



Summary of Financial Results for the Nine Months Ended April 2008

June 13, 2008

Company name: ARDEPRO Co., Ltd.

Stock code: 8925

Representative: Reishi Kubo, Chief Operating Officer

Contact: Takashi Niiyama, Director, general manager of Management and Administration Division

Tel: +81-3-5367-2001

Listing: TSE Mothers Market

URL: <http://www.ardepro.co.jp>

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

1. Consolidated Financial Results for the Nine Months Ended April, 2008 (August 1, 2007—April 30, 2008)

(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	%
Nine months ended April 2008	57,776	5.2	5,768	-38.9	4,179	-53.6
Nine months ended April 2007	54,932	79.7	9,435	87.4	9,004	92.0
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
Nine months ended April 2008	2,205	-55.6	532.44	531.73
Nine months ended April 2007	4,969	104.9	1,437.90	1,433.03
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
Nine months ended April 2008	106,558	35,803	33.6	8,488.51
Nine months ended April 2007	47,934	13,917	29.0	4,022.69
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
Nine months ended April 2008	(59,460)	(5,585)	60,567	3,260
Nine months ended April 2007	(9,200)	(1,724)	9,329	7,043
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	230.00	-	230.00
Year ending July 2008 (forecast)	-	0.00	

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
Full year	63,200	-19.2	5,800	-53.6	4,200	-63.8	2,300	-64.7	552.71

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: 4

(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 – April 30, 2008)

(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	%
Nine months ended April 2008	54,842	3.0	6,005	-35.8	4,389	-51.1
Nine months ended April 2007	53,231	80.5	9,352	82.1	8,969	89.3
Year ended July 2007	75,745	-	12,431	-	11,560	-

	Net income		Net income per share (basic)
	Million yen	%	Yen
Nine months ended April 2008	2,233	-55.4	539.20
Nine months ended April 2007	5,007	100.6	1,449.05
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
Nine months ended April 2008	105,329	36,040	34.2	8,544.83
Nine months ended April 2007	47,319	13,996	29.6	4,046.85
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
Full year	60,100	-20.7	6,000	-51.7	4,400	-61.9	2,200	-67.4	528.68

* 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

The three quarters of fiscal 2008 (9 months ended April 30, 2008) were marked by increasing concerns over the future of Japan's economy. While there were occasional signs of economic recovery driven by an increase in exports (foreign demand), and real growth in personal consumption and expanding housing investment from the leap-year effect, a sudden rise in crude oil prices and the US sub-prime loan problem fueled fears of tighter credit worldwide.

The real estate industry (the Group's industry) maintained a cautious outlook on the future, as amendments to the Building Standard Law created stricter and more time-consuming standards and procedures for building verifications, the Financial Instruments and Exchange Law mandated stricter regulations, and financial institutions reviewed financing for real estate developers more cautiously.

ARDEPRO Co., Ltd. (the Group's core company) responded to these challenges by working on growing earnings in its main business area, real estate revitalization. But forced to deal with an extremely demanding business environment, Some ARDEPRO's potential property buyers couldn't get financial institution financing for ARDEPRO's planned sale properties, resulting in cancellations or postponements on the close of sale for those properties.

Other businesses had generally solid earnings, such as the property management business, remodeling business, and construction material sales business operated by subsidiaries.

As a result of these developments, consolidated financial results for the three quarters of fiscal 2008 were: Sales of 57,776 million yen (up 5.2% year-on-year), operating profit of 5,768 million yen (down 38.9%) recurring profit of 4,179 million yen (down 53.6%), and net income of 2,205 million yen (down 55.6%).

2. Qualitative Information Regarding Consolidated Financial Position

(1) Assets, liabilities and net assets

Total assets at the end of the third quarter of the current consolidated fiscal year were 106,558 million yen, up 58,069 million yen from the end of the last consolidated fiscal year. This increase came mainly from a 53,831 million yen increase in inventories resulting from a greater volume of property purchases. It was aided by 10,006 million yen increases in both common stock and capital surplus generated by issuing new shares through a private placement fully paid on August 28, 2007.

Liabilities were 70,755 million yen, up 37,761 million yen from the end of the last consolidated fiscal year. The rise primarily reflected an increase in short-term borrowings taken out to finance a greater volume of real property purchases (the Company mainly procures funds for purchasing property through loans from financial institutions). It was also the result of debt incurred by issuing convertible bonds with stock acquisition rights through a private placement fully paid on August 28, 2007.

Net assets were 35,803 million yen, up 20,308 million yen from the end of the last consolidated fiscal year. This gain was due mostly to 10,006 million yen increases in both common stock and capital surplus created by issuing new shares through a private placement fully paid on August 28, 2007.

(2) Consolidated cash flows

Cash and cash equivalents ('cash') at the end of the third quarter of the current consolidated fiscal year were 3,260 million yen (8,253 million yen at the end of the last consolidated fiscal year).

(Cash flow from operating activities)

Net cash used in operating activities during the three quarters of fiscal 2008 was 59,460 million yen (net cash used of 9,200 million yen one year earlier). This increase was mainly caused by a greater volume of property purchases in anticipation of future sales growth. These purchases resulted in a 53,831 million yen increase in inventories.

(Cash flow from investing activities)

Net cash used in investing activities was 5,585 million yen (net cash used of 1,724 million yen one year earlier). The rise primarily reflected a 3,068 million yen outlay for loans and 2,966 million yen outlay to pay guarantee deposits.

(Cash flow from financing activities)

Net cash provided by financing activities was 60,567 million yen (net cash provided of 9,329 million yen one year earlier). This gain came mainly from a 31,902 million yen increase in loans from financial institutions used to finance a larger volume of property purchases. It also reflects 20,012 million yen in proceeds from new share issuance through private placements fully paid on August 28, 2007, and 10,187 million yen in proceeds from convertible bonds with stock acquisition rights issuance through private placements.

3. Qualitative information on forecasts of financial results

(1) Forecasts of financial results

Due to a worldwide tightening of credit stemming from the sub-prime loan problem, financial institutions that once actively sought to provide real estate financing have turned more cautious, causing a major downturn in real estate transactions in Japan. And while real estate funds and other investors are still eager to acquire property, it is becoming difficult for them to procure loans in the amounts needed to ensure adequate investment returns. As a result of this challenging environment, the Company has been forced to revise its forecasts of financial results for the current fiscal year due to some potential buyers' delayed fund procurement for ARDEPRO's sale properties, which forced close-of-sale cancellations or postponements.

The forecasts of consolidated financial results for the current fiscal year are: Sales of 63,200 million yen (down 19.2% from the previous fiscal year), operating profit of 5,800 million yen (down 53.6%), recurring profit of 4,200 million yen (down 63.8%), and net income of 2,300 million yen (down 64.7%). The forecasts of non-consolidated financial results for the year are: Sales of 60,100 million yen (down 20.7% from the previous fiscal year), operating profit of 6,000 million yen (down 51.7%), recurring profit of 4,400 million yen (down 61.9%), and net income of 2,200 million yen (down 67.4%).

(2) Medium-term outlook

Over the medium term, the Company expects to grow the value of its mainstay business area, real estate revitalization. This growth will come mainly from recovering demand for legal compliance services for used real estate and from rising occupancy rates for these properties. We are aiming to increase their market liquidity, and demand for property revitalization should become solid as the used real estate distribution market expands moving forward.

Listed below are the main reasons the Company anticipates medium-and long-term growth in the used real estate distribution market, and accompanying growth in revitalization business.

- i. Despite the current environment, rents and occupancy rates for used real estate are relatively solid.
Rents and occupancy rates for used real estate have been relatively stable compared to new properties.
- ii. There are many superannuated properties that should support higher rents and occupancy rates once their facilities are updated.
Since the supply of new properties has dropped greatly since the burst of the real estate bubble in the early 1990s, many corporate-owned properties in Japan are at least 20 years old.
- iii. Real estate prices in Japan are lower than overseas when appraised by the earnings capitalized approach.
Since Tokyo and other major Japanese cities have a high cap rate relative to other major world cities such as New York and London, Japanese earning properties should continue to be important investment targets for both Japanese and foreign investors.
- iv. Many used properties have Building Standard Law compliance issues, so it's mandatory to increase value in order to enhance market liquidity.
Real estate revitalization has become more important due to today's more stringent legal compliance review standards for properties underlying real estate trust beneficiary rights and real estate financing.

(3) Growth strategy

Given the potential investor demand for used Japanese real estate, the market's liquidity should greatly improve once the sub-prime loan problem dies down and financial institutions start to relax their cautious attitude toward real estate financing.

Moving forward, the Company's strategy for growth will be to focus management resources on revitalizing medium to large-scale income properties in the Tokyo metropolitan area, after verifying that financial

institutions are more willing to provide financing to potential buyers of ARDEPRO's properties for sale. Although the Company's performance is now at temporarily plateau, we feel we can achieve breakthroughs over the medium term for the following reasons:

- i. The real properties owned by the Company are located mainly in major metropolitan areas, and with their solid occupancy rates and stable rent income, they provide the Company with a steady stream of interested potential real estate buyers.
- ii. Demand for owner-occupied properties (properties the buyer-to-be intends to live in) has been solid since they are more attractively priced than new condominiums, and buyers can actually experience the property and neighborhood before purchasing.
- iii. As stated previously, the Company is focusing its management resources on the Tokyo headquarters by streamlining business offices, and is working on reducing fixed expenses and other selling and general administrative expenses. The result is a lean business organization pared down to the few strongest members.
- iv. The Company receives financing from many financial institutions throughout Japan, and should continue to be able to receive their support.
- v. On August 28 2007, private placements underwritten by a Goldman Sachs affiliate generated about 20 billion yen for the Company from issuing new shares, and about 10 billion yen from issuing convertible bonds with stock acquisition rights. An outside Goldman-Sachs director has been enlisted to provide valuable management advice and support that will be applied to our management activities.

4. Other

- (1) Changes in major subsidiaries during the three quarters of fiscal 2008 (changes in individual subsidiaries resulting in changes in the scope of consolidation)
 - i. Devex Management Co., Ltd. was a subsidiary of ARDEPRO PROPERTY MANAGEMENT Co., Ltd. (APM). It ceased to be a subsidiary on September 28, 2007, when APM transferred away all its shares in the company.
 - ii. ART Toshi Kaihatsu Co., Ltd. ceased to be a subsidiary on November 30, 2007, when Opus Co., Ltd. transferred away all its shares in the company.
 - iii. Kinjyu Life Co., Ltd. ceased to be a consolidated subsidiary when it completed liquidation proceedings on December 27, 2007.
 - iv. Odaka Denko Co., Ltd. ceased to be a consolidated subsidiary on February 18, 2008, when the Company transferred away all its shares in it.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

Thousand yen

Account	Note	Nine months ended Apr. 2007 (As of Apr. 30, 2007)		Nine months ended Apr. 2008 (As of Apr. 30, 2008)		Year ended Jul. 2007 Summary (As of Jul. 31, 2007)	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits	*2	7,078,962		3,415,002		8,232,508	
2. Trade notes and accounts receivable	*4	296,705		210,585		280,483	
3. Inventories	*2	31,453,417		83,818,835		29,897,587	
4. Advances		3,525,398		8,433,307		5,457,968	
5. Others		2,377,105		5,508,375		1,252,453	
Allowance for doubtful accounts		(58,415)		(71,326)		(36,615)	
Total current assets		44,673,172	93.2	101,314,779	95.1	45,767,546	94.4
II Fixed assets							
1. Tangible fixed assets	*1, 2	246,589		429,446		519,693	
2. Intangible fixed assets							
Goodwill		864,504		909,429		1,547,884	
Others		48,432		40,430		69,729	
Total intangible fixed assets		912,936		949,859		1,617,614	
3. Investments and other assets		2,102,179		3,864,309		583,873	
Total fixed assets		3,261,705	6.8	5,243,615	4.9	2,721,180	5.6
Total assets		47,934,878	100.0	106,558,394	100.0	48,488,727	100.0

Thousand yen

Account	Note	Nine months ended Apr. 2007 (As of Apr. 30, 2007)		Nine months ended Apr. 2008 (As of Apr. 30, 2008)		Year ended Jul. 2007 Summary (As of Jul. 31, 2007)	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Trade accounts payable		299,770		259,272		518,108	
2. Short-term borrowings	*2, 3	27,770,342		55,982,800		24,080,404	
3. Current portion of long-term borrowings	*2	9,000		31,476		32,016	
4. Current portion of corporate bonds		—		10,032,720		30,000	
5. Accrued income taxes		2,414,627		19,577		3,741,384	
6. Allowance for employees' bonuses		70,468		34,476		19,554	
7. Allowance for directors' bonuses		5,662		13,500		18,000	
8. Allowance for completed production compensation		—		8,435		7,104	
9. Allowance for legal damages		—		—		119,000	
10. Others	*3	2,929,114		2,933,664		3,649,273	
Total current liabilities		33,498,985	69.9	69,315,922	65.0	32,214,845	66.4
II Long-term liabilities							
1. Corporate bonds		450,000		745,000		560,000	
2. Long-term borrowings	*2	30,000		596,814		120,331	
3. Allowance for retirement benefits		38,480		33,989		38,289	
4. Negative goodwill		—		36,401		45,295	
5. Others		—		27,078		15,158	
Total long-term liabilities		518,480	1.1	1,439,285	1.4	779,075	1.6
Total liabilities		34,017,465	71.0	70,755,207	66.4	32,993,921	68.0
Net assets							
I Shareholders' equity							
1. Common stock		2,937,965	6.1	12,944,169	12.1	2,937,965	6.1
2. Capital surplus		2,778,935	5.8	12,785,139	12.0	2,778,935	5.7
3. Retained earnings		8,195,819	17.1	10,065,481	9.4	9,739,058	20.1
Total shareholders' equity		13,912,719	29.0	35,794,790	33.6	15,455,958	31.9
II Valuation and translation adjustments							
1. Unrealized holding gain (loss) on other securities		127	0.0	(889)	(0.0)	(40)	(0.0)
Total valuation and translation adjustments		127	0.0	(889)	(0.0)	(40)	(0.0)
III Minority interests							
Total net assets		13,917,412	29.0	35,803,186	33.6	15,494,806	32.0
Total liabilities and net assets		47,934,878	100.0	106,558,394	100.0	48,488,727	100.0

(2) Quarterly Consolidated Income Statements

Thousand yen

Account	Note	Nine months ended Apr. 2007 (Aug. 1, 2006 -Apr. 30, 2007)		Nine months ended Apr. 2008 (Aug. 1, 2007 -Apr. 30, 2008)		Year ended Jul. 2007 Summary (Aug. 1, 2006 — Jul. 31, 2007)	
		Amount	%	Amount	%	Amount	%
I Sales		54,932,974	100.0	57,776,273	100.0	78,184,006	100.0
II Cost of sales		41,420,725	75.4	47,497,757	82.2	60,076,591	76.8
Gross profit		13,512,248	24.6	10,278,515	17.8	18,107,415	23.2
III Selling, general and administrative expenses	*1	4,076,608	7.4	4,510,018	7.8	5,602,377	7.2
Operating profit		9,435,639	17.2	5,768,497	10.0	12,505,038	16.0
IV Non-operating income							
1. Interest income		4,233		27,092		4,959	
2. Dividend income		400,282		—		-	
3. Commissions income		—		98,761		113,400	
4. Cancellation income		—		—		130,324	
5. Others		134,951	539,467	1.0	63,421	189,275	0.3
Recurring profit		9,004,946	16.4	4,179,301	7.2	11,617,444	14.9
V Non-operating expenses							
1. Interest expenses		550,369		935,397		746,086	
2. Commissions paid		243,038		549,261		260,439	
3. Consumption tax adjustment loss		135,500		150,652		168,310	
4. Stock issue expenses		21,492		92,718		21,492	
5. Provision of allowance for doubtful accounts		7,051		—		-	
6. Others		12,708	970,161	1.8	50,442	1,778,471	3.1
Recurring profit		9,004,946	16.4	4,179,301	7.2	11,617,444	14.9
VI Extraordinary gains							
1. Reversal of allowance for doubtful accounts		-		-		11,296	
2. Gain on sales of fixed assets	*2	923		3,750		923	
3. Contract cancellation penalties income		-		-		50,000	
4. Cash gift income		-		-		400,000	
5. Gain on sales of investment securities		-		29,024		-	
6. Reversal of allowance for employees' bonuses		-		4,256		-	
7. Gain on exemption of debt		-		15,000		-	
8. Gain on change in ownership		-	923	0.0	29,567	81,598	0.1
Recurring profit		923	0.0	29,567	0.1	462,219	0.6
VII Extraordinary losses							
1. Loss on removal of fixed assets	*3	1,830		10,473		2,276	
2. Loss on sales of fixed assets	*4	2,410		11,424		2,410	
3. Provision of allowance for doubtful accounts		22,126		—		2,474	
4. Bad debts loss		—		—		22,250	
5. Business realignment expenses	*5	—		489,895		-	
6. Provision of allowance for legal damages		—		—		119,000	
7. Impairment loss	*6	7,786		9,442		211,564	
8. Loss on valuation of investment securities		199,454		14,573		219,530	
9. Loss on sales of investment securities		—	233,608	0.4	4,537	540,346	0.9
Net income before income taxes and minority interests		8,772,261	16.0	3,720,552	6.4	11,500,156	14.7
Current income taxes		4,019,075		1,467,705		5,320,344	
Deferred income taxes		(216,409)	3,802,666	6.9	76,436	1,544,142	2.7
Income on minority interests		262	0.0	(29,109)	(0.1)	2,085	0.0
Net income		4,969,332	9.0	2,205,519	3.8	6,512,571	8.3

(3) Consolidated Statements of Change in Shareholders' Equity

Nine months ended April 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 Apr. 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 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 Apr. 30, 2007	127	127	4,565	13,917,412

Nine months ended April 2008 (Aug. 1, 2007 - Apr. 30, 2008)

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	10,006,204	10,006,204	-	20,012,408
Dividend of surplus	-	-	(1,938,509)	(1,938,509)
Net income	-	-	2,205,519	2,205,519
Increase due to exclusion of consolidation	-	-	93,519	93,519
Decrease due to exclusion of consolidation	-	-	(48,117)	(48,117)
Other	-	-	14,010	14,010
Changes (net) in items other than shareholders' equity	-	-	-	-
Total changes during the period	10,006,204	10,006,204	326,423	20,338,831
Balance as of Apr. 30, 2008	12,944,169	12,785,139	10,065,481	35,794,790

	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	-	-	-	20,012,408
Dividend of surplus	-	-	-	(1,938,509)
Net income	-	-	-	2,205,519
Increase due to exclusion of consolidation	-	-	-	93,519
Decrease due to exclusion of consolidation	-	-	-	(48,117)
Other	-	-	-	14,010
Changes (net) in items other than shareholders' equity	(848)	(848)	(29,602)	(30,451)
Total changes during the period	(848)	(848)	(29,602)	20,308,380
Balance as of Apr. 30, 2008	(889)	(889)	9,286	35,803,186

Year ended Jul. 2007 (Aug. 1, 2006 – Jul. 31, 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	-	-	6,512,571	6,512,571
Changes (net) in items other than shareholders' equity	-	-	-	-
Total changes during the period	7,017	7,017	4,612,152	4,626,186
Balance as of July 31, 2007	2,937,965	2,778,935	9,739,058	15,455,958

	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				
Issuance of new share	-	-	-	14,034
Dividend of surplus	-	-	-	(1,900,418)
Net income	-	-	-	6,512,571
Changes (net) in items other than shareholders' equity	(40)	(40)	33,308	33,267
Total changes during the period	(40)	(40)	33,308	4,659,454
Balance as of July 31, 2007	(40)	(40)	38,888	15,494,806

(4) Quarterly Consolidated Cash Flow Statements

Thousand yen

		Nine months ended Apr. 2007 (Aug. 1, 2006 - Apr. 30, 2007)	Nine months ended Apr. 2008 (Aug. 1, 2007 - Apr. 30, 2008)	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		8,772,261	3,720,552	11,500,156
Depreciation and amortization		30,187	88,141	49,582
Amortization of goodwill		109,157	179,576	145,542
Impairment losses		-	9,442	211,564
Increase (Decrease) in allowance for doubtful accounts		(6,553)	97,278	(44,690)
Increase (Decrease) in allowance for employees' bonuses		38,292	22,504	(19,306)
Increase (Decrease) in allowance for directors' bonuses		1,812	(4,500)	14,150
Increase (Decrease) in allowance for completed production compensation		-	8,435	-
Cash gift income		-	-	(400,000)
Increase (Decrease) in allowance for retirement benefits		3,784	4,824	3,594
Interest and dividend income		(404,516)	(27,092)	(4,959)
Interest expenses		550,369	935,397	746,086
Gain on sales of investment securities		-	(29,024)	-
Loss on sales of investment securities		-	4,537	-
Loss on valuation of investment securities		199,454	14,573	219,530
Stock issue expenses		21,492	92,718	21,492
Loss on removal of fixed assets		1,830	10,473	2,276
Loss on sales of fixed assets		1,486	7,673	2,410
Gain on change in ownership		-	(29,567)	-
(Increase) Decrease in trade receivable		503,784	(35)	597,511
(Increase) Decrease in inventories		(11,706,845)	(53,831,686)	(10,009,448)
(Increase) Decrease in advances		(2,991,089)	(3,089,952)	(4,920,454)
(Increase) Decrease in other current assets		(183,836)	(841,377)	341,212
Increase (Decrease) in trade payable		71,510	(188,104)	115,082
Decrease in accrued consumption taxes		67,119	(16,233)	(399,063)
Increase (Decrease) in advances received		(135,984)	585,520	(149,514)
Increase (Decrease) in other current liabilities		804,178	(786,096)	1,994,790
Business realignment expenses		-	489,895	-
Others		(6,363)	-	(3,421,578)
Subtotal		(4,258,465)	(52,572,125)	(3,404,029)
Interests and dividends received		4,516	27,092	4,959
Interests paid		(543,928)	(859,361)	(747,461)
Income taxes paid		(4,402,822)	(6,056,463)	(4,393,944)
Proceed from cash gift income		-	-	400,000
Net cash used in operating activities		(9,200,699)	(59,460,857)	(8,140,477)

Thousand yen

		Nine months ended Apr. 2007 (Aug. 1, 2006 - Apr. 30, 2007)	Nine months ended Apr. 2008 (Aug. 1, 2007 - Apr. 30, 2008)	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		(48,971)	(193,980)	(29,030)
Proceeds from time deposits		175,173	36,000	211,771
Proceeds from sales of subsidiary stock with changes in scope of consolidation		-	625,006	52,021
Payments for acquisition of subsidiary stock with changes in scope of consolidation		-	-	(716,475)
Payments for purchase of equity investments		(800,000)	(220)	(800,000)
Proceeds from collection of equity investments		850,000	145	850,000
Payments for purchase of investment securities		(235,480)	-	(239,480)
Proceeds from sale of investment securities		-	40,100	-
Proceeds from sale of tangible fixed assets		1,504	5,287	580
Payments for purchase of tangible fixed assets		(92,597)	(54,670)	(149,966)
Payments for purchase of intangible fixed assets		-	(9,021)	(9,826)
Payments for guarantee deposits		(260,786)	(2,966,508)	(299,023)
Proceeds for return of guarantee deposits		285,629	305	286,475
Payments for loans receivable		(902)	(3,068,383)	(913)
Proceeds from collection of loans receivable		568	2	757
Others		(1,598,860)	-	3,245,363
Net cash provided by (used in) investing activities		(1,724,722)	(5,585,939)	2,402,254
III Cash flows from financing activities				
Net increase in short-term borrowings		11,095,422	31,902,396	7,220,484
Proceeds from long-term borrowings		45,000	500,000	45,000
Repayments of long-term borrowings		(13,420)	(24,057)	(15,670)
Proceeds from corporate bond issuance		-	10,187,720	-
Proceeds from new share issuance		14,034	20,012,408	14,034
Proceeds from new share issued to minority shareholders		-	20,000	-
Cash dividends paid		(1,790,223)	(1,938,509)	(1,890,101)
Others		(21,492)	(92,718)	(21,492)
Net cash provided by financing activities		9,329,319	60,567,240	5,352,253
IV Increase in cash and cash equivalents		(1,596,101)	(4,479,557)	(385,968)
V Decrease in cash and cash equivalents due to exclusion of consolidation		-	(513,739)	-
VI Cash and cash equivalents at beginning of the period		8,639,899	8,253,931	8,639,899
VII Cash and cash equivalents at end of the period	*1	7,043,798	3,260,634	8,253,931

Notes

Notes to Quarterly Consolidated Balance Sheets

Thousand yen

Nine months ended Apr. 2007 (As of Apr. 30, 2007)	Nine months ended Apr. 2008 (As of Apr. 30, 2008)	Year ended Jul. 2007 (As of Jul. 31, 2007)
*1. Accumulated depreciation of tangible fixed assets 83,442	*1. Accumulated depreciation of tangible fixed assets 177,144	*1. Accumulated depreciation of tangible fixed assets 154,174
*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 Total 23,212,661	*2. Assets pledged as collateral and corresponding liabilities Assets pledged as collateral Cash and deposits 481,364 Real estate for sale 60,957,863 Buildings 5,660 Land 69,973 Total 61,514,861	*2. 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 25,613,952 Total 25,613,952	Corresponding liabilities Short-term borrowings 47,565,900 Current portion of long-term borrowings 900 Long-term borrowings 2,420 Total 47,569,220	Corresponding liabilities Short-term borrowings 22,684,400 Deposits 967,000 Total 23,651,400
*3. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows: Current account overdraft 7,000,000 Credit used 2,913,000 Credit available 4,087,000	*3. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of period was as follows: Current account overdraft 9,050,000 Credit used 7,323,000 Credit available 1,727,000	*3. The Company has an overdraft facility and commitment line agreements with its bankers. The balance of unused credit lines under these agreements as of the end of fiscal year was as follows: Current account overdraft 8,000,000 Credit used 2,825,000 Credit available 5,175,000
*4. Notes receivable endorsed 12,315	*4. —	*4. Notes receivable endorsed 12,265
	*5. Rent guarantees The total amount of rent guarantees provided by ARDEPRO PROPERTY MANAGEMENT Co., Ltd. was 186,478 thousand yen as of April 30, 2008.	*5. Rent guarantees The total amount of rent guarantees provided by ARDEPRO PROPERTY MANAGEMENT Co., Ltd. was 512,839 thousand yen as of July 31, 2007.

Notes to Quarterly Consolidated Income Statements

Thousand yen

Nine months ended Apr. 2007 (Aug. 1, 2006 - Apr. 30, 2007)	Nine months ended Apr. 2008 (Aug. 1, 2007 - Apr. 30, 2008)	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 505,362	Sales commissions 369,173	Sales commissions 636,042
Salaries and bonuses 977,484	Salaries and bonuses 1,152,711	Provision of allowance for doubtful accounts 5,695
Amortization of goodwill 109,157	Amortization of goodwill 179,576	Provision of allowance for directors' bonuses 18,000
Provision of allowance for employees' bonuses 71,567	Provision of allowance for employees' bonuses 41,703	Salaries and bonuses 1,446,239
Provision of allowance for doubtful accounts 25,432	Provision of allowance for doubtful accounts 40,659	Provision of allowance for employees' bonuses 18,833
Provision of allowance for directors' bonuses 7,475	Advertising expenses 838,969	Retirement benefit expenses 3,620
		Management and other expenses 919,826
		Amortization of goodwill 145,542
*2. Breakdown of "Gain on sales of fixed assets"	*2. Breakdown of "Gain on sales of fixed assets"	*2. Breakdown of "Gain on sales of fixed assets"
Vehicles 923	Vehicles 1,738	Vehicles 923
	Real estate held for investment 2,012	
	Total 3,750	
*3. Breakdown of "Loss on removal of fixed assets"	*3. Breakdown of "Loss on removal of fixed assets"	*3. Breakdown of "Loss on removal of fixed assets"
Buildings and attached structures 1,617	Buildings and attached structures 5,402	Buildings 1,617
Tools, furniture and fixtures 146	Tools, furniture and fixtures 4,999	Tools, furniture and fixtures 592
Telephone rights 66	Vehicles 71	Telephone rights 66
Total 1,830	Total 10,473	Total 2,276
*4. Breakdown of "Loss on sales of fixed assets"	*4. Breakdown of "Loss on sales of fixed assets"	*4. Breakdown of "Loss on sales of fixed assets"
Buildings 2,353	Buildings 9,643	Buildings 2,410
Tools, furniture and fixtures 56	Buildings and attached structures 253	
Total 2,410	Tools, furniture and fixtures 387	
	Vehicles 1,139	
	Real estate held for investment 633	
	Total 11,424	
5. Breakdown of "Business realignment expenses"	5. Breakdown of "Business realignment expenses"	5. Breakdown of "Business realignment expenses"
—	Loss on sales of affiliate stock 416,044	—
	Loss on liquidation of affiliate 54,701	
	Others 19,149	
	Total 489,895	

Thousand yen

Nine months ended Apr. 2007 (Aug. 1, 2006 - Apr. 30, 2007)				Nine months ended Apr. 2008 (Aug. 1, 2007 - Apr. 30, 2008)				Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2007)		
6. Impairment losses Impairment losses on fixed assets at the Group for the current period were as follows.				6. Impairment losses Impairment losses on fixed assets at the Group for the current period were as follows.				6. Impairment losses Impairment losses on fixed assets at the Group for the current fiscal year were as follows. (1) Impairment losses on assets		
Location	Primary use	Type	Amount	Location	Primary use	Type	Amount	Primary use	Type	Company
Kinki Region	Other businesses	Buildings and attached structures	7,786	Tokyo Metropolitan	Other businesses	Buildings and attached structures	9,442	Idle assets	Buildings and Machinery equipment	Japan Realty Supervision Co., Ltd.
		Tools, furniture and fixtures				Structures Vehicles Tools, furniture and fixtures		Goodwill	Goodwill	Japan Realty Supervision Co., Ltd. Kinjyu Life Co., Ltd.
<p>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.</p> <p>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.</p>				<p>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.</p> <p>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.</p>				Others	Goodwill	Devex Management Co., Ltd.
								Goodwill equivalent	Goodwill	Maple Living Service Co., Ltd.

Thousand yen

Nine months ended Apr. 2007 (Aug. 1, 2006 - Apr. 30, 2007)	Nine months ended Apr. 2008 (Aug. 1, 2007 - Apr. 30, 2008)	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.</p> <table border="0"> <tr> <td>Buildings</td> <td style="text-align: right;">1,639</td> </tr> <tr> <td>Machinery equipment</td> <td style="text-align: right;">6,147</td> </tr> <tr> <td>Goodwill</td> <td style="text-align: right;"><u>110,460</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>118,246</u></td> </tr> </table> <p>2) Kinjyu Life Co., Ltd.</p> <table border="0"> <tr> <td>Goodwill</td> <td style="text-align: right;"><u>29,613</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>29,613</u></td> </tr> </table> <p>3) Devex Management Co., Ltd.</p> <table border="0"> <tr> <td>Goodwill</td> <td style="text-align: right;"><u>50,912</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>50,912</u></td> </tr> </table> <p>4) Maple Living Service Co., Ltd.</p> <table border="0"> <tr> <td>Goodwill equivalent</td> <td style="text-align: right;"><u>12,791</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>12,791</u></td> </tr> </table> <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>	Buildings	1,639	Machinery equipment	6,147	Goodwill	<u>110,460</u>	Total	<u>118,246</u>	Goodwill	<u>29,613</u>	Total	<u>29,613</u>	Goodwill	<u>50,912</u>	Total	<u>50,912</u>	Goodwill equivalent	<u>12,791</u>	Total	<u>12,791</u>
Buildings	1,639																					
Machinery equipment	6,147																					
Goodwill	<u>110,460</u>																					
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Total	<u>50,912</u>																					
Goodwill equivalent	<u>12,791</u>																					
Total	<u>12,791</u>																					

Notes to Quarterly Consolidated Statements of Changes in Shareholders' Equity

Nine months ended April 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

Nine months ended April 2008 (Aug. 1, 2007 - Apr. 30, 2008)

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	759,244	-	4,217,839

Outline of changes:

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

Due to exercise of stock options: 3,100 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 25, 2007	Common shares	968,406	280	July 31, 2007	October 26, 2007
Board of Directors meeting on March 14, 2008	Common shares	970,102	230	January 31, 2008	April 14, 2008

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 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	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

Nine months ended Apr. 2007 (Aug. 1, 2006 - Apr. 30, 2007)	Nine months ended Apr. 2008 (Aug. 1, 2007 - Apr. 30, 2008)	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 nine-month period is made as follows:</p> <p style="text-align: right;">(As of April 30, 2007)</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">7,078,962</td> </tr> <tr> <td>Time deposits with maturities longer than three months</td> <td style="text-align: right;">(85,569)</td> </tr> <tr> <td>Money Management</td> <td></td> </tr> <tr> <td>Fund under "Securities"</td> <td style="text-align: right;"><u>50,404</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>7,043,798</u></td> </tr> </table>	Cash and deposits	7,078,962	Time deposits with maturities longer than three months	(85,569)	Money Management		Fund under "Securities"	<u>50,404</u>	Cash and cash equivalents	<u>7,043,798</u>	<p>*1. Reconciliation of cash and cash equivalents of the cash flows statements and balance sheet items for the current nine-month period is made as follows:</p> <p style="text-align: right;">(As of April 30, 2008)</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">3,415,002</td> </tr> <tr> <td>Time deposits with maturities longer than three months</td> <td style="text-align: right;">(154,368)</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>3,260,634</u></td> </tr> </table>	Cash and deposits	3,415,002	Time deposits with maturities longer than three months	(154,368)	Cash and cash equivalents	<u>3,260,634</u>	<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> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">8,232,508</td> </tr> <tr> <td>Time deposits with maturities longer than three months</td> <td style="text-align: right;">(29,030)</td> </tr> <tr> <td>Money Management</td> <td></td> </tr> <tr> <td>Fund under "Securities"</td> <td style="text-align: right;"><u>50,452</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>8,253,931</u></td> </tr> </table>	Cash and deposits	8,232,508	Time deposits with maturities longer than three months	(29,030)	Money Management		Fund under "Securities"	<u>50,452</u>	Cash and cash equivalents	<u>8,253,931</u>
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