



## Summary of Consolidated Financial Results for the Nine Months Ended April 30, 2007

June 6, 2007

Company name: Ardepro Co., Ltd. (Stock code: 8925, TSE Mothers Market)  
 (URL: <http://www.ardepro.co.jp/>)  
 Representative: Tatsuya Akimoto, Chief Executive Officer  
 Contact: Reishi 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: None
- (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. Consolidated Financial Results for the Nine Months Ended April 30, 2007 (August 1, 2006 – April 30, 2007)

#### (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 2007	54,932	79.7	9,435	87.4	9,004	92.0
Nine months ended April 2006	30,575	227.9	5,035	259.2	4,689	262.4
(Reference) Year ended July 2006	43,001		7,171		6,698	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Nine months ended April 2007	4,969	104.9	1,437.90	1,433.03
Nine months ended April 2006	2,424	250.1	3,638.36	3,594.13
(Reference) Year ended July 2006	3,739		5,572.12	5,511.23

Notes: 1. Percentages for sales, operating profit and other figures represent year-on-year percentage change.  
 2. A 5-for-1 stock split was conducted on August 1, 2006.

#### [Qualitative Information Regarding Consolidated Results of Operations]

During the first nine months of the fiscal year, Japan’s economy continued to make an overall moderate recovery despite concerns over the high prices of crude oil and rising interest rates in Japan. However capital expenditures increased as corporate earnings rebounded and the employment picture started to improve. As a result, consumer spending continued to stay firm.

According to Official Land Price Survey as of January 1, 2007, transactions in the real estate industry, where the Ardepro Group is positioned, were strong as shown by the rise in land prices at the heart of the three major metropolitan areas and major regional cities, which influenced the rise of the average domestic land prices of commercial districts and residential areas for the first time in 16 years. This trend is believed to show that active transactions of real estate not only concentrated in the three major metropolitan areas but also in the major regional cities.

In addition to this, transactions of real estate utilizing Japanese Real Estate Investment Trusts (J-REIT) and private placement real estate funds continued to stay active. In some regions, there is increasingly heated competition to acquire real estate.

In this environment, the Ardepro Group recorded continuing strong sales of investment properties to corporate investors and residential properties to individuals. Especially in the investment property area, transaction inquiries from private placement real estate funds and corporate investors were very active.

Among our Group companies, the business performances of Ardepro Property Management Co., Ltd. and Japan Realty Supervision Co., Ltd. which conduct property management business including leasing and building management services continued making progress. In addition, the business performance of Odaka Denko Co., Ltd. handling electrical construction business also expanded satisfactorily.

Due to these items, consolidated sales in the first nine months of fiscal year totaled 54,932 million yen, 79.7% higher than the same period one year earlier. Recurring profit was up 92.0% to 9,004 million yen and net income rose 104.9% to 4,969 million yen.

## (2) Consolidated Financial Position

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

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Nine months ended April 2007	47,934	13,917	29.0	4,022.69
Nine months ended April 2006	24,899	6,008	24.1	8,997.10
(Reference) Year ended July 2006	33,130	10,835	32.7	15,694.78

Note: Reclassifications in the presentations for the nine months ended April 2006: "Shareholders' equity" under the former accounting standards is presented as "Net assets." "Shareholders' equity ratio" under the former accounting standards is presented as "Equity ratio." "Shareholders' equity per share" under the former accounting standards is presented as "Net assets per share."

## (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 2007	(9,200)	(1,724)	9,329	7,043
Nine months ended April 2006	(8,819)	(1,466)	9,879	1,577
(Reference) Year ended July 2006	(7,463)	(1,390)	15,509	8,639

### [Qualitative Information Regarding Consolidated Financial Position]

Cash and cash equivalents as of April 30, 2007 totaled 7,043 million yen, compared with 1,577 million yen one year earlier, reflecting a large volume of property acquisitions to support future sales growth as well as rising current sales.

A summary of cash flows was as follows:

Cash flows from operating activities

Net cash used in operating activities was 9,200 million yen, compared with net cash used of 8,819 million yen one year earlier. Net income before income taxes and minority interests was 8,772 million yen, but there were increases of 11,706 million yen in inventories because of the large volume of property acquisitions, increase of 2,991 million yen in advances and 4,402 million yen in income tax payment.

Cash flows from investing activities:

Net cash used in investing activities was 1,724 million yen, compared with net cash used of 1,466 million yen one year earlier. This was due mainly to a payment of 235 million yen for the purchase of Alive Community Co., Ltd. stock to forge a stronger business alliance with the company.

Cash flows from financing activities:

Net cash provided by financing activities was 9,329 million yen, compared with net cash provided of 9,879 million yen one year earlier. The major reason was an 11,095 million yen increase in short-term borrowings to fund property acquisitions.

### 3. 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	83,481	13,357	7,477

Reference: Estimated net income per share for the full year: 2,161.86 yen

#### [Qualitative Information Regarding Consolidated Forecast]

In the real estate industry, the land prices are expected to increase due to a continuing economic recovery and the more active real estate transactions have been forecasted. Also, as the land prices are anticipated to rise in the future, those customers who are planning to buy private houses have a tendency to do so in a hurry.

As for the real estate for profit-making purposes, continued purchase requirements from Japanese Real Estate Investment Trusts (J-REIT) and private placement real estate funds are expected to stay great.

In this environment, as of June 6, 2007, Ardepro Co., Ltd., the core company in the Group is conducting sales activities with the expanded organization of nine domestic branches and 29 sales offices. Ardepro Co., Ltd. is arranging the system to gather a wide variety of real estate information on a nationwide scale. Newly opened sales offices are enjoying favorable start-up businesses and contributing to the group sales. The future growth and business expansion of each sales office is expected. As stated in Notice of Revisions to Forecasts for the Fiscal Year Ending July 2007 dated June 6, 2007, a lot of excellent nationwide real estate information is funneling into the Group. This information is also expected to boost our total sales.

As for other group companies, Ardepro Property Management Co., Ltd. and Japan Realty Supervision Co., Ltd. are expecting to have a favorable business performance thanks to the increasing number of real estate which require those two companies' administration service. Odaka Denko Co., Ltd. is also expected to have a steady business performance due to their continually increased participations in electrical construction work for public office and local government agencies and leading companies.

Incidentally, the business performances of new subsidiaries such as Opus Co., Ltd, SAWAKENHOME Corp, Art City Development Co., Ltd, Kinjyu Life Co., Ltd, and Japan Investors Service Inc. will be bundled into the Group's consolidated accounting from the next fiscal year.

In the next fiscal year ending in July 31, 2007, the Company is forecasting consolidated sales of 83,481 million yen, recurring profit of 13,357 million yen, and net income of 7,477 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) Quarterly Consolidated Balance Sheets**

Thousand yen

Account	Note	Nine months ended Apr. 2006 (As of Apr. 30, 2006)		Nine months ended Apr. 2007 (As of Apr. 30, 2007)		Year ended Jul. 2006 Summary (As of Jul. 31, 2006)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits	*2	1,855,588		7,078,962		8,801,345	
2. Trade notes and accounts receivable	*4	1,565,172		296,705		800,489	
3. Inventories		-		31,453,417		-	
4. Real estate for sale	*2	17,896,358		-		19,597,304	
5. Work in process		129,897		-		149,267	
6. Advances		516,167		3,525,398		534,308	
7. Others		730,699		2,377,105		867,722	
Allowance for doubtful accounts		(66,646)		(58,415)		(64,969)	
Total current assets		22,627,237	90.9	44,673,172	93.2	30,685,468	92.6
II Fixed assets							
1. Tangible fixed assets	*1,2	188,685		246,589		194,076	
2. Intangible fixed assets							
(1) Goodwill		-		864,504		973,661	
(2) Others		555,479		48,432		21,901	
3. Investments and other assets		1,528,261		2,102,179		1,255,714	
Total fixed assets		2,272,426	9.1	3,261,705	6.8	2,445,354	7.4
Total assets		24,899,663	100.0	47,934,878	100.0	33,130,822	100.0

Thousand yen

Account	Note	Nine months ended Apr. 2006 (As of Apr. 30, 2006)		Nine months ended Apr. 2007 (As of Apr. 30, 2007)		Year ended Jul. 2006 Summary (As of Jul. 31, 2006)	
		Amount	%	Amount	%	Amount	%
<b>Liabilities</b>							
<b>I Current liabilities</b>							
1. Trade notes and accounts payable		167,716		299,770		228,259	
2. Short-term borrowings	*2,3	14,493,700		27,770,342		16,674,920	
3. Current portion of long-term borrowings		4,440		9,000		4,440	
4. Accrued income taxes		1,959,528		2,414,627		2,797,811	
5. Allowance for employees' bonuses		65,488		70,468		32,176	
6. Allowance for directors' bonuses		-		5,662		3,850	
7. Others		1,710,387		2,929,114		2,066,338	
Total current liabilities		18,401,261	73.9	33,498,985	69.9	21,807,795	65.8
<b>II Long-term liabilities</b>							
1. Corporate bonds		450,000		450,000		450,000	
2. Long-term borrowings		4,090		30,000		2,980	
3. Allowance for retirement benefits		28,188		38,480		34,695	
4. Others		449		-		-	
Total long-term liabilities		482,728	1.9	518,480	1.1	487,675	1.5
Total liabilities		18,883,989	75.8	34,017,465	71.0	22,295,471	67.3
<b>Minority interests</b>							
Minority interests		7,050	0.0	-	-	-	-
<b>Shareholders' equity</b>							
<b>I Common stock</b>							
I Common stock		1,180,700	4.7	-	-	-	-
<b>II Capital surplus</b>							
II Capital surplus		1,021,670	4.1	-	-	-	-
<b>III Retained earnings</b>							
III Retained earnings		3,806,253	15.3	-	-	-	-
Total shareholders' equity		6,008,623	24.1	-	-	-	-
Total liabilities, minority interests and shareholders' equity		24,899,663	100.0	-	-	-	-
<b>Net assets</b>							
<b>I Shareholders' equity</b>							
1. Common stock		-	-	2,937,965	6.1	2,930,948	8.8
2. Capital surplus		-	-	2,778,935	5.8	2,771,918	8.4
3. Retained earnings		-	-	8,195,819	17.1	5,126,905	15.5
Total shareholders' equity		-	-	13,912,719	29.0	10,829,771	32.7
<b>II Valuation and translation adjustments</b>							
1. Unrealized holding gain (loss) on other securities		-	-	127	0.0	-	-
Total valuation and translation adjustments		-	-	127	0.0	-	-
<b>III Minority interests</b>							
III Minority interests		-	-	4,565	0.0	5,579	0.0
Total net assets		-	-	13,917,412	29.0	10,835,351	32.7
Total liabilities and net assets		-	-	47,934,878	100.0	33,130,822	100.0

**(2) Quarterly Consolidated Income Statements**

Thousand yen

Account	Note	Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)		Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)		Year ended Jul. 2006 Summary (Aug. 1, 2005 – Jul. 31, 2006)	
		Amount	%	Amount	%	Amount	%
I Sales		30,575,296	100.0	54,932,974	100.0	43,001,471	100.0
II Cost of sales		23,979,462	78.4	41,420,725	75.4	33,648,697	78.3
Gross profit		6,595,834	21.6	13,512,248	24.6	9,352,773	21.7
III Selling, general and administrative expenses	*1	1,560,626	5.1	4,076,608	7.4	2,181,252	5.0
Operating profit		5,035,207	16.5	9,435,639	17.2	7,171,521	16.7
IV Non-operating income							
1. Interest income		1,953		4,233		1,976	
2. Dividend income		-		400,282		-	
3. Others		42,633	0.1	134,951	1.0	70,930	0.2
V Non-operating expenses							
1. Interest expenses		203,703		550,369		305,437	
2. Commissions paid		48,328		243,038		68,113	
3. Consumption tax adjustment loss		59,662		135,500		76,069	
4. New share issue expenses		1,927		-		22,647	
5. Corporate bond issue expenses		8,550		-		-	
6. Stock issue expenses		-		21,492		-	
7. Provision of allowance for doubtful accounts		-		7,051		-	
8. Others		68,608	1.3	12,708	1.8	73,978	1.3
Recurring profit		4,689,014	15.3	9,004,946	16.4	6,698,183	15.6

Thousand yen

Account	Note	Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)		Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)		Year ended Jul. 2006 Summary (Aug. 1, 2005 – Jul. 31, 2006)				
		Amount	%	Amount	%	Amount	%			
VI Extraordinary gains										
1. Gain on sales of affiliate stock		-		-		51,918				
2. Gain on transfer of businesses		-		-		1,904				
3. Reversal of allowance for doubtful accounts		-		-		6,216				
4. Gain on sales of fixed assets	*2	-		923		32,043				
5. Prior year income adjustments	*3	2,011	2,011	0.0	923	6,058	98,141	0.2		
VII Extraordinary losses										
1. Loss on removal of fixed assets	*4	9,184		1,830		9,184				
2. Loss on sales of fixed assets	*5	-		2,410		35				
3. Head office relocation expenses		8,842		-		8,842				
4. Prior year loss adjustments	*6	-		-		6,403				
5. Provision of allowance for doubtful accounts		-		22,126		19,052				
6. Bad debts loss		-		-		1,968				
7. Loss on transfer of businesses		-		-		17,371				
8. Amortization of goodwill		28,571		-		-				
9. Amortization of goodwill (revised standard)		-		-		28,571				
10. Structural and other tests of real estate for sale		19,450		-		19,719				
11. Impairment loss	*7	-		7,786		-				
12. Loss on valuation of investment securities		-	66,048	0.2	199,454	233,608	0.4	111,148	0.3	
Net income before income taxes and minority interests			4,624,977	15.1		8,772,261	16.0	6,685,175	15.5	
Current income taxes		2,365,887		4,019,075		3,185,175				
Deferred income taxes		(166,442)	2,199,444	7.2	(216,409)	3,802,666	6.9	(238,577)	2,946,597	6.8
Minority interests (loss)			787	0.0		262	0.0	(683)	(0.0)	
Net income			2,424,744	7.9		4,969,332	9.0	3,739,261	8.7	

**(3) Quarterly Consolidated Surplus Statements**

Thousand yen

	Nine months ended Apr. 2006 (Aug. 1, 2005 - Apr. 30, 2006)	
Account	Amount	
Capital surplus		
I Balance at beginning of the period		1,019,900
II Increase in capital surplus		
1. New share issuance for capital increase	1,770	1,770
III Balance at end of the period		1,021,670
Retained earnings		
I Balance at beginning of the period		
II Increase in retained earnings		1,837,099
1. Net income	2,424,744	2,424,744
III Decrease in retained earnings		
1. Dividends	285,141	
2. Interim dividends	166,600	
3. Directors' bonuses	3,850	455,591
IV Balance at end of the period		3,806,253

**(4) Quarterly Consolidated Statements of Change in Shareholders' Equity**

Nine months ended Apr. 2007 (Aug. 1, 2006 - Apr. 30, 2007)

Thousand yen

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of July 31, 2006	2,930,948	2,771,918	5,126,905	10,829,771
Changes during the period				
Issuance of new share	7,017	7,017	-	14,034
Dividend of surplus	-	-	(1,900,418)	(1,900,418)
Net income	-	-	4,969,332	4,969,332
Changes (net) in items other than shareholders' equity	-	-	-	-
Total changes during the period	7,017	7,017	3,068,914	3,082,948
Balance as of April 30, 2007	2,937,965	2,778,935	8,195,819	13,912,719

	Valuation and translation adjustments		Minority interests	Total net assets
	Unrealized holding gain (loss) on other securities	Total valuation and translation adjustments		
Balance as of July 31, 2006	-	-	5,579	10,835,351
Changes during the period				
Issuance of new share	-	-	-	14,034
Dividend of surplus	-	-	-	(1,900,418)
Net income	-	-	-	4,969,332
Changes (net) in items other than shareholders' equity	127	127	(1,013)	(886)
Total changes during the period	127	127	(1,013)	3,082,061
Balance as of April 30, 2007	127	127	4,565	13,917,412

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

Thousand yen

	Shareholders' equity				Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity		
Balance as of July 31, 2005	1,178,930	1,019,900	1,837,099	4,035,929	46	4,035,976
Changes during the fiscal year						
Issuance of new share	1,752,018	1,752,018	-	3,504,036	-	3,504,036
Dividend of surplus	-	-	(451,741)	(451,741)	-	(451,741)
Directors' bonuses paid	-	-	(3,850)	(3,850)	-	(3,850)
Increase in surplus due to decrease in subsidiaries	-	-	6,136	6,136	-	6,136
Net income	-	-	3,739,261	3,739,261	-	3,739,261
Changes (net) in items other than shareholders' equity	-	-	-	-	5,533	5,533
Total changes during the fiscal year	1,752,018	1,752,018	3,289,805	6,793,841	5,533	6,799,375
Balance as of July 31, 2006	2,930,948	2,771,918	5,126,905	10,829,771	5,579	10,835,351

## (5) Quarterly Consolidated Cash Flow Statements

Thousand yen

Account	Note	Nine months ended Apr. 2006	Nine months ended Apr. 2007	Year ended Jul. 2006 Summary
		(Aug. 1, 2005 – Apr. 30, 2006)	(Aug. 1, 2006 – Apr. 30, 2007)	(Aug. 1, 2005 – Jul. 31, 2006)
		Amount	Amount	Amount
<b>I Cash flows from operating activities</b>				
Net income before income taxes and minority interests		4,624,977	8,772,261	6,685,175
Depreciation and amortization		15,953	30,187	22,940
Amortization of consolidated adjustment account		90,805	-	-
Amortization of goodwill		87,622	-	-
Amortization of goodwill (revised standard)		-	109,157	168,950
Increase (decrease) in allowance for doubtful accounts		31,712	(6,553)	22,077
Increase in allowance for employees' bonuses		46,510	38,292	12,935
Increase in allowance for directors' bonuses		-	1,812	3,850
Increase (decrease) in allowance for retirement benefits		1,190	3,784	(626)
Interest and dividend income		(1,953)	(404,516)	(1,976)
Interest expenses		203,703	550,369	305,437
Loss on valuation of investment securities		-	199,454	-
New share issue expenses		1,927	-	-
Stock issue expenses		-	21,492	22,647
Corporate bond issue expenses		8,550	-	8,550
Gain on sales of affiliate stock		-	-	(51,918)
Gain on sales of land		-	-	(32,043)
Loss on removal of fixed assets		9,184	1,830	9,184
Loss on sales of fixed assets		-	1,486	35
Head office relocation expenses		8,842	-	8,842
Decrease (increase) in trade receivable		(1,402,143)	503,784	(561,896)
Increase in inventories		(11,735,323)	(11,706,845)	(13,446,224)
Increase in advances		(327,260)	(2,991,089)	(345,402)
Increase in other current assets		(73,355)	(183,836)	(293,879)
Increase (decrease) in trade payable		51,429	71,510	(201)
Increase in deposits		715,275	-	-
Increase (decrease) in accrued consumption taxes		(156,676)	67,119	(3,701)
Increase (decrease) in advances received		25,000	(135,984)	132,914
Increase in other current liabilities		238,469	804,178	1,226,297
Others		(17,680)	(6,363)	(2,677)
<b>Subtotal</b>		<b>(7,553,237)</b>	<b>(4,258,465)</b>	<b>(6,110,708)</b>
Interests and dividends received		1,953	4,516	1,976
Interests paid		(220,120)	(543,928)	(305,437)
Income taxes paid		(1,038,961)	(4,402,822)	(1,040,087)
Head office relocation expenses paid		(8,842)	-	(8,842)
<b>Net cash used in operating activities</b>		<b>(8,819,208)</b>	<b>(9,200,699)</b>	<b>(7,463,098)</b>

Thousand yen

		Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 Summary (Aug. 1, 2005 – Jul. 31, 2006)
Account	Note	Amount	Amount	Amount
II Cash flows from investing activities				
Payments for time deposits		(192,503)	(48,971)	(71,657)
Proceeds from time deposits		-	175,173	24,003
Proceeds from sales of subsidiary stock with changes in scope of consolidation		-	-	78,640
Payments from acquisition of subsidiary stock		(1,024,642)	-	6,216
Payments from acquisition of subsidiary stock with changes in scope of consolidation		-	-	(631,773)
Payments for purchase of equity investments		-	(800,000)	-
Proceeds from collection of equity investments		-	850,000	-
Payments for purchase of investment securities		(259,400)	(235,480)	(2,506,350)
Proceeds from sale of investment securities		-	-	1,572,000
Proceeds from sale of tangible fixed assets		-	1,504	50,193
Payments for purchase of tangible fixed assets		(60,098)	(92,597)	(90,674)
Payments for purchase of intangible fixed assets		(7,864)	-	(7,666)
Payments for guarantee deposits		(161,801)	(260,786)	(199,151)
Proceeds for return of guarantee deposits		69,641	285,629	65,539
Payments for loans receivable		(400,000)	(902)	(250,000)
Proceeds from collections of loans receivable		570,000	568	570,000
Others		(173)	(1,598,860)	474
Net cash used in investing activities		(1,466,840)	(1,724,722)	(1,390,206)
III Cash flows from financing activities				
Net increase in short-term borrowings		9,961,328	11,095,422	12,142,548
Proceeds from long-term borrowings		-	45,000	-
Repayments of long-term borrowings		(3,330)	(13,420)	(4,440)
Proceeds from corporate bond issuance		441,450	14,034	441,450
Payments for redemption of corporate bonds		(100,000)	-	(100,000)
Proceeds from new share issuance		1,613	-	3,481,388
Cash dividends paid		(421,430)	(1,790,223)	(451,741)
Others		-	(21,492)	-
Net cash provided by financing activities		9,879,630	9,329,319	15,509,205
IV Increase (decrease) in cash and cash equivalents		(406,418)	(1,596,101)	6,655,900
V Cash and cash equivalents at beginning of the period		1,983,999	8,639,899	1,983,999
VI Cash and cash equivalents at end of the period	*1	1,577,581	7,043,798	8,639,899

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

Item	Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)								
1. Scope of consolidation	<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: 3 Name of consolidated subsidiaries: Japan Realty Supervision Co., Ltd. Ardepro Property Management Co., Ltd. Odaka Denko Co., Ltd. All subsidiaries are consolidated. Opus Co., Ltd. became a subsidiary on March 7, 2007 following the purchase by the Company of all its shares. SAWAKENHOME Corp. and Art City Development Co., Ltd. were wholly owned subsidiaries of Opus. Kinjyu Life Co., Ltd. became a subsidiary due to acquisition stock of 93.6 % on April 19, 2007, and Japan Investors Service Inc. became a subsidiary due to acquisition stock of 75.0% on April 27, 2007. However, these companies are 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: 3 Name of consolidated subsidiaries: Japan Realty Supervision Co., Ltd. Ardepro Property Management Co., Ltd. Odaka Denko Co., Ltd. All subsidiaries are consolidated. Effective on November 1, 2005, Planet Support Co., Ltd. was absorbed by Japan Realty Supervision Co., Ltd. Ardepro Property Management Co., Ltd. was established on March 20, 2006 as a wholly owned subsidiary and Odaka Denko Co., Ltd. became a subsidiary on March 15, 2006 following the purchase by the Company of all its shares. On October 18, 2005, Ardepro Asset Management Co., Ltd. was established as a wholly owned subsidiary and the Company sold its 85.05% of equity stake on July 31, 2006.</p>								
2. Equity method of accounting	The Company does not have any non-consolidated subsidiaries or affiliates.	Same as on the left.	Same as on the left.								
3. Accounting period of consolidated subsidiaries	The period of consolidated subsidiaries ends on the closing date of consolidated financial statements.	<p>The consolidated financial statements include the accounts of a following consolidated subsidiary, of which the period ends on a different day.</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Closing date</th> </tr> </thead> <tbody> <tr> <td>Odaka Denko Co., Ltd.</td> <td>Feb. 28</td> </tr> </tbody> </table> <p>The Company prepares provisional accounts for the subsidiary as of the period-end financial results reporting date in order to prepare consolidated financial statements. The Company makes necessary consolidation adjustments to account for any major transactions that occur before the consolidated closing date.</p>	Name	Closing date	Odaka Denko Co., Ltd.	Feb. 28	<p>The consolidated financial statements include the accounts of a following consolidated subsidiary, of which the fiscal year ends on a different day.</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Closing date</th> </tr> </thead> <tbody> <tr> <td>Odaka Denko Co., Ltd.</td> <td>May 31</td> </tr> </tbody> </table> <p>The Company prepares provisional accounts for the subsidiary as of the fiscal-year financial results reporting date in order to prepare consolidated financial statements. The Company makes necessary consolidation adjustments to account for any major transactions that occur before the consolidated closing date.</p>	Name	Closing date	Odaka Denko Co., Ltd.	May 31
Name	Closing date										
Odaka Denko Co., Ltd.	Feb. 28										
Name	Closing date										
Odaka Denko Co., Ltd.	May 31										

Item	Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)																																				
<p>4. Significant accounting policies</p> <p>(1) Valuation criteria and methods for principal assets</p> <p>(2) Depreciation and amortization method of principal assets</p>	<p>1. Securities</p> <p>1) Other securities</p> <p>Securities with market quotations:</p> <p style="text-align: center;">_____</p> <p>Securities without market quotations: Securities without market quotations are 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</p> <p>Stated at cost, cost being determined by the specific identification method.</p> <p>2) Supplies</p> <p>Stated at cost, cost being determined by the method of most recent purchase price.</p> <p>1. Tangible fixed assets</p> <p>Depreciation of tangible fixed assets is calculated by the declining-balance method.</p> <p>Depreciation of buildings (excluding attached equipment) acquired on and after April 1, 1998 is calculated by the straight-line method.</p> <p>Useful lives of major items are as follows (years):</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">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>Structures</td> <td style="text-align: right;">10-15</td> </tr> <tr> <td>Machinery equipment</td> <td style="text-align: right;">9-15</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</p> <p>1) Software</p> <p>Software development costs are amortized over an expected useful life of five years by the straight-line method.</p> <p>2) Goodwill</p> <p>Goodwill is amortized by the straight-line method over a period of up to five years.</p>	Buildings	28	Buildings and attached structures	3-15	Structures	10-15	Machinery equipment	9-15	Vehicles	2-6	Tools, furniture and fixtures	3-10	<p>1. Securities</p> <p>1) Other securities</p> <p>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. The cost of securities sold is determined primarily by the moving-average method.</p> <p>Securities without market quotations: Same as on the left.</p> <p>2. Inventories</p> <p>1) Real estate for sale, and work in process</p> <p style="text-align: center;">Same as on the left.</p> <p>2) Raw materials and supplies</p> <p style="text-align: center;">Same as on the left.</p> <p>1. Tangible fixed assets</p> <p style="text-align: center;">Same as on the left.</p> <p>Useful lives of major items are as follows (years):</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">15-28</td> </tr> <tr> <td>Buildings and attached structures</td> <td style="text-align: right;">3-22</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">9-20</td> </tr> <tr> <td>Machinery equipment</td> <td style="text-align: right;">9-15</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. 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Item	Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)
(3) Accounting for significant allowances	<p>3. Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p> <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 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 period based on projected benefit obligations.</p>	<p>3. Long-term prepaid expenses Same as on the left.</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 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>3. Long-term prepaid expenses 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	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 Accounting Policies

Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)
<p>(Accounting standard for impairment of fixed assets)</p> <p>Effective from the current 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 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 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 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 9,362,000 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 period.</p> <p>The effect of this change is insignificant. Under the former accounting standard, amounts equivalent to “Total shareholders’ equity” totaled 13,912,831,000 yen.</p> <p>Changes in presentation in consolidated balance sheets to conform to the revision of the regulations of interim consolidated financial statements:</p> <ol style="list-style-type: none"> <li>Effective from the current period, “Shareholders’ equity” section is renamed “Net assets” section. “Net assets” section comprises “Shareholders’ equity,” “Valuation and translation adjustments,” etc.</li> <li>Effective from the current period, “Common stock,” “Capital surplus,” “Retained earnings,” stated as line items in prior periods, is presented under “Shareholders’ equity.”</li> </ol>	<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. Under the former accounting standard, amounts equivalent to “Total shareholders’ equity” totaled 10,829,771,000 yen.</p> <p>Changes in presentation in consolidated balance sheets to conform to the revision of the regulations of consolidated financial statements:</p> <ol style="list-style-type: none"> <li>Effective from the current fiscal year, “Shareholders’ equity” section is renamed “Net assets” section. “Net assets” section comprises “Shareholders’ equity,” “Valuation and translation adjustments,” etc.</li> <li>Effective from the current fiscal year, “Common stock,” “Capital surplus,” “Retained earnings,” stated as line items in prior periods, is presented under “Shareholders’ equity.”</li> </ol>

## Reclassifications

<p>Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)</p>	<p>Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)</p>
<p>—————</p>	<p>(Consolidated balance sheets)</p> <p>Real estate for sale Effective from the current period, “Real estate for sale,” stated as a separate item in the prior periods, is reclassified and included in “Inventories” under current assets. In the current period, “Real estate for sale” amounted to 30,739,047,000 yen.</p> <p>Work in process Effective from the current period, “Work in process,” stated as a separate item in the prior periods, is reclassified and included in “Inventories” under current assets since the amount of “Work in process” decreased to less than 5% as a percentage of “Total assets.” In the current period, “Work in process” amounted to 714,369,000 yen.</p>
<p>(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 period, is reclassified and presented as a separate item since it has increased the materiality of impact. In the prior period, “Increase (decrease) in deposits” included in “Increase (decrease) in other current liabilities” amounted to 41,896,000 yen.</p>	<p>(Consolidated cash flow statements) Effective from the current period, “Amortization of consolidation adjustment account,” stated as a separate item under “Cash flows from operating activities” in the prior periods, is presented as “Amortization of goodwill” due to conform to the revision of the regulations of interim consolidated financial statements. Effective from the current period, “Increase (decrease) in deposits,” stated as a separate item in the prior periods, is reclassified and included in “Increase (decrease) in other current liabilities” under cash flows from operating activities since it has decreased the materiality of impact. In the previous period, “Increase (decrease) in deposits” amounted to 184,361,000 yen.</p>

## Supplementary Information

<p>Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)</p>	<p>Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)</p>	<p>Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)</p>
<p>—————</p>	<p>(Contingent liabilities) 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>(Contingent liabilities) Same as on the left.</p>

## Notes

### Notes to Quarterly Consolidated Balance Sheets

Thousand yen

Nine months ended Apr. 2006 (As of Apr. 30, 2006)	Nine months ended Apr. 2007 (As of Apr. 30, 2007)	Year ended Jul. 2006 (As of Jul. 31, 2006)
*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;">83,442</div>	*1. Accumulated depreciation of tangible fixed assets <div style="text-align: right;">84,352</div>
*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 Cash and deposits       150,000 Real estate for sale   22,993,462 Buildings               67,692 Land                    1,506  Corresponding liabilities Short-term borrowings   25,613,952 Incidentally, a revolving mortgage of maximum amount of 1,000 million yen and settlement of a mortgage are set to the above stated land.	*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Cash and 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. The Company has an overdraft facility with a bank. 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 <u>794,200</u>	*3. The Company has an overdraft facility and commitment line agreements with six banks. The balance of unused credit lines under these agreements as of the end of period was as follows: Current account overdraft   7,000,000 and commitment line Credit used                 2,913,000 Credit available <u>4,087,000</u>	*3. The Company has an overdraft facility with a bank. The balance of unused credit lines under these agreements as of the end of fiscal year was as follows: Current account overdraft   3,200,000 Credit used                 2,234,190 Credit available <u>965,810</u>
_____	*4. Notes receivable endorsed <div style="text-align: right;">12,315</div>	*4. Notes receivable endorsed <div style="text-align: right;">10,400</div>

## Notes to Quarterly Consolidated Income Statements

Thousand yen

Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 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”	*1. Major items of “Selling, general and administrative expenses”								
Sales commissions 139,839	Sales commissions 505,362	Sales commissions 182,442								
Directors remunerations 88,630	Salaries and bonuses 977,484	Provision of allowance for doubtful accounts 12,972								
Salaries and bonuses 472,664	Amortization of goodwill 109,157	Directors remunerations 117,070								
Amortization of consolidated adjustment account 90,805	Provision of allowance for employees’ bonuses 71,567	Provision of allowance for directors’ bonuses 3,850								
Provision of allowance for employees’ bonuses 45,596	Provision of allowance for doubtful accounts 25,432	Salaries and bonuses 699,851								
Provision of allowance for doubtful accounts 31,939	Provision of allowance for directors’ bonuses 7,475	Provision of allowance for employees’ bonuses 24,882								
—————		Retirement benefit expenses 2,096								
	*2. Breakdown of “Gain on sales of fixed assets”	Amortization of goodwill 121,074								
	Vehicles 923	—————								
	—————	*3. Prior year income adjustments								
		Accrued social insurance premiums 6,058								
*4. Breakdown of “Loss on removal of fixed assets”	*4. Breakdown of “Loss on removal of fixed assets”	*4. Breakdown of “Loss on removal of fixed assets”								
Buildings and attached structures 6,619	Buildings and attached structures 1,617	Buildings 6,619								
Tools, furniture and fixtures 2,565	Tools, furniture and fixtures 146	Tools, furniture and fixtures 2,565								
	Telephone rights 66									
—————	*5. Breakdown of “Loss on sales of fixed assets”	*5. Breakdown of “Loss on sales of fixed assets”								
	Buildings 2,353	Telephone rights 35								
	Tools, furniture and fixtures 56									
—————	—————	*6. Prior year loss adjustments								
—————		Prior period tax in arrears 6,403								
	*7. Impairment losses									
	Impairment losses on fixed assets at the Group for the current period as follows.									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Location</th> <th style="text-align: left;">Primary use</th> <th style="text-align: left;">Type</th> <th style="text-align: right;">Amount</th> </tr> </thead> <tbody> <tr> <td>Kinki Region</td> <td>Other businesses</td> <td>Buildings and attached structures Tools, furniture and fixtures</td> <td style="text-align: right;">7,786</td> </tr> </tbody> </table>	Location	Primary use	Type	Amount	Kinki Region	Other businesses	Buildings and attached structures Tools, furniture and fixtures	7,786	
Location	Primary use	Type	Amount							
Kinki Region	Other businesses	Buildings and attached structures Tools, furniture and fixtures	7,786							
	In principle, we group its group’s operating assets on the basis of business segments and rental assets on the individual asset basis. As for the other businesses, some properties were found idle. Consequently, we lowered the book values of these assets to the recoverable amounts. Then we recognized the reduced amounts as an impairment loss as an extraordinary loss.									
	Although we have used utility value as the recoverable value for these assets, we have written off their entire book value because of our forecast for negative future cash flow. In the meantime, we estimated net sales proceeds of these assets to be nil.									

## Notes to Quarterly Consolidated Statements of Changes in Shareholders' Equity

Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)

### 1. Outstanding shares

Type of share	Number of shares as of July 31, 2006	Increase during the period	Decrease during the period	Number of shares as of April 30, 2007
Common shares (Shares)	690,379	2,768,216	-	3,458,595

Outline of changes:

Increase in the number of shares (itemized)

Due to issuance of new shares through a stock split (5-for-1): 2,761,516 shares

Due to exercise of stock options: 6,700 shares

### 2. Dividends

#### (1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Annual meeting of shareholders on October 29, 2006	Common shares	932,011	1,350	July 31, 2006	October 31, 2006
Board of Directors meeting on March 6, 2007	Common shares	968,406	280	January 31, 2007	April 6, 2007

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

### 1. Outstanding shares

Type of share	Number of shares as of July 31, 2005	Increase during the fiscal year	Decrease during the fiscal year	Number of shares as of July 31, 2006
Common shares (Shares)	663,120	27,259	-	690,379

Outline of changes:

Increase in the number of shares (itemized)

Due to issuance of private placement of stock: 21,339 shares

Due to exercise of stock options: 5,920 shares

### 2. Dividends

#### (1) Dividend payment

Resolution	Type of share	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Annual meeting of shareholders on October 26, 2005	Common shares	285,141	430	July 31, 2005	October 27, 2005
Board of Directors meeting on March 1, 2006	Common shares	166,600	250	January 31, 2006	April 3, 2006

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

Resolution	Type of share	Source of funds	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Annual meeting of shareholders on October 29, 2006	Common shares	Retained earnings	932,011	1,350	July 31, 2006	October 31, 2006

## Notes to Quarterly Consolidated Cash Flow Statements

Thousand yen

Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)
*1. Reconciliation of cash and cash equivalents of the cash flows statements and balance sheet items for the current period is made as follows:  (As of April 30, 2006)	*1. Reconciliation of cash and cash equivalents of the cash flows statements and balance sheet items for the current period is made as follows:  (As of April 30, 2007)	*1. Reconciliation of cash and cash equivalents of the cash flows statements and balance sheet items for the current fiscal year is made as follows:  (As of July 31, 2006)
Cash and deposits 1,855,588	Cash and deposits 7,078,962	Cash and deposits 8,801,345
Time deposits with maturities longer than three months <u>(278,006)</u>	Time deposits with maturities longer than three months (85,569)	Time deposits with maturities longer than three months (211,771)
Cash and cash equivalents <u>1,577,581</u>	Money Management Fund under “Securities” 50,404	Money Management Fund under “Securities” 50,326
	Cash and cash equivalents <u>7,043,798</u>	Cash and cash equivalents <u>8,639,899</u>

## Lease Transaction

Thousand yen

Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)
1. Finance lease transactions not involving the transfer of title to lessee	1. Finance lease transactions not involving the transfer of title to lessee	1. Finance lease transactions not involving the transfer of title to lessee
1) Acquisition cost, accumulated depreciation and period-end balance equivalents of the leased property <i>Tools, furniture and fixtures</i>	1) Acquisition cost, accumulated depreciation and period-end balance equivalents of the leased property <i>Tools, furniture and fixtures</i>	1) Acquisition cost, accumulated depreciation and year-end balance equivalents of the leased property <i>Tools, furniture and fixtures</i>
Acquisition cost 7,000	Acquisition cost 7,000	Acquisition cost 7,000
Accumulate depreciation 1,866	Accumulate depreciation 3,266	Accumulate depreciation 2,216
Period-end balance 5,133	Period-end balance 3,733	Year-end balance 4,783
<i>Total</i>	<i>Total</i>	<i>Total</i>
Acquisition cost 7,000	Acquisition cost 7,000	Acquisition cost 7,000
Accumulate depreciation 1,866	Accumulate depreciation 3,266	Accumulate depreciation 2,216
Period-end balance 5,133	Period-end balance 3,733	Year-end balance 4,783
2) Outstanding lease commitments and the period-end balance equivalents	2) Outstanding lease commitments and the period-end balance equivalents	2) Outstanding lease commitments and the year-end balance equivalents
Due within one year 1,384	Due within one year 1,407	Due within one year 1,390
Due over one year 3,803	Due over one year 2,396	Due over one year 3,454
Total 5,188	Total 3,803	Total 4,844
3) Lease payments, depreciation and interest equivalents	3) Lease payments, depreciation and interest equivalents	3) Lease payments, depreciation and interest equivalents
Lease payments 1,093	Lease payments 1,093	Lease payments 1,458
Depreciation equivalents 1,049	Depreciation equivalents 1,049	Depreciation equivalents 1,399
Interest equivalents 70	Interest equivalents 53	Interest equivalents 90
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.	4) Calculation of depreciation equivalents Same as on the left.	4) Calculation of depreciation equivalents Same as on the left.
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.	5) Calculation of interest equivalents Same as on the left.	5) Calculation of interest equivalents Same as on the left.

## Securities

Nine months ended Apr. 2006 (As of Apr. 30, 2006)

1. Securities without market quotations		Thousand yen
Item	Carrying value	
Other securities		
Unlisted stock	84,400	
Total	84,400	

Nine months ended Apr. 2007 (As of Apr. 30, 2007)

1. Other securities with market quotations			Thousand yen
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value exceeding acquisition cost			
1) Equity	2,365	4,013	1,647
2) Bonds	-	-	-
3) Others	-	-	-
Subtotal	2,365	4,013	1,647
Securities with carrying value not exceeding acquisition cost			
1) Equity	233,180	55,450	(177,730)
2) Bonds	-	-	-
3) Others	-	-	-
Subtotal	233,180	55,450	(177,730)
Total	235,545	59,463	(176,082)

2. Securities without market quotations		Thousand yen
Item	Carrying value	
Other securities		
1) Unlisted stock	91,568	
2) Money Management Fund	50,404	
Total	141,973	

Year ended Jul. 2006 (As of Jul. 31, 2006)

1. Other securities with market quotations			Thousand yen
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying value exceeding acquisition cost			
1) Equity	-	-	-
2) Bonds	-	-	-
3) Others	-	-	-
Subtotal	-	-	-
Securities with carrying value not exceeding acquisition cost			
1) Equity	4,294	4,294	-
2) Bonds	-	-	-
3) Others	-	-	-
Subtotal	4,294	4,294	-
Total	4,294	4,294	-

2. Sales of other securities during the fiscal year			Thousand yen
Sales amount	Aggregate gain	Aggregate loss	
1,674,060	51,918	-	

3. Securities without market quotations		Thousand yen
Item	Carrying value	
Other securities		
1) Investment partnership	850,000	
2) Unlisted stock	110,492	
3) Money Management Fund	50,326	
Total	1,010,819	

**Derivatives**

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

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

Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)

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

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

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

**Equity in Earnings (Losses) of Non-consolidated Subsidiaries**

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

No reportable information since the Company does not have affiliates.

Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)

No reportable information since the Company does not have affiliates.

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

No reportable information since the Company does not have affiliates.

## Segment Information

### 1. Operating segment information

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

Thousand yen

	Condominium revitalization business	Real estate sales business	Other businesses	Total	Elimination or corporate	Consolidation
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 used condominiums

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

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

3. Operating expenses (453,311,000 yen) included in elimination or corporate consist primarily of operating expenses related to the administration division.

Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)

Thousand yen

	Condominium revitalization business	Real estate sales business	Other businesses	Total	Elimination or corporate	Consolidation
I. Sales and operating profit						
Sales						
(1) External sales	23,526,750	28,466,664	2,939,559	54,932,974	-	54,932,974
(2) Inter-segment sales and transfers	-	-	758,105	758,105	(758,105)	-
Total	23,526,750	28,466,664	3,697,665	55,691,079	(758,105)	54,932,974
Operating expenses	18,984,542	21,982,903	2,455,669	43,423,115	2,074,218	45,497,334
Operating profit	4,542,208	6,483,760	1,241,995	12,267,963	(2,832,323)	9,435,639

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 used condominiums

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

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

3. Operating expenses (2,852,473,000 yen) included in elimination or corporate consist primarily of operating expenses related to the administration division.

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

Thousand yen

	Condominium revitalization business	Real estate sales business	Other businesses	Total	Elimination or corporate	Consolidation
I. Sales and operating profit						
Sales						
(1) External sales	26,279,054	14,314,164	2,408,251	43,001,471	-	43,001,471
(2) Inter-segment sales and transfers	-	50,193	263,808	314,001	(314,001)	-
Total	26,279,054	14,364,358	2,672,059	43,315,472	(314,001)	43,001,471
Operating expenses	22,083,467	11,265,092	2,214,545	35,563,104	266,844	35,829,949
Operating profit	4,195,587	3,099,266	457,514	7,752,368	(580,846)	7,171,521

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 used condominiums

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

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

3. Operating expenses (547,771,000 yen) included in elimination or corporate consist primarily of operating expenses related to the administration division.

## 2. Geographical segment information

Nine months ended Apr. 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.

Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)

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 Jul. 2006 (Aug. 1, 2005 - Jul. 31, 2006)

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 Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)

No reportable information since the Company had no overseas sales.

Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)

No reportable information since the Company had no overseas sales.

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

No reportable information since the Company had no overseas sales.

## Per Share Data

Yen

Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)		Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)		Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)																	
Net assets per share	8,977.10	Net assets per share	4,022.69	Net assets per share	15,694.78																
Net income per share (basic)	3,638.36	Net income per share (basic)	1,437.90	Net income per share (basic)	5,572.12																
Net income per share (diluted)	3,594.13	Net income per share (diluted)	1,433.03	Net income per share (diluted)	5,511.23																
<p>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 fiscal year, per share data for each period would be as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">Nine months ended Apr. 2006</th> </tr> </thead> <tbody> <tr> <td>Net assets per share</td> <td>1,799.42</td> </tr> <tr> <td>Net income per share (basic)</td> <td>727.67</td> </tr> <tr> <td>Net income per share (diluted)</td> <td>718.83</td> </tr> </tbody> </table> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">Year ended Jul. 2006</th> </tr> </thead> <tbody> <tr> <td>Net assets per share</td> <td>3,138.95</td> </tr> <tr> <td>Net income per share (basic)</td> <td>1,114.42</td> </tr> <tr> <td>Net income per share (diluted)</td> <td>1,102.24</td> </tr> </tbody> </table>						Nine months ended Apr. 2006		Net assets per share	1,799.42	Net income per share (basic)	727.67	Net income per share (diluted)	718.83	Year ended Jul. 2006		Net assets per share	3,138.95	Net income per share (basic)	1,114.42	Net income per share (diluted)	1,102.24
Nine months ended Apr. 2006																					
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Year ended Jul. 2006																					
Net assets per share	3,138.95																				
Net income per share (basic)	1,114.42																				
Net income per share (diluted)	1,102.24																				

Note: Basis for calculation

### 1. Net assets per share

Thousand yen

Item	Nine months ended Apr. 2006 (As of 30, 2006)	Nine months ended Apr. 2007 (As of Apr. 30, 2007)	Year ended Jul. 2006 (As of Jul. 31, 2006)
Total net assets on the balance sheets	-	13,917,412	10,835,351
Net assets applicable to common stock	-	13,912,846	10,829,771
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 (of which minority interests)	-	4,565	5,579
	(-)	(4,565)	(5,579)
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

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

Thousand yen

Item	Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)
Net income per share (basic)			
Net income	2,424,744	4,969,332	3,739,261
Amount not belonging to common shareholders	-	-	-
Net income applicable to common stock	2,424,744	4,969,332	3,739,261
Average number of shares outstanding (common stock)	666,438 shares	3,455,969 shares	671,065 shares
Net income per share (diluted)			
Adjusted net income	-	-	-
Increase in common stock (of which stock acquisition rights)	8,203 shares (8,203 shares)	11,752 shares (11,752 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

Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)										
<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</p> <p>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</p> <p>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</p> <p>The number of total issued common shares outstanding as of July 31, 2006 (Monday) will be increased by a factor of four.</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 943 1445 1339"> <thead> <tr> <th colspan="2" style="text-align: right;">Yen</th> </tr> <tr> <th>Previous fiscal year</th> <th>Current fiscal year</th> </tr> </thead> <tbody> <tr> <td>Net assets per share 1,216.09</td> <td>Net assets per share 3,138.95</td> </tr> <tr> <td>Net income per share (basic) 352.63</td> <td>Net income per share (basic) 1,114.42</td> </tr> <tr> <td>Net income per share (diluted) 330.59</td> <td>Net income per share (diluted) 1,102.24</td> </tr> </tbody> </table>	Yen		Previous fiscal year	Current fiscal year	Net assets per share 1,216.09	Net assets per share 3,138.95	Net income per share (basic) 352.63	Net income per share (basic) 1,114.42	Net income per share (diluted) 330.59	Net income per share (diluted) 1,102.24
Yen												
Previous fiscal year	Current fiscal year											
Net assets per share 1,216.09	Net assets per share 3,138.95											
Net income per share (basic) 352.63	Net income per share (basic) 1,114.42											
Net income per share (diluted) 330.59	Net income per share (diluted) 1,102.24											

Nine months ended Apr. 2006 (Aug. 1, 2005 – Apr. 30, 2006)	Nine months ended Apr. 2007 (Aug. 1, 2006 – Apr. 30, 2007)	Year ended Jul. 2006 (Aug. 1, 2005 – Jul. 31, 2006)
<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>		

*\* 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.*