



Non-consolidated Financial Results for the First Half of Fiscal Year Ending July 31, 2007

March 6, 2007

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: Reishi Kubo, Chief Financial Officer, Managing Director Tel: +81-3-5367-2001

Board meeting for approving: March 6, 2007 Interim dividend paid: Yes

Interim Dividend payable after: April 6, 2007 Adoption of unit stock system: Not adopted

1. Financial Results for the Interim Period Ended January 2007 (August 1, 2006 – January 31, 2007)

(1) Non-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	%
Interim period ended January 2007	37,469	116.1	6,779	124.8	6,194	119.1
Interim period ended January 2006	17,337	186.4	3,016	218.9	2,827	229.1
Year ended July 2006	41,385		7,275		6,801	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Interim period ended January 2007	3,557	138.4	1,029.85	1,025.88
Interim period ended January 2006	1,492	222.4	2,241.23	2,211.00
Year ended July 2006	3,800		5,663.43	5,601.54

Notes: 1. Equity in earnings (losses) of affiliates:

January 2007: - million yen January 2006: - million yen July 2006: - million yen

2. Average number of shares:

January 2007: 3,454,699 shares January 2006: 665,833 shares July 2006: 671,065 shares

3. A 5-for-1 stock split was conducted on August 1, 2006.

4. Changes in accounting principles applied: None

5. 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
Interim period ended January 2007	41,416	13,451	32.5	3,889.19
Interim period ended January 2006	15,903	5,231	32.9	7,850.69
Year ended July 2006	32,501	10,874	33.5	15,752.10

Notes: 1. Number of shares outstanding:

January 2007: 3,458,595 shares January 2006: 666,400 shares July 2006: 690,379 shares

2. Average number of shares:

January 2007: - shares January 2006: - shares July 2006: - shares

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

	Sales	Recurring profit	Net income
	Million yen	Million yen	Million yen
Full year	72,210	12,033	6,613

Reference: Estimated net income per share for the full year: 1,912.04 yen

3. Dividends

Cash dividends	Dividend per share (yen)		
	Interim	Year-end	Annual
Year ended July 2006	250.00	1,350.00	1,600.00
Year ended July 2007 (actual)	280.00	-	560.00
Year ending July 2007 (forecast)	-	280.00	

Note: Estimated dividend per share for the year ending July 2007 reflects the 5-for-1 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 Consolidated Financial Results for the First Hal of Fiscal Year Ending July 31, 2007 "3. Results of Operations and Financial Position (3) Outlook for the Fiscal Year".

4. Interim Non-consolidated Financial Statements and Notes

(1) Interim Non-consolidated Financial Statements

1) Non-consolidated Balance Sheets

Thousand yen

Account	*	Interim period ended Jan. 2006 (As of Jan. 31, 2006)		First half ended Jan. 2007 (As of Jan. 31, 2007)		Year ended July 2006 Summary (As of July 31, 2006)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits	*2	3,759,407		8,526,472		8,150,194	
2. Trade accounts receivable		321,662		5,605		570,985	
3. Inventories	*2	-		27,122,591		-	
4. Real estate for sale	*2	9,742,677		-		19,597,304	
5. Work in process		124,926		-		142,423	
6. Advances		481,168		-		-	
7. Others	*3	230,034		2,963,835		1,653,663	
Allowance for doubtful accounts		(9,935)		(15,574)		(34,870)	
Total current assets		14,649,941	92.1	38,602,930	93.2	30,079,701	92.5
II Fixed assets							
1. Tangible fixed assets	*1,2	132,938		158,223		160,036	
2. Intangible fixed assets		4,951		7,377		8,378	
3. Investments and other assets							
(1) Affiliate stock		873,922		1,300,000		1,100,000	
(2) Others		242,202	1,116,124	1,348,161	2,648,161	1,153,160	2,253,160
Total fixed assets		1,254,015	7.9	2,813,762	6.8	2,421,575	7.5
Total assets		15,903,956	100.0	41,416,692	100.0	32,501,276	100.0

Thousand yen

Account	*	Interim period ended Jan. 2006 (As of Jan. 31, 2006)		Interim period ended Jan. 2007 (As of Jan. 31, 2007)		Year ended July 2006 Summary (As of July 31, 2006)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Trade accounts payable		48,486		137,839		17,521	
2. Short-term borrowings	*2,4	8,097,860		22,535,594		16,674,920	
3. Current portion of long-term borrowings		4,440		-		4,440	
4. Current portion of corporate bonds		100,000		-		-	
5. Accrued income taxes		1,355,383		2,704,132		2,750,238	
6. Allowance for employees' bonuses		24,056		24,592		25,867	
7. Allowance for directors' bonuses		-		3,775		3,850	
8. Others	*3	581,425		2,104,210		1,691,136	
Total current liabilities		10,211,651	64.2	27,510,143	66.4	21,167,973	65.1
II Long-term liabilities							
1. Corporate bonds		450,000		450,000		450,000	
2. Long-term borrowings		5,200		-		2,980	
3. Allowance for retirement benefits		5,408		5,408		5,401	
Total long-term liabilities		460,608	2.9	455,408	1.1	458,381	1.4
Total liabilities		10,672,259	67.1	27,965,552	67.5	21,626,355	66.5
Shareholders' equity							
I Common stock							
II Capital surplus							
1. Additional paid-in capital		1,021,130		-		-	
Total capital surplus		1,021,130	6.4	-	-	-	-
III Retained earnings							
1. Legal reserve		75,000		-		-	
2. Voluntary reserve		1,400,000		-		-	
3. Unappropriated retained earnings		1,555,407		-		-	
Total retained earnings		3,030,407	19.1	-	-	-	-
Total shareholders' equity		5,231,697	32.9	-	-	-	-
Total liabilities and shareholders' equity		15,903,956	100.0	-	-	-	-
Net assets							
I Shareholders' equity							
1. Common stock		-	-	2,937,965	7.1	2,930,948	9.0
2. Capital surplus		-	-	-	-	-	-
(1) Additional paid-in capital		-	-	2,778,935	6.7	2,771,918	8.5
Total capital surplus		-	-	2,778,935	6.7	2,771,918	8.5
3. Retained earnings		-	-	-	-	-	-
(1) Legal reserve		-	-	75,000	0.2	75,000	0.2
(2) Other retained earnings		-	-	-	-	-	-
Special reserve		-	-	4,000,000	11.4	1,400,000	4.3
Retained earnings brought forward		-	-	3,722,880	10.4	3,697,055	10.7
Total retained earnings		-	-	7,797,880	18.8	5,172,055	15.9
Total shareholders' equity		-	-	13,514,780	32.6	10,874,921	33.5
II Valuation and translation adjustments							
1. Unrealized holding gain (loss) on other securities		-	-	(63,640)	(0.2)	-	-
Total valuation and translation adjustments		-	-	(63,640)	(0.2)	-	-
Total net assets		-	-	13,451,140	32.5	10,874,921	33.5
Total liabilities and net assets		-	-	41,416,692	100.0	32,501,276	100.0

2) Non-consolidated Income Statements

Thousand yen

Account	*	Interim period ended Jan. 2006 (Aug. 1, 2005 - Jan. 31, 2006)		Interim period ended Jan. 2007 (Aug. 1, 2006 - Jan. 31, 2007)		Year ended July 2006 Summary (Aug. 1, 2005 – July 31, 2006)	
		Amount	%	Amount	%	Amount	%
I Sales		17,337,241	100.0	37,469,303	100.0	41,385,823	100.0
II Cost of sales		13,467,268	77.7	28,562,005	76.2	32,421,480	78.3
Gross profit		3,869,973	22.3	8,907,298	23.8	8,964,342	21.7
III Selling, general and administrative expenses		853,742	4.9	2,128,103	5.7	1,688,398	4.1
Operating profit		3,016,230	17.4	6,779,194	18.1	7,275,943	17.6
IV Non-operating income	*1	27,358	0.2	69,062	0.2	83,482	0.2
V Non-operating expenses	*2	216,038	1.2	653,972	1.7	558,199	1.3
Recurring profit		2,827,550	16.3	6,194,285	16.5	6,801,226	16.4
VI Extraordinary gains	*3	-	-	39,530	0.1	17,010	0.0
VII Extraordinary losses	*4	65,048	0.4	20,541	0.1	65,317	0.2
Net income before income taxes		2,762,502	15.9	6,213,273	16.6	6,752,919	16.3
Current income taxes		1,344,907		2,673,145		3,144,092	
Deferred income taxes		(74,691)	7.3	(17,709)	7.1	(191,708)	7.1
Net income		1,492,287	8.6	3,557,836	9.5	3,800,535	9.2
Earnings brought forward		63,119		-		-	
Unappropriated retained earnings		1,555,407		-		-	

3) Non-consolidated Statements of Change in Shareholders' Equity

Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)

Thousand yen

	Shareholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings			Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Other retained earnings		Total retained earnings	
					Special reserve	Retained earnings brought forward		
Balance as of July 31, 2006	2,930,948	2,771,918	2,771,918	75,000	1,400,000	3,697,055	5,172,055	10,874,921
Changes in the period								
Issuance of new share	7,017	7,017	7,017	-	-	-	-	14,034
Dividend of surplus	-	-	-	-	-	(932,011)	(932,011)	(932,011)
Special reserve	-	-	-	-	2,600,000	(2,600,000)	-	-
Net income	-	-	-	-	-	3,557,836	3,557,836	3,557,836
Changes (net) in items other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes in the period	7,017	7,017	7,017	-	2,600,000	25,825	2,625,825	2,639,859
Balance as of Jan. 31, 2007	2,937,965	2,778,935	2,778,935	75,000	4,000,000	3,722,880	7,797,880	13,514,780

	Valuation and translation adjustments		Total net assets
	Unrealized holding gain (loss) on other securities	Total valuation and translation adjustments	
Balance as of July 31, 2006	-	-	10,874,921
Changes in the period			
New share issuance	-	-	14,034
Dividend of surplus	-	-	(932,011)
Special reserve	-	-	-
Net income	-	-	3,557,836
Changes (net) in items other than shareholders' equity	(63,640)	(63,640)	(63,640)
Total changes in the period	(63,640)	(63,640)	2,576,219
Balance as of Jan. 31, 2007	(63,640)	(63,640)	13,451,140

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

Thousand yen

	Shareholders' equity							Total net assets	
	Common stock	Capital surplus		Legal reserve	Retained earnings		Total retained earnings		Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Other retained earnings				
					Special reserve	Retained earnings brought forward			
Balance as of July 31, 2005	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	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	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 in the Preparation of Non-consolidated Financial Statements

Item	Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)																								
<p>1. Valuation criteria and methods for assets</p>	<p>(1) Securities 1) Subsidiary stock Stated at cost, cost being determined by the moving-average method.</p> <p>2) Securities with market quotations _____</p> <p>3) Other securities Securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p> <p>(2) Inventories 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 1) Subsidiary stock Same as on the left.</p> <p>2) Securities with market quotations Securities with market quotations are carried at fair value on the balance sheet date. Changes in unrealized holding gain or loss are included directly in net assets.</p> <p>3) Other securities Securities without market quotations Same as on the left.</p> <p>(2) Inventories 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 1) Subsidiary stock Same as on the left.</p> <p>2) Securities with market quotations _____</p> <p>3) Other securities Securities without market quotations Same as on the left.</p> <p>(2) Inventories 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>2. Depreciation of fixed assets</p>	<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="331 1534 683 1691"> <tr> <td>Buildings</td> <td style="text-align: right;">28</td> </tr> <tr> <td>Buildings and 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;">3-20</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>	Buildings	28	Buildings and attached structures	3-15	Vehicles	2-6	Tools, furniture and fixtures	3-20	<p>(1) Tangible fixed assets Same as on the left.</p> <table border="0" data-bbox="715 1534 1066 1691"> <tr> <td>Buildings</td> <td style="text-align: right;">28</td> </tr> <tr> <td>Buildings and 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;">3-20</td> </tr> </table> <p>(2) Intangible fixed assets 1) Software Same as on the left.</p>	Buildings	28	Buildings and attached structures	3-15	Vehicles	2-6	Tools, furniture and fixtures	3-20	<p>(1) Tangible fixed assets Same as on the left.</p> <table border="0" data-bbox="1091 1534 1442 1691"> <tr> <td>Buildings</td> <td style="text-align: right;">28</td> </tr> <tr> <td>Buildings and 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 1) Software Same as on the left.</p>	Buildings	28	Buildings and attached structures	3-15	Vehicles	2-6	Tools, furniture and fixtures	3-10
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Item	Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
	<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 Long-term prepaid expenses are amortized by the straight-line method.</p>	<p>—————</p> <p>(3) Long-term prepaid expenses Same as on the left.</p>	<p>2) Goodwill (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>
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) Allowance for employees' bonuses To provide for employee bonus obligation, an amount accrued for the current interim period 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 current interim period based on projected benefit obligations.</p>	<p>(1) Allowance for doubtful accounts Same as on the left.</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 current interim period among the estimated future obligations is designated in the reserve account.</p> <p>(4) Allowance for retirement benefits Same as on the left.</p>	<p>(1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Allowance for employees' bonuses To provide for employee bonus obligation, an amount accrued for the current fiscal year among the estimated future obligations is designated in the reserve account.</p> <p>(3) Allowance for directors' bonuses To provide for director bonus obligation, an amount accrued for the current fiscal year among the estimated future obligations is designated in the reserve account.</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 current fiscal year based on projected benefit obligations.</p>
4. Accounting for leases	<p>—————</p>	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.
5. 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 the Accounting Policies

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
<p>(Accounting standard for impairment of fixed assets)</p> <p>Effective from the current interim period, the Company has adopted “Statement of Opinion, Accounting for Impairment of Fixed Assets” (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).</p> <p>The effect of this change on financial statements is insignificant.</p>	<p>—————</p>	<p>(Accounting standard for impairment of fixed assets)</p> <p>Effective from the current fiscal year, the Company has adopted “Statement of Opinion, Accounting for Impairment of Fixed Assets” (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).</p> <p>The effect of this change on financial statements is insignificant.</p>
<p>—————</p>	<p>(Accounting standard for directors’ bonuses)</p> <p>The Company has adopted “Accounting Standard for Directors’ Bonuses” (ASBJ Statement No. 4: Accounting Standards Board of Japan, November 29, 2005) for the current interim period.</p> <p>The effect of this change was to decrease operating profit, recurring profit and net income before income taxes and minority interests by 7,475,000 yen respectively, compare to the previous method.</p>	<p>(Accounting standard for directors’ bonuses)</p> <p>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).</p> <p>The effect of this change was to decrease operating profit, recurring profit and net income before income taxes and minority interests by 3,850,000 yen respectively, compare to the previous method.</p>
<p>—————</p>	<p>(Accounting standard for presentation of net assets on balance sheet)</p> <p>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) for the current interim period.</p> <p>The effect of this change is insignificant.</p> <p>Changes in presentation in non-consolidated balance sheets to conform to the revision of the regulations of non-consolidated financial statements:</p> <ol style="list-style-type: none"> Effective from the current interim period, “Shareholders’ equity” section is renamed “Net assets” section. “Net assets” section comprises “Shareholders’ equity,” “Valuation and translation adjustments,” etc. Effective from the current interim period, “Common stock,” “Capital surplus,” “Retained earnings,” stated as line items in prior periods, is presented under “Shareholders’ equity.” 	<p>(Accounting standard for presentation of net assets on balance sheet)</p> <p>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).</p> <p>The effect of this change is insignificant.</p> <p>Changes in presentation in non-consolidated balance sheets to conform to the revision of the regulations of non-consolidated financial statements:</p> <ol style="list-style-type: none"> Effective from the current fiscal year, “Shareholders’ equity” section is renamed “Net assets” section. “Net assets” section comprises “Shareholders’ equity.” 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

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
<p style="text-align: center;">—————</p>	<p>(Formal notice of payment) The Company on July 3, 2006 received a formal notice from Tozai Asset Management 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>	<p>(Formal notice of payment) Same as on the left.</p>

Reclassifications

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)
<p>(Non-consolidated balance sheets) “Affiliate stock,” presented as a component of “Investments and other assets” in previous period, are reclassified and presented as separate items since their amount exceeded 5/100 of total assets. In the previous interim period, “Affiliate stock” included in “Investments and other assets” amounted to 10,000,000 yen.</p>	<p>(Non-consolidated balance sheets) Advances Effective from the current interim period, “Advances,” presented as a separate line item in previous periods, is reclassified and included in “Others” under current assets since the amount of “Advances” declined to less than 5% as a percentage of total assets. In the previous interim period, “Advances” amounted to 1,895,661,000 yen.</p> <p>Real estate for sale Effective from the current interim period, “Real estate for sale,” presented as a separate line item in previous periods, is reclassified and included in “Inventories” under current assets. In the previous interim period, “Real estate for sale” amounted to 26,879,372,000 yen.</p> <p>Work in process Effective from the current interim period, “Work in process,” presented as a separate line item in previous periods, is reclassified and included in “Inventories” under current assets since the amount of “Real estate for sale” declined to less than 5% as a percentage of total assets. In the previous interim period, “Work in process” amounted to 243,218,000 yen.</p>

Notes to Interim Non-consolidated Financial Statements

Notes to Non-consolidated Balance Sheets

Thousand yen

Interim period ended Jan. 2006 (As of Jan. 31, 2006)	Interim period ended Jan. 2007 (As of Jan. 31, 2007)	Year ended July 2006 (As of July 31, 2006)
*1. Accumulated depreciation of tangible fixed assets 16,334	*1. Accumulated depreciation of tangible fixed assets 37,172	*1. Accumulated depreciation of tangible fixed assets 28,133
*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Real estate for sale 8,170,468 Buildings 5,312 Land 1,506 Corresponding liabilities Short-term borrowings 7,710,160	*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Time deposits 150,000 Inventories 19,411,849 Buildings 5,125 Land 64,073 Corresponding liabilities Short-term borrowings 20,793,860	*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Time deposits 150,000 Real estate for sale 17,130,921 Buildings 5,265 Land 1,506 Corresponding liabilities Short-term borrowings 16,357,120
*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 Consumption taxes suspense payments and receipts are balanced out and included in the "Others" under current assets.	*3. Appropriation of consumption taxes _____
*4. The Company has an overdraft facility with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows. Current account 3,500,000 overdraft Credit used <u>2,136,260</u> Credit available 1,363,740	*4. The Company has an overdraft facility with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows. Current account 3,200,000 overdraft Credit used <u>978,000</u> Credit available 2,222,000	*4. The Company has an overdraft facility with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows. Current account 3,200,000 overdraft Credit used <u>2,234,190</u> Credit available 965,810
5. Contingent liabilities _____	5. Contingent liabilities Guarantees for loans from financial institutions Japan Realty Supervision Co., Ltd. 45,000	5. Contingent liabilities _____

Notes to Non-consolidated Income Statements

Thousand yen

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
*1. Major items of “Non-operating income”	*1. Major items of “Non-operating income”	*1. Major items of “Non-operating income”
Interest income 1,833	Interest income 6,507	Interest income 16,030 Commission income 16,500
*2. Major items of “Non-operating expenses”	*2. Major items of “Non-operating expenses”	*2. Major items of “Non-operating expenses”
Interest expenses 133,187	Interest expenses 384,008	Interest expenses 298,484
Commissions paid 27,098	Commissions paid 163,892	Commissions paid 68,113
Corporate bond issue expenses 8,550	Consumption tax adjustment loss 86,828	Consumption tax adjustment loss 75,481
Consumption tax adjustment loss 33,257	Stock issue expenses 19,243	Stock issue expenses 21,810
*3. Major items of “Extraordinary gains”	*3. Major items of “Extraordinary gains”	*3. Major items of “Extraordinary gains”
—————	Reversal of allowance for doubtful accounts 39,590	Gain on sales of affiliate stock 17,010
*4. Major items of “Extraordinary loss”	*4. Major items of “Extraordinary loss”	*4. Major items of “Extraordinary loss”
Loss on removal of fixed assets 9,136	Loss on removal of fixed assets 1,617	Loss on removal of fixed assets 9,136
Head office relocation expenses 7,889	Loss on valuation of investment securities 18,924	Branch office relocation expenses 7,889
Amortization of goodwill 28,571		Amortization of goodwill 28,571
Structural and other tests of real estate for sale 19,450		Structural and other tests of real estate for sale 19,719
5. Depreciation and amortization	5. Depreciation and amortization	5. Depreciation and amortization
Tangible fixed assets 5,883	Tangible fixed assets 12,979	Tangible fixed assets 17,723
Intangible fixed assets 519	Intangible fixed assets 1,000	Intangible fixed assets 1,403

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

Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)

Type and number of treasury stock

Not applicable.

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

Type and number of treasury stock

Not applicable.

Lease Transaction

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)

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

Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)

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 - July 31, 2006)

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

Securities

Interim period ended Jan. 2006 (As of Jan. 31, 2006)

Subsidiary and affiliate stock with market quotations

Not applicable.

Interim period ended Jan. 2007 (As of Jan. 31, 2007)

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.

Per Share Data

Yen

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
Net assets per share 7,850.69	Net assets per share 3,889.19	Net assets per share 15,752.10
Net income per share (basic) 2,241.23	Net income per share (basic) 1,029.85	Net income per share (basic) 5,663.43
Net income per share (diluted) 2,211.00	Net income per share (diluted) 1,025.88	Net income per share (diluted) 5,601.54
	The Company implemented a 5-for-1 stock split on August 1, 2006. Assuming the stock split was implemented at the start of the previous interim period, per share data for the each period would be as follows:	
	Interim period ended Jan. 2006	
	Net assets per share 1,570.13	
	Net income per share (basic) 448.24	
	Net income per share (diluted) 442.20	
	Year ended July 2006	
	Net assets per share 3,150.42	
	Net income per share (basic) 1,132.68	
	Net income per share (diluted) 1,120.30	

Note: Basis for calculation:

Item	Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Thousand yen
			Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
Net assets per share			
Total net assets on the balance sheets	-	13,451,140	10,874,921
Net assets applicable to common stock	-	13,451,140	10,874,921
Difference between the amounts of total net assets on the non-consolidated balance sheets and net assets applicable to common stock used in calculation of net assets per share	-	-	-
Number of shares outstanding (common stock)	-	3,458,595 shares	690,379 shares
Number of treasury stock (common stock)	-	-	-
Number of common stock used in calculation of net assets per share	-	3,458,595 shares	690,379 shares

Item	Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Thousand yen
			Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
Net income per share (basic) and net income per share (diluted)			
Net income	1,492,287	3,557,836	3,800,535
Amount not belonging to common shareholders	-	-	-
Net income applicable to common stock	1,492,287	3,557,836	3,800,535
Average number of shares outstanding (common stock)	665,833 shares	3,454,699 shares	671,065 shares
Net income per share (diluted)			
Adjusted net income	-	-	-
Increase in common stock (of which stock acquisition rights)	9,105 shares (9,105 shares)	13,370 shares (13,370 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

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)																		
<p>I. Establishment of subsidiary</p> <p>The Board of Directors approved a resolution on March 13, 2006 to establish a subsidiary, which was established on March 20, 2006.</p> <p>1. Descriptions</p> <p>(1) Reason for establishing subsidiary</p> <p>Our consolidated subsidiary of Property Management Division, Japan Realty Supervision Co., Ltd. headquartered in Kyoto City in Kyoto and other consolidated subsidiary, Planet Support Co., Ltd. headquartered in Shinjuku-ku in Tokyo signed an agreement to merge on November 1, 2005. The remaining company is named Japan Realty Supervision Co., Ltd. The major business domains of these two companies do not duplicate. The two companies showed their respective marketing strength in customers' bases and major business areas. The synergy of the merger started to bear fruit.</p> <p>In addition to the nine branch offices that were opened in the July 2005 fiscal year, the Company already has 12 sales offices. The Company is planning to open eight more sales offices in the major cities of the nation in the July 2006 fiscal year. In accordance with the fact that the Company's business domains are expecting to spread nationwide, the Company believes that the mobile and smooth management of the nationwide property management business is a key management issue to promote the synergy of our Group.</p> <p>In order to perform the property management business on a nationwide scale from now on, the Company came to realize the need for a new company that is responsible to consolidate this nationwide business in addition to Japan Realty Supervision Co., Ltd that conducts this business in Kyoto and Tokyo.</p>	<p style="text-align: center;">—————</p>	<p>I. Regarding stock split</p> <p>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</p> <p>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</p> <p>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> <table border="1" data-bbox="1029 913 1444 1227" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: right;">Yen</th> </tr> <tr> <th colspan="2" style="text-align: center;">Previous fiscal year</th> </tr> </thead> <tbody> <tr> <td>Net assets per share</td> <td style="text-align: right;">1,213.08</td> </tr> <tr> <td>Net income per share (basic)</td> <td style="text-align: right;">349.35</td> </tr> <tr> <td>Net income per share (diluted)</td> <td style="text-align: right;">327.51</td> </tr> </tbody> </table> <table border="1" data-bbox="1029 1261 1444 1552" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Current fiscal year</th> </tr> </thead> <tbody> <tr> <td>Net assets per share</td> <td style="text-align: right;">3,150.42</td> </tr> <tr> <td>Net income per share (basic)</td> <td style="text-align: right;">1,132.68</td> </tr> <tr> <td>Net income per share (diluted)</td> <td style="text-align: right;">1,120.30</td> </tr> </tbody> </table>	Yen		Previous fiscal year		Net assets per share	1,213.08	Net income per share (basic)	349.35	Net income per share (diluted)	327.51	Current fiscal year		Net assets per share	3,150.42	Net income per share (basic)	1,132.68	Net income per share (diluted)	1,120.30
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Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)														
<p>The newly founded company named Ardepro Property Management Co., Ltd is responsible for leasing management, sub-leasing, renovations, and leasing, etc. In case of property management business, business characteristics and contract practices, etc. varies from locality to locality. Consequently, the Company plans to form business and equity alliances with property management companies that are thoroughly familiar with the locality characteristics throughout Japan to strengthen real estate service line-up and service offering capabilities on a nationwide scale. This will better facilitate the provision of comprehensive solutions to real estate fund companies and asset management companies that are our major customers in the real estate financial market.</p> <p>In the beginning, the Company was in the used condominium revitalization business. Nowadays, the Company handles the real estate sales business and the newly built housing sales business. At this time, the Group became a trinity of a general real estate company consisting of its consolidated subsidiaries, Ardepro Asset Management Co., Ltd., and a newly founded company, Ardepro Property Management Co., Ltd. and the Company. In this line-up, the Group strives to become a substantial entity in the real estate market by further accelerating the medium-term management plan and executes corporate social responsibility (CSR).</p> <p>2. Summary of established companies</p> <table border="0"> <tr> <td>Name</td> <td>Ardepro Property Management Co., Ltd.</td> </tr> <tr> <td>Head office</td> <td>Shinjuku-ku, Tokyo</td> </tr> <tr> <td>Established</td> <td>March 20, 2006</td> </tr> <tr> <td>Capital</td> <td>100,000,000 yen (Outstanding shares: 2,000 shares)</td> </tr> <tr> <td>Representative</td> <td>Takashi Niiyama, President (Senior managing director of Ardepro)</td> </tr> <tr> <td>Major shareholder</td> <td>Ardepro Co., Ltd. 100%</td> </tr> <tr> <td>Main business</td> <td>Leasing management, property management, sub-leasing, renovations, leasing, etc.</td> </tr> </table>	Name	Ardepro Property Management Co., Ltd.	Head office	Shinjuku-ku, Tokyo	Established	March 20, 2006	Capital	100,000,000 yen (Outstanding shares: 2,000 shares)	Representative	Takashi Niiyama, President (Senior managing director of Ardepro)	Major shareholder	Ardepro Co., Ltd. 100%	Main business	Leasing management, property management, sub-leasing, renovations, leasing, etc.		
Name	Ardepro Property Management Co., Ltd.															
Head office	Shinjuku-ku, Tokyo															
Established	March 20, 2006															
Capital	100,000,000 yen (Outstanding shares: 2,000 shares)															
Representative	Takashi Niiyama, President (Senior managing director of Ardepro)															
Major shareholder	Ardepro Co., Ltd. 100%															
Main business	Leasing management, property management, sub-leasing, renovations, leasing, etc.															

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
<p>II. Purchase of Odaka Denko Co., Ltd.'s shares (Subsidization)</p> <p>Ardepro Co., Ltd. announced that the Board of Directors on March 13, 2006 approved a resolution to purchase all shares of Odaka Denko Co., Ltd., which is an electrical construction firm, hereinafter called Odaka Denko. And the Company made Odaka Denko a wholly owned subsidiary on March 15, 2006 following the purchase of all its shares.</p> <p>1. Outline of acquisition</p> <p>(1) Number of shares to be acquired 200,000 shares (All outstanding shares)</p> <p>(2) Acquisition date March 15, 2006</p> <p>(3) Shares to be acquired from Katsutaka Odaka, Fumie Odaka and Katsumasa Odaka</p> <p>(4) Acquisition cost 1,000 million yen</p> <p>(5) Reason for acquisition</p> <p>1) With the addition of Odaka Denko that has much experience and technology regarding electrical communication, fire-fighting facilities, plumbing installation into the Group, the Group can drastically increase its total group power.</p> <p>2) Odaka Denko has much experience and performed many orders in electrical construction work for public office and local government agencies and large general contractors and has excellent customer bases supported by the good mutual relationship for a long time.</p> <p>3) Up to this time, the Group has been outsourcing all facility related work even though the number of purchased real estate properties has kept increasing. From now on, the Group can finish the work internally, thus contributing the cost reduction and securing the steady income basis for Odaka Denko.</p> <p>4) Since its foundation in 1973, Odaka Denko has concentrated on nothing but its own business. As a result, Odaka Denko has a high equity ratio and is in financially very sound condition.</p>		

Interim period ended Jan. 2006 (Aug. 1, 2005 – Jan. 31, 2006)	Interim period ended Jan. 2007 (Aug. 1, 2006 – Jan. 31, 2007)	Year ended July 2006 (Aug. 1, 2005 – July 31, 2006)
<p>2. Summary of Odaka Denko Co., Ltd.</p> <p>(1) Name Odaka Denko Co., Ltd.</p> <p>(2) Representative Katsumasa Odaka, President</p> <p>(3) Head office 1106-2 Tabeta-cho, Wakaba-ku, Chiba</p> <p>(4) Established November 1973</p> <p>(5) Capital 100 million yen</p> <p>(6) Outstanding shares 200,000 shares</p> <p>(7) Main business Electrical construction, installation of fire prevention equipment, installation of machinery and equipment, plumbing work</p> <p>(8) Licenses of construction business Governor of Chiba (Toku-14) No. 40455 Governor of Chiba (Han-14) No. 40455</p> <p>(9) Fiscal year end May 31</p> <p>(10) Employee 16</p> <p>(11) Operating results, total assets and net assets from the most recent fiscal year</p> <p>As of May 31, 2005 (Thousand yen)</p> <p>1) Sales 784,629</p> <p>2) Operating profit 13,323</p> <p>3) Recurring profit 14,068</p> <p>4) Net income 7,917</p> <p>5) Total assets 720,288</p> <p>6) Shareholders' equity 500,457</p>		

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