

ARDEPRO Co., Ltd.

Representative: Reishi Kubo, President and Chief Operating Officer

Stock code: 8925, Tokyo Stock Exchange, Mothers Market

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**(Amendment) Notice on Partial Amendments to Financial Results
for the Fiscal Year Ended July 31, 2008**

The Financial Results for the Fiscal Year Ended July 31, 2008, announced on September 12, 2008, have been partially amended as indicated below. The amendments have been primarily made due to additional recording of allowance for doubtful accounts as a result of discussions with accounting auditors at accounting audits of the financial documents. Other amendments include corrections of misspelled words.

The amended parts are underlined.

(P. 1)

(1) Consolidated results of operations

(Before amendment)

(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	%
Year ended July 2008	64,638	(17.3)	3,166	(74.7)	1,129	(90.3)
Year ended July 2007	78,184	81.8	12,505	74.4	11,617	73.4

	Net <u>income</u>		Net <u>income</u> per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Year ended July 2008	<u>(8,613)</u>	-	<u>(2,070.00)</u>	-
Year ended July 2007	6,512	74.2	1,884.08	1,878.23

	ROE	Recurring profit to total assets	Operating profit to sales
	%	%	%
Year ended July 2008	<u>(42.3)</u>	<u>1.6</u>	4.9
Year ended July 2007	49.6	28.5	16.0

(After amendment)

(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	%
Year ended July 2008	64,638	(17.3)	3,166	(74.7)	1,129	(90.3)
Year ended July 2007	78,184	81.8	12,505	74.4	11,617	73.4

	Net <u>income (loss)</u>		Net <u>income (loss)</u> per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Year ended July 2008	<u>(10,413)</u>	-	<u>(2,502.56)</u>	-
Year ended July 2007	6,512	74.2	1,884.08	1,878.23

	ROE	Recurring profit to total assets	Operating profit to sales
	%	%	%
Year ended July 2008	<u>(53.5)</u>	<u>1.7</u>	4.9
Year ended July 2007	49.6	28.5	16.0

(2) Consolidated financial position

(Before amendment)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended July 2008	<u>88,856</u>	<u>25,312</u>	<u>28.5</u>	<u>6,000.09</u>
Year ended July 2007	48,488	15,494	31.9	4,468.84

Reference: Equity at end of period July 2008: ¥25,307 million July 2007: ¥15,455 million**(After amendment)**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended July 2008	<u>87,056</u>	<u>23,512</u>	<u>27.0</u>	<u>5,573.33</u>
Year ended July 2007	48,488	15,494	31.9	4,468.84

Reference: Equity at end of period July 2008: ¥23,507 million July 2007: ¥15,455 million

(P. 2)

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended July 31, 2008 (August 1, 2007 – July 31, 2008)

(1) Non-consolidated results of operations

(Before amendment)

(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	%
Year ended July 2008	60,799	(19.7)	3,396	(72.7)	1,338	(88.4)
Year ended July 2007	75,745	83.0	12,431	70.9	11,560	70.0

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	
Year ended July 2008	<u>(8,554)</u>	-	<u>(2,055.72)</u>	-
Year ended July 2007	6,745	77.5	1,951.50	1,945.44

(After amendment)

(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	%
Year ended July 2008	60,799	(19.7)	3,396	(72.7)	1,338	(88.4)
Year ended July 2007	75,745	83.0	12,431	70.9	11,560	70.0

	Net income (loss)		Net income (loss) per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	
Year ended July 2008	<u>(10,354)</u>	-	<u>(2,488.28)</u>	-
Year ended July 2007	6,745	77.5	1,951.50	1,945.44

(2) Non-consolidated financial position

(Before amendment)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended July 2008	<u>87,956</u>	<u>25,251</u>	<u>28.7</u>	<u>5,986.77</u>
Year ended July 2007	47,016	15,734	33.5	4,549.29

Reference: Equity at end of period July 2008: ¥25,251 million July 2007: ¥15,734 million

(After amendment)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended July 2008	<u>86,156</u>	<u>23,451</u>	<u>27.2</u>	<u>5,560.01</u>
Year ended July 2007	47,016	15,734	33.5	4,549.29

Reference: Equity at end of period July 2008: ¥23,451 million July 2007: ¥15,734 million

(P. 3)

1. Results of Operations

(1) Analysis of Results of Operations

(Before amendment)

< Abbreviation >

The Group responded to these challenges by focusing on our main business area of real estate revitalization, an activity that raises the market liquidity of high-quality previously owned real estate. Anticipating growing medium- and long-term demand in this area, Ardepro Co., Ltd. (the Group's core company) focused its management resources on the large number of high-quality properties in the Tokyo area. While it endeavored to reduce the number of properties in its inventory, earnings were poor due to falling profit ratios caused by delays and other difficulties buyers had in procuring capital for purchases. The Company also posted extraordinary losses such as a loss on valuation of real estate for sale of 4,246 million yen, contract cancellation penalties of 2,650 million yen, a provision of allowance for doubtful accounts of 801 million yen, and business realignment expenses of 807 million yen.

< Abbreviation >

The developments above resulted in consolidated sales of 64,638 million yen for fiscal 2008 (down 17.3% from the previous year), and a non-negative consolidated recurring profit of 1,129 million yen (down 90.3%) despite the year's difficult conditions. However, the extraordinary losses mentioned resulted in a net loss for the year of 8,613 million yen.

(After amendment)

< Abbreviation >

The Group responded to these challenges by focusing on our main business area of real estate revitalization, an activity that raises the market liquidity of high-quality previously owned real estate. Anticipating growing medium- and long-term demand in this area, Ardepro Co., Ltd. (the Group's core company) focused its management resources on the large number of high-quality properties in the Tokyo area. While it endeavored to reduce the number of properties in its inventory, earnings were poor due to falling profit ratios caused by delays and other difficulties buyers had in procuring capital for purchases. The Company also posted extraordinary losses such as a loss on valuation of real estate for sale of 2,580 million yen, loss on disposal of real estate for sale of 1,666 million yen, contract cancellation penalties of 2,650 million yen, a provision of allowance for doubtful accounts of 2,601 million yen, and business realignment expenses of 807 million yen.

< Abbreviation >

The developments above resulted in consolidated sales of 64,638 million yen for fiscal 2008 (down 17.3% from the previous year), and a non-negative consolidated recurring profit of 1,129 million yen (down 90.3%) despite the year's difficult conditions. However, the extraordinary losses mentioned resulted in a net loss for the year of 10,413 million yen.

(P. 4)

(2) Analysis of Financial Position

Assets, liabilities, net assets and cash flows

i. Assets

(Before amendment)

At the end of fiscal 2008, total assets were 88,856 million yen (up 83.3% from the end of fiscal 2007). Current assets accounted for 87,540 million yen (up 91.3%) of this figure, and fixed assets for 1,316 million yen (down 51.6%). The main item was inventories, at 70,681 million yen (up 135.7%).

(After amendment)

At the end of fiscal 2008, total assets were 87,056 million yen (up 79.5% from the end of fiscal 2007). Current assets accounted for 85,740 million yen (up 87.3%) of this figure, and fixed assets for 1,316 million yen (down 51.6%). The main item was inventories, at 70,681 million yen (up 135.7%).

iii. Net assets

(Before amendment)

Total net assets were 25,312 million yen (up 63.4%) at the end of fiscal 2008. This figure was mainly the result of issuing new stock through a private placement on August 28 2007, raising capital to 12,944 million yen (up 340.6%) and capital surplus to 12,785 million yen (up 360.1%).

(After amendment)

Total net assets were 23,512 million yen (up 51.7%) at the end of fiscal 2008. This figure was mainly the result of issuing new stock through a private placement on August 28 2007, raising capital to 12,944 million yen (up 340.6%) and capital surplus to 12,785 million yen (up 360.1%).

iv. Cash flow from operating activities

(Before amendment)

Net cash used in operating activities was 55,038 million yen (8,140 million yen in the previous year). This decrease was mainly caused by recording net loss before income taxes of 8,135 million yen and a 45,114 million yen increase in inventories.

(After amendment)

Net cash used in operating activities was 55,038 million yen (8,140 million yen in the previous year). This decrease was mainly caused by recording net loss before income taxes of 9,935 million yen and a 45,114 million yen increase in inventories.

(P. 5)

Reference: Trends in cash flow indicators

(Before amendment)

	Year ended July 2005 (As of July 31, 2005)	Year ended July 2006 (As of July 31, 2006)	Year ended July 2007 (As of July 31, 2007)	Year ended July 2008 (As of July 31, 2008)
Shareholders' equity ratio (%)	39.6%	32.7%	31.9%	<u>28.5%</u>
Shareholders' equity ratio based on market cap (%)	427.6%	308.1%	237.5%	<u>20.6%</u>
Interest-bearing debt to cash flow ratio	-	-	-	-
Interest coverage ratio	-	-	-	-

(After amendment)

	Year ended July 2005 (As of July 31, 2005)	Year ended July 2006 (As of July 31, 2006)	Year ended July 2007 (As of July 31, 2007)	Year ended July 2008 (As of July 31, 2008)
Shareholders' equity ratio (%)	39.6%	32.7%	31.9%	<u>27.0%</u>
Shareholders' equity ratio based on market cap (%)	427.6%	308.1%	237.5%	<u>21.0%</u>
Interest-bearing debt to cash flow ratio	-	-	-	-
Interest coverage ratio	-	-	-	-

(P. 7)

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Before amendment)

Thousand yen

Account	Note	Year ended Jul. 2007 (As of Jul. 31, 2007)		Year ended Jul. 2008 (As of Jul. 31, 2008)		Change
		Amount	%	Amount	%	Amount
Assets						
I Current assets						
1. Cash and deposits	*3	8,232,508		3,266,423		
2. Trade notes and accounts receivable	*5	280,483		170,090		
3. Marketable securities		50,452		-		
4. Inventories	*3	29,987,587		70,681,317		
5. Advances		5,457,968		6,678,754		
6. Deferred tax assets		593,159		45,422		
7. Others		1,202,001		7,656,129		
Allowance for doubtful accounts		(36,615)		(957,494)		
Total current assets		45,767,546	94.4	87,540,643	98.5	41,773,097
II Fixed assets						
1. Tangible fixed assets	*2					
(1) Buildings	*3	300,372		158,274		
(2) Machinery and vehicles		27,219		12,310		
(3) Tools, furniture and fixtures		94,843		83,646		
(4) Land	*3	97,258		87,442		
Total tangible fixed assets		519,693	1.1	341,674	0.4	(178,018)
2. Intangible fixed assets						
(1) Goodwill		1,547,884		420,387		
(2) Others		69,729		30,194		
Total intangible fixed assets		1,617,614	3.3	450,582	0.5	(1,167,031)
3. Investments and other assets						
(1) Investment securities	*1	130,674		21,000		
(2) Deferred tax assets		71,472		24,240		
(3) Others		381,726		478,711		
Total investments and other assets		583,873	1.2	523,951	0.6	(59,921)
Total fixed assets		2,721,180	5.6	1,316,209	1.5	(1,404,971)
Total assets		48,488,727	100.0	88,856,852	100.0	40,368,124

Thousand yen

Account	Note	Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2008)		Year ended Jul. 2008 (Aug. 1, 2007 - Jul. 31, 2008)		Change
		Amount	%	Amount	%	Amount
Liabilities						
I Current liabilities						
1. Trade accounts payable		518,108		808,042		
2. Short-term borrowings	*3	24,080,404		46,535,996		
3. Current portion of long-term borrowings	*4	32,016		126,996		
4. Current portion of corporate bonds	*3	30,000		10,032,720		
5. Accrued income taxes		3,741,384		40,656		
6. Allowance for employees' bonuses		19,554		17,031		
7. Allowance for directors' bonuses		18,000		-		
8. Allowance for completed production compensation		7,104		8,765		
9. Allowance for legal damages		119,000		362,000		
10. Others		3,649,273		2,295,208		
Total current liabilities		32,214,845	66.4	60,227,417	67.8	28,012,572
II Long-term liabilities						
1. Corporate bonds		560,000		730,000		
2. Long-term borrowings	*3	120,331		2,510,100		
3. Allowance for retirement benefits		38,289		32,553		
4. Negative goodwill		45,295		34,260		
5. Others		15,158		10,250		
Total long-term liabilities		779,075	1.6	3,317,163	3.7	2,538,087
Total liabilities		32,993,921	68.0	63,544,581	71.5	30,550,659
Net assets						
I Shareholders' equity						
1. Common stock		2,937,965	6.1	12,944,169	14.6	10,006,204
2. Capital surplus		2,778,935	5.7	12,785,139	14.4	10,006,204
3. Retained earnings		9,739,058	20.1	(419,529)	(0.5)	(10,158,588)
Total shareholders' equity		15,455,958	31.9	25,309,778	28.5	9,853,820
II Valuation and translation adjustments						
1. Unrealized holding gain (loss) on other securities		(40)	(0.0)	(2,372)	(0.0)	(2,331)
Total valuation and translation adjustments		(40)	(0.0)	(2,372)	(0.0)	(2,331)
III Minority interests						
		38,888	0.0	4,863	0.0	(34,024)
Total net assets		15,494,806	32.0	25,312,270	28.5	9,817,464
Total liabilities and net assets		48,488,727	100.0	88,856,852	100.0	40,368,124

(After amendment)

Thousand yen

Account	Note	Year ended Jul. 2007 (As of Jul. 31, 2007)		Year ended Jul. 2008 (As of Jul. 31, 2008)		Change
		Amount	%	Amount	%	Amount
Assets						
I Current assets						
1. Cash and deposits	*3	8,232,508		3,266,423		
2. Trade notes and accounts receivable	*5	280,483		170,090		
3. Marketable securities		50,452		-		
4. Inventories	*3	29,987,587		70,681,317		
5. Advances		5,457,968		6,678,754		
6. Deferred tax assets		593,159		45,422		
7. Others		1,202,001		7,656,129		
Allowance for doubtful accounts		(36,615)		(2,757,494)		
Total current assets		45,767,546	94.4	85,740,643	98.5	39,973,097
II Fixed assets						
1. Tangible fixed assets	*2					
(1) Buildings	*3	300,372		158,274		
(2) Machinery and vehicles		27,219		12,310		
(3) Tools, furniture and fixtures		94,843		83,646		
(4) Land	*3	97,258		87,442		
Total tangible fixed assets		519,693	1.1	341,674	0.4	(178,018)
2. Intangible fixed assets						
(1) Goodwill		1,547,884		420,387		
(2) Others		69,729		30,194		
Total intangible fixed assets		1,617,614	3.3	450,582	0.5	(1,167,031)
3. Investments and other assets						
(1) Investment securities	*1	130,674		21,000		
(2) Deferred tax assets		71,472		24,240		
(3) Others		381,726		478,711		
Total investments and other assets		583,873	1.2	523,951	0.6	(59,921)
Total fixed assets		2,721,180	5.6	1,316,209	1.5	(1,404,971)
Total assets		48,488,727	100.0	87,056,852	100.0	38,568,124

Thousand yen

Account	Note	Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2008)		Year ended Jul. 2008 (Aug. 1, 2007 - Jul. 31, 2008)		Change
		Amount	%	Amount	%	Amount
Liabilities						
I Current liabilities						
1. Trade accounts payable		518,108		808,042		
2. Short-term borrowings	*3	24,080,404		46,535,996		
3. Current portion of long-term borrowings	*4	32,016		126,996		
4. Current portion of corporate bonds	*3	30,000		10,032,720		
5. Accrued income taxes		3,741,384		40,656		
6. Allowance for employees' bonuses		19,554		17,031		
7. Allowance for directors' bonuses		18,000		-		
8. Allowance for completed production compensation		7,104		8,765		
9. Allowance for legal damages		119,000		362,000		
10. Others		3,649,273		2,295,208		
Total current liabilities		32,214,845	66.4	60,227,417	<u>69.2</u>	28,012,572
II Long-term liabilities						
1. Corporate bonds		560,000		730,000		
2. Long-term borrowings	*3	120,331		2,510,100		
3. Allowance for retirement benefits		38,289		32,553		
4. Negative goodwill		45,295		34,260		
5. Others		15,158		10,250		
Total long-term liabilities		779,075	1.6	3,317,163	<u>3.8</u>	2,538,087
Total liabilities		32,993,921	68.0	63,544,581	<u>73.0</u>	30,550,659
Net assets						
I Shareholders' equity						
1. Common stock		2,937,965	6.1	12,944,169	<u>14.9</u>	10,006,204
2. Capital surplus		2,778,935	5.7	12,785,139	<u>14.7</u>	10,006,204
3. Retained earnings		9,739,058	20.1	<u>(2,219,529)</u>	<u>(2.5)</u>	<u>(11,958,588)</u>
Total shareholders' equity		15,455,958	31.9	<u>23,509,778</u>	<u>27.0</u>	<u>8,053,820</u>
II Valuation and translation adjustments						
1. Unrealized holding gain (loss) on other securities		(40)	(0.0)	(2,372)	(0.0)	(2,331)
Total valuation and translation adjustments		(40)	(0.0)	(2,372)	(0.0)	(2,331)
III Minority interests						
		38,888	0.0	4,863	0.0	(34,024)
Total net assets		15,494,806	32.0	<u>23,512,270</u>	<u>27.0</u>	<u>8,017,464</u>
Total liabilities and net assets		48,488,727	100.0	<u>87,056,852</u>	100.0	<u>38,568,124</u>

(P. 9)
(2) Consolidated Income Statements
(Before amendment)

Thousand yen

Account	Note	Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2008)		Year ended Jul. 2008 (Aug. 1, 2007 - Jul. 31, 2008)		Change
		Amount	%	Amount	%	Amount
I Sales		78,184,006	100.0	64,638,319	100.0	(13,545,687)
II Cost of sales		60,076,591	76.8	55,395,329	85.7	(4,681,262)
Gross profit		18,107,415	23.2	9,242,990	14.3	(8,864,425)
III Selling, general and administrative expenses	*1	5,602,377	7.2	6,075,991	9.4	473,614
Operating profit		12,505,038	16.0	3,166,998	4.9	(9,338,039)
IV Non-operating income						
1. Interest income		4,959		28,066		
2. Commissions income		113,400		116,771		
3. Contract cancellation income		130,324		-		
4. Others		73,134	0.4	74,272	0.3	(102,747)
Total		321,858		219,110		
V Non-operating expenses						
1. Interest expenses		746,086		1,307,842		
2. Commissions paid		260,439		557,396		
3. Consumption tax adjustment loss		168,310		181,235		
4. Stock issue expenses		21,492		93,118		
5. Others		13,122	1.5	116,720	3.5	1,046,862
Recurring profit		11,617,444	14.9	1,129,796	1.7	(10,487,648)
VI Extraordinary gains						
1. Gain on sales of affiliate stock		-		2,469		
2. Gain on sales of fixed assets	*2	923		1,816		
3. Gain on sales of investment securities		-		35,024		
4. Reversal of allowance for doubtful accounts		11,296		-		
5. Contract cancellation penalties income		50,000		-		
6. Cash gift income		400,000		-		
7. Others		-	0.6	5,767	0.1	(417,142)
Total		462,219		45,077		
VII Extraordinary losses						
1. Loss on removal of fixed assets	*3	2,276		19,018		
2. Loss on sales of fixed assets	*4	2,410		2,554		
3. Provision of allowance for doubtful accounts		2,474		801,369		
4. Bad debts loss		22,250		-		
5. Provision of allowance for legal damages		119,000		362,000		
6. Loss on valuation of investment securities		219,530		43,973		
7. Impairment loss	*6	211,564		343,480		
8. Business realignment expenses	*5	-		807,003		
9. Loss on sales of investment securities		-		4,537		
10. Loss on valuation of real estate for sale		-		4,246,843		
11. Contract cancellation penalties		-		2,650,000		
12. Others		-		30,000		
Total		-		9,310,779	14.4	8,731,271
Net <u>income</u> before income taxes and minority interests		11,500,156	14.7	(8,135,905)	(12.6)	(19,636,062)
Current income taxes		5,320,344		46,461		
Reversal of the prior year's income taxes				(123,343)		
Deferred income taxes		(334,843)	6.4	555,172	0.7	(4,507,209)
Income (loss) on minority interests		2,085	0.0	(307)	(0.0)	(2,392)
Net <u>income</u>		6,512,571	8.3	(8,613,890)	(13.3)	(15,126,461)

(After amendment)

Thousand yen

Account	Note	Year ended Jul. 2007 (Aug. 1, 2006 - Jul. 31, 2008)		Year ended Jul. 2008 (Aug. 1, 2007 - Jul. 31, 2008)		Change
		Amount	%	Amount	%	Amount
I Sales		78,184,006	100.0	64,638,319	100.0	(13,545,687)
II Cost of sales		60,076,591	76.8	55,395,329	85.7	(4,681,262)
Gross profit		18,107,415	23.2	9,242,990	14.3	(8,864,425)
III Selling, general and administrative expenses	*1	5,602,377	7.2	6,075,991	9.4	473,614
Operating profit		12,505,038	16.0	3,166,998	4.9	(9,338,039)
IV Non-operating income						
1. Interest income		4,959		28,066		
2. Commissions income		113,400		116,771		
3. Contract cancellation income		130,324		-		
4. Others		73,134	0.4	74,272	0.3	(102,747)
Total		321,858		219,110		
V Non-operating expenses						
1. Interest expenses		746,086		1,307,842		
2. Commissions paid		260,439		557,396		
3. Consumption tax adjustment loss		168,310		181,235		
4. Stock issue expenses		21,492		93,118		
5. Others		13,122	1.5	116,720	3.5	1,046,862
Recurring profit		11,617,444	14.9	1,129,796	1.7	(10,487,648)
VI Extraordinary gains						
1. Gain on sales of affiliate stock		-		2,469		
2. Gain on sales of fixed assets	*2	923		1,816		
3. Gain on sales of investment securities		-		35,024		
4. Reversal of allowance for doubtful accounts		11,296		-		
5. Contract cancellation penalties income		50,000		-		
6. Cash gift income		400,000		-		
7. Others		-	0.6	5,767	0.1	(417,142)
Total		462,219		45,077		
VII Extraordinary losses						
1. Loss on removal of fixed assets	*3	2,276		19,018		
2. Loss on sales of fixed assets	*4	2,410		2,554		
3. Provision of allowance for doubtful accounts		2,474		2,601,369		
4. Bad debts loss		22,250		-		
5. Provision of allowance for legal damages		119,000		362,000		
6. Loss on valuation of investment securities		219,530		43,973		
7. Impairment loss	*6	211,564		343,480		
8. Business realignment expenses	*5	-		807,003		
9. Loss on sales of investment securities		-		4,537		
10. Loss on valuation of real estate for sale		-		2,580,222		
11. Loss on disposal of real estate for sale		-		1,666,621		
12. Contract cancellation penalties		-		2,650,000		
13. Others		-		30,000	17.2	10,531,271
Total		-		11,110,779		
Net income (loss) before income taxes and minority interests		11,500,156	14.7	(9,935,905)	(15.4)	(21,436,062)
Current income taxes		5,320,344		46,461		
Reversal of the prior year's income taxes				(123,343)		
Deferred income taxes		(334,843)	6.4	555,172	0.7	(4,507,209)
Income (loss) on minority interests		2,085	0.0	(307)	(0.0)	(2,392)
Net income (loss)		6,512,571	8.3	(10,413,890)	(16.1)	(16,926,461)

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(3) Consolidated Statements of Change in Net Assets

Year ended Jul. 2008 (Aug. 1, 2007 - Jul. 31, 2008)

(Before amendment)

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, 2007	2,937,965	2,778,935	9,739,058	15,455,958	(40)	38,888	15,494,806
Changes during the period							
Issuance of new share	10,006,204	10,006,204	-	20,012,408	-	-	20,012,408
Dividend of surplus	-	-	(1,938,509)	(1,938,509)	-	-	(1,938,509)
Net income	-	-	(8,613,890)	(8,613,890)	-	-	(8,613,890)
Changes in scope of consolidation or equity method of accounting	-	-	393,811	393,811	-	-	393,811
Changes (net) in items other than shareholders' equity	-	-	-	-	(2,331)	(34,024)	(36,356)
Total changes during the period	10,006,204	10,006,204	(10,158,588)	9,853,820	(2,331)	(34,024)	9,817,464
Balance as of July 31, 2008	12,944,169	12,785,139	(419,529)	25,309,778	(2,372)	4,863	25,312,270

(After amendment)

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, 2007	2,937,965	2,778,935	9,739,058	15,455,958	(40)	38,888	15,494,806
Changes during the period							
Issuance of new share	10,006,204	10,006,204	-	20,012,408	-	-	20,012,408
Dividend of surplus	-	-	(1,938,509)	(1,938,509)	-	-	(1,938,509)
Net loss	-	-	(10,413,890)	(10,413,890)	-	-	(10,413,890)
Changes in scope of consolidation or equity method of accounting	-	-	393,811	393,811	-	-	393,811
Changes (net) in items other than shareholders' equity	-	-	-	-	(2,331)	(34,024)	(36,356)
Total changes during the period	10,006,204	10,006,204	(11,958,588)	8,053,820	(2,331)	(34,024)	8,017,464
Balance as of July 31, 2008	12,944,169	12,785,139	(2,219,529)	23,509,778	(2,372)	4,863	23,512,270

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(4) Consolidated Cash Flow Statements
(Before amendment)

Thousand yen

Account	Note	Year ended Jul. 2007	Year ended Jul. 2008	Change
		(Aug. 1, 2006 - Jul. 31, 2007)	(Aug. 1, 2007 - Jul. 31, 2008)	Amount
		Amount	Amount	Amount
I Cash flows from operating activities				
Net <u>income</u> before income taxes and minority interests		11,500,156	<u>(8,135,905)</u>	
Depreciation and amortization		49,582	114,080	
Amortization of goodwill		145,542	285,061	
Impairment losses		211,564	343,480	
Business realignment expenses		-	807,003	
Loss on valuation of real estate for sale		-	<u>4,246,843</u>	
Increase (Decrease) in allowance for doubtful accounts		(44,690)	<u>940,680</u>	
Increase (Decrease) in allowance for employees' bonuses		(19,306)	13,243	
Increase (Decrease) in allowance for directors' bonuses		14,150	(18,000)	
Cash gift income		(400,000)	-	
Increase in allowance for retirement benefits		3,594	4,030	
Interest and dividend income		(4,959)	(28,195)	
Interest expenses		746,086	1,307,842	
Gain on sale of investment securities		-	(35,024)	
Loss on valuation of investment securities		219,530	43,973	
Loss on sale of investment securities		-	4,537	
Stock issue expenses		21,492	93,118	
Amortization of bond issue expenses		-	8,819	
Gain on sales of affiliate stock		-	(2,469)	
Gain on sale of fixed assets		-	(1,816)	
Loss on removal of fixed assets		2,276	19,018	
Loss on sales of fixed assets		2,410	2,554	
(Increase) Decrease in trade receivable		597,511	(79,997)	
Increase in inventories		(10,009,448)	(45,114,061)	
Increase in advances		(4,920,454)	(1,220,786)	
(Increase) Decrease in other current assets		341,212	(4,772,625)	
Increase (Decrease) in trade payable		115,082	511,107	
Decrease in accrued consumption taxes		(399,063)	(351,387)	
Increase (Decrease) in advances received		(149,514)	189,566	
Increase (Decrease) in other current liabilities		1,994,790	(158,550)	
Others		(3,421,578)	926,217	
Subtotal		(3,404,029)	(50,057,642)	(46,653,612)
Interests and dividends received		4,959	28,195	
Interests paid		(747,461)	(1,273,471)	
Income taxes paid		(4,393,944)	(3,735,693)	
Proceed from cash gift income		400,000	-	
Net cash used in operating activities		(8,140,477)	(55,038,612)	(46,898,135)

(After amendment)

Thousand yen

Account	Note	Year ended Jul. 2007	Year ended Jul. 2008	Change
		(Aug. 1, 2006 - Jul. 31, 2007)	(Aug. 1, 2007 - Jul. 31, 2008)	Amount
		Amount	Amount	Amount
I Cash flows from operating activities				
Net <u>income (loss)</u> before income taxes and minority interests		11,500,156	(9,935,905)	
Depreciation and amortization		49,582	114,080	
Amortization of goodwill		145,542	285,061	
Impairment losses		211,564	343,480	
Business realignment expenses		-	807,003	
Loss on valuation of real estate for sale		-	<u>2,580,222</u>	
<u>Loss on disposal of real estate for sale</u>		-	<u>1,666,621</u>	
Increase (Decrease) in allowance for doubtful accounts		(44,690)	<u>2,740,680</u>	
Increase (Decrease) in allowance for employees' bonuses		(19,306)	13,243	
Increase (Decrease) in allowance for directors' bonuses		14,150	(18,000)	
Cash gift income		(400,000)	-	
Increase in allowance for retirement benefits		3,594	4,030	
Interest and dividend income		(4,959)	(28,195)	
Interest expenses		746,086	1,307,842	
Gain on sale of investment securities		-	(35,024)	
Loss on valuation of investment securities		219,530	43,973	
Loss on sale of investment securities		-	4,537	
Stock issue expenses		21,492	93,118	
Amortization of bond issue expenses		-	8,819	
Gain on sales of affiliate stock		-	(2,469)	
Gain on sale of fixed assets		-	(1,816)	
Loss on removal of fixed assets		2,276	19,018	
Loss on sales of fixed assets		2,410	2,554	
(Increase) Decrease in trade receivable		597,511	(79,997)	
Increase in inventories		(10,009,448)	(45,114,061)	
Increase in advances		(4,920,454)	(1,220,786)	
(Increase) Decrease in other current assets		341,212	(4,772,625)	
Increase (Decrease) in trade payable		115,082	511,107	
Decrease in accrued consumption taxes		(399,063)	(351,387)	
Increase (Decrease) in advances received		(149,514)	189,566	
Increase (Decrease) in other current liabilities		1,994,790	(158,550)	
Others		(3,421,578)	926,217	
Subtotal		(3,404,029)	(50,057,642)	(46,653,612)
Interests and dividends received		4,959	28,195	
Interests paid		(747,461)	(1,273,471)	
Income taxes paid		(4,393,944)	(3,735,693)	
Proceed from cash gift income		400,000	-	
Net cash used in operating activities		(8,140,477)	(55,038,612)	(46,898,135)

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(Before amendment)Notes to Interim Consolidated Cash Flow Statements**(After amendment)**Notes to Consolidated Cash Flow Statements