July 31, 2005)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits		2,200,476		1,855,588		2,069,503	
2. Trade notes and accounts receivable		217,526		1,565,172		188,587	
3. Real estate for sale	*2	4,770,678		17,896,358		6,245,580	
4. Work in process		36,451		129,897		45,010	
5. Advances		215,645		516,167		188,906	
6. Others	*3	176,203		730,699		535,394	
Allowance for doubtful accounts		(6,446)		(66,646)		(41,149)	
Total current assets		7,610,535	97.1	22,627,237	90.9	9,231,832	90.6
II Fixed assets							
1. Tangible fixed assets	*1,2	118,361		188,685		145,012	
2. Intangible fixed assets		6,995		555,479		668,112	
3. Investments and other assets		100,151		1,528,261		142,645	
Total fixed assets		225,508	2.9	2,272,426	9.1	955,769	9.4
Total assets		7,836,043	100.0	24,899,663	100.0	10,187,601	100.0

Thousand yen

Account	Note	Nine months ended April 2005 (As of April 30, 2005)		Nine months ended April 2006 (As of April 30, 2006)		Year ended July 2005 summary (As of July 31, 2005)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Accounts payable		8,148		167,716		116,286	
2. Short-term borrowings	*2,4	4,426,500		14,493,700		4,532,372	
3. Current portion of long-term borrowings		4,440		4,440		4,440	
4. Current portion of corporate bonds		100,000		-		100,000	
5. Accrued income taxes		392,930		1,959,528		616,773	
6. Advances received		3,720		-		15,280	
7. Accrued bonuses		13,416		65,488		18,977	
8. Others		352,155		1,710,387		712,500	
Total current liabilities		5,301,309	67.7	18,401,261	73.9	6,116,630	60.0
II Long-term liabilities							
1. Corporate bonds		-		450,000		-	
2. Long-term borrowings		8,530		4,090		7,420	
3. Allowance for retirement benefits		3,052		28,188		26,998	
4. Others		399		449		576	
Total long-term liabilities		11,982	0.2	482,728	1.9	34,995	0.3
Total liabilities		5,313,291	67.8	18,883,989	75.8	6,151,625	60.4
Minority interest							
Minority interests		-	-	7,050	0.0	46	0.0
Shareholders' equity							
I Common stock							
		615,170	7.9	1,180,700	4.7	1,178,930	11.6
II Capital surplus							
		456,170	5.8	1,021,670	4.1	1,019,900	10.0
III Retained earnings							
		1,451,412	18.5	3,806,253	15.3	1,837,099	18.0
Total shareholders' equity		2,522,752	32.2	6,008,623	24.1	4,035,929	39.6
Total liabilities, minority interests and shareholders' equity		7,836,043	100.0	24,899,663	100.0	10,187,601	100.0

(2) Consolidated Income Statements

Thousand yen

Account	Note	Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)		Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)		Year ended July 2005 summary (Aug. 1, 2004 – Jul. 31, 2005)				
		Amount	%	Amount	%	Amount	%			
I Sales			9,324,120	100.0		30,575,296	100.0		13,583,791	100.0
II Cost of sales			7,304,697	78.3		23,979,462	78.4		10,475,202	77.1
Gross profit			2,019,423	21.7		6,595,834	21.6		3,108,589	22.9
III Selling, general and administrative expenses	*1		617,804	6.6		1,560,626	5.1		998,373	7.4
Operating profit			1,401,618	15.0		5,035,207	16.5		2,110,215	15.5
IV Non-operating income										
1. Interest income		18			1,953			870		
2. Others		1,232	1,250	0.0	42,633	44,587	0.1	8,757	9,627	0.1
V Non-operating expenses										
1. Interest expenses		57,102			203,703			98,081		
2. Commissions paid		31,351			48,328			44,019		
3. Consumption tax adjustment loss		7,770			59,662			50,636		
4. New share issue expenses		11,369			1,927			20,181		
5. Corporate bond issue expenses		-			8,550			-		
6. Others		1,450	109,043	1.2	68,608	390,779	1.3	1,450	214,368	1.6
Recurring profit			1,293,825	13.9		4,689,014	15.3		1,905,474	14.0
VI Extraordinary gains										
1. Prior year income adjustments		-	-	-	2,011	2,011	0.0	-	-	-
VII Extraordinary losses										
1. Loss on removal of fixed assets	*2	332			9,184			332		
2. Head office relocation expenses		-			8,842			-		
3. Amortization of goodwill		-			28,571			-		
4. Structural and other tests of real estate for sale		-	332	0.0	19,450	66,048	0.2	-	332	0.0
Income before income taxes and minority interests			1,293,493	13.9		4,624,977	15.1		1,905,141	14.0
Current income taxes		633,013			2,365,887			840,566		
Deferred income taxes		(32,035)	600,977	6.4	(166,442)	2,199,444	7.2	(13,628)	826,938	6.1
Minority interests			-	-		787	0.0		-	-
Net income			692,515	7.4		2,424,744	7.9		1,078,203	7.9

(3) Consolidated Surplus Statements

Thousand yen

Account	Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)		Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)		Year ended July 2005 summary (Aug. 1, 2004 – Jul. 31, 2005)	
	Amount		Amount		Amount	
Capital surplus						
I Balance at beginning of the period		450,200		1,019,900		450,200
II Increase in capital surplus						
1. New share issuance for capital increase	5,970	5,970	1,770	1,770	569,700	569,700
III Balance at end of the period		456,170		1,021,670		1,019,900
Retained earnings						
I Balance at beginning of the period		883,446		1,837,099		883,446
II Increase in retained earnings						
1. Net income	692,515	692,515	2,424,744	2,424,744	1,078,203	1,078,203
III Decrease in retained earnings						
1. Dividends	124,549		285,141		82,768	
2. Interim dividends	-		166,600		41,781	
3. Directors' bonuses	-	124,549	3,850	455,591	-	124,549
IV Balance at end of the period		1,451,412		3,806,253		1,837,099

(4) Consolidated Cash Flow Statements

Thousand yen

Account	Note	Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Year ended July 2005 summary (Aug. 1, 2004 – Jul. 31, 2005)
		Amount	Amount	Amount
I Cash flows from operating activities				
Income before income taxes and minority interests		1,293,493	4,624,977	1,905,141
Depreciation and amortization		4,262	15,953	6,783
Amortization of consolidated adjustment account		4,656	90,805	6,208
Amortization of goodwill		-	87,622	-
Increase (decrease) in allowance for doubtful accounts		6,264	31,712	9,940
Increase (decrease) in accrued bonuses		9,323	46,510	10,137
Increase (decrease) in allowance for retirement benefits		738	1,190	1,613
Head office relocation expenses		-	8,842	-
Interest and dividend income		(176)	(1,953)	(870)
Interest expenses		57,102	203,703	98,081
New share issue expenses		11,369	1,927	20,181
Corporate bond issue expenses		-	8,550	-
Loss on removal of fixed assets		332	9,184	332
Decrease (increase) in trade receivable		(212,109)	(1,402,143)	(11,135)
Decrease (increase) in inventories		(3,006,277)	(11,735,323)	(4,489,564)
Decrease (increase) in advances		(151,496)	(327,260)	(114,358)
Increase (decrease) in trade payable		969	51,429	840
Increase (decrease) in deposits		-	715,275	-
Increase (decrease) in accrued consumption taxes		(96,895)	(156,676)	(76,244)
Increase (decrease) in advances received		(502)	25,000	11,057
Decrease (increase) in other current assets		11,578	(73,355)	(15,153)
Increase (decrease) in other current liabilities		134,770	238,469	294,251
Others		1,125	(17,680)	1,125
Subtotal		(1,931,472)	(7,553,237)	(2,341,630)
Interests and dividends received		371	1,953	433
Interests paid		(67,767)	(220,120)	(119,581)
Income taxes paid		(632,082)	(1,038,961)	(636,479)
Head office relocation expenses paid		(632,082)	(8,842)	(636,479)
Net cash used in operating activities		(2,630,951)	(8,819,208)	(3,097,257)
II Cash flows from investing activities				
Payments for time deposits		(44,002)	(192,503)	(49,003)
Proceeds from acquisition of subsidiary stock		51,762	-	51,762
Payments from acquisition of subsidiary stock		-	(1,024,642)	(520,926)
Payments for purchase of investment securities		-	(259,400)	(25,000)
Payments for purchase of tangible fixed assets		(25,237)	(60,098)	(30,664)
Payments for purchase of intangible fixed assets		(4,490)	(7,864)	(4,490)
Payments for guarantee deposits		(89,540)	(161,801)	(89,735)
Proceeds for return of guarantee deposits		5,650	69,641	5,650
Payments for loans receivable		-	(400,000)	(320,000)
Proceeds from collections of loans receivable		9,361	570,000	9,361
Others		-	(173)	(105)
Net cash used in investing activities		(96,497)	(1,466,840)	(973,151)

Thousand yen

Account		Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Year ended July 2005 summary (Aug. 1, 2004 – Jul. 31, 2005)
	Note	Amount	Amount	Amount
III Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		3,401,700	9,961,328	3,495,600
Repayments of long-term borrowings		(3,330)	(3,330)	(4,440)
Proceeds from corporate bond issuance		-	441,450	-
Payments for redemption of corporate bonds		-	(100,000)	-
Proceeds from new share issuance		570	1,613	1,119,248
Cash dividends paid		(118,380)	(421,430)	(123,362)
Net cash provided by financing activities		3,280,559	9,879,630	4,487,045
IV Increase (decrease) in cash and cash equivalents		553,110	(406,418)	416,636
V Cash and cash equivalents at beginning of the period		1,567,363	1,983,999	1,567,363
VI Cash and cash equivalents at end of the period	*1	2,120,473	1,577,581	1,983,999

Significant Accounting Policies in the Preparation of Quarterly Consolidated Financial Statements

Item	Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
1. Scope of consolidation	<p>Consolidated subsidiaries: 1 Name of consolidated subsidiary: Planet Support Co., Ltd. Planet Support Co., Ltd. is included in the consolidation following the purchase by the Company of all its shares during the current period.</p>	<p>Consolidated subsidiaries: 4 Name of consolidated subsidiaries: Japan Realty Supervision Co., Ltd. Ardepro Asset Management Co., Ltd. Ardepro Property Management Co., Ltd. Ardepro Asset Management Co., Ltd. was established on October 18, 2005 as a wholly owned subsidiary and Ardepro Property Management Co., Ltd. was established on March 20, 2006 as a wholly owned subsidiary. Odaka Denko Co., Ltd. became a subsidiary on March 15, 2006 following the purchase by the Company of all its shares. However, this company is not included in the consolidation at the end of the current period because May 31 has been determined as the date when the Company gained effective control.</p>	<p>Consolidated subsidiaries: 2 Name of consolidated subsidiaries: Planet Support Co., Ltd. Japan Realty Supervision Co., Ltd. All subsidiaries are consolidated. On September 7, 2004, Planet Support Co., Ltd. is included in the consolidation following the purchase by the Company of all its shares. Japan Realty Supervision Co., Ltd. is included in the consolidation due to acquisition stock of 91.3 % on July 29, 2005.</p>
2. Equity method of accounting	The Company has not any unconsolidated subsidiaries or affiliates.	Same as on the left.	Same as on the left.
3. Accounting period of consolidated subsidiaries	The period of consolidated subsidiary ends on the closing date of consolidated financial statements.	Same as on the left.	The fiscal year of consolidated subsidiaries ends on the closing date of consolidated financial statements.
4. Significant accounting policies (1) Valuation criteria and methods for principal assets	<p>1. Securities</p> <p style="text-align: center;">_____</p> <p>2. Inventories</p> <p>1) Real estate for sale, and work in process Stated at cost, cost being determined by the specific identification method.</p> <p>2) Supplies Stated at cost, cost being determined by the method of most recent purchase price.</p>	<p>1. Securities</p> <p>1) Other securities Securities without market quotations Stated at cost, cost being determined by the moving-average method.</p> <p>2) Subsidiary stock Stated at cost, cost being determined by the moving-average method.</p> <p>2. Inventories</p> <p>1) Real estate for sale, and work in process Same as on the left.</p> <p>2) Supplies Same as on the left.</p>	<p>1. Securities</p> <p>1) Other securities Securities without market quotations Same as on the left.</p> <p>2. Inventories</p> <p>1) Real estate for sale, and work in process Same as on the left.</p> <p>2) Supplies Same as on the left.</p>

Item	Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)																														
(2) Depreciation and amortization method of major assets	<p>1. Tangible fixed assets Depreciation of tangible fixed assets is calculated by the declining-balance method. Depreciation of buildings (excluding attached equipment) acquired on and after April 1, 1998 is calculated by the straight-line method. Useful lives of major items are as follows (years):</p> <table border="0" data-bbox="379 573 687 763"> <tr> <td>Buildings</td> <td>28</td> </tr> <tr> <td>Buildings (attached structures)</td> <td>3-15</td> </tr> <tr> <td>Vehicles</td> <td>2-6</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>4-10</td> </tr> </table> <p>2. Intangible fixed assets 1) Software Software development costs are amortized over an expected useful life of five years by the straight-line method.</p> <hr data-bbox="475 1122 587 1126"/> <p>3. Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p>	Buildings	28	Buildings (attached structures)	3-15	Vehicles	2-6	Tools, furniture and fixtures	4-10	<p>1. Tangible fixed assets Depreciation of tangible fixed assets is calculated by the declining-balance method. Same as on the left.</p> <table border="0" data-bbox="746 573 1054 824"> <tr> <td>Buildings</td> <td>28</td> </tr> <tr> <td>Buildings (attached structures)</td> <td>3-15</td> </tr> <tr> <td>Structures</td> <td>10-15</td> </tr> <tr> <td>Machinery equipment</td> <td>9-15</td> </tr> <tr> <td>Vehicles</td> <td>2-6</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>3-10</td> </tr> </table> <p>2. Intangible fixed assets 1) Software Same as on the left.</p> <p>2) Goodwill Goodwill is amortized by the straight-line method over a period of up to five years</p> <p>3. Long-term prepaid expenses Same as on the left.</p>	Buildings	28	Buildings (attached structures)	3-15	Structures	10-15	Machinery equipment	9-15	Vehicles	2-6	Tools, furniture and fixtures	3-10	<p>1. Tangible fixed assets Depreciation of tangible fixed assets is calculated by the declining-balance method. Same as on the left.</p> <table border="0" data-bbox="1114 573 1422 797"> <tr> <td>Buildings</td> <td>28</td> </tr> <tr> <td>Buildings (attached structures)</td> <td>9-22</td> </tr> <tr> <td>Machinery equipment</td> <td>9-15</td> </tr> <tr> <td>Vehicles</td> <td>2-6</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>4-20</td> </tr> </table> <p>2. Intangible fixed assets 1) Software Same as on the left.</p> <p>2) Goodwill Same as on the left.</p> <p>3. Long-term prepaid expenses Same as on the left.</p>	Buildings	28	Buildings (attached structures)	9-22	Machinery equipment	9-15	Vehicles	2-6	Tools, furniture and fixtures	4-20
Buildings	28																																
Buildings (attached structures)	3-15																																
Vehicles	2-6																																
Tools, furniture and fixtures	4-10																																
Buildings	28																																
Buildings (attached structures)	3-15																																
Structures	10-15																																
Machinery equipment	9-15																																
Vehicles	2-6																																
Tools, furniture and fixtures	3-10																																
Buildings	28																																
Buildings (attached structures)	9-22																																
Machinery equipment	9-15																																
Vehicles	2-6																																
Tools, furniture and fixtures	4-20																																
(3) Accounting for significant allowances	<p>1. Allowance for doubtful accounts To prepare for credit losses on receivables, 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 bonuses To provide for employee bonus obligation, an amount accrued for the period among the estimated future obligations is designated in the reserve account.</p>	<p>1. Allowance for doubtful accounts Same as on the left.</p> <p>2. Accrued bonuses Same as on the left.</p>	<p>1. Allowance for doubtful accounts Same as on the left.</p> <p>2. Accrued bonuses To provide for employee bonus obligation, an amount accrued for the fiscal year among the estimated future obligations is designated in the reserve account.</p>																														

Item	Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
	3. Allowance for retirement benefits To provide for accrued employees' retirement benefits, an allowance is provided in the amount deemed to have accrued at the end of period based on projected benefit obligations.	3. Allowance for retirement benefits Same as on the left.	3. Allowance for retirement benefits To provide for accrued employees' retirement benefits, an allowance is provided in the amount deemed to have accrued at the end of fiscal year based on projected benefit obligations.
(4) 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.	Same as on the left.	Same as on the left.
(5) Other significant accounting policies	1. Accounting for consumption taxes Consumption taxes are accounted by the tax-exclusion method.	1. Accounting for consumption taxes Same as on the left.	1. Accounting for consumption taxes Same as on the left.
5. Cash and cash equivalents in the cash flow statements	Cash and cash equivalents in the cash flow statements consist of 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.	Same as on the left.	Cash and cash equivalents in the cash flow statements consist of 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.

Changes in the Significant Accounting Policies in the Preparation of Quarterly Consolidated Financial Statements

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
—————	(Accounting for impairment of fixed assets) Effective the current period, the Company has adopted the new accounting standards for the presentation of the Impairment of Assets (Statement of Opinion, “Accounting for Impairment of Fixed Assets,” (Business Accounting Council; August 9, 2002) and the “Accounting Standard Implementation Guidance No. 6: Guidance for Accounting Standards for Impairment of Fixed Assets,” (ASBJ; October 31, 2003). The effect of this change on financial statements is insignificant.	—————

Reclassifications

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
—————	(Consolidated cash flow statements) “Increase (decrease) in deposits,” presented as a component of “Increase (decrease) in other current liabilities” under cash flows from operating activities in prior nine-month period, is reclassified and presented as a separate item since it has increased the materiality of impact. In the prior nine-month period, “Increase (decrease) in deposits” included in “Increase (decrease) in other current liabilities” under cash flows from operating activities amounted to 41,896 thousand yen.	(Consolidated balance sheets) “Affiliate stock,” presented as a component of “Investments and other assets” in prior nine-month period, are reclassified and presented as separate items since their amount exceeded 5/100 of total assets in the current interim period. As of the end of the nine-month period, “Affiliate stock” included in “Investments and other assets” amounted to 10,000 thousand yen.

Notes to Consolidated Quarterly Financial Statements

Notes to Consolidated Balance Sheets

Thousand yen

Nine months ended April 2005 As of April 30, 2005	Nine months ended April 2006 As of April 30, 2006	Year ended July 2005 As of July 31, 2005
*1. Accumulated depreciation of tangible fixed assets <div style="text-align: right;">12,964</div>	*1. Accumulated depreciation of tangible fixed assets <div style="text-align: right;">56,861</div>	*1. Accumulated depreciation of tangible fixed assets <div style="text-align: right;">44,582</div>
*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Real estate for sale 4,179,737 Buildings 5,589 Land 1,506 Corresponding liabilities Short-term borrowings 4,154,100	*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Real estate for sale 15,789,925 Buildings 5,265 Land 1,506 Corresponding liabilities Short-term borrowings 13,915,500	*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Real estate for sale 4,415,855 Corresponding liabilities Short-term borrowings 4,299,000
*3. Appropriation of consumption taxes Consumption taxes suspense payments and receipts are balanced out and included in the "Others" under current assets. <div style="text-align: center;">—————</div>	*3. Appropriation of consumption taxes Same as on the left.	—————
	*4. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows: Current account overdraft 3,500,000 Credit used 2,705,800 <hr style="width: 50%; margin-left: 0;"/> Credit available 794,200	*4. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of year was as follows: Current account overdraft 300,000 Credit used 96,000 <hr style="width: 50%; margin-left: 0;"/> Credit available 204,000

Notes to Consolidated Income Statements

Thousand yen

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
*1. Major items of "Selling, general and administrative expenses"	*1. Major items of "Selling, general and administrative expenses"	*1. Major items of "Selling, general and administrative expenses"
Sales commissions 98,185	Sales commissions 139,839	Sales commissions 159,561
Directors remunerations 45,650	Directors remunerations 88,630	Directors remunerations 58,550
Salaries and bonuses 172,295	Salaries and bonuses 472,664	Salaries and bonuses 287,294
Amortization of consolidated adjustment account 4,656	Amortization of consolidated adjustment account 90,805	Provision of accrued bonuses 14,230
Provision of accrued bonuses 13,416	Provision of accrued bonuses 45,596	Retirement benefit expenses 1,764
Provision of allowance for doubtful accounts 6,264	Provision of allowance for doubtful accounts 31,939	
Depreciation expenses 4,262		
Retirement benefit expenses 889		
*2. Breakdown of "Loss on removal of fixed assets"	*2. Breakdown of "Loss on removal of fixed assets"	*2. Breakdown of "Loss on removal of fixed assets"
Software 332	Buildings (attached structures) 6,619	Software 332
	Tools, furniture and fixtures 2,565	

Notes to Consolidated Cash Flow Statements

Thousand yen

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
*1. Reconciliation of cash and cash equivalents of the cash flows statements and cash and deposits of balance sheets for the period is made as follows: (As of April 30, 2005)	*1. Reconciliation of cash and cash equivalents of the cash flows statements and cash and deposits of balance sheets for the period is made as follows: (As of April 30, 2006)	*1. Reconciliation of cash and cash equivalents of the cash flows statements and cash and deposits of balance sheets for the fiscal year is made as follows: (As of July 31, 2005)
Cash and deposits 2,200,476	Cash and deposits 1,855,588	Cash and deposits 2,069,503
Time deposits with maturities longer than three months (80,002)	Time deposits with maturities longer than three months (278,006)	Time deposits with maturities longer than three months (85,503)
Cash and cash equivalents <u>2,120,473</u>	Cash and cash equivalents <u>1,577,581</u>	Cash and cash equivalents <u>1,983,999</u>

Lease Transaction

Thousand yen

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)																																																
	<p>1. Finance lease transactions not involving the transfer of title to lessee</p> <p>1) Acquisition cost, accumulated depreciation and period-end balance equivalents of the leased property</p> <p><i>Tools, furniture and fixtures</i></p> <table data-bbox="600 521 991 618"> <tr> <td>Acquisition cost</td> <td>7,000</td> </tr> <tr> <td>Accumulate depreciation</td> <td>1,866</td> </tr> <tr> <td>Period-end balance</td> <td>5,133</td> </tr> </table> <p><i>Total</i></p> <table data-bbox="600 685 991 781"> <tr> <td>Acquisition cost</td> <td>7,000</td> </tr> <tr> <td>Accumulate depreciation</td> <td>1,866</td> </tr> <tr> <td>Period-end balance</td> <td>5,133</td> </tr> </table> <p>2) Outstanding lease commitments and the period-end balance equivalents</p> <table data-bbox="600 909 991 1005"> <tr> <td>Due within one year</td> <td>1,384</td> </tr> <tr> <td>Due over one year</td> <td>3,803</td> </tr> <tr> <td>Total</td> <td>5,188</td> </tr> </table> <p>3) Lease payments, depreciation and interest equivalents</p> <table data-bbox="600 1133 991 1229"> <tr> <td>Lease payments</td> <td>1,093</td> </tr> <tr> <td>Depreciation equivalents</td> <td>1,049</td> </tr> <tr> <td>Interest equivalents</td> <td>70</td> </tr> </table> <p>4) Calculation of depreciation equivalents Depreciation is based on the straight-line method, assuming the lease period to be the useful life and no residual value.</p> <p>5) Calculation of interest equivalents Interest equivalents are defined as the difference between the total lease payments and acquisition cost equivalents and is allocated for each period using the simple-interest method.</p>	Acquisition cost	7,000	Accumulate depreciation	1,866	Period-end balance	5,133	Acquisition cost	7,000	Accumulate depreciation	1,866	Period-end balance	5,133	Due within one year	1,384	Due over one year	3,803	Total	5,188	Lease payments	1,093	Depreciation equivalents	1,049	Interest equivalents	70	<p>1. Finance lease transactions not involving the transfer of title to lessee</p> <p>1) Acquisition cost, accumulated depreciation and year-end balance equivalents of the leased property</p> <p><i>Tools, furniture and fixtures</i></p> <table data-bbox="1038 521 1430 618"> <tr> <td>Acquisition cost</td> <td>7,000</td> </tr> <tr> <td>Accumulate depreciation</td> <td>816</td> </tr> <tr> <td>Year-end balance</td> <td>6,183</td> </tr> </table> <p><i>Total</i></p> <table data-bbox="1038 685 1430 781"> <tr> <td>Acquisition cost</td> <td>7,000</td> </tr> <tr> <td>Accumulate depreciation</td> <td>816</td> </tr> <tr> <td>Year-end balance</td> <td>6,183</td> </tr> </table> <p>2) Outstanding lease commitments and the year-end balance equivalents</p> <table data-bbox="1038 909 1430 1005"> <tr> <td>Due within one year</td> <td>1,367</td> </tr> <tr> <td>Due over one year</td> <td>4,844</td> </tr> <tr> <td>Total</td> <td>6,212</td> </tr> </table> <p>3) Lease payments, depreciation and interest equivalents</p> <table data-bbox="1038 1133 1430 1229"> <tr> <td>Lease payments</td> <td>850</td> </tr> <tr> <td>Depreciation equivalents</td> <td>816</td> </tr> <tr> <td>Interest equivalents</td> <td>62</td> </tr> </table> <p>4) Calculation of depreciation equivalents Same as on the left.</p> <p>5) Calculation of interest equivalents Same as on the left.</p>	Acquisition cost	7,000	Accumulate depreciation	816	Year-end balance	6,183	Acquisition cost	7,000	Accumulate depreciation	816	Year-end balance	6,183	Due within one year	1,367	Due over one year	4,844	Total	6,212	Lease payments	850	Depreciation equivalents	816	Interest equivalents	62
Acquisition cost	7,000																																																	
Accumulate depreciation	1,866																																																	
Period-end balance	5,133																																																	
Acquisition cost	7,000																																																	
Accumulate depreciation	1,866																																																	
Period-end balance	5,133																																																	
Due within one year	1,384																																																	
Due over one year	3,803																																																	
Total	5,188																																																	
Lease payments	1,093																																																	
Depreciation equivalents	1,049																																																	
Interest equivalents	70																																																	
Acquisition cost	7,000																																																	
Accumulate depreciation	816																																																	
Year-end balance	6,183																																																	
Acquisition cost	7,000																																																	
Accumulate depreciation	816																																																	
Year-end balance	6,183																																																	
Due within one year	1,367																																																	
Due over one year	4,844																																																	
Total	6,212																																																	
Lease payments	850																																																	
Depreciation equivalents	816																																																	
Interest equivalents	62																																																	

Securities

Nine months ended April 2005 (As of April 30, 2005)

No reportable information.

Nine months ended April 2006 (As of April 30, 2006)

1. Securities without market quotations

		Thousand yen
Item	Carrying value	
Other securities		
Unlisted stock	84,400	
Total	84,400	

Year ended July 2005 (As of July 31, 2005)

1. Securities without market quotations

		Thousand yen
Item	Carrying value	
Other securities		
Unlisted stock	25,000	
Total	25,000	

Derivatives

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)

No reportable information since the Company did not enter into any derivative transactions.

Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)

No reportable information since the Company did not enter into any derivative transactions.

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)

No reportable information since the Company did not enter into any derivative transactions.

Segment Information

1. Operating segment information

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)

Operating segment information is not presented because the condominium revitalization business accounts for more than 90% of total sales and operating profit.

Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)

Thousand yen

	Condominium revitalization business	Real estate sales business	Other businesses	Total	Elimination or corporate	Consolidated
I. Sales and operating profit						
Sales						
(1) External sales	17,464,396	11,438,432	1,672,467	30,575,296	-	30,575,296
(2) Inter-segment sales and transfers	-	-	169,840	169,840	[169,840]	-
Total	17,464,396	11,438,432	1,842,308	30,745,137	[169,840]	30,575,296
Operating expenses	14,664,065	9,057,323	1,442,851	25,164,240	375,849	25,540,089
Operating profit	2,800,331	2,381,108	399,457	5,580,896	[545,689]	5,035,207

Notes:

1. Method for division of business activities

Businesses are divided in accordance with similarities in the types of products, the nature of business activities, sales methods and other items, as well as on categories for calculating earnings, the assets used and other items.

2. Major categories of business activities

(1) Condominium revitalization business: Sales of existing condominiums

(2) Real estate sales business: Sales of office buildings, commercial facilities, hotels and other properties

(3) Other businesses: Real estate leasing income, renovation services, fees and commissions, others

3. Operating expenses included in elimination or corporate consist primarily of expenses related to the administration division.

Operating expenses included in elimination or corporate totaled 453,311 thousand yen.

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)

Thousand yen

	Condominium revitalization business	Real estate sales business	Other businesses	Total	Elimination or corporate	Consolidated
I. Sales and operating profit						
Sales						
(1) External sales	9,562,053	3,528,093	493,645	13,583,791	-	13,583,791
(2) Inter-segment sales and transfers	-	-	-	-	-	-
Total	9,562,053	3,528,093	493,645	13,583,791	-	13,583,791
Operating expenses	8,231,476	2,764,356	191,825	11,187,658	285,918	11,473,576
Operating profit	1,330,577	763,736	301,819	2,396,133	[285,918]	2,110,215

Notes:

1. Method for division of business activities

Businesses are divided in accordance with categories used for the internal management of earnings.

2. Major categories of business activities

(1) Condominium revitalization business: Sales of existing condominiums

(2) Real estate sales business: Sales of office buildings, commercial facilities, hotels and other properties

(3) Other businesses: Real estate leasing income, renovation services, fees and commissions, others

3. Operating expenses included in elimination or corporate consist primarily of expenses related to the administration division.

Operating expenses included in elimination or corporate totaled 285,918 thousand yen.

2. Geographical segment information

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)

Geographical segment information is not presented since the Company has no consolidated subsidiaries or branch offices in countries and regions other than Japan.

Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)

Geographical segment information is not presented since the Company has no consolidated subsidiaries or branch offices in countries and regions other than Japan.

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)

Geographical segment information is not presented since the Company has no consolidated subsidiaries or branch offices in countries and regions other than Japan.

3. Overseas sales

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)

No reportable information since the Company had no overseas sales.

Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)

No reportable information since the Company had no overseas sales.

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)

No reportable information since the Company had no overseas sales.

Per Share Data

Yen

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)		Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)		Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	
Shareholders' equity per share	4,155.27	Shareholders' equity per share	8,997.10	Shareholders' equity per share	6,080.47
Net income per share (basic)	1,161.66	Net income per share (basic)	3,638.36	Net income per share (basic)	1,763.17
Net income per share (diluted)	1,074.62	Net income per share (diluted)	3,594.13	Net income per share (diluted)	1,652.97

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

Thousand yen

Item	Nine months ended April 2005 (August 1, 2004 - April 30, 2005)	Nine months ended April 2006 (August 1, 2005 - April 30, 2006)	Year ended July 2005 (August 1, 2004 - July 31, 2005)
Net income per share (basic)			
Net income	692,515	2,424,744	1,078,203
Amount not belonging to common shareholders	-	-	3,850
[of which bonuses to directors in the appropriation of retained earnings]	[-]	[-]	[3,850]
Net income applicable to common stock	692,515	2,424,744	1,074,353
Average shares outstanding	596,144 shares	666,438 shares	609,332 shares
Net income per share (diluted)			
Adjusted net income	-	-	-
Increase in common stock [of which stock acquisition rights]	48,281 shares [48,281 shares]	8,203 shares [8,203 shares]	40,623 shares [40,623 shares]
Summary of non-dilutive stock equivalents not used in calculation of net income per share (diluted)	-	-	-

Subsequent Events

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
<p>I. New share issue</p> <p>The Company's Board of Directors on May 9, 2005 approved the sale of newly issued shares through a public offering with a payment date of May 26, 2005.</p> <p>(1) Offering method Public offering</p> <p>(2) Type and number of shares Common stock: 30,000 shares</p> <p>(3) Issue price 39,082 yen per share The public offering was conducted at this price.</p> <p>(4) Issue value 36,933 yen per share (Amount credited to capital: 18,467 yen)</p> <p>(5) Total issue amount 1,107,990,000 yen</p> <p>(6) Total amount credited to capital 554,010,000 yen</p> <p>(7) Payment date May 26, 2005 (Thursday)</p> <p>(8) Dividend record date February 1, 2005 (Tuesday)</p> <p>(9) Use of funds Proceeds from the sale of these shares are to be used for the purchase of properties and other working capital requirements.</p>	<p>I. New share issue</p> <p>The Company's Board of Directors on April 28, 2006 approved the sale of newly issued shares through a private placement with a payment date of May 22, 2006.</p> <p>(1) Type and number of shares Common stock: 21,339 shares</p> <p>(2) Issue price 164,000 yen per share</p> <p>(3) Total amount credited to capital 1,749,798,000 yen</p> <p>(4) Payment date May 22, 2006</p> <p>(5) Dividend record date February 1, 2006</p> <p>(6) Use of funds Proceeds from the sale of these shares are to be used for mergers and acquisitions to enlarge the Group's operations and for the purchase of properties.</p> <p>II. Stock split</p> <p>1. Purpose of stock split We are pleased to report that our shareholder base is expanding steadily, as the Condominium Revitalization Business and the Real Estate Sales Business of the Company and its Group win greater understanding among investors. Reflecting these factors, the number of shareholders increased from 5,015 as of July 31, 2005 to 17,618 as of January 31, 2006. In order to make it even easier for investors to take an interest in Ardepro, the Company is conducting a stock split that will further reduce the minimum investment per share. This is expected to increase the liquidity of Company stock and attract a broader range of shareholders, thereby raising awareness of the Company in securities markets. The stock split is also aimed at earning the trust of a large number of stakeholders by fulfilling the Company's obligations as a publicly owned company.</p> <p>2. Details of the stock split</p> <p>(1) Method of split For shareholders and beneficial shareholders, as well as registered shareholders, of record as of July 31, 2006 (Monday), each share will be split into 5 shares.</p> <p>(2) Increase in the number of shares The number of total issued common shares outstanding as of July 31, 2006 (Monday) will be increased by a factor of four.</p>	<p>I. Acquiring certain operations of Millefirm Corporation</p> <p>On July 11, 2005, the Company signed an agreement with Millefirm Corporation to purchase certain operations of this company. The transfer of these operations took place on August 1, 2005.</p> <p>1. Reason for acquisition The condominium revitalization business is the core business of the Company. To establish a sound presence in Japan's rapidly changing real estate industry, the Company believes that it is important to enter new business fields to enlarge the scope of its operations, thus reducing its reliance on the condominium revitalization business. In the Tokyo area, the number of newly constructed condominium units each year has increased for six consecutive years to the current level of more than 80,000 units.</p> <p>In response, the Company reached a basic agreement to purchase certain operations of Millefirm Corporation. This company's main activities are the sale of newly condominiums that have been completed but remain unsold, and the sale of investment properties, mainly one-room condominiums. By acquiring these businesses without making Millefirm Corporation a subsidiary, the Company will be able to capture synergies concerning business domains and sales methods associated with its condominium revitalization business. In addition, this purchase will allow the Company to add the business of sales of existing properties as investments, a market that is expected to grow significantly. The Company believes these benefits will contribute to the further growth of its business activities.</p> <p>2. Details of the acquisition</p> <p>(1) Business to be acquired Operations of Millefirm Corporation involving newly constructed condominiums</p> <p>(2) Sales of the business to be acquired 4.5 billion yen (year ended July 31, 2005)</p> <p>(3) Assets of the business to be acquired Vehicles: 191 thousand yen</p> <p>(4) Price and method of acquisition The payment of 30 million yen will be made in cash on July 21, 2005.</p>

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
	<p>3. Schedule Reference date: July 31, 2006 (Mon) Effective date: August 1, 2006 (Tue) Issue date: September 20, 2006 (Wed)</p> <p>4. Number of authorized shares The Board of Directors, meeting on June 1, 2006, and pursuant to Article 184-2 of the Company Law, approved an amendment to Article 5 of the Articles of Incorporation effective from August 1, 2006, increasing the number of shares issued from 1,024,000 to 5,120,000 shares, following the stock split explained above.</p> <p>5. Other matters relating to this stock split are to be determined at a future meeting of the Board of Directors.</p>	<p>3. Summary of Millefirm Corporation</p> <p>(1) Name Millefirm Corporation</p> <p>(2) Main business Real estate ownership; sales of condominiums and houses; purchase of land for construction of urban residences; planning, leasing and management activities</p> <p>(3) Established April 13, 2000</p> <p>(4) Head office 6-28-8 Shinjuku, Shinjuku-ku, Tokyo</p> <p>(5) Representative Tatsuya Kataura, President</p> <p>(6) Capital 50,000,000 yen</p> <p>(7) Employees 25</p> <p>(8) Major shareholder Tatsuya Kataura (1,000 shares, 100%)</p> <p>(9) Relationship Not applicable</p> <p>4. Schedule</p> <p>June 9, 2005: Board of Directors resolution</p> <p>July 11, 2005: Signing of transfer contract</p> <p>August 1, 2005: Transfer of business</p> <p>II. Merger of subsidiaries</p> <p>On August 29, 2005, consolidated subsidiary Japan Realty Supervision Co., Ltd. and consolidated subsidiary Planet Support Co., Ltd. signed an agreement to merge on November 1, 2005.</p> <p>1. Purpose of merger</p> <p>Japan Realty Supervision Co., Ltd. is based in the city of Kyoto and has offices in Osaka city (Osaka), Otsu city (Shiga) and Mitaka city (Tokyo). A property management firm, this company is mainly engaged in building maintenance and condominium management. The building maintenance and management industry is made up of a large number of small companies. Japan Realty Supervision Co., Ltd. has a competitive edge due to the ability to use data collected over many years to evaluate properties, manage properties and provide cost-competitive property management services. As a result, this company has core competences that its competitors cannot easily match.</p> <p>Planet Support Co., Ltd. is a property management company, with operations that include real estate leasing and management, based in Shinjuku-ku (Tokyo).</p> <p>Although both companies are engaged in property management, their primary</p>

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)												
		<p>operations do not overlap. Each company has different strengths concerning customer segments and geographic areas served. Combining the two companies is expected to make it easier to extend their respective core operations to other areas in a strategic manner, thus producing significant synergies. Furthermore, in Japan's relatively new real estate financial market, real estate funds and asset management companies are the most important clients for building maintenance and management services. This merger will improve the ability of these companies to provide comprehensive solutions for this important customer segment including customers of the Company's existing condominium business.</p> <p>2. Summary of merger</p> <p>(1) Timetable</p> <p>Board of Directors to approve merger contract: August 29, 2005</p> <p>Signing of merger contract: August 29, 2005</p> <p>Shareholders' meeting to approve merger contract: September 15, 2005</p> <p>Merger date: November 1, 2005</p> <p>(2) Merger method</p> <p>Japan Realty Supervision Co., Ltd., which shall be the surviving company, shall absorb Planet Support Co., Ltd., which shall be dissolved.</p> <p>(3) Merger ratio</p> <p>Japan Realty Supervision Co., Ltd. shall exchange one half of a share of its stock for each share of Planet Support Co., Ltd.</p> <p>(4) Payment due to merger</p> <p>No monetary payment shall be made.</p> <p>3. Summary of merging companies (As of Jul. 31, 2005)</p> <table border="1" data-bbox="1011 1525 1445 2072"> <thead> <tr> <th></th> <th>Amalgamation company</th> </tr> </thead> <tbody> <tr> <td>(1) Name</td> <td>Japan Realty Supervision Co., Ltd.</td> </tr> <tr> <td>(2) Main business</td> <td>Building maintenance, condominium management, machinery controls, construction, residential property transactions</td> </tr> <tr> <td>(3) Established</td> <td>Oct. 22, 2001 (Predecessor formed in Dec. 1981)</td> </tr> <tr> <td>(4) Head office</td> <td>8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyo-ku, Kyoto</td> </tr> <tr> <td>(5) Representative</td> <td>Ryohei Higashiguchi, President</td> </tr> </tbody> </table>		Amalgamation company	(1) Name	Japan Realty Supervision Co., Ltd.	(2) Main business	Building maintenance, condominium management, machinery controls, construction, residential property transactions	(3) Established	Oct. 22, 2001 (Predecessor formed in Dec. 1981)	(4) Head office	8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyo-ku, Kyoto	(5) Representative	Ryohei Higashiguchi, President
	Amalgamation company													
(1) Name	Japan Realty Supervision Co., Ltd.													
(2) Main business	Building maintenance, condominium management, machinery controls, construction, residential property transactions													
(3) Established	Oct. 22, 2001 (Predecessor formed in Dec. 1981)													
(4) Head office	8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyo-ku, Kyoto													
(5) Representative	Ryohei Higashiguchi, President													

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	
		(6) Capital	122.5 million yen
		(7) Fiscal year end	July 31
		(8) Employee	74
		(9) Major shareholder	Ardepro Co., Ltd. 91.3%
		(10) Property under management	About 23,300 units
			Predecessor company
		(1) Name	Planet Support Co., Ltd.
		(2) Main business	Real estate transactions and leasing; along with agency, brokerage and management services associated with these activities
		(3) Established	Aug. 4, 1998
		(4) Head office	6-28-8 Shinjuku, Shinjuku-ku, Tokyo
		(5) Representative	Takaya Kataura, President
		(6) Capital	10 million yen
		(7) Fiscal year end	July 31
		(8) Employee	6
		(9) Major shareholder	Ardepro Co., Ltd. 100.0%
		(10) Property under management	833 units
		4. Post-merger profile	
		(1) Company name	Japan Realty Supervision Co., Ltd.
		(2) Main business	Building maintenance, condominium management, machinery controls, construction, residential property transactions, real estate transactions and leasing along with agency, brokerage and management services associated with these activities
		(3) Head office	8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyo-ku, Kyoto
		(4) Representative	Ryohei Higashiguchi, President
		(5) Capital	204.64 million yen (increased by 82,140 thousand yen due to August 30, 2005 private placement of stock (all shares purchased by the Company))
		(6) Fiscal year end	July 31

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
		<p>III. Alliance formed with IDU Corporation On September 5, 2005, the Company and IDU Corporation formed a business alliance concerning the real estate auction (called the Mothers Auction) conducted by IDU.</p> <p>1. Description of alliance Properties revitalized by the Company will be sold through the Mothers Auction of IDU.</p> <p>2. Purpose of alliance The Ardepro Group operates a condominium revitalization business on a nationwide scale. In the current fiscal year, consolidated sales totaled about 13.5 billion yen and sales are expected to increase about 75% to 23.7 billion yen in the fiscal year ending July 2006. Until now, the Company has sold properties by setting up model rooms at properties for sale to allow prospective buyers to see properties for themselves. Currently, the Internet accounts for more than half of sales at some of Japan's major real estate sales companies. Therefore, the Company established the Internet Distribution Division to study methods and conduct trial operations aimed at diversifying sales methods. The Company has thus established an internal infrastructure for new sales methods and added this business alliance with the Mothers Auction of IDU. The Company believes that the seamless addition of this powerful Internet sales infrastructure will contribute to its sales growth.</p> <p>Since its establishment, IDU has been growing as a provider of a real estate auction infrastructure that uses the Internet. The aims are to create a real estate market that is more fair, transparent, economically efficient and reliable. IDU's real estate auction business had a volume of 17.3 billion yen in the first half of the current fiscal year. IDU had been seeking a real estate company partner able to supply quality properties that can contribute to further growth of its real estate auction business.</p> <p>Through this business alliance, the Ardepro Group has established a new sales channel for its revitalized properties and IDU can offer a larger number of quality properties to real estate buyers, thus expanding its real estate auction business. Furthermore, Ardepro Group believes that the alliance will contribute to progress in the real estate securitization market, thus raising the liquidity of real estate in Japan.</p>

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)																																
		<p>3. Summary of Ardepro and IDU</p> <table border="1" data-bbox="1011 248 1442 920"> <thead> <tr> <th></th> <th>Ardepro Co., Ltd.</th> </tr> </thead> <tbody> <tr> <td>(1) Main business</td> <td>Revitalization of existing condominiums, commercial facilities, hotels and other properties; building maintenance; condominium management; real estate transactions and leasing along with agency, brokerage and management services associated with these activities</td> </tr> <tr> <td>(2) Established</td> <td>March 1, 1988</td> </tr> <tr> <td>(3) Head office</td> <td>Shinjuku-ku, Tokyo</td> </tr> <tr> <td>(4) Representative</td> <td>Tatsuya Akimoto, CEO</td> </tr> <tr> <td>(5) Capital</td> <td>1,178.93 million yen</td> </tr> <tr> <td>(6) Employee</td> <td>176 (As of July 31, 2005)</td> </tr> <tr> <td>(7) Fiscal year end</td> <td>July</td> </tr> </tbody> </table> <table border="1" data-bbox="1011 954 1442 1417"> <thead> <tr> <th></th> <th>IDU Corporation</th> </tr> </thead> <tbody> <tr> <td>(1) Main business</td> <td>Planning and operation of real estate auctions; consulting for the effective use of real estate; real estate operations</td> </tr> <tr> <td>(2) Established</td> <td>September 2, 1999</td> </tr> <tr> <td>(3) Head office</td> <td>Kita-ku, Osaka</td> </tr> <tr> <td>(4) Representative</td> <td>Yoshinori Ikezoe, CEO</td> </tr> <tr> <td>(5) Capital</td> <td>3,788.01 million yen</td> </tr> <tr> <td>(6) Employee</td> <td>94 (As of July 1, 2005)</td> </tr> <tr> <td>(7) Fiscal year end</td> <td>August</td> </tr> </tbody> </table> <p>*Notes 1: There is no relationship between the Company and IDU concerning business activities, equity or personnel.</p> <p>*Notes 2: The Company's major activities and number of employees are listed in the section concerning the corporate group.</p> <p>4. Alliance date September 5, 2005</p> <p>5. Other events As a first step, beginning in September 2005, the Company plans to submit about 40 properties for sale on the Mothers Auction of IDU. The number of properties is to be increased to about 100 per year.</p>		Ardepro Co., Ltd.	(1) Main business	Revitalization of existing condominiums, commercial facilities, hotels and other properties; building maintenance; condominium management; real estate transactions and leasing along with agency, brokerage and management services associated with these activities	(2) Established	March 1, 1988	(3) Head office	Shinjuku-ku, Tokyo	(4) Representative	Tatsuya Akimoto, CEO	(5) Capital	1,178.93 million yen	(6) Employee	176 (As of July 31, 2005)	(7) Fiscal year end	July		IDU Corporation	(1) Main business	Planning and operation of real estate auctions; consulting for the effective use of real estate; real estate operations	(2) Established	September 2, 1999	(3) Head office	Kita-ku, Osaka	(4) Representative	Yoshinori Ikezoe, CEO	(5) Capital	3,788.01 million yen	(6) Employee	94 (As of July 1, 2005)	(7) Fiscal year end	August
	Ardepro Co., Ltd.																																	
(1) Main business	Revitalization of existing condominiums, commercial facilities, hotels and other properties; building maintenance; condominium management; real estate transactions and leasing along with agency, brokerage and management services associated with these activities																																	
(2) Established	March 1, 1988																																	
(3) Head office	Shinjuku-ku, Tokyo																																	
(4) Representative	Tatsuya Akimoto, CEO																																	
(5) Capital	1,178.93 million yen																																	
(6) Employee	176 (As of July 31, 2005)																																	
(7) Fiscal year end	July																																	
	IDU Corporation																																	
(1) Main business	Planning and operation of real estate auctions; consulting for the effective use of real estate; real estate operations																																	
(2) Established	September 2, 1999																																	
(3) Head office	Kita-ku, Osaka																																	
(4) Representative	Yoshinori Ikezoe, CEO																																	
(5) Capital	3,788.01 million yen																																	
(6) Employee	94 (As of July 1, 2005)																																	
(7) Fiscal year end	August																																	

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
		<p>IV. Establishment of subsidiary The Board of Directors approved a resolution on October 6, 2005 to establish a subsidiary, which was established on October 18, 2005.</p> <p>1. Descriptions (1) Reason for establishing subsidiary As is stated in the “Ardepro Group Medium-term Management Plan (Revised)” that was announced on June 10, 2005, the Ardepro Group plans to enter the real estate financial market as one means of enlarging its business domains. Accordingly, the decision was made to establish Ardepro Asset Management Co., Ltd. as a wholly owned subsidiary and work on making its operations profitable and stable. The objective is to target growing real estate financial market by providing consulting and asset management services to REITs and other real estate funds concerning the management of their properties. In addition, an asset management business will be conducted to securitize and sell properties owned by the Company and establish funds. Japan Realty Supervision Co., Ltd. became a subsidiary of the Ardepro Group in order to strengthen property management services. The establishment of this asset management subsidiary will strengthen the Ardepro Group’s financial operations and provide substantial mutual synergies with the property management business. The Company believes this will create a stronger base for long-term earnings stability, thus contributing to the growth of the Ardepro Group. The Company will focus on maximizing returns for investors by increasing business opportunities, stabilizing earnings and improving profitability across the entire Ardepro Group.</p> <p>(2) Specific actions Plans call for establishing a fund with assets of about 100 billion yen by January 2007. The Company will establish funds and offer fund consulting for the long-term management of blind-pool funds from overseas institutional investors. By concentrating on fund establishment and consulting involving the management of funds that are large and have a long-term perspective, the Company aims to generate a stable, long-term revenue stream that is not affected by short-term market cycles. Furthermore, the Company hopes to achieve the listing of a J-REIT in about three years.</p>

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
		<p>2. Summary of the subsidiary</p> <p>Name: Ardepro Asset Management Co., Ltd.</p> <p>Head office: 2-4-1 Nishi-shinjuku, Shinjuku-ku, Tokyo</p> <p>Established: October 18, 2005</p> <p>Capital: 100,000,000 yen (number of shares outstanding: 2,000 shares)</p> <p>Representative: Jun Watanabe, CEO</p> <p>Major shareholder: Ardepro Co., Ltd. (ownership: 100%)</p> <p>Main business: Establishment, sales and other activities involving real estate funds</p>



Summary of Non-consolidated Financial Results for the Nine Months Ended April 2006

June 1, 2006

Company name: Ardepro Co., Ltd. (Stock code: 8925, TSE Mothers Market)
 (URL: <http://www.ardepro.co.jp/>)
 Representative: Tatsuya Akimoto, Chief Executive Officer
 Contact: Reiji Kubo, Chief Financial Officer, Managing Director
 Telephone: +81-(3)-5367-2001

1. Significant Accounting Policies in the Preparation of Quarterly Non-consolidated Financial Statements

- (1) Accounting standards for the preparation of quarterly non-consolidated financial statements: Standards for interim financial statements
- (2) Changes in accounting treatment from the most recent fiscal year: None
- (3) Auditing process by independent accountants: Yes

The quarterly non-consolidated financial statements has been through auditing process in accordance with the supplementary provisions “Standards of Auditors’ Opinion for the Quarterly Financial Statements” of the “Instructions for the Application of the Regulations for Timely Disclosure of Corporate Information by Issuers of Listed Securities” as set by the Tokyo Stock Exchange.

2. Financial Results for the Nine Months Ended April 2006 (August 1, 2005 – April 30, 2006)

(1) Non-consolidated Results of Operations

	Sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended April 2006	29,493	220.9	5,134	268.4	4,737	268.2
Nine months ended April 2005	9,189	90.4	1,393	84.9	1,286	96.5
(Reference) Year ended July 2005	13,389		2,099		1,889	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Nine months ended April 2006	2,496	261.6	3,745.94	3,700.39
Nine months ended April 2005	690	95.7	1,158.12	1,071.35
(Reference) Year ended July 2005	1,068		1,746.77	1,637.59

Note: Percentages for sales, operating profit and other figures represent year-on-year percentage change.

(2) Non-consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of April 30, 2006	24,019	6,070	25.3	9,089.49
As of April 30, 2005	7,746	2,520	32.5	4,151.80
(Reference) As of July 31, 2005	9,727	4,025	41.4	6,065.40

3. Non-consolidated Forecast for the Fiscal Year Ending July 2006 (August 1, 2005 - July 31, 2006)

	Sales	Recurring profit	Net income	Annual dividend per share		
				Interim	Year-end	
	Million yen	Million yen	Million yen	Yen	Yen	Yen
Full Year	33,567	5,424	2,878	250.00	1,050.00	1,300.00

Reference: Estimated net income per share for the full year: 4,175.98 yen

Note: Estimated net income per share for the full year reflects the 689,179 shares of newly issued share paid on May 22, 2006 through a private placement.

*Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this presentation was prepared. Actual results may differ significantly from these forecasts for a number of factors.

4. Quarterly Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

Thousand yen

Account	Note	Nine months ended April 2005 (As of April 30, 2005)		Nine months ended April 2006 (As of April 30, 2006)		Year ended July 2005 summary (As of July 31, 2005)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits		2,139,492		1,131,767		1,973,284	
2. Trade notes and accounts receivable		210,155		1,383,741		3,933	
3. Real estate for sale	*2	4,770,678		16,160,471		6,221,824	
4. Work in process		36,451		129,570		42,267	
5. Advances		209,494		505,767		178,506	
6. Short-term loans to affiliates		-		1,750,000		-	
7. Others	*3	174,747		468,280		502,894	
Allowance for doubtful accounts		(6,320)		(94,139)		(9,989)	
Total current assets		7,534,699	97.3	21,435,460	89.2	8,912,722	91.6
II Fixed assets							
1. Tangible fixed assets	*1,2	99,705		138,337		101,846	
2. Intangible fixed assets		4,933		8,212		4,680	
3. Investments and other assets							
(1) Affiliate stock		10,000		1,973,922		585,000	
(2) Others		97,184	107,184	463,365	2,437,287	123,583	708,583
Total fixed assets		211,822	2.7	2,583,837	10.8	815,110	8.4
Total assets		7,746,522	100.0	24,019,297	100.0	9,727,832	100.0

Thousand yen

Account	Note	Nine months ended April 2005 (As of April 30, 2005)		Nine months ended April 2006 (As of April 30, 2006)		Year ended July 2005 summary (As of July 31, 2005)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Accounts payable		2,844		75,857		4,292	
2. Short-term borrowings	*2	4,426,500		14,493,700		4,520,400	
3. Current portion of long-term borrowings		4,440		4,440		4,440	
4. Current portion of corporate bonds		100,000		-		100,000	
5. Accrued income taxes		387,880		1,958,994		596,450	
6. Advances received		3,720		40,280		15,280	
7. Accrued bonuses		13,316		56,013		13,339	
8. Others		275,596		859,420		436,342	
Total current liabilities		5,214,297	67.3	17,488,705	72.8	5,690,543	58.5
II Long-term liabilities							
1. Corporate bonds		-		450,000		-	
2. Long-term borrowings		8,530		4,090		7,420	
3. Allowance for retirement benefits		3,052		6,178		3,927	
Total long-term liabilities		11,582	0.1	460,268	1.9	11,347	0.1
Total liabilities		5,225,879	67.5	17,948,974	74.7	5,701,891	58.6
Shareholders' equity							
I Common stock							
1. Additional paid-in capital		456,170		1,021,670		1,019,900	
Total capital surplus		456,170	5.9	1,021,670	4.3	1,019,900	10.5
III Retained earnings							
1. Legal reserve		75,000		75,000		75,000	
2. Voluntary reserve		675,000		1,400,000		675,000	
3. Unappropriated retained earnings		699,302		2,392,953		1,077,111	
Total retained earnings		1,449,302	18.7	3,867,953	16.1	1,827,111	18.8
Total shareholders' equity		2,520,642	32.5	6,070,323	25.3	4,025,941	41.4
Total liabilities and shareholders' equity		7,746,522	100.0	24,019,297	100.0	9,727,832	100.0

(2) Non-consolidated Income Statements

Thousand yen

Account	Note	Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)		Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)		Year ended July 2005 summary (Aug. 1, 2004 – Jul. 31, 2005)				
		Amount	%	Amount	%	Amount	%			
I Sales		9,189,993	100.0	29,493,956	100.0	13,389,182	100.0			
II Cost of sales		7,230,348	78.7	23,149,385	78.5	10,366,129	77.4			
Gross profit		1,959,645	21.3	6,344,571	21.5	3,023,053	22.6			
III Selling, general and administrative expenses		565,862	6.2	1,209,868	4.1	923,267	6.9			
Operating profit		1,393,782	15.2	5,134,702	17.4	2,099,786	15.7			
IV Non-operating income	*1	1,250	0.0	41,489	0.1	3,033	0.0			
V Non-operating expenses	*2	108,162	1.2	438,528	1.5	213,662	1.6			
Recurring profit		1,286,870	14.0	4,737,662	16.1	1,889,157	14.1			
VI Extraordinary gains	*3	-	-	65,048	0.2	-	-			
Income before income taxes		1,286,870	14.0	4,672,614	15.8	1,889,157	14.1			
Current income taxes		627,963		2,364,542		833,379				
Deferred income taxes		(31,498)	596,464	6.5	(188,361)	2,176,180	7.4	(12,436)	820,943	6.1
Net income		690,406	7.5	2,496,433	8.5	1,068,214	8.0			
Earnings brought forward		50,678		63,119		50,678				
Interim dividends		41,781		166,600		41,781				
Unappropriated retained earnings		699,302		2,392,953		1,077,111				

(3) Notes, etc.

Significant Accounting Policies in the Preparation of Quarterly Non-consolidated Financial Statements

Item	Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)																										
1. Valuation criteria and methods for principal assets	<p>(1) Securities</p> <p>1) Subsidiary stock Stated at cost, cost being determined by the moving-average method.</p> <hr/> <p>(2) Inventories</p> <p>1) Real estate for sale, and work in process Stated at cost, cost being determined by the specific identification method.</p> <p>2) Supplies Stated at cost, cost being determined by the method of most recent purchase price.</p>	<p>(1) Securities</p> <p>1) Subsidiary stock Same as on the left.</p> <p>2) Other securities Securities without market quotations Stated at cost, cost being determined by the moving-average method.</p> <p>(2) Inventories</p> <p>1) Real estate for sale, and work in process Same as on the left.</p> <p>2) Supplies Same as on the left.</p>	<p>(1) Securities</p> <p>1) Subsidiary stock Same as on the left.</p> <p>2) Other securities Same as on the left.</p> <p>(2) Inventories</p> <p>1) Real estate for sale, and work in process Same as on the left.</p> <p>2) Supplies Same as on the left.</p>																										
2. Accumulated depreciation of tangible fixed assets	<p>(1) Tangible fixed assets Depreciation of tangible fixed assets is calculated by the declining-balance method. Depreciation of buildings (excluding attached equipment) acquired on and after April 1, 1998 is calculated by the straight-line method. Useful lives of major items are as follows (years):</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">28</td> </tr> <tr> <td>Buildings (attached structures)</td> <td style="text-align: right;">3-15</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">3-15</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">2-6</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">4-10</td> </tr> </table> <p>(2) Intangible fixed assets Software Software development costs are amortized over an expected useful life of five years by the straight-line method.</p> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p>	Buildings	28	Buildings (attached structures)	3-15	Structures	3-15	Vehicles	2-6	Tools, furniture and fixtures	4-10	<p>(1) Tangible fixed assets Same as on the left.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">28</td> </tr> <tr> <td>Buildings (attached structures)</td> <td style="text-align: right;">3-15</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">2-6</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">3-10</td> </tr> </table> <p>(2) Intangible fixed assets Software Same as on the left.</p> <p>(3) Long-term prepaid expenses Same as on the left.</p>	Buildings	28	Buildings (attached structures)	3-15	Vehicles	2-6	Tools, furniture and fixtures	3-10	<p>(1) Tangible fixed assets Same as on the left.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">28</td> </tr> <tr> <td>Buildings (attached structures)</td> <td style="text-align: right;">15</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">2-6</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">4-10</td> </tr> </table> <p>(2) Intangible fixed assets Software Same as on the left.</p> <p>(3) Long-term prepaid expenses Same as on the left.</p>	Buildings	28	Buildings (attached structures)	15	Vehicles	2-6	Tools, furniture and fixtures	4-10
Buildings	28																												
Buildings (attached structures)	3-15																												
Structures	3-15																												
Vehicles	2-6																												
Tools, furniture and fixtures	4-10																												
Buildings	28																												
Buildings (attached structures)	3-15																												
Vehicles	2-6																												
Tools, furniture and fixtures	3-10																												
Buildings	28																												
Buildings (attached structures)	15																												
Vehicles	2-6																												
Tools, furniture and fixtures	4-10																												

Item	Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)
3. Accounting for allowances	<p>(1) Allowance for doubtful accounts To prepare for credit losses on receivables, 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 bonuses To provide for employee bonus obligation, an amount accrued for the period among the estimated future obligations is designated in the reserve account.</p> <p>(3) Allowance for retirement benefits To provide for accrued employees' retirement benefits, an allowance is provided in the amount deemed to have accrued at the end of period based on projected benefit obligations.</p>	<p>(1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Accrued bonuses Same as on the left.</p> <p>(3) Allowance for retirement benefits Same as on the left.</p>	<p>(1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Accrued bonuses To provide for employee bonus obligation, an amount accrued for the fiscal year among the estimated future obligations is designated in the reserve account.</p> <p>(3) Allowance for retirement benefits To provide for accrued employees' retirement benefits, an allowance is provided in the amount deemed to have accrued at the end of fiscal year based on projected benefit obligations.</p>
4. Other significant accounting policies	Accounting for consumption taxes Consumption taxes are accounted by the tax-exclusion method.	Accounting for consumption taxes Same as on the left.	Accounting for consumption taxes Same as on the left.

Changes in Significant Accounting Policies in the Preparation of Quarterly Non-consolidated Financial Statements

Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)
<p style="text-align: center;">_____</p>	<p>(Accounting for impairment of fixed assets) Effective the current period, the Company has adopted the new accounting standards for the presentation of the Impairment of Assets (Statement of Opinion, “Accounting for Impairment of Fixed Assets,” (Business Accounting Council; August 9, 2002) and the “Accounting Standard Implementation Guidance No. 6: Guidance for Accounting Standards for Impairment of Fixed Assets,” (ASBJ; October 31, 2003). The effect of this change on financial statements is insignificant.</p>	<p style="text-align: center;">_____</p>

Reclassifications

Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)
<p style="text-align: center;">_____</p>	<p>(Non-consolidated balance sheets) “Affiliate stock,” presented as a component of “Investments and other assets” in prior nine-month period, are reclassified and presented as separate items since their amount exceeded 5/100 of total assets in the current interim period. As of the end of the nine-month period, “Affiliate stock” included in “Investments and other assets” amounted to 10,000 thousand yen.</p>

Notes to Quarterly Non-consolidated Financial Statements

Notes to Balance Sheets

Thousand yen

Nine months ended April 2005 (As of April 30, 2005)	Nine months ended April 2006 (As of April 30, 2006)	Year ended July 2005 (As of July 31, 2005)
*1. Accumulated depreciation of tangible fixed assets 12,181	*1. Accumulated depreciation of tangible fixed assets 20,363	*1. Accumulated depreciation of tangible fixed assets 14,364
*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Real estate for sale 4,179,737 Buildings 5,589 Land 1,506 Corresponding liabilities Short-term borrowings 4,154,100	*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Real estate for sale 15,789,925 Buildings 5,265 Land 1,506 Corresponding liabilities Short-term borrowings 13,915,500	*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Real estate for sale 4,415,855 Corresponding liabilities Short-term borrowings 4,299,000
*3. Appropriation of consumption taxes Consumption taxes suspense payments and receipts are balanced out and included in the "Others" under current assets. _____	*3. Appropriation of consumption taxes Same as on the left.	_____
_____	*4. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows: Current account overdraft 3,500,000 Credit used 2,705,800 Credit available 794,200	*4. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of year was as follows: Current account overdraft 300,000 Credit used 96,000 Credit available 204,000

Notes to Income Statements

Thousand yen

Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)
*1. Major items of "Non-operating income" Interest income 176	*1. Major items of "Non-operating income" Interest income 2,478 Consumption taxes refund 14,571	*1. Major items of "Non-operating income" Interest income 869
*2. Major items of "Non-operating expenses" Interest expenses 57,102 Commissions paid 31,351 New share issue expenses 11,369 _____	*2. Major items of "Non-operating expenses" Interest expenses 203,703 Commissions paid 48,328 New share issue expenses 1,090 *3. Major items of "Extraordinary loss" Loss on removal of fixed assets 9,136 Amortization of goodwill 28,571	*2. Major items of "Non-operating expenses" Interest expenses 98,081 Commissions paid 44,019 New share issue expenses 20,181 _____
4. Depreciation and amortization Tangible fixed assets 3,465 Intangible fixed assets 557	4. Depreciation and amortization Tangible fixed assets 9,954 Intangible fixed assets 919	4. Depreciation and amortization Tangible fixed assets 5,648 Intangible fixed assets 810

Lease Transaction

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)

No reportable information because no single lease contract has an aggregate value of more than 3 million yen.

Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)

No reportable information because no single lease contract has an aggregate value of more than 3 million yen.

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)

No reportable information because no single lease contract has an aggregate value of more than 3 million yen.

Securities

Nine months ended April 2005 (As of April 30, 2005)

The Company did not hold subsidiary stock with market quotations.

Nine months ended April 2006 (As of April 30, 2006)

The Company did not hold subsidiary stock with market quotations.

Year ended July 2005 (As of July 31, 2005)

The Company did not hold subsidiary stock with market quotations.

Per Share Data

Yen

Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)
Shareholders' equity per share 4,151.80	Shareholders' equity per share 9,089.49	Shareholders' equity per share 6,065.40
Net income per share (basic) 1,158.12	Net income per share (basic) 3,745.94	Net income per share (basic) 1,746.77
Net income per share (diluted) 1,071.35	Net income per share (diluted) 3,700.39	Net income per share (diluted) 1,637.59
The Company implemented a 4-for-1 stock split on June 18, 2004, and a 10-for-1 stock split on December 20, 2004. Assuming the stock split was implemented at the start of the previous period, per share information for the previous period would be as follows:		The Company implemented a 10-for-1 stock split on December 20, 2004. Assuming the stock split was implemented at the start of the previous fiscal year, per share information for the previous fiscal year would be as follows:
Nine months ended April 2004:		
Shareholders' equity per share 2,939.90		Shareholders' equity per share 3,286.27
Net income per share (basic) 673.33		Net income per share (basic) 1,030.87
Net income per share (diluted) 612.94		Net income per share (diluted) 936.92
Year ended July 2004:		
Shareholders' equity per share 3,286.28		
Net income per share (basic) 1,030.87		
Net income per share (diluted) 936.93		

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

Thousand yen

Item	Nine months ended April 2005 (Aug. 1, 2004 – Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)
Net income per share (basic)			
Net income	690,406	2,496,433	1,068,214
Amount not belonging to common shareholders	-	-	3,850
[of which bonuses to directors in the appropriation of retained earnings]	[-]	[-]	[3,850]
Net income applicable to common stock	690,406	2,496,433	1,064,364
Average shares outstanding	596,144 shares	666,438 shares	609,332 shares
Net income per share (diluted)			
Adjusted net income	-	-	-
Increase in common stock [of which stock acquisition rights]	48,281 shares [48,281 shares]	8,203 shares [8,203 shares]	40,623 shares [40,623 shares]
Summary of non-dilutive stock equivalents not used in calculation of net income per share (diluted)	-	-	-

Subsequent Events

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
<p>I. New share issue</p> <p>The Company's Board of Directors on May 9, 2005 approved the sale of newly issued shares through a public offering with a payment date of May 26, 2005.</p> <p>(1) Offering method Public offering</p> <p>(2) Type and number of shares Common stock: 30,000 shares</p> <p>(3) Issue price 39,082 yen per share The public offering was conducted at this price.</p> <p>(4) Issue value 36,933 yen per share (Amount credited to capital: 18,467 yen)</p> <p>(5) Total issue amount 1,107,990,000 yen</p> <p>(6) Total amount credited to capital 554,010,000 yen</p> <p>(7) Payment date May 26, 2005 (Thursday)</p> <p>(8) Dividend record date February 1, 2005 (Tuesday)</p> <p>(9) Use of funds Proceeds from the sale of these shares are to be used for the purchase of properties and other working capital requirements.</p>	<p>I. New share issue</p> <p>The Company's Board of Directors on April 28, 2006 approved the sale of newly issued shares through a private placement with a payment date of May 22, 2006.</p> <p>(1) Type and number of shares Common stock: 21,339 shares</p> <p>(2) Issue price 164,000 yen per share</p> <p>(3) Total amount credited to capital 1,749,798,000 yen</p> <p>(4) Payment date May 22, 2006</p> <p>(5) Dividend record date February 1, 2006</p> <p>(6) Use of funds Proceeds from the sale of these shares are to be used for mergers and acquisitions to enlarge the Group's operations and for the purchase of properties.</p> <p>II. Stock split</p> <p>1. Purpose of stock split We are pleased to report that our shareholder base is expanding steadily, as the Condominium Revitalization Business and the Real Estate Sales Business of the Company and its Group win greater understanding among investors. Reflecting these factors, the number of shareholders increased from 5,015 as of July 31, 2005 to 17,618 as of January 31, 2006. In order to make it even easier for investors to take an interest in Ardepro, the Company is conducting a stock split that will further reduce the minimum investment per share. This is expected to increase the liquidity of Company stock and attract a broader range of shareholders, thereby raising awareness of the Company in securities markets. The stock split is also aimed at earning the trust of a large number of stakeholders by fulfilling the Company's obligations as a publicly owned company.</p> <p>2. Details of the stock split</p> <p>(1) Method of split For shareholders and beneficial shareholders, as well as registered shareholders, of record as of July 31, 2006 (Monday), each share will be split into 5 shares.</p> <p>(2) Increase in the number of shares The number of total issued common shares outstanding as of July 31, 2006 (Monday) will be increased by a factor of four.</p>	<p>I. Acquiring certain operations of Millefirm Corporation</p> <p>On July 11, 2005, the Company signed an agreement with Millefirm Corporation to purchase certain operations of this company. The transfer of these operations took place on August 1, 2005.</p> <p>1. Reason for acquisition The condominium revitalization business is the core business of the Company. To establish a sound presence in Japan's rapidly changing real estate industry, the Company believes that it is important to enter new business fields to enlarge the scope of its operations, thus reducing its reliance on the condominium revitalization business. In the Tokyo area, the number of newly constructed condominium units each year has increased for six consecutive years to the current level of more than 80,000 units.</p> <p>In response, the Company reached a basic agreement to purchase certain operations of Millefirm Corporation. This company's main activities are the sale of newly condominiums that have been completed but remain unsold, and the sale of investment properties, mainly one-room condominiums. By acquiring these businesses without making Millefirm Corporation a subsidiary, the Company will be able to capture synergies concerning business domains and sales methods associated with its condominium revitalization business. In addition, this purchase will allow the Company to add the business of sales of existing properties as investments, a market that is expected to grow significantly. The Company believes these benefits will contribute to the further growth of its business activities.</p> <p>2. Details of the acquisition</p> <p>(1) Business to be acquired Operations of Millefirm Corporation involving newly constructed condominiums</p> <p>(2) Sales of the business to be acquired 4.5 billion yen (year ended July 31, 2005)</p> <p>(3) Assets of the business to be acquired Vehicles: 191 thousand yen</p> <p>(4) Price and method of acquisition The payment of 30 million yen will be made in cash on July 21, 2005.</p>

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
	<p>3. Schedule Reference date: July 31, 2006 (Mon) Effective date: August 1, 2006 (Tue) Issue date: September 20, 2006 (Wed)</p> <p>4. Number of authorized shares The Board of Directors, meeting on June 1, 2006, and pursuant to Article 184-2 of the Company Law, approved an amendment to Article 5 of the Articles of Incorporation effective from August 1, 2006, increasing the number of shares issued from 1,024,000 to 5,120,000 shares, following the stock split explained above.</p> <p>5. Other matters relating to this stock split are to be determined at a future meeting of the Board of Directors.</p>	<p>3. Summary of Millefirm Corporation</p> <p>(1) Name Millefirm Corporation</p> <p>(2) Main business Real estate ownership; sales of condominiums and houses; purchase of land for construction of urban residences; planning, leasing and management activities</p> <p>(3) Established April 13, 2000</p> <p>(4) Head office 6-28-8 Shinjuku, Shinjuku-ku, Tokyo</p> <p>(5) Representative Tatsuya Kataura, President</p> <p>(6) Capital 50,000,000 yen</p> <p>(7) Employees 25</p> <p>(8) Major shareholder Tatsuya Kataura (1,000 shares, 100%)</p> <p>(9) Relationship Not applicable</p> <p>4. Schedule</p> <p>June 9, 2005: Board of Directors resolution</p> <p>July 11, 2005: Signing of transfer contract</p> <p>August 1, 2005: Transfer of business</p> <p>II. Merger of subsidiaries</p> <p>On August 29, 2005, consolidated subsidiary Japan Realty Supervision Co., Ltd. and consolidated subsidiary Planet Support Co., Ltd. signed an agreement to merge on November 1, 2005.</p> <p>1. Purpose of merger</p> <p>Japan Realty Supervision Co., Ltd. is based in the city of Kyoto and has offices in Osaka city (Osaka), Otsu city (Shiga) and Mitaka city (Tokyo). A property management firm, this company is mainly engaged in building maintenance and condominium management. The building maintenance and management industry is made up of a large number of small companies. Japan Realty Supervision Co., Ltd. has a competitive edge due to the ability to use data collected over many years to evaluate properties, manage properties and provide cost-competitive property management services. As a result, this company has core competences that its competitors cannot easily match.</p> <p>Planet Support Co., Ltd. is a property management company, with operations that include real estate leasing and management, based in Shinjuku-ku (Tokyo).</p> <p>Although both companies are engaged in property management, their primary</p>

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)												
		<p>operations do not overlap. Each company has different strengths concerning customer segments and geographic areas served. Combining the two companies is expected to make it easier to extend their respective core operations to other areas in a strategic manner, thus producing significant synergies. Furthermore, in Japan's relatively new real estate financial market, real estate funds and asset management companies are the most important clients for building maintenance and management services. This merger will improve the ability of these companies to provide comprehensive solutions for this important customer segment including customers of the Company's existing condominium business.</p> <p>2. Summary of merger</p> <p>(1) Timetable</p> <p>Board of Directors to approve merger contract: August 29, 2005</p> <p>Signing of merger contract: August 29, 2005</p> <p>Shareholders' meeting to approve merger contract: September 15, 2005</p> <p>Merger date: November 1, 2005</p> <p>(2) Merger method</p> <p>Japan Realty Supervision Co., Ltd., which shall be the surviving company, shall absorb Planet Support Co., Ltd., which shall be dissolved.</p> <p>(3) Merger ratio</p> <p>Japan Realty Supervision Co., Ltd. shall exchange one half of a share of its stock for each share of Planet Support Co., Ltd.</p> <p>(4) Payment due to merger</p> <p>No monetary payment shall be made.</p> <p>3. Summary of merging companies (As of Jul. 31, 2005)</p> <table border="1" data-bbox="1011 1527 1442 2072"> <thead> <tr> <th></th> <th>Amalgamation company</th> </tr> </thead> <tbody> <tr> <td>(1) Name</td> <td>Japan Realty Supervision Co., Ltd.</td> </tr> <tr> <td>(2) Main business</td> <td>Building maintenance, condominium management, machinery controls, construction, residential property transactions</td> </tr> <tr> <td>(3) Established</td> <td>Oct. 22, 2001 (Predecessor formed in Dec. 1981)</td> </tr> <tr> <td>(4) Head office</td> <td>8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyo-ku, Kyoto</td> </tr> <tr> <td>(5) Representative</td> <td>Ryohei Higashiguchi, President</td> </tr> </tbody> </table>		Amalgamation company	(1) Name	Japan Realty Supervision Co., Ltd.	(2) Main business	Building maintenance, condominium management, machinery controls, construction, residential property transactions	(3) Established	Oct. 22, 2001 (Predecessor formed in Dec. 1981)	(4) Head office	8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyo-ku, Kyoto	(5) Representative	Ryohei Higashiguchi, President
	Amalgamation company													
(1) Name	Japan Realty Supervision Co., Ltd.													
(2) Main business	Building maintenance, condominium management, machinery controls, construction, residential property transactions													
(3) Established	Oct. 22, 2001 (Predecessor formed in Dec. 1981)													
(4) Head office	8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyo-ku, Kyoto													
(5) Representative	Ryohei Higashiguchi, President													

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	
		(6) Capital	122.5 million yen
		(7) Fiscal year end	July 31
		(8) Employee	74
		(9) Major shareholder	Ardepro Co., Ltd. 91.3%
		(10) Property under management	About 23,300 units
			Predecessor company
		(1) Name	Planet Support Co., Ltd.
		(2) Main business	Real estate transactions and leasing; along with agency, brokerage and management services associated with these activities
		(3) Established	Aug. 4, 1998
		(4) Head office	6-28-8 Shinjuku, Shinjuku-ku, Tokyo
		(5) Representative	Takaya Kataura, President
		(6) Capital	10 million yen
		(7) Fiscal year end	July 31
		(8) Employee	6
		(9) Major shareholder	Ardepro Co., Ltd. 100.0%
		(10) Property under management	833 units
		4. Post-merger profile	
		(1) Company name	Japan Realty Supervision Co., Ltd.
		(2) Main business	Building maintenance, condominium management, machinery controls, construction, residential property transactions, real estate transactions and leasing along with agency, brokerage and management services associated with these activities
		(3) Head office	8 Nishitakatsukasa-cho, Nishiiru, Muromachi, Shimochoujamachi Dori, Kamigyō-ku, Kyoto
		(4) Representative	Ryohei Higashiguchi, President
		(5) Capital	204.64 million yen (increased by 82,140 thousand yen due to August 30, 2005 private placement of stock (all shares purchased by the Company))
		(6) Fiscal year end	July 31

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
		<p>III. Alliance formed with IDU Corporation On September 5, 2005, the Company and IDU Corporation formed a business alliance concerning the real estate auction (called the Mothers Auction) conducted by IDU.</p> <p>1. Description of alliance Properties revitalized by the Company will be sold through the Mothers Auction of IDU.</p> <p>2. Purpose of alliance The Ardepro Group operates a condominium revitalization business on a nationwide scale. In the current fiscal year, consolidated sales totaled about 13.5 billion yen and sales are expected to increase about 75% to 23.7 billion yen in the fiscal year ending July 2006. Until now, the Company has sold properties by setting up model rooms at properties for sale to allow prospective buyers to see properties for themselves. Currently, the Internet accounts for more than half of sales at some of Japan's major real estate sales companies. Therefore, the Company established the Internet Distribution Division to study methods and conduct trial operations aimed at diversifying sales methods. The Company has thus established an internal infrastructure for new sales methods and added this business alliance with the Mothers Auction of IDU. The Company believes that the seamless addition of this powerful Internet sales infrastructure will contribute to its sales growth.</p> <p>Since its establishment, IDU has been growing as a provider of a real estate auction infrastructure that uses the Internet. The aims are to create a real estate market that is more fair, transparent, economically efficient and reliable. IDU's real estate auction business had a volume of 17.3 billion yen in the first half of the current fiscal year. IDU had been seeking a real estate company partner able to supply quality properties that can contribute to further growth of its real estate auction business.</p> <p>Through this business alliance, the Ardepro Group has established a new sales channel for its revitalized properties and IDU can offer a larger number of quality properties to real estate buyers, thus expanding its real estate auction business. Furthermore, Ardepro Group believes that the alliance will contribute to progress in the real estate securitization market, thus raising the liquidity of real estate in Japan.</p>

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)																																
		<p>3. Summary of Ardepro and IDU</p> <table border="1"> <thead> <tr> <th></th> <th>Ardepro Co., Ltd.</th> </tr> </thead> <tbody> <tr> <td>(1) Main business</td> <td>Revitalization of existing condominiums, commercial facilities, hotels and other properties; building maintenance; condominium management; real estate transactions and leasing along with agency, brokerage and management services associated with these activities</td> </tr> <tr> <td>(2) Established</td> <td>March 1, 1988</td> </tr> <tr> <td>(3) Head office</td> <td>Shinjuku-ku, Tokyo</td> </tr> <tr> <td>(4) Representative</td> <td>Tatsuya Akimoto, CEO</td> </tr> <tr> <td>(5) Capital</td> <td>1,178.93 million yen</td> </tr> <tr> <td>(6) Employee</td> <td>176 (As of July 31, 2005)</td> </tr> <tr> <td>(7) Fiscal year end</td> <td>July</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>IDU Corporation</th> </tr> </thead> <tbody> <tr> <td>(1) Main business</td> <td>Planning and operation of real estate auctions; consulting for the effective use of real estate; real estate operations</td> </tr> <tr> <td>(2) Established</td> <td>September 2, 1999</td> </tr> <tr> <td>(3) Head office</td> <td>Kita-ku, Osaka</td> </tr> <tr> <td>(4) Representative</td> <td>Yoshinori Ikezoe, CEO</td> </tr> <tr> <td>(5) Capital</td> <td>3,788.01 million yen</td> </tr> <tr> <td>(6) Employee</td> <td>94 (As of July 1, 2005)</td> </tr> <tr> <td>(7) Fiscal year end</td> <td>August</td> </tr> </tbody> </table> <p>*Notes 1: There is no relationship between the Company and IDU concerning business activities, equity or personnel.</p> <p>*Notes 2: The Company's major activities and number of employees are listed in the section concerning the corporate group.</p> <p>4. Alliance date September 5, 2005</p> <p>5. Other events As a first step, beginning in September 2005, the Company plans to submit about 40 properties for sale on the Mothers Auction of IDU. The number of properties is to be increased to about 100 per year.</p>		Ardepro Co., Ltd.	(1) Main business	Revitalization of existing condominiums, commercial facilities, hotels and other properties; building maintenance; condominium management; real estate transactions and leasing along with agency, brokerage and management services associated with these activities	(2) Established	March 1, 1988	(3) Head office	Shinjuku-ku, Tokyo	(4) Representative	Tatsuya Akimoto, CEO	(5) Capital	1,178.93 million yen	(6) Employee	176 (As of July 31, 2005)	(7) Fiscal year end	July		IDU Corporation	(1) Main business	Planning and operation of real estate auctions; consulting for the effective use of real estate; real estate operations	(2) Established	September 2, 1999	(3) Head office	Kita-ku, Osaka	(4) Representative	Yoshinori Ikezoe, CEO	(5) Capital	3,788.01 million yen	(6) Employee	94 (As of July 1, 2005)	(7) Fiscal year end	August
	Ardepro Co., Ltd.																																	
(1) Main business	Revitalization of existing condominiums, commercial facilities, hotels and other properties; building maintenance; condominium management; real estate transactions and leasing along with agency, brokerage and management services associated with these activities																																	
(2) Established	March 1, 1988																																	
(3) Head office	Shinjuku-ku, Tokyo																																	
(4) Representative	Tatsuya Akimoto, CEO																																	
(5) Capital	1,178.93 million yen																																	
(6) Employee	176 (As of July 31, 2005)																																	
(7) Fiscal year end	July																																	
	IDU Corporation																																	
(1) Main business	Planning and operation of real estate auctions; consulting for the effective use of real estate; real estate operations																																	
(2) Established	September 2, 1999																																	
(3) Head office	Kita-ku, Osaka																																	
(4) Representative	Yoshinori Ikezoe, CEO																																	
(5) Capital	3,788.01 million yen																																	
(6) Employee	94 (As of July 1, 2005)																																	
(7) Fiscal year end	August																																	

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
		<p>IV. Establishment of subsidiary The Board of Directors approved a resolution on October 6, 2005 to establish a subsidiary, which was established on October 18, 2005.</p> <p>1. Descriptions (1) Reason for establishing subsidiary As is stated in the “Ardepro Group Medium-term Management Plan (Revised)” that was announced on June 10, 2005, the Ardepro Group plans to enter the real estate financial market as one means of enlarging its business domains. Accordingly, the decision was made to establish Ardepro Asset Management Co., Ltd. as a wholly owned subsidiary and work on making its operations profitable and stable. The objective is to target growing real estate financial market by providing consulting and asset management services to REITs and other real estate funds concerning the management of their properties. In addition, an asset management business will be conducted to securitize and sell properties owned by the Company and establish funds. Japan Realty Supervision Co., Ltd. became a subsidiary of the Ardepro Group in order to strengthen property management services. The establishment of this asset management subsidiary will strengthen the Ardepro Group’s financial operations and provide substantial mutual synergies with the property management business. The Company believes this will create a stronger base for long-term earnings stability, thus contributing to the growth of the Ardepro Group. The Company will focus on maximizing returns for investors by increasing business opportunities, stabilizing earnings and improving profitability across the entire Ardepro Group.</p> <p>(2) Specific actions Plans call for establishing a fund with assets of about 100 billion yen by January 2007. The Company will establish funds and offer fund consulting for the long-term management of blind-pool funds from overseas institutional investors. By concentrating on fund establishment and consulting involving the management of funds that are large and have a long-term perspective, the Company aims to generate a stable, long-term revenue stream that is not affected by short-term market cycles. Furthermore, the Company hopes to achieve the listing of a J-REIT in about three years.</p>

Nine months ended April 2005 (Aug. 1, 2004 - Apr. 30, 2005)	Nine months ended April 2006 (Aug. 1, 2005 - Apr. 30, 2006)	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)
		<p>2. Summary of the subsidiary</p> <p>Name: Ardepro Asset Management Co., Ltd.</p> <p>Head office: 2-4-1 Nishi-shinjuku, Shinjuku-ku, Tokyo</p> <p>Established: October 18, 2005</p> <p>Capital: 100,000,000 yen (number of shares outstanding: 2,000 shares)</p> <p>Representative: Jun Watanabe, CEO</p> <p>Major shareholder: Ardepro Co., Ltd. (ownership: 100%)</p> <p>Main business: Establishment, sales and other activities involving real estate funds</p>