



Non-consolidated Financial Results for the Fiscal Year Ended July 2006

September 5, 2006

Company name: Ardepro Co., Ltd. Listing: TSE Mothers Market
 Stock code: 8925 Head office location: Tokyo
 (URL: <http://www.ardepro.co.jp>)
 Representative: Tatsuya Akimoto, Chief Executive Officer
 Contact: Reiji Kubo, Chief Financial Officer, Managing Director Tel: +81-3-5367-2001
 Board meeting for approving: September 5, 2006 Dividend payable after: October 31, 2006
 Annual meeting of shareholders: October 29, 2006 Adoption of unit stock system: Not adopted

1. Financial Results for the Fiscal Year Ended July 2006 (August 1, 2005 – July 31, 2006)

(1) Non-consolidated Results of Operations

	Sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
Year ended July 2006	41,385	209.1	7,275	246.5	6,801	260.0
Year ended July 2005	13,389	72.2	2,099	78.1	1,889	82.3

	Net income		Net income per share (basic)	Net income per share (diluted)	ROE	Recurring profit to total assets	Recurring profit to sales
	Million yen	%	Yen	Yen	%	%	%
Year ended July 2006	3,800	255.8	5,663.43	5,601.54	51.0	32.2	16.4
Year ended July 2005	1,068	91.6	1,746.77	1,637.59	35.8	28.3	14.1

Notes: 1. Average number of shares: July 2006: 671,065 shares July 2005: 609,332 shares
 2. A 10-for-1 stock split was conducted on December 20, 2004. Average number of shares and net income per share are retroactively adjusted for the stock split to the beginning of the period.
 3. Changes in accounting principles applied: Yes
 4. Percentages for sales, operating profit, recurring profit and net income represent year-on-year percentage change.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended July 2006	32,501	10,874	33.5	15,752.10
Year ended July 2005	9,727	4,025	41.4	6,065.40

Notes: 1. Number of shares outstanding: July 31, 2006: 690,379 shares July 31, 2005: 663,120 shares
 2. Number of treasury stocks: July 31, 2006: - shares July 31, 2005: - shares

2. Non-consolidated Forecast for the Fiscal Year Ending July 2007 (August 1, 2006 - July 31, 2007)

	Sales	Recurring profit	Net income
	Million yen	Million yen	Million yen
First half	26,770	4,238	2,234
Full year	53,541	8,477	4,468

Reference: Estimated net income per share for the full year: 1,294.50 yen

3. Dividends

Cash dividends	Annual dividend per share (yen)			Total dividends (million yen)	Payout ratio (%)	Dividends/net assets (%)
	Interim	Year-end	Annual			
Year ended July 2005	70.00	430.00	500.00	326	28.6	8.1
Year ended July 2006	250.00	1,350.00	1,600.00	1,098	28.3	14.7
Year ending July 2007 (forecast)	160.00	160.00	320.00			

Note: Projected dividend per share for the year ending July 2007 reflects the stock splits on August 1, 2006.

* 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. Please refer to page 10 of the Consolidated Financial Results regarding the forecast shown above.

1. Non-consolidated Financial Statements and Notes

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheets

Thousand yen

Account	Note	Year ended July 2005 (As of July 31, 2005)		Year ended July 2006 (As of July 31, 2006)		Change	
		Amount	%	Amount	%	Amount	
Assets							
I Current assets							
1. Cash and deposits	*1	1,973,284		8,150,194		6,176,909	
2. Trade accounts receivable		3,933		570,985		567,051	
3. Real estate for sale	*1	6,221,824		19,597,304		13,375,480	
4. Work in process		42,267		142,423		100,156	
5. Supplies		660		2,356		1,695	
6. Advances		178,506		534,308		355,802	
7. Prepaid expenses		41,846		126,892		85,046	
8. Deferred tax assets -current		42,764		222,937		180,172	
9. Short-term loans receivable		320,000		530,000		210,000	
10. Others		97,623		237,168		139,545	
Allowance for doubtful accounts		(9,989)		(34,870)		(24,881)	
Total current assets		8,912,722	91.6	30,079,701	92.5	21,166,978	
II Fixed assets							
1. Tangible fixed assets							
(1) Buildings	*1	26,051		46,962		20,911	
Accumulated depreciation		(3,203)	22,848	(5,294)	41,667	(2,091)	18,819
(2) Vehicles		6,432		6,432		-	
Accumulated depreciation		(5,545)	886	(5,810)	622	(264)	(264)
(3) Tools, furniture and fixtures		19,653		70,700		51,047	
Accumulated depreciation		(5,615)	14,037	(17,028)	53,672	(11,412)	39,634
(4) Land	*1		64,073		64,073	-	
Total tangible fixed assets			101,846		160,036	0.5	58,189
2. Intangible fixed assets							
(1) Software			3,940		7,482	3,542	
(2) Telephone rights			740		896	156	
Total intangible fixed assets			4,680	0.0	8,378	0.0	3,698
3. Investments and other assets							
(1) Investment securities			25,000		959,350	934,350	
(2) Affiliate stock			585,000		1,100,000	515,000	
(3) Equity investments			135		380	245	
(4) Long-term prepaid expenses			169		11,315	11,145	
(5) Guarantee deposits			93,849		166,149	72,300	
(6) Deferred tax assets -fixed			4,429		15,965	11,535	
Total investments and other assets			708,583	7.3	2,253,160	6.9	1,544,576
Total fixed assets			815,110	8.4	2,421,575	7.5	1,606,464
Total assets			9,727,832	100.0	32,501,276	100.0	22,773,443

Thousand yen

Account	Note	Year ended July 2005 (As of July 31, 2005)		Year ended July 2006 (As of July 31, 2006)		Change	
		Amount	%	Amount	%	Amount	
Liabilities							
I Current liabilities							
1. Trade accounts payable		4,292		17,521		13,228	
2. Short-term borrowings	*1*3	4,520,400		16,674,920		12,154,520	
3. Current portion of long-term borrowings		4,440		4,440		-	
4. Current portion of corporate bonds		100,000		-		(100,000)	
5. Other accounts payable		218,442		385,272		166,829	
6. Accrued expenses		16,630		66,460		49,829	
7. Accrued income taxes		596,450		2,750,238		2,153,788	
8. Advances received		15,280		147,580		132,300	
9. Deposit received		178,262		731,747		553,486	
10. Deferred revenues		23,007		12,008		(10,998)	
11. Allowance for employees' bonuses		13,339		25,867		12,528	
12. Allowance for directors' bonuses		-		3,850		3,850	
13. Others		-		348,068		348,068	
Total current liabilities		5,690,543	58.5	21,167,973	65.1	15,477,429	
II Long-term liabilities							
1. Corporate bonds		-		450,000		450,000	
2. Long-term borrowings		7,420		2,980		(4,440)	
3. Allowance for retirement benefits		3,927		5,401		1,474	
Total long-term liabilities		11,347	0.1	458,381	1.4	447,034	
Total liabilities		5,701,891	58.6	21,626,355	66.5	15,924,463	
Shareholders' equity							
I Common stock							
II Capital surplus							
1. Additional paid-in capital		1,019,900		-		(1,019,900)	
Total capital surplus		1,019,900	10.5	-	-	(1,019,900)	
III Retained earnings							
1. Legal reserve		75,000		-		(75,000)	
2. Voluntary reserve							
(1) Special reserve		675,000		-		(675,000)	
3. Unappropriated retained earnings		1,077,111		-		(1,077,111)	
Total retained earnings		1,827,111	18.8	-	-	(1,827,111)	
Total shareholders' equity		4,025,941	41.4	-	-	(4,025,941)	
Total liabilities and shareholders' equity		9,727,832	100.0	-	-	(9,727,832)	

Thousand yen

Account	Note	Year ended July 2005 (As of July 31, 2005)		Year ended July 2006 (As of July 31, 2006)		Change	
		Amount	%	Amount	%	Amount	
Net assets							
I Shareholders' equity							
1. Common stock		-	-	2,930,948	9.0		2,930,948
2. Capital surplus							
(1) Additional paid-in capital		-		2,771,918		2,771,918	
Total capital surplus		-	-	2,771,918	8.5		2,771,918
3. Retained earnings							
(1) Legal reserve		-		75,000		75,000	
(2) Other retained earnings							
Special reserve		-		1,400,000		1,400,000	
Retained earnings brought forward		-		3,697,055		3,697,055	
Total retained earnings		-	-	5,172,055	15.9		5,172,055
Total shareholders' equity		-	-	10,874,921	33.5		10,874,921
Total net assets		-	-	10,874,921	33.5		10,874,921
Total liabilities and net assets		-	-	32,501,276	100.0		32,501,276

2) Non-consolidated Income Statements

Thousand yen

Account	Note	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)		Year ended July 2006 (Aug. 1, 2005 – Jul. 31, 2006)		Change		
		Amount	%	Amount	%	Amount		
I Sales		13,389,182	100.0	41,385,823	100.0		27,996,640	
II Cost of sales		10,366,129	77.4	32,421,480	78.3		22,055,351	
Gross profit		3,023,053	22.6	8,964,342	21.7		5,941,288	
III Selling, general and administrative expenses	*1	923,267	6.9	1,688,398	4.1		765,130	
Operating profit		2,099,786	15.7	7,275,943	17.6		5,176,157	
IV Non-operating income								
1. Interest income		869		16,030			15,160	
2. Dividend income		-		259			259	
3. Commission income		-		16,500			16,500	
4. Miscellaneous income		2,164	3,033	50,692	83,482	0.2	48,527	
80,448								
V Non-operating expenses								
1. Interest expenses		98,081		298,484			200,403	
2. Bond interests paid		-		6,952			6,952	
3. Bond issue expenses		-		8,550			8,550	
4. Provision of allowance for doubtful accounts		-		15,900			15,900	
5. Commissions paid		44,019		68,113			24,093	
6. New share issue expenses		20,181		21,810			1,628	
7. Consumption tax adjustment loss		49,929		75,481			25,552	
8. Commissions paid on advanced repayment of debt		1,450		-			(1,450)	
9. Others		-	213,662	1.6	62,906	558,199	1.3	62,906
344,537								
Recurring profit			1,889,157	14.1		6,801,226	16.4	
4,912,068								
VI Extraordinary gains								
1. Gain on sales of affiliate stock		-	-	-	17,010	17,010	0.0	17,010
17,010								
VII Extraordinary losses								
1. Loss on removal of fixed assets		-		9,136			9,136	
2. Head office relocation expenses		-		7,889			7,889	
3. Amortization of goodwill		-		28,571			28,571	
4. Structural and other tests of real estate for sale		-	-	-	19,719	65,317	0.2	19,719
65,317								
Income before income taxes			1,889,157	14.1		6,752,919	16.3	
Current income taxes		833,379			3,144,092			2,310,712
Deferred income taxes		(12,436)	820,943	6.1	(191,708)	2,952,383	7.1	(179,271)
2,131,440								
Net income			1,068,214	8.0		3,800,535	9.2	
Earnings brought forward			50,678			-		(50,678)
Interim dividends			41,781			-		(41,781)
Unappropriated retained earnings			1,077,111			-		(1,077,111)

3) Cost of Sales Statement

Thousand yen

Account	Note	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)		Year ended July 2006 (Aug. 1, 2005 – Jul. 31, 2006)		Change
		Amount	%	Amount	%	Amount
I Condominium revitalization business						
Purchases for land		6,386,268	67.7	13,402,643	44.3	7,016,374
Purchases for buildings		2,346,259	24.9	14,595,144	48.2	12,248,884
Tax and public charges		349,393	3.7	-	-	(349,393)
Commissions for purchase		237,478	2.5	-	-	(237,478)
Due diligence expenses		107,857	1.1	-	-	(107,857)
Direct expenses for purchase		-	-	2,271,507	7.5	2,271,507
Total		9,427,257	100.0	30,269,295	100.0	20,842,037
Beginning inventories for real estate for sale		1,785,850		3,571,166		1,785,315
Beginning inventories for work in process		15,175		41,071		25,895
Ending inventories for real estate for sale		(3,571,166)		(10,612,484)		(7,041,317)
Ending inventories for work in process		(41,071)		(112,977)		(71,906)
Cost of sales - condominium revitalization business		7,616,046		23,156,070		15,540,024
II Real estate sales business						
Purchases for land		1,976,398	36.9	7,608,615	49.5	5,632,217
Purchases for buildings		3,071,036	57.3	6,915,041	45.0	3,844,005
Tax and public charges		163,911	3.1	-	-	(163,911)
Commissions for purchase		145,983	2.7	-	-	(145,983)
Direct expenses for purchase		-	-	839,014	5.5	839,014
Total		5,357,329	100.0	15,362,671	100.0	10,005,341
Beginning inventories for real estate for sale		-		2,650,658		2,650,658
Beginning inventories for work in process		-		1,195		1,195
Ending inventories for real estate for sale		(2,650,658)		(8,984,820)		(6,334,162)
Ending inventories for work in process		(1,195)		(29,445)		(28,249)
Cost of sales - real estate sales business		2,705,475		9,000,259		6,294,783
III Other businesses						
Personnel expenses		13,853	31.1	16,149	6.1	2,295
Payment management and other expenses		30,753	68.9	249,001	93.9	218,248
Cost of sales - other businesses		44,607	100.0	265,150	100.0	220,543
Total cost of sales		10,366,129		32,421,480		22,055,351

Note: From the current fiscal year, "Tax and public charges", "Commissions for purchase" and "Due diligence expenses", states as separate items in the prior periods, are included in "Direct expenses for purchase" since the amount has decreased the materiality of impact in the context of financial statements.

4) Appropriation of Retained Earnings and Non-consolidated Statements of Change in Shareholders' Equity

Appropriation of Retained Earnings

Thousand yen

		Year ended July 2005 (Approved at shareholders' meeting on Oct. 26, 2005)	
Account	Note	Amount	
I Unappropriated retained earnings			1,077,111
II Appropriation of retained earnings			
1. Dividends paid		285,141	
2. Directors' bonuses paid		3,850	
(of which bonuses paid to auditors)		(-)	
3. Voluntary reserve			
(1) Special reserve		725,000	1,013,991
III Retained earnings carried forward			63,119

Non-consolidated Statements of Change in Shareholders' Equity

Year ended July 2006 (Aug. 1, 2005 – Jul. 31, 2006)

	Shareholders' equity								Total net assets
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total shareholders' equity	
		Additional paid-in capital	Total capital surplus		Other retained earnings	Retained earnings brought forward	Total retained earnings		
Balance as of July 31, 2005 (thousand yen)	1,178,930	1,019,900	1,019,900	75,000	675,000	1,077,111	1,827,111	4,025,941	4,025,941
Changes in the fiscal year									
Issuance of new share	1,752,018	1,752,018	1,752,018	-	-	-	-	3,504,036	3,504,036
Dividend of surplus	-	-	-	-	-	(451,741)	(451,741)	(451,741)	(451,741)
Bonuses to directors in the appropriation of retained earnings	-	-	-	-	-	(3,850)	(3,850)	(3,850)	(3,850)
Special reserve	-	-	-	-	725,000	(725,000)	-	-	-
Net income	-	-	-	-	-	3,800,535	3,800,535	3,800,535	3,800,535
Total changes in the fiscal year (thousand yen)	1,752,018	1,752,018	1,752,018	-	725,000	2,619,944	3,344,944	6,848,980	6,848,980
Balance as of July 31, 2006 (thousand yen)	2,930,948	2,771,918	2,771,918	75,000	1,400,000	3,697,055	5,172,055	10,874,921	10,874,921

Significant Accounting Policies

Item	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 – Jul. 31, 2006)																
1. Valuation criteria and methods for marketable securities	<p>(1) Subsidiary stock Stated at cost, cost being determined by the moving-average method.</p> <p>(2) Other securities Securities without market quotations Stated at cost, cost being determined by the moving-average method.</p>	<p>(1) Subsidiary stock Same as on the left.</p> <p>(2) Other securities Securities without market quotations Same as on the left.</p>																
2. Valuation criteria and methods for inventories	<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) Real estate for sale, and work in process Same as on the left.</p> <p>(2) Supplies Same as on the left.</p>																
3. Depreciation of 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 data-bbox="422 1032 906 1160"> <tr> <td>Buildings</td> <td>28</td> </tr> <tr> <td>Buildings and attached structures</td> <td>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 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 and attached structures	15	Vehicles	2-6	Tools, furniture and fixtures	4-10	<p>(1) Tangible fixed assets Same as on the left.</p> <p>Useful lives of major items are as follows (years):</p> <table data-bbox="949 1032 1433 1160"> <tr> <td>Buildings</td> <td>28</td> </tr> <tr> <td>Buildings and 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>3-20</td> </tr> </table> <p>(2) Intangible fixed assets Same as on the left.</p> <p>(Supplementary information) The goodwill recognized in the current fiscal year was amortized and the expense charged to income as extraordinary loss since no future economic benefits are expected to flow to the Company.</p> <p>(3) Long-term prepaid expenses Same as on the left.</p>	Buildings	28	Buildings and attached structures	3-15	Vehicles	2-6	Tools, furniture and fixtures	3-20
Buildings	28																	
Buildings and attached structures	15																	
Vehicles	2-6																	
Tools, furniture and fixtures	4-10																	
Buildings	28																	
Buildings and attached structures	3-15																	
Vehicles	2-6																	
Tools, furniture and fixtures	3-20																	
4. Accounting for deferred assets	<p>(1) New share issue expenses Charged to income as accrued.</p> <p>(2) Bond issue expenses _____</p>	<p>(1) New share issue expenses Same as on the left.</p> <p>(2) Bond issue expenses Charged to income as accrued.</p>																
5. 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>(1) Allowance for doubtful accounts Same as on the left.</p>																

Item	Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 – Jul. 31, 2006)
	<p>(2) Allowance for employees' 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 directors' bonuses _____</p> <p>(4) 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>	<p>(2) Allowance for employees' bonuses Same as on the left.</p> <p>(3) Allowance for directors' bonuses To provide for director bonus obligation, an amount accrued for the fiscal year among the estimated future obligations.</p> <p>(3) Allowance for retirement benefits Same as on the left.</p>
6. 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.
7. 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.

Reclassifications

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)
<p style="text-align: center;">_____</p>	<p>(Accounting standard for impairment of fixed assets) Effective from the current fiscal year, the Company has adopted “Accounting Standard for Impairment of Fixed Assets” (Statement of Opinion: Business Accounting Council, August 9, 2002) and “Guidance on Accounting Standards for Impairment of Fixed Assets” (ASBJ Guidance No. 6: Accounting Standards Board of Japan, October 31, 2003) The effect of this change on financial statements is insignificant.</p>
<p style="text-align: center;">_____</p>	<p>(Accounting standard for directors’ bonuses) Effective from the current fiscal year, the Company has adopted “Accounting Standard for Directors’ Bonuses” (ASBJ Statement No. 4: Accounting Standards Board of Japan, November 29, 2005) The effect of this change was to decrease operating profit, recurring profit and income before income taxes by 3,850,000 yen respectively, compare to the previous method.</p>
<p style="text-align: center;">_____</p>	<p>(Accounting standard for presentation of net assets on balance sheet) Effective from the current fiscal year, the Company has adopted “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5: Accounting Standards Board of Japan, December 9, 2005) and “Guidance on Accounting Standards for Presentation of Net Assets in Balance Sheet” (ASBJ Guidance No. 8: Accounting Standards Board of Japan, December 9, 2005) The effect of this change is insignificant. Under the former accounting standard, amounts equivalent to “Total shareholders’ equity” totaled 10,874,921,000 yen.</p> <p>Changes in presentation in balance sheets to conform to the revision of the regulations of financial statements:</p> <ol style="list-style-type: none"> 1. Effective from the current fiscal year, the Shareholders’ Equity section is renamed Net Assets section. The Net Assets section comprises Shareholders’ Equity. 2. Effective from the current fiscal year, Common Stock, Capital Surplus, Retained Earnings, stated as line items in prior periods, is presented under Shareholders’ Equity.

Supplementary Information

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)
<p style="text-align: center;">_____</p>	<p>(Contingent liabilities) The Company on July 3, 2006 received a formal notice from Tozai Asset Management Co., Ltd. demanding 178,634,000 yen as damages for breach of contract regarding referral of real estate. We are examining the justification of the claim. However, at the moment, we are the opinion that there is no need to pay.</p>

Notes to Non-consolidated Financial Statements

Notes to Non-consolidated Balance Sheets

Thousand yen

Year ended July 2005 (As of July 31, 2005)	Year ended July 2006 (As of July 31, 2006)
*1. Assets pledged as collateral and corresponding liabilities	*1. Assets pledged as collateral and corresponding liabilities
Assets pledged as collateral	Assets pledged as collateral
Real estate for sale	Real estate for sale
4,415,855	17,130,921
	Buildings
	5,265
	Land
	1,506
	Cash and deposits
	150,000
Corresponding liabilities	Corresponding liabilities
Short-term borrowings	Short-term borrowings
4,299,000	16,357,120
*2. Number of authorized shares	*2. _____
Common stock	
1,024,000 shares	
Number of shares outstanding	
Common stock	
663,120 shares	
*3. 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:	*3. 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	Current account overdraft
300,000	3,200,000
Credit used	Credit used
96,000	2,234,190
Credit available	Credit available
<u>204,000</u>	<u>965,810</u>

Notes to Non-consolidated Income Statements

Thousand yen

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)
*1. Major items of "Selling, general and administrative expenses"	*1. Major items of "Selling, general and administrative expenses"
Sales commissions	Sales commissions
159,561	181,487
Directors remunerations	Provision of allowance for doubtful accounts
49,500	8,981
Salaries and bonuses	Directors remunerations
268,884	78,100
Provision of allowance for employees' bonuses	Provision of allowance for directors' bonuses
13,339	3,850
Retirement benefit expenses	Salaries and bonuses
1,764	633,814
Depreciation	Provision of allowance for employees' bonuses
6,458	25,867
Repairing expense	Retirement benefit expenses
63,521	1,474
Management and other expenses	Depreciation
73,111	19,127
Approximate ratio of total SG&A expenses	Management and other expenses
Selling expenses	72,787
21.3%	Approximate ratio of total SG&A expenses
General and administrative expenses	Selling expenses
78.7%	16.2%
	General and administrative expenses
	83.8%
*2. _____	*2. Breakdown of "Loss on removal of fixed assets"
	Buildings
	6,619
	Tools, furniture and fixtures
	2,517

Notes to Non-consolidated Statements of Changes in Shareholders' Equity

Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)

Type and number of treasury stock

Not applicable.

Lease Transaction

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.

Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)

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

Securities

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

Subsidiary and affiliate stock with market quotations

Not applicable.

Year ended July 2006 (As of July 31, 2006)

Subsidiary and affiliate stock with market quotations

Not applicable.

Deferred Tax Accounting

Thousand yen

Year ended July 2005 (As of July 31, 2005)	Year ended July 2006 (As of July 31, 2006)
1. Major components of "Deferred tax assets"	1. Major components of "Deferred tax assets"
Deferred tax assets	Deferred tax assets
Allowance for doubtful accounts in excess of maximum amount allowed for provision	Allowance for doubtful accounts in excess of maximum amount allowed for provision
1,409	13,577
Allowance for employees' bonuses	Allowance for employees' bonuses
5,428	10,527
Allowance for retirement benefits in excess of maximum amount allowed for provision	Allowance for retirement benefits
1,551	2,191
Lump-sum amortized assets in excess of limit for inclusion in expenses	Lump-sum amortized assets in excess of limit for inclusion in expenses
1,495	6,393
Long-term prepaid expenses in excess of depreciation	Long-term prepaid expenses in excess of depreciation
2,810	5,204
Accrued enterprise tax denied	Accrued enterprise tax denied
34,498	190,553
	Amortization of goodwill denied
	9,302
	Other
	1,152
<u>Total deferred tax assets</u>	<u>Total deferred tax assets</u>
47,194	238,903
Deferred tax assets are included in the balance sheets as following items	Deferred tax assets are included in the balance sheets as following items
Current assets: Deferred tax assets -current	Current assets: Deferred tax assets -current
42,764	222,937
Fixed assets: Deferred tax assets -fixed	Fixed assets: Deferred tax assets -fixed
4,429	15,965
2. Significant sources of difference between the statutory and effective tax rates	2. Significant sources of difference between the statutory and effective tax rates
Statutory tax rate	Statutory tax rate
40.7%	40.7%
(Adjustments)	(Adjustments)
Entertainment expenses not to be included in expenses indefinitely	Per capita residential tax
0.0%	0.3%
Per capita residential tax	Tax on reserved income of family-owned companies
0.4%	2.4%
Tax on reserved income of family-owned companies	Others
1.6%	0.3%
Difference in changes of tax rates	Effective tax rate
0.8%	<u>43.7%</u>
Others	
0.0%	
<u>Effective tax rate</u>	
43.5%	

Per Share Data

Yen

Year ended July 2005 (Aug. 1, 2004 – Jul. 31, 2005)		Year ended July 2006 (Aug. 1, 2005 – Jul. 31, 2006)	
Net assets per share	6,065.40	Net assets per share	15,752.10
Net income per share (basic)	1,746.77	Net income per share (basic)	5,663.43
Net income per share (diluted)	1,637.59	Net income per share (diluted)	5,601.54
<p>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:</p>			
Net assets per share	3,286.27		
Net income per share (basic)	1,030.87		
Net income per share (diluted)	936.92		

Note: Basis for calculation

1) Net assets per share

Thousand yen

	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)
Total net assets on the balance sheets	-	10,874,921
Net assets applicable to common stock	-	10,874,921
Difference between the amounts of total net assets on the balance sheets and net assets applicable to common stock used in calculation of net assets per share	-	-
Number of shares outstanding (common stock)	-	690,379 shares
Number of treasury stock (common stock)	-	-
Number of common stock used in calculation of net assets per share	-	690,379 shares

2) Net income per share (basic) and net income per share (diluted)

Thousand yen

Item	Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)
Net income on the income statements	1,068,214	3,800,535
Amount not belonging to common shareholders (of which bonuses to directors in the appropriation of retained earnings)	3,850 (3,850)	- (-)
Net income applicable to common stock	1,064,364	3,800,535
Average number of shares outstanding (common stock)	609,332 shares	671,065 shares
Increase in the number of common stock used in calculation of net income per share (diluted) (of which stock acquisition rights)	40,623 shares (40,623 shares)	7,415 shares (7,415 shares)
Summary of non-dilutive stock equivalents not used in calculation of net income per share (diluted)	-	-

Subsequent Events

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)								
<p>I. Acquiring certain operations of Millefirm Corporation 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. 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 used 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, 2004)</p> <p>(3) Assets of the business to be acquired Vehicles: 191,000 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> <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>I. Regarding stock split The Company's Board of Directors on June 1, 2006 approved a resolution to issue new shares through a stock split on August 1, 2006. Details are as follows:</p> <p>1. Method of split For shareholders and beneficial shareholders, as well as registered shareholders, of record as of July 31, 2006, 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 increased by a factor of four.</p> <p>The following table shows per share information, if the stock split had been conducted at the beginning of the previous fiscal year.</p> <p style="text-align: right;">Yen</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Previous fiscal year</th> <th style="width: 50%; text-align: center;">Current fiscal year</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Net assets per share 1,213.08</td> <td style="text-align: right;">Net assets per share 3,150.42</td> </tr> <tr> <td style="text-align: right;">Net income per share (basic) 349.35</td> <td style="text-align: right;">Net income per share (basic) 1,132.68</td> </tr> <tr> <td style="text-align: right;">Net income per share (diluted) 327.51</td> <td style="text-align: right;">Net income per share (diluted) 1,120.30</td> </tr> </tbody> </table>	Previous fiscal year	Current fiscal year	Net assets per share 1,213.08	Net assets per share 3,150.42	Net income per share (basic) 349.35	Net income per share (basic) 1,132.68	Net income per share (diluted) 327.51	Net income per share (diluted) 1,120.30
Previous fiscal year	Current fiscal year								
Net assets per share 1,213.08	Net assets per share 3,150.42								
Net income per share (basic) 349.35	Net income per share (basic) 1,132.68								
Net income per share (diluted) 327.51	Net income per share (diluted) 1,120.30								

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)
<p>4. Schedule</p> <p>June 9, 2005: Board of Directors resolution July 11, 2005: Signing of transfer contract 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 operations do not overlap. Each company has different strengths concerning customer segments and geographic areas served.</p> <p>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 used condominium business.</p> <p>2. Summary of merger</p> <p>(1) Timetable</p> <p>Board of Directors to approve merger contract: August 29, 2005 Signing of merger contract: August 29, 2005 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>	

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)
3. Summary of merging companies (As of July 31, 2005)	
	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, Shimochojamachi Dori, Kamigyo-ku, Kyoto
(5) Representative	Ryohei Higashiguchi, President
(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 Akimoto, 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, Shimochojamachi Dori, Kamigyo-ku, Kyoto
(4) Representative	Ryohei Higashiguchi, President
(5) Capital	204.64 million yen (increased by 82,140,000 yen due to August 30, 2005 private placement of stock (all shares purchased by the Company))
(6) Fiscal year end	July 31

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)	Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)																
<p>III. Alliance formed with IDU Corporation</p> <p>On September 5, 2005, the Company and IDU Corporation formed a business alliance concerning the real estate auction (called the Mother's Auction) conducted by IDU.</p> <p>1. Description of alliance</p> <p>Properties revitalized by the Company will be sold through the Mothers Auction of IDU.</p> <p>2. Purpose of alliance</p> <p>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. 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. 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> <p>3. Summary of Ardepro and IDU</p> <table border="1" data-bbox="151 1585 783 2024"> <thead> <tr> <th data-bbox="151 1585 368 1630">Company name</th> <th data-bbox="375 1585 783 1630">Ardepro Co., Ltd.</th> </tr> </thead> <tbody> <tr> <td data-bbox="151 1630 368 1843">(1) Main business</td> <td data-bbox="375 1630 783 1843">Revitalization of used 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 data-bbox="151 1843 368 1877">(2) Established</td> <td data-bbox="375 1843 783 1877">March 1, 1988</td> </tr> <tr> <td data-bbox="151 1877 368 1910">(3) Head office</td> <td data-bbox="375 1877 783 1910">Shinjuku-ku, Tokyo</td> </tr> <tr> <td data-bbox="151 1910 368 1944">(4) Representative</td> <td data-bbox="375 1910 783 1944">Tatsuya Akimoto, CEO</td> </tr> <tr> <td data-bbox="151 1944 368 1977">(5) Capital</td> <td data-bbox="375 1944 783 1977">1,178.93 million yen</td> </tr> <tr> <td data-bbox="151 1977 368 2011">(6) Employee</td> <td data-bbox="375 1977 783 2011">176 (As of July 31, 2005)</td> </tr> <tr> <td data-bbox="151 2011 368 2024">(7) Fiscal year end</td> <td data-bbox="375 2011 783 2024">July</td> </tr> </tbody> </table>	Company name	Ardepro Co., Ltd.	(1) Main business	Revitalization of used 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	
Company name	Ardepro Co., Ltd.																
(1) Main business	Revitalization of used 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																

Year ended July 2005 (Aug. 1, 2004 - Jul. 31, 2005)		Year ended July 2006 (Aug. 1, 2005 - Jul. 31, 2006)
Company name	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	
<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> <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>		

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

2. Change in Directors

Change in management personnel will be announced publicly when it is fixed.