



## Summary of Financial Results for the Three Months Ended October 2007

December 14, 2007

Company name: ARDEPRO Co., Ltd.

Stock code: 8925

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Listing: TSE Mothers Market

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

### 1. Consolidated Financial Results for the Three Months Ended October, 2007 (August 1, 2007—October 31, 2007)

#### (1) Consolidated results of operations

(Percentages for sales, operating profit, recurring profit and net income represent year-on-year percentage change)

	Sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
Three months ended October 2007	28,802	72.5	4,995	60.6	4,507	64.4
Three months ended October 2006	16,695	127.8	3,110	173.5	2,742	160.9
Year ended July 2007	78,184	-	12,505	-	11,617	-

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Three months ended October 2007	2,659	82.5	666.07	664.88
Three months ended October 2006	1,457	180.0	422.10	419.57
Year ended July 2007	6,512	-	1,884.08	1,878.23

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Three months ended October 2007	91,258	37,211	40.8	8,823.38
Three months ended October 2006	44,568	11,369	25.5	3,291.89
Year ended July 2007	48,488	15,494	31.9	4,468.84

#### (3) Consolidated cash flow position

	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
Three months ended October 2007	(33,117)	(116)	42,679	18,085
Three months ended October 2006	(10,439)	(540)	11,691	9,280
Year ended July 2007	(8,140)	2,402	5,352	8,253

## 2. Dividends

(Record date)	Dividend per share		
	Interim	Year-end	Annual
	Yen	Yen	Yen
Year ended July 2007	280.00	280.00	560.00
Year ending July 2008	-	-	-
Year ending July 2008 (forecast)	460.00	510.00	970.00

### 3. Consolidated Forecast for the Fiscal Year Ending July 31, 2008 (August 1, 2007—July 31, 2008)

(Percentages for sales, operating profit, recurring profit and net income represent year-on-year percentage change)

	Sales		Operating profit		Recurring profit		Net income		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	71,935	86.7	11,932	74.0	11,007	76.4	6,327	78.9	1,521.29
Full year	160,740	105.6	25,647	105.1	23,674	103.8	13,387	105.6	3,218.83

**4. Others**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: - Excluded: 2

(2) Accounting standards for the preparation of quarterly consolidated financial statements: Standards for interim consolidated financial statements

(3) Changes in accounting treatment from the most recent consolidated fiscal year: 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.

**5. Summary of Non-consolidated Financial Results (August 1, 2007—October 31, 2007)**

(1) Non-consolidated results of operations

(Percentages for sales, operating profit, recurring profit and net income represent year-on-year percentage change)

	Sales		Operating profit		Recurring profit	
	Million yen	%	Million yen	%	Million yen	%
Three months ended October 2007	27,704	71.7	5,114	68.2	4,587	71.1
Three months ended October 2006	16,131	129.6	3,040	158.3	2,681	145.5
Year ended July 2007	75,745	-	12,431	-	11,560	-

	Net income		Net income per share (basic)
	Million yen	%	Yen
Three months ended October 2007	2,789	93.6	698.53
Three months ended October 2006	1,441	156.6	417.49
Year ended July 2007	6,745	-	1,951.50

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Three months ended October 2007	89,928	37,550	41.8	8,905.93
Three months ended October 2006	43,921	11,392	25.9	3,300.36
Year ended July 2007	47,016	15,734	33.5	4,549.29

**6. Non-consolidated Forecast for the Fiscal Year Ending July 31, 2008 (August 1, 2007—July 31, 2008)**

(Percentages for sales, operating profit, recurring profit and net income represent year-on-year percentage change)

	Sales		Operating profit		Recurring profit		Net income		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	61,806	65.0	10,167	50.0	9,242	49.2	4,721	32.7	1,135.14
Full year	131,216	73.2	23,168	86.4	21,194	83.3	11,577	71.6	2,783.63

\* 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.

## Qualitative Information and Financial Statements

### 1. Qualitative Information Regarding Consolidated Results of Operations

During the first quarter of the current consolidated fiscal year, the Japanese economy maintained its tone of recovery due to such factors as improved corporate earnings, increased capital expenditure, and the upturn in employment conditions. However, it has not been possible to eliminate uncertainty about future economic trends with the hike in the price of crude oil as well as the global financial unease and apprehensions about the future of the US economy, originating in the sub-prime loan problem.

Uncertainty about the future has strengthened in the real estate industry, of which the ARDEPRO Group is a part. This is due to such factors as stagnation in the flow of funds because of the credit squeeze with the impact of the sub-prime loan problem, the tough stance on compliance of buildings by building approval bodies with the revised Building Standards Law, which came into force on June 20, 2007, the effect of the Financial Product Transactions Law, which was fully enforced on September 30, 2007, on the real estate market. Nevertheless, the flow of funds into the real estate market has continued, and brisk real estate business has indicated a spread from the center of Tokyo to the leading provincial cities. This development also appears in the Ministry of Land, Infrastructure and Transport Survey of Land Prices released on July 1, 2007. The national rate of growth for residential land moved from -2.3% in 2006 to -0.7% in 2007, witnessing a contraction in the rate of decline while commercial land moved from -2.1% in 2006 to 1.0% in 2007, turning to growth for the first time in 16 years.

In this environment, the Ardepro Group has concentrated on its core real estate revitalization business, which includes sales of used condominiums for personal use and sales of properties for investment to corporations. In particular, properties for investment have seen high demand from corporations, and sales have been strong.

At Group companies, with the number of properties under management rising steadily and renovation projects also increasing, ARDEPRO PROPERTY MANAGEMENT Co., Ltd., (APM) and Japan Realty Supervision Co., Ltd., (JRS), which run property management operations, have registered a solid performance. The performance at other Group companies was also generally robust.

As a result of the foregoing, the Ardepro Group registered net sales of 28,802 million yen, up 72.5% year-on-year, operating profit of 4,995 million yen, up 60.6%, ordinary profit of 4,507 million yen, up 64.4%, and net income of 2,659 million yen, up 82.5%.

### 2. Qualitative Information Regarding Consolidated Financial Position

Cash and cash equivalents ("Cash") stood at 18,085 million yen as of the end of the current first quarter of the consolidated fiscal year.

#### Cash flows from operating activities

Net cash used in operating activities during the first quarter of the current consolidated fiscal year stood at 33,117 million yen. This was mainly due to such factors as a 33,126 million yen rise in inventories because of property acquisitions in view of future expansion in sales.

#### Cash flows from investing activities

Net cash used in investing activities during the first quarter of the current consolidated fiscal year stood at 116 million yen. This was mainly due to expenditure of 138 million yen on time deposits.

#### Cash flows from financing activities

Net cash provided by financing activities during the first quarter of the current consolidated fiscal year stood at 42,679 million yen. This was mainly due to such factors as income of 20 billion yen from the issue of new shares as a result of the private placement fully paid on August 28, 2007 and income of 10,002 million yen from the issue of convertible bonds through the private placement fully paid on same date as well as an increase in borrowings from financial institutions accompanying the rise in the acquisition of real estate.

### 3. Qualitative Information Regarding Consolidated Forecast

The ARDEPRO Group concentrates on revitalization business for used condominiums and used office buildings. As a result of the issue of approximately 20 billion yen in new shares and about 10 billion yen in convertible bonds with warrants to new shares by allocating to a third party that was fully paid on August 28, 2007, it has become possible to acquire large-scale properties, and the procurement of real estate has been progressing in line with projections. Therefore, there are no changes to the interim and full year financial results forecasts as of the date of publication of this material.

### 4. Other

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation)

Kinjyu Life Co., Ltd. entered liquidation proceedings based on a resolution to liquidate the company at an extraordinary meeting of shareholders on August 27, 2007. As the company's total assets, net sales, first quarter net income/loss, earned surplus and so on do not have a significant effect on the first quarter consolidated balance sheet, it has been excluded from the scope of consolidation from the current consolidated fiscal year.

On September 28, 2007, ARDEPRO Co., Ltd. sold all of its shares in Devex Management Co., Ltd., and, as a result, the company is no longer a subsidiary.

## 5. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

Thousand yen

Account	Note	Three months ended Oct. 2006 (As of Oct. 31, 2006)		Three months ended Oct. 2007 (As of Oct. 31, 2007)		Year ended Jul. 2007 Summary (As of Jul. 31, 2007)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits	*3	9,639,793		18,184,369		8,232,508	
2. Trade notes and accounts receivable	*5	804,316		270,801		280,483	
3. Inventories	*3	-		63,114,363		29,897,587	
4. Real estate for sale		28,152,360		-		-	
5. Work in process		327,163		-		-	
6. Advances		-		5,663,999		5,457,968	
7. Suspense payment		2,385,752		-		-	
8. Deferred tax assets		171,760		275,836		593,159	
9. Others		1,203,828		758,402		1,252,453	
Allowance for doubtful accounts		(81,714)		(21,437)		(36,615)	
Total current assets		42,603,261	95.6	88,246,334	96.7	45,767,546	94.4
II Fixed assets							
1. Tangible fixed assets	*2, 3	199,900		488,918		519,693	
2. Intangible fixed assets		981,876		1,530,562		1,617,614	
3. Investments and other assets	*1	783,233		992,465		583,873	
Total fixed assets		1,965,011	4.4	3,011,946	3.3	2,721,180	5.6
Total assets		44,568,272	100.0	91,258,281	100.0	48,488,727	100.0

Thousand yen

Account	Note	Three months ended Oct. 2006 (As of Oct. 31, 2006)		Three months ended Oct. 2007 (As of Oct. 31, 2007)		Year ended Jul. 2007 Summary (As of Jul. 31, 2007)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Trade accounts payable		247,253		384,047		518,108	
2. Short-term borrowings	*3, 4	29,104,330		37,233,100		24,080,404	
3. Current portion of long-term borrowings		13,440		-		32,016	
4. Current portion of corporate bonds		-		10,032,720		30,000	
5. Accrued income taxes		1,207,074		1,664,320		3,741,384	
6. Allowance for employees' bonuses		70,321		38,413		19,554	
7. Allowance for directors' bonuses		1,887		22,500		18,000	
8. Allowance for completed production compensation		-		-		7,104	
9. Allowance for legal damages		-		-		119,000	
10. Others	*3	2,032,283		3,401,783		3,649,273	
Total current liabilities		32,676,591	73.3	52,776,885	57.8	32,214,845	66.4
II Long-term liabilities							
1. Corporate bonds		450,000		560,000		560,000	
2. Long-term borrowings		36,370		612,492		120,331	
3. Allowance for retirement benefits		35,335		36,295		38,289	
4. Negative goodwill		-		43,030		45,295	
5. Others		-		17,920		15,158	
Total long-term liabilities		521,705	1.2	1,269,739	1.4	779,075	1.6
Total liabilities		33,198,297	74.5	54,046,624	59.2	32,993,921	68.0
Net assets							
I Shareholders' equity							
1. Common stock		2,930,948	6.6	12,938,089	14.2	2,937,965	6.1
2. Capital surplus		2,771,918	6.2	12,779,059	14.0	2,778,935	5.7
3. Retained earnings		5,651,953	12.7	11,490,447	12.6	9,739,058	20.1
Total shareholders' equity		11,354,819	25.5	37,207,595	40.8	15,455,958	31.9
II Valuation and translation adjustments							
1. Unrealized holding gain (loss) on other securities		8,444	0.0	(5,220)	(0.0)	(40)	(0.0)
Total valuation and translation adjustments		8,444	0.0	(5,220)	(0.0)	(40)	(0.0)
III Minority interests							
Total net assets		11,369,974	25.5	37,211,657	40.8	15,494,806	32.0
Total liabilities and net assets		44,568,272	100.0	91,258,281	100.0	48,488,727	100.0

## (2) Quarterly Consolidated Income Statements

Thousand yen

Account	Note	Three months ended Oct. 2006 (Aug. 1, 2006 -Oct. 31, 2006)		Three months ended Oct. 2007 (Aug. 1, 2007 -Oct. 31, 2007)		Year ended Jul. 2007 Summary (Aug. 1, 2006 -- Jul. 31, 2007)				
		Amount	%	Amount	%	Amount	%			
I Sales			16,695,041	100.0		28,802,989	100.0		78,184,006	100.0
II Cost of sales			12,521,965	75.0		22,142,028	76.9		60,076,591	76.8
Gross profit			4,173,076	25.0		6,660,960	23.1		18,107,415	23.2
III Selling, general and administrative expenses	*1		1,062,842	6.4		1,667,900	5.8		5,602,377	7.2
Operating profit			3,110,234	18.6		4,995,324	17.3		12,505,038	16.0
IV Non-operating income										
1. Interest income		674			9,905		4,959			
2. Dividend income		14			-		-			
3. Commissions income		-			61,769		113,400			
4. Cancellation income		-			-		130,324			
5. Others		20,358	21,047	0.1	42,774	114,448	0.4	73,174	321,858	0.4
V Non-operating expenses										
1. Interest expenses		193,542			231,157		746,086			
2. Commissions paid		108,698			202,939		260,439			
3. Consumption tax adjustment loss		66,456			51,979		168,310			
4. Stock issue expenses		-			92,708		21,492			
5. Provision of allowance for doubtful accounts		94			-		-			
6. Others		20,027	388,818	2.3	23,544	602,328	2.1	13,122	1,208,451	1.5
Recurring profit			2,742,463	16.4		4,507,445	15.6		11,617,444	14.9
VI Extraordinary gains										
1. Reversal of allowance for doubtful accounts		1,469			605		11,296			
2. Gain on sales of fixed assets	*2	923			1,738		923			
3. Contract cancellation penalties income		-			-		50,000			
4. Cash gift income		-			-		400,000			
5. Gain on sales of investment securities		-			24,024		-			
6. Reversal of allowance for employees' bonuses		-			112		-			
7. Gain on exemption of debt		-	2,933	0.0	15,000	41,480	0.1	-	462,219	0.6
VII Extraordinary losses										
1. Loss on removal of fixed assets	*3	-			11,209		2,276			
2. Loss on sales of fixed assets	*4	-			7,360		2,410			
3. Provision of allowance for doubtful accounts		-			-		2,474			
4. Bad debts loss		-			-		22,250			
5. Provision of allowance for legal damages		-			-		119,000			
6. Loss on valuation of investment securities		18,924			-		219,530			
7. Impairment loss	*5	-	18,924	0.1	14,016	32,586	0.1	211,564	579,507	0.7
Net income before income taxes and minority interests			2,725,932	16.3		4,516,339	15.7		11,500,156	14.7
Current income taxes		1,192,924			1,519,289		5,320,344			
Deferred income taxes		75,434	1,268,359	7.6	336,946	1,856,235	6.4	(334,843)	4,985,500	6.4
Income on minority interests			513	0.0		329	0.0		2,085	0.0
Net income			1,457,059	8.7		2,659,775	9.2		6,512,571	8.3

## (3) Consolidated Statements of Change in Shareholders' Equity

Three months ended October 2006 (Aug. 1, 2006 - Oct. 31, 2006)

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				
Dividend of surplus	-	-	(932,011)	(932,011)
Net income	-	-	1,457,059	1,457,059
Changes (net) in items other than shareholders' equity	-	-	-	-
Total changes during the period	-	-	525,047	525,047
Balance as of Oct. 31, 2006	2,930,948	2,771,918	5,651,963	11,354,819

  

	Valuation and translation adjustments		Minority interests	Total net assets
	Unrealized holding gain on other securities	Total valuation and translation adjustments		
Balance as of July 31, 2006	-	-	5,579	10,835,351
Changes during the period				
Dividend of surplus	-	-	-	(932,011)
Net income	-	-	-	1,457,059
Changes (net) in items other than shareholders' equity	8,444	8,444	1,131	9,575
Total changes during the period	8,444	8,444	1,131	534,623
Balance as of Oct. 31, 2006	8,444	8,444	6,711	11,369,974

Three months ended October 2007 (Aug. 1, 2007 - Oct. 31, 2007)

Thousand yen

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of July 31, 2007	2,937,965	2,778,935	9,739,058	15,455,958
Changes during the period				
Issuance of new share	10,000,124	10,000,124	-	20,000,248
Dividend of surplus	-	-	(968,406)	(968,406)
Net income	-	-	2,659,775	2,659,775
Increase due to exclusion of consolidation	-	-	93,519	93,519
Decrease due to exclusion of consolidation	-	-	(39,968)	(39,968)
Other	-	-	6,490	6,490
Changes (net) in items other than shareholders' equity	-	-	-	-
Total changes during the period	10,000,124	10,000,124	1,751,389	21,746,458
Balance as of Oct. 31, 2007	12,938,089	12,779,059	11,490,447	37,207,595

  

	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, 2007	(40)	(40)	38,888	15,494,806
Changes during the period				
Issuance of new share	-	-	-	20,000,248
Dividend of surplus	-	-	-	(968,406)
Net income	-	-	-	2,659,775
Increase due to exclusion of consolidation	-	-	-	93,519
Decrease due to exclusion of consolidation	-	-	-	(39,968)
Other	-	-	-	6,490
Changes (net) in items other than shareholders' equity	(5,179)	(5,179)	(29,606)	(34,785)
Total changes during the period	(5,179)	(5,179)	(29,606)	21,716,851
Balance as of Oct. 31, 2007	(5,220)	(5,220)	9,281	37,211,657

Year ended Jul. 2007 (Aug. 1, 2006 — Jul. 31, 2007)

Thousand yen

	Shareholders' equity				Valuation and translation adjustments	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity	Unrealized holding gain (loss) on other securities		
Balance as of July 31, 2006	2,930,948	2,771,918	5,126,905	10,829,771	-	5,579	10,835,351
Changes during the period							
Issuance of new share	7,017	7,017	-	14,034	-	-	14,034
Dividend of surplus	-	-	(1,900,418)	(1,900,418)	-	-	(1,900,418)
Net income	-	-	6,512,571	6,512,571	-	-	6,512,571
Changes (net) in items other than shareholders' equity	-	-	-	-	(40)	33,308	33,267
Total changes during the period	7,017	7,017	4,612,152	4,626,186	(40)	33,308	4,659,454
Balance as of Oct. 31, 2007	2,930,948	2,778,935	9,739,058	15,455,958	(40)	38,888	15,494,806

## (4) Quarterly Consolidated Cash Flow Statements

Thousand yen

		Three months ended Oct. 2006 (Aug. 1, 2006-Oct. 31, 2006)	Three months ended Oct. 2007 (Aug. 1, 2007-Oct. 31, 2007)	Year ended Jul. 2007 Summary (Aug. 1, 2006 — Jul. 31, 2007)
Account	Note	Amount	Amount	Amount
I Cash flows from operating activities				
Net income before income taxes and minority interests		2,725,932	4,516,339	11,500,156
Depreciation and amortization		8,903	30,866	49,582
Amortization of goodwill		36,385	66,157	145,542
Gain on sales of investment securities		-	(24,024)	-
Impairment losses		-	14,016	211,564
Increase (Decrease) in allowance for doubtful accounts		16,745	(2,858)	(44,690)
Increase (Decrease) in allowance for employees' bonuses		38,145	18,858	(19,306)
Increase (Decrease) in allowance for directors' bonuses		(1,962)	4,500	14,150
Cash gift income		-	-	(400,000)
Increase (Decrease) in allowance for retirement benefits		640	(1,994)	3,594
Interest and dividend income		(688)	(9,905)	(4,959)
Interest expenses		193,542	231,157	746,086
Loss on valuation of investment securities		18,924	-	219,530
Stock issue expenses		-	-	21,492
Loss on removal of fixed assets		-	11,209	2,276
Loss on sales of fixed assets		(923)	7,360	2,410
(Increase) Decrease in trade receivable		(3,827)	9,682	597,511
(Increase) Decrease in inventories		(8,732,951)	(33,126,775)	(10,009,448)
(Increase) Decrease in advances		63,885	(206,031)	(4,920,454)
(Increase) Decrease in other current assets		(1,697,847)	9,361	341,212
Increase (Decrease) in trade payable		18,994	(134,060)	115,082
Decrease in accrued consumption taxes		(11,095)	(270,609)	(399,063)
Increase (Decrease) in advances received		272,529	43,786	(149,514)
Increase (Decrease) in other current liabilities		(436,464)	(531,916)	1,994,790
Others		690	(7,823)	(3,421,578)
Subtotal		(7,490,443)	(29,352,703)	(3,404,029)
Interests and dividends received		688	9,905	4,959
Interests paid		(194,969)	(228,782)	(747,461)
Income taxes paid		(2,754,992)	(3,545,582)	(4,393,944)
Proceed from cash gift income		-	-	400,000
Net cash used in operating activities		(10,439,715)	(33,117,163)	(8,140,477)

Thousand yen

		Three months ended Oct. 2006 (Aug. 1, 2006 - Oct. 31, 2006)	Three months ended Oct. 2007 (Aug. 1, 2007 - Oct. 31, 2007)	Year ended Jul. 2007 Summary (Aug. 1, 2006 - Jul. 31, 2007)
Account	Note	Amount	Amount	Amount
II Cash flows from investing activities				
Payments for time deposits		(216,000)	(138,220)	(29,030)
Proceeds from time deposits		89,140	18,000	211,771
Proceeds from sales of subsidiary stock with changes in scope of consolidation		-	2,537	52,021
Payments for acquisition of subsidiary stock with changes in scope of consolidation		-	-	(716,475)
Payments for purchase of equity investments		-	(210)	(800,000)
Proceeds from collection of equity investments		-	-	850,000
Payments for purchase of investment securities		(235,480)	-	(239,480)
Proceeds from sale of investment securities		-	35,100	-
Proceeds from sale of tangible fixed assets		3,352	2,263	580
Payments for purchase of tangible fixed assets		(24,520)	(17,995)	(149,966)
Payments for purchase of intangible fixed assets		(525)	(1,621)	(9,826)
Payments for guarantee deposits		(193,287)	(16,508)	(299,023)
Proceeds for return of guarantee deposits		37,948	305	286,475
Payments for loans receivable		-	(5)	(913)
Proceeds from collection of loans receivable		129	-	757
Others		(853)	-	3,245,363
Net cash provided by (used in) investing activities		(540,093)	(116,355)	2,402,254
III Cash flows from financing activities				
Net increase in short-term borrowings		12,429,410	13,152,696	7,220,484
Proceeds from long-term borrowings		45,000	500,000	45,000
Repayments of long-term borrowings		(2,610)	(8,019)	(15,670)
Proceeds from corporate bond issuance		-	10,002,720	-
Proceeds from new share issuance		-	20,000,248	14,034
Others		-	-	(21,492)
Cash dividends paid		(780,491)	(968,406)	(1,890,101)
Net cash provided by financing activities		11,691,308	42,679,239	5,352,253
IV Increase in cash and cash equivalents		711,498	9,445,720	(385,968)
V Decrease in cash and cash equivalents due to exclusion of consolidation		-	(3,022)	-
VI Cash and cash equivalents at beginning of the period		8,568,987	8,639,899	8,639,899
VII Cash and cash equivalents at end of the period	*1	9,280,485	18,085,620	8,253,931

## Notes

## Notes to Quarterly Consolidated Balance Sheets

Thousand yen

Three months ended Oct. 2006 (As of Oct. 31, 2006)	Three months ended Oct. 2007 (As of Oct. 31, 2007)	Year ended Jul. 2007 (As of Jul. 31, 2007)
*1. —	*1. The following items are applicable to affiliates Investment securities (stock) 4,000	*1. The following items are applicable to affiliates Investment securities (stock) 4,000
*2. Accumulated depreciation of tangible fixed assets 70,212	*2. Accumulated depreciation of tangible fixed assets 148,414	*2. Accumulated depreciation of tangible fixed assets 154,174
*3. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Cash and deposits 150,000 Real estate for sale 25,562,794 Buildings 5,265 Land 3,013 Total 25,721,072  Corresponding liabilities Short-term borrowings 24,889,530 Total 24,889,530	*3. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Cash and deposits 150,000 Real estate for sale 33,198,999 Buildings 6,348 Land 69,973 Total 33,425,320  Corresponding liabilities Short-term borrowings 28,694,200 Current portion of long-term borrowings 900 Long-term borrowings 2,870 Deposits 700,000 Total 29,397,970	*3. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Cash and deposits 150,000 Real estate for sale 21,987,450 Buildings 5,125 Land 64,037 Total 22,206,649  Corresponding liabilities Short-term borrowings 22,684,400 Deposits 967,000 Total 23,651,400
*4. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows: Current account overdraft 3,200,000 Credit used 2,204,350 Credit available 995,650	*4. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows: Current account overdraft 9,100,000 Credit used 4,631,000 Credit available 4,469,000	*4. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of fiscal year was as follows: Current account overdraft 8,000,000 Credit used 2,825,000 Credit available 5,175,000
*5. Notes receivable endorsed 1,029	*5. Notes receivable endorsed 2,452	*5. Notes receivable endorsed 12,265
	*6. Rent guarantees The total amount of rent guarantees provided by ARDEPRO PROPERTY MANAGEMENT Co., Ltd. was 275,344,000 yen as of October 31, 2007.	*6. Rent guarantees The total amount of rent guarantees provided by ARDEPRO PROPERTY MANAGEMENT Co., Ltd. was 512,839,000 yen as of July 31, 2007.

## Notes to Quarterly Consolidated Income Statements

Thousand yen

Three months ended Oct. 2006 (Aug. 1, 2006 - Oct. 31, 2006)	Three months ended Oct. 2007 (Aug. 1, 2006 - Oct. 31, 2007)	Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2007)															
*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 138,332	Sales commissions 51,618	Sales commissions 636,042															
Directors remunerations 30,060	Provision of allowance for doubtful accounts 124	Provision of allowance for doubtful accounts 5,695															
Salaries and bonuses 337,620	Provision of allowance for directors' bonuses 18,000	Provision of allowance for directors' bonuses 18,000															
Amortization of goodwill 36,385	Salaries and bonuses 428,356	Salaries and bonuses 1,446,239															
Provision of allowance for employees' bonuses 36,070	Provision of allowance for employees' bonuses 23,739	Provision of allowance for employees' bonuses 18,833															
Provision of allowance for doubtful accounts 18,120	Retirement benefit expenses 1,070	Retirement benefit expenses 3,620															
	Management and other expenses 87,803	Management and other expenses 919,826															
	Amortization of goodwill 66,157	Amortization of goodwill 145,542															
	Advertising expenses 409,801																
	Repair expenses 95,345																
*2. —	*2. —	*2. Breakdown of "Gain on sales of fixed assets"															
		Vehicles 923															
*3. —	*3. —	*3. Breakdown of "Loss on removal of fixed assets"															
		Buildings 1,617															
		Tools, furniture and fixtures 592															
		Telephone rights 66															
		Total 2,276															
*4. —	*4. —	*4. Breakdown of "Loss on sales of fixed assets"															
		Buildings 2,410															
*5. —	*5. —	*5. Impairment losses															
		Impairment losses on fixed assets at the Group for the current fiscal year were as follows.															
		(1) Impairment losses on assets															
		<table border="1"> <thead> <tr> <th>Primary use</th> <th>Type</th> <th>Company</th> </tr> </thead> <tbody> <tr> <td>Idle assets</td> <td>Buildings and Machinery equipment</td> <td>Japan Realty Supervision Co., Ltd.</td> </tr> <tr> <td rowspan="4">Others</td> <td>Goodwill</td> <td>Japan Realty Supervision Co., Ltd.</td> </tr> <tr> <td>Goodwill</td> <td>Kinju Life Co., Ltd.</td> </tr> <tr> <td>Goodwill</td> <td>Devex Management Co., Ltd.</td> </tr> <tr> <td>Goodwill equivalent</td> <td>Maple Living Service Co., Ltd.</td> </tr> </tbody> </table>	Primary use	Type	Company	Idle assets	Buildings and Machinery equipment	Japan Realty Supervision Co., Ltd.	Others	Goodwill	Japan Realty Supervision Co., Ltd.	Goodwill	Kinju Life Co., Ltd.	Goodwill	Devex Management Co., Ltd.	Goodwill equivalent	Maple Living Service Co., Ltd.
Primary use	Type	Company															
Idle assets	Buildings and Machinery equipment	Japan Realty Supervision Co., Ltd.															
Others	Goodwill	Japan Realty Supervision Co., Ltd.															
	Goodwill	Kinju Life Co., Ltd.															
	Goodwill	Devex Management Co., Ltd.															
	Goodwill equivalent	Maple Living Service Co., Ltd.															

Thousand yen

Three months ended Oct. 2006 (Aug. 1, 2006 -Oct. 31, 2006)	Three months ended Oct. 2007 (Aug. 1, 2006 -Oct. 31, 2007)	Year ended Jul. 2007 (Aug. 1, 2006 — Jul. 31, 2007)
		<p>(2) Recognition of impairment loss An impairment loss was recognized as there is no prospect of realizing previously expected income. Impairment losses were recognized on goodwill and goodwill equivalents, since the investment recovery period is expected to be longer than expected in view of the business performance of affiliates in which the Company has invested.</p> <p>(3) Impairment losses (Total 211,564,000 yen)</p> <p>1) Japan Realty Supervision Co., Ltd. Buildings 1,639 Machinery equipment 6,147 Goodwill <u>110,460</u> Total <u>118,246</u></p> <p>2) Kinjyu Life Co., Ltd. Goodwill <u>29,613</u> Total <u>29,613</u></p> <p>3) Devex Management Co., Ltd. Goodwill <u>50,912</u> Total <u>50,912</u></p> <p>4) Maple Living Service Co., Ltd. Goodwill equivalent <u>12,791</u> Total <u>12,791</u></p> <p>(4) Asset grouping method The ARDEPRO Group applies impairment accounting. Operating assets are grouped according to management accounting standards and on the basis of business segments.</p> <p>(5) Estimating recoverable value The ARDEPRO Group estimates the recoverable value of properties on the basis of estimated net sales value and the utility value of such properties. The net sales value is calculated on the basis of the estimated proceeds from sale of a property. The utility value is calculated based on future cash flow from the property discounted by 4.71%</p>

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

Three months ended October 2006 (Aug. 1, 2006 - Oct. 31, 2006)

## 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 October 31, 2006
Common shares (Shares)	690,379	2,761,516	-	3,451,895

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

## 2. Dividends

## (1) Dividend payment

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

Three months ended October 2007 (Aug. 1, 2007 - Oct. 31, 2007)

## 1. Outstanding shares

Type of share	Number of shares as of July 31, 2007	Increase during the period	Decrease during the period	Number of shares as of October 31, 2007
Common shares (Shares)	3,458,595	757,744	-	4,216,339

Outline of changes:

Due to issuance of private placement of stock: 756,144 shares

Due to exercise of stock options: 1,600 shares

## 2. Dividends

## (1) Dividend payment

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 25, 2007	Common shares	Retained earnings	968,406	280	July 31, 2007	October 26, 2007

Year ended July 2007 (Aug. 1, 2006 — Jul. 31, 2007)

## 1. Outstanding shares

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

Outline of changes:

Due to exercise of stock options: 6,700 shares

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

## 2. Dividends

## (1) Dividend payment

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
Board of Directors meeting on March 6, 2007	Common shares	Retained earnings	968,406	280	January 31, 2007	April 6, 2007

## (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 25, 2007	Common shares	Retained earnings	968,406	280	July 31, 2007	October 26, 2007

## Notes to Quarterly Consolidated Cash Flow Statements

Thousand yen

Three months ended Oct. 2006 (Aug. 1, 2006 - Oct. 31, 2006)	Three months ended Oct. 2007 (Aug. 1, 2006 - Oct. 31, 2007)	Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2007)
<p>*1. Reconciliation of cash and cash equivalents of the cash flows statements and balance sheet items for the current three-month period is made as follows:</p> <p style="text-align: right;">(As of October 31, 2006)</p> <p>Cash and deposits 9,639,793</p> <p>Time deposits with maturities longer than three months <u>(359,307)</u></p> <p>Cash and cash equivalents <u>9,280,485</u></p>	<p>*1. Reconciliation of cash and cash equivalents of the cash flows statements and balance sheet items for the current three-month period is made as follows:</p> <p style="text-align: right;">(As of October 31, 2007)</p> <p>Cash and deposits 18,184,369</p> <p>Time deposits with maturities longer than three months (149,250)</p> <p>Money Management</p> <p>Fund under "Securities" <u>50,502</u></p> <p>Cash and cash equivalents <u>18,085,620</u></p>	<p>*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:</p> <p style="text-align: right;">(As of July 31, 2007)</p> <p>Cash and deposits 8,232,508</p> <p>Time deposits with maturities longer than three months (29,030)</p> <p>Money Management</p> <p>Fund under "Securities" <u>50,452</u></p> <p>Cash and cash equivalents <u>8,253,931</u></p>