Financial Results for the Year Ended August 2010
(September 1, 2009 – August 31, 2010)
(Unconsolidated)

October 8, 2010

Described below is an translation in English of the financial result (Tanshin Report) that was released on October 8, 2010 in Japan. The translation is prepared and provided for readers' convenience only. Therefore, all readers are strongly advised to refer to the original version in Japanese for complete and accurate information. In the event that any discrepancies exist between this translated document and the original Japanese document, the original Japanese document shall prevail.

Company name: **MK Capital Management Corporation**
Stock exchange listing: Tokyo Stock Exchange, Mothers
Stock code: 2478
URL: http://www.mkcm.biz/
Representative: Ichirota Kato, Chief Executive Officer and Representative Director
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Scheduled date for shareholders' meeting: November 25, 2010
Scheduled date for filing of annual securities report: November 26, 2010
Scheduled date for dividend payment: -

1. Financial Results (from September 1, 2009 to August 31, 2010)

(1) Financial results (% change is year on year)

	Net sales		Operating income(loss)		Ordinary income(loss)		Net income(loss)	
	(million Yen)	(%)	(million Yen)	(%)	(million Yen)	(%)	(million Yen)	(%)
FY 8/10	4,642	145.3	186	—	41	—	11	—
FY 8/09	1,892	(80.9)	(5,004)	—	(5,075)	—	(6,209)	—

	Net income(loss) per share (basic, yen)	Net income(loss) per share (diluted, yen)	Return on equity (%)	Ordinary income(loss) to total assets (%)	Operating income to net sales (%)
FY 8/10	118.33	118.16	0.3	0.7	4.0
FY 8/09	(102,712.94)	-	(107.4)	(52.5)	(264.4)

Reference: Equity in earnings of affiliates FY 8/10: None FY 8/09: None

(2) Financial conditions

	Total assets (million Yen)	Net assets (million Yen)	Equity ratio (%)	Net assets per share (Yen)
FY 8/10	5,298	5,217	97.4	32,814.70
FY 8/09	6,587	2,665	40.1	43,538.87

Reference: Shareholders' equity FY 8/10: 5,161 million Yen FY 8/09: 2,641 million Yen

(3) Statement of Cash Flows

	Operating activities (million Yen)	Investing activities (million Yen)	Financing activities (million Yen)	Cash and cash equivalents at end of the period (million Yen)
FY 8/10	3,138	119	(1,195)	4,306
FY 8/09	-	-	-	-

(Note) Figures of FY 8/09 are not disclosed since MK Capital Management Corporation has released only consolidated statement of cash flows for FY 8/09

2. Dividends

	Dividend per share (Yen)					Total amount of dividends (million Yen)	Payout ratio (%)	Dividend on Equity ratio
	First quarter	Second quarter	Third quarter	Fourth quarter	Fiscal year			
FY 8/09	—	0.00	—	0.00	0.00	—	—	—
FY 8/10	—	0.00	—	0.00	0.00	—	—	—
FY 8/11 (Expected)	—	0.00	—	0.00	0.00		—	

3. Forecast for the Fiscal Year Ending August 2011 (from September 1, 2010 to August 31, 2011)

(Figures of Fiscal year % change is year on year basis, figures of first half % change is the same term basis)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(million Yen)	(%)	(million Yen)	(%)	(million Yen)	(%)	(million Yen)	(%)	(Yen)
First half	459	(12.6)	(72)	—	(72)	—	(73)	—	(470.28)
Fiscal year	1,227	(73.6)	50	(73.2)	50	21.8	46	290.2	293.70

4. Others

(1) Changes in accounting principle, procedure and presentation in preparing financial statements

(i) Changes due to amendment of accounting standard: None

(ii) Changes due to other than the above: None

(2) Number of outstanding shares (common stock)

(i) Number of outstanding shares including treasury stocks

FY 8/10: 157,304 FY 8/09: 60,670

(ii) Number of treasury stocks

FY 8/10: — FY 8/09: —

*Explanation on the Appropriate Use of the Earnings Forecast

The Earnings Forecast is based on certain assumptions of the management. Accordingly, actual earnings may differ materially from the projection. For details of information on forecast for the FY 2011, please refer to the original version in Japanese (Tanshin Report) that was released on October 8, 2010 in Japan for complete and accurate information.

1. Operating Results

(1) Analysis of Operating Results

<1> Performance for the Current Fiscal Year

For the current fiscal year under review, the Japanese economy has continued to recover, but it is still in the difficult situation with the high level of unemployment rate. Also, there is increasing concern over a global downturn due to various countries restrained financial policies, and the risk of the Japanese economy becoming depressed due to the recent appreciation of the yen in exchange markets. On the other hand, corporate earnings continue to improve due to higher external demand, particularly from Asian countries, and personal consumption is also returning to former levels, showing signs of a self-sustaining economic recovery.

In the real estate investment industry that MK Capital Management Corporation belongs, lease rent prices continue to show downward trend, with vacancy rates on an upward trend, so the situation will continue to be severe. However, the domestic real estate deals are recovering due mainly to stable demand from the residential market, with investors expected rate of return turning to decrease (while real estate prices increase). In particular, cases of real estate acquisitions by Asian investors are becoming noticeable. There are also changes in stance of both short-term and long-term investors. Some pension funds started to show interest in real estate investment, due to such difficult fund management environment with low interest rates and stock prices, along with decreased real estate prices. Changes can also be seen in the domestic CMBS (Commercial Mortgage Backed Securities) market. New issuances have been suspended for a time after the financial crisis, but in 2010 there are some movements towards restarting new issuances. Similarly, financial institutions change its lending stance due to the lack of viable borrowers leading to a reaffirmation of real estate as a promising revenue stream.

In this situation, our company saw this as the perfect chance to expand and develop its asset management business by taking in the influx of capital into the Japanese real estate investment market. In April 2010 a total of 2.5 billion yen in capital was acquired from *Unison* (note 1) through a third party allotment in order to appropriate it to *Same Boat Money* (note2) which is used for fund establishment and expansion as well as new orders for our asset management (hereinafter referred as the “AM”) including *Debt Restructuring* (note 3) businesses. In addition, we focused on acquiring *AM Replacement* (note4) business to stabilize the earnings base and the amount of *AUM* (note 5) have greatly increased accordingly.

Our company also decided to downsize our asset incubation business for further improving our equity ratio, building a healthy financial position and focusing our operating resources on the genuine fee business of asset management, and all three of the *FLEZIO series* (note6) properties held during the current fiscal year were sold off. As a result, the balance of real estate for sale and interest-bearing debts both became zero and our equity ratio reached an extremely high level of 97.4%.

Additionally, after forming a capital and business alliance with Unison in February 2010, we further reinforced our risk management structure and implemented a drastic organizational reform on September 1, 2010 responding to the trust and needs of investors by expanding and improving functionality. As part of this, we carried out even stricter valuation of existing operating receivables related to AUM and there were some concerns about recovering a part of these receivables and we decide to increase the allowance for doubtful accounts (selling, general and administrative expenses) by 80 million yen with conservative estimates.

Based on the above, we are specializing in asset management and advice for investment capital in the Japanese real estate investment market, and made a step forward in acquiring a solid position as a “*Financial / Realty Capital Management Company*” managing various kinds of global investment capital, both domestic and overseas.

Accordingly, the operating results for the current fiscal year were net sales of 4,642,354 thousand yen (145.3% increase from the previous year), operating income of 186,410 thousand yen (operating loss of 5,004,040 thousand yen for the previous year), ordinary income of 41,066 thousand yen (ordinary loss of 5,075,740 thousand yen for the previous year) and net income of 11,839 thousand yen (net loss of 6,209,559 thousand yen for the previous year).

Following is the operational review by business segment for the fiscal year under review.
Furthermore, since we made a consolidated financial statement in the previous year, comparisons to business results of the previous year will not be noted.

(Asset Management Business)

To stabilize our revenue base in this business, we focused on acquiring *AM Replacement* and *Debt Restructuring* and others and received orders for especially large *AM Replacement* deals among others, leading a large increase in AUM. Sales from this segment were 677,587 thousand yen. AUM at the end of the year are up 81.9% to 139,504 million yen compared to the previous year-end.

(Asset Incubation (Principal Investments) Business)

In order to consolidate operating resources into the asset management business, all three properties of the "FLEZIO series" were sold. Sales from this segment were 3,951,415 thousand yen.

(Other Businesses)

Sales from this segment were 13,351 thousand yen due to investment income including dividends from real estate investment funds.

(Note 1) Unison

The parties the new capital was allocated to Unison Capital I,L.P.,Unison Capital II,L.P.,Unison Capital Partners III(A) and Unison Capital Partners III(B) will be referred to collectively as Unison.

(Note 2) Same Boat Money

When our company receive orders for AM services, along with investors, there are cases where it is necessary to jointly contribute capital to an SPC or the like. Normally, from 2% to 5% of the acquisition cost is contributed for the real estate acquired by an SPC (including those changed to trust beneficiary rights).

(Note 3) Debt Restructuring

When a real estate investment SPC (special purpose company; established for a specific purpose such as to accept the transfer of specific assets such as real estate from their original holders, and issue securities) that is in default or close to going into default, which has hope for a future return to profitability, the goal is for that SPC to commission AM services, along with proposals of finance arrangement for new capital, extensions of loan return periods, and refinancing of loans.

(Note 4) AM Replacement

This refers to an approach to real estate investment projects where the bankruptcy or decrease in creditworthiness of the real estate AM company means our company needs to be replaced, as well as improvement of debtor classification by financial institutions and restructuring of real estate investment projects that contribute to improvement of AM services.

(Note 5) AUM

Abbreviation for "Asset Under Management".

(Note 6) FLEZIO Series

This refers to real estate under investment where our company self-financed everything from purchasing the land, to designing the building and overseeing specifications. By the end of the third quarter period for the current fiscal year, the sale of all three properties was completed. They were FLEZIO LA (in Naka-ku, Nagoya, Aichi-Prefecture), FLEZIO Shimokitazawa (in Setagaya-ku, Tokyo) and FLEZIO Gotanda (in Shinagawa-ku, Tokyo).

<2> Forecast for Next Fiscal Year

Following the policy of the mid-term management plan formulated in February 2010 (for the 5 years from the August 2011 period to the August 2015 period), the Company aims to become a "*Financial / Realty Capital Management Company*" managing various kinds of global investment capital, both domestic and overseas. Efforts are being made to increase AUM and business results (600 billion yen in AUM and ordinary income 4 billion yen at the end of the August 2015 period) and to increase corporate value. While current fiscal year was a time of preparation for the mid-term management plan, the next fiscal year is the critical first year of that mid-term management plan, which we have labelled as the second start-up period for our business. In other words, it is the year to become a healthy pure AM company, with sales from pure fee business, balancing both P/L and B/S.
Until current fiscal year, improvement of the balance sheet (equity ratio of 97.4% at the end of current fiscal year), securement of Same Boat Money (approximately 2.5 billion yen from third party allotment to Unison) and strengthening of our platform (functions and arrangements investors look for in AM companies) have steadily increased our presence in the AM industry. AUM have increased 81.9% from 76,699 million yen at the end of the previous year to 139,504 million yen at the end of the current year.
This is due to expanded channels with investors who we previously had no contact with, and effect appears from expansion of deal sources from financial institutions.
In contrast to our company AUM of 140 billion yen at the end of current fiscal year, we have set a high goal of 600 billion yen in AUM by the end of the August 2015 period, so we believe an early increase in AUM is the most pressing issue of business.
For details, please refer to "3. Management Policy (4) Important Issues to be Dealt With".

Based on these points, the business results for the full year are estimated as net sales of 1,227,353 thousand yen, ordinary income of 50,000 thousand yen and net income of 46,200 thousand yen. The above business result estimates are based on information available at this time, and complied by our company. There are various risks and instabilities included in the estimates, with the possibility of actual results varying from the estimates indicated.

(2) Analysis of Financial Position

<1> Assets, Liabilities and Net Assets

(Current Assets)

Current assets decreased by 21.0% compared to the end of the previous fiscal year, to 4,866,650 thousand yen. This is mainly because while there was an increase in cash and deposits from the payment of a total of 2,500,004 thousand yen by allotment of capital to third parties, the sale of the three FLEZIO series properties meant a decrease of 3,264,050 thousand yen in real estate for sale. (For details on cash and deposits, please refer to 4.Financial Statement (4) Statement of Cash Flows).

(Noncurrent Assets)

Noncurrent assets increased by 1.0% compared to the end of the previous fiscal year, to 431,554 thousand yen. This is mainly because while 51,585 thousand yen was allocated for loss on valuation of investment securities and investments in capital, investment securities for the asset management business increased by 100,000 thousand yen, leading to an increase of 23,023 thousand yen in investments and other assets.

(Current Liabilities)

Current liabilities decreased by 79.0% compared to the end of the previous fiscal year, to 80,987 thousand yen. This is mainly because with the sale of the three FLEZIO series properties, the full amount of loans were paid back leading to a decrease of 67,200 thousand yen for current portion of long-term loans and transferring tenant Lease deposits to the purchasers causing a 154,693 thousand yen decrease in Lease deposits.

(Noncurrent Liabilities)

The balance of noncurrent liabilities is zero. This is due to the full payment loans related to the three FLEZIO series properties meaning a decrease of long-term loan by 3,537,800 thousand yen.

(Net Assets)

Net assets increased by 95.8% compared to the end of the previous fiscal year, to 5,217,218 thousand yen. The main reason for this is an increase in common stock and legal capital surplus by the payment of 2,500,004 thousand yen in allotment of capital to third parties.

<2> Cash Flow Statement

Cash and cash-equivalents (hereinafter referred to as the “capital”) for the current fiscal year increased by 92.0% compared to the end of the previous year, to 4,306,025 thousand yen.
The state of each cash flow for this fiscal year and the factors involved are as follows.
Furthermore, since the Company made a consolidated financial statement in the previous year, comparisons to business results of the previous year will not be noted.

(Cash Flow from Operating Activities)

Capital provided as a result of operating activities was 3,138,788 thousand yen.
This is due mainly to recording 15,639 thousand yen of income before income taxes for current fiscal year and the income from the decrease of 3,264,050 thousand yen in real estate for sale due to the sale of the three FLEZIO series properties.

(Cash Flow from Investing Activities)

Capital provided as a result of investing activities was 119,126 thousand yen.
This is due to 56,235 thousand yen from liquidation of subsidiaries and 160,074 thousand yen from withdrawal of trust deposits for property management trust from the sale of the FLEZIO series, while there was also cash outflow of 100,260 thousand yen for purchase of securities.

(Cash Flow from Financial Activities)

Capital used as a result of financial activities was 1,195,124 thousand yen.
This is due primarily to an income of 2,416,917 thousand yen from stock issues through allotments to third parties as well as 1,200,000 thousand yen from long-term loans payable, while at the same time there was cash outflow of 4,805,000 thousand yen due to the repayment of long-term loans payable related to the sale of real estate under principal investment.

The trends in cash flow indices for our company (our company group) are as follows.

	FY 8/06	FY 8/07	FY 8/08	FY 8/09	FY 8/10
Equity ratio (%)	47.0	50.0	69.3	40.3	97.4
Equity ratio based on market values (%)	224.5	72.4	34.0	30.8	93.5
Interest-bearing debt to cash flow ratio (years)	—	—	0.9	—	—
Interest coverage ratio (times)	—	—	67.5	—	69.2

Equity ratio: Shareholder equity / Total assets
Equity ratio based on market values: Market capitalization / Total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows
Interest coverage ratio: Operating cash flows / Interest payments

(Note 1) Financial indices for the years ended August 31, 2006 to 2009 were on a consolidated basis for calculations, and indices for the year ended August 31, 2010 were on a non-consolidated basis.
(Note 2) The market capitalization is calculated on the number of shares outstanding excluding treasury shares.
(Note 3) Cash flows are calculated using the figures for operating cash flows.
(Note 4) The interest-bearing debt to cash flow ratio and the interest coverage ratio for the fiscal years ended August 2006 and 2007 are not indicated above, as the operating cash flow was a negative.
(Note 5) The interest-bearing debt to cash flow ratio for the fiscal year ended August 2010 is not indicated as there is no interest-bearing debt at the end of the year.

(3) Policy of Distribution of Profits / Dividends for Current and Next Fiscal Years

The Company believes that plentiful retained earnings, allocated to investments in improving business efficiency and business expansion, and aiming to expand operations will lead to the greatest return of profits to shareholders. At the same time, we believe that dividends stable over the long-term are important for returning profits to shareholders.
However, we have marked the current situation as the second start-up phase for our company, and are aiming for achieving significant growth by following our mid-term management plan. We consider the current environment the perfect opportunity to further expand and develop our asset management business. We believe it is vital to allocate investments to expanding businesses and improving efficiency, through continued sufficiency of retained earnings, in order to allocate them to fund establishment and expansion as well as to the Same Boat Money for new AM services including the *Debt Restructuring* business. Therefore, although we sincerely regret this, we will refrain from paying dividends for the August 2010 period, as we did the previous period.
As for the future, consideration will be given when the fulfillment of the mid-term management plan seems viable, and we have set upon the path to stable growth.

(4) Business Risks

Among the items related to our businesses, the following include those items with a possibility of having an important impact on investor decisions. Furthermore, being aware of the possibility these risks may occur, we will seek to avoid these risks and deal with them in the event they arise. The items in this section relating to the future were decided upon by our company based on the current day that the financial report was released.

1. Worsening of Economic Conditions

Our company involved in real estate investment proposals, management and operation. There is a possibility the economy cold further worsen, with vacancy rates increasing and rent decreasing leading to worsened investment returns, and stagnation of investor's investment activities. This situation would place pressure on the income of our Company, with the possibility of affecting our financial state and business results.

2. Real Estate Market Trends

After the Lehman Brothers bankruptcy in September 2009, a global credit crunch led to lessened demand in the real estate market, which may continue for some time. In the case the downturn in the real estate market becomes long-term, investment returns may worsen, and investor's investment activities stagnate, which could place pressure on the income of our company. In the case real estate prices fall even further, there is the possibility it could affect the financial state and business results of our company.

3. Real Estate Finance Market Trends

As part of our company's asset management business, we propose investments to investors using special purpose companies and similar. There are cases where these SPC use loans from financial institutions to carry out business. Therefore changes to trends in the real estate finance market, such as investment stance of investors or lending stance of financial institutions, or an increase in interest on acquisition money and decrease in LTV (loan-to-value ratio), can affect the results of real estate investments commissioned by investors. Therefore the state of the real estate finance market has the possibility of affecting the business results and operating strategy of our company.

4. Competition

The real estate investment proposals, management and operation offered by our company's primary asset management business require superior personnel, a good track record, and financial stability. In particular after the global financial crisis, due to our company maintaining a good average in the area of financial stability, we should have a competitive advantage, but in the case that comparative attractiveness decreases compared to competitors, there is the possibility it could affect business results and the financial state of our company.

Also, the real estate investment proposals, management and operation offered by our asset management business often have operating performance comparisons with various financial instruments and investment commodities, so in the case that comparative attractiveness decreases compared to other investment options, there is the possibility it could affect business results and the financial state of our company.

5. Financing

As part of our asset management business, our company sometimes needs to contribute capital to special purpose companies, together with investors.

The mid-term management plan is based on financing along with expanding AUM. Therefore, in the case that it is not possible to acquire finances in the amount or under the conditions desired by our company, there is the possibility we will be unable to carry out the mid-term management plan as planned, and it will affect the business results of our company.

Furthermore, our company previously took loans from financial institutions using the real estate under principal investment for our asset incubation business, but as the real estate used was all sold in the August 2010 period, the amount of loans from financial institutions has become zero.

6. Risks from Natural Disasters, etc.

Should natural disasters such as typhoons, flooding, or earthquakes, or human disasters such as fires, accidents, riots, terrorism or wars occur, the value of real estate our company is managing and operating as an asset manager may be significantly damaged, which has the possibility of affecting the business results and financial condition of our company.

7. Being a Relatively New Company

Our company was established in September 2001. Therefore, there is an insufficient amount of history to predict future business results based on financial conditions and operating results from previous years.

8. Reliance on a Specific Person for Business Activities

Company president Ichirota Kato fulfills an important role in the operations and business projects of this company as its chief executive officer. If something were to make him unable to fulfill his duties in the near future, there is a possibility it will affect the business results and future business activities of our company. In response to this, our company is improving our management system by strengthening the organization and expanding and training personnel, creating an operations system that will support Mr. Kato. Also, having formed a capital and business alliance with Unison current fiscal year, business administration functions and governance are being improved, and human resources are being supplemented, so we believe the reliance on Mr. Kato in operations and business activities is slowly being eliminated.

9. Acquisition and Retention of Personnel

To carry out our company's duties, a high degree of know-how is necessary, and also for the sake of improving mutual supervision within our company, acquiring personnel with high skill levels at a rate fitting with company growth is an important task for operations. With future business expansion, the policy is to aggressively hire good personnel and train them within our company, but in the case that current employees left our company at the same time, or that we could not find enough appropriate personnel, there is the possibility it will affect business expansion and business operations, as well as future potential.

10. Legal Regulations

Our company is operating according to current legal regulations, however there is the possibility future changes to laws may have some effect on business operations. The main legal regulations our company is operating under are the following.

a. Building Lots and Buildings Transaction Business Act

As an offshoot of our asset management business, our company may act as a proxy or agent for sales or rental of real estate, so we have a license as required by the Building Lots and Buildings Transaction Business Act, and follow that act as well as all related laws during business operations.

Our company's Building Lots and Buildings Transaction license number and expiration are as indicated below. Also, for continuation of our company's main business activities, this license is necessary as indicated above, and currently our company is unaware of any reasons for cancellation or failure to renew our Building Lots and Building Transaction license.

License number:	Tokyo Metropolitan Governor (2) No. 80138
Expiration:	October 26, 2011

b. Financial Instruments and Exchange Act

Our company operates a group investment scheme, where silent partnership funds are taken from investors, investments are carried out on real estate assets including those with trust beneficiary rights, and the profits are divided out to investors with a fee collected. Additionally, as part of the asset management business, there are cases where we are handling private offerings of silent partnership funds or the sale of or acting as proxy or agent for real estate trust beneficiary rights. Therefore, we must be registered under the Financial Instruments and Exchange Act as a Class 2 Financial Instruments Business, Investment Advisory Business and Investment Management Business, and we follow that act and all related laws during business operations.

Our company's Financial Instruments and Exchange registration number and expiration are as indicated below. Also, for continuation of our company's main business activities, registration as a Class 2 Financial Instruments Business, Investment Advisory Business and Investment Management Business is necessary as indicated above, and currently our company is unaware of any reasons for cancellation of our registrations.

Registration number:	Kanto Finance Bureau Chief (FI) No. 1235 -Investment Management Business -Class 2 Financial Instruments Business -Investment Advisory and Agency Business
Expiration:	does not expire

c. Regulations for Registration as Investment Advisory Business

There are cases when our company performs discretionary business in advising investors on real estate investments or investment decisions and acting as agent for transactions. Therefore, it is necessary for our company to be registered according to the Regulations for Registration as an Investment Advisory Business, and we follow these regulations and all related laws during business operations.

Our company's Investment Advisory Business registration number and expiration are as indicated below. Also, for continuation of our company's main business activities, registration as an Investment Advisory Business is necessary as indicated above, and currently our company is unaware of any reasons for cancellation or failure to renew our registration.

Registration number:	General No. 115
Expiration:	June 30, 2014

d. Money Lending Business Act

When being commissioned for AM duties as part of our company's asset management business, there are cases when it is necessary, together with investors, to contribute capital to special purpose companies. Therefore, it is necessary for our company to be registered according to the Money Lending Business Act as a Moneylending Business, and we follow this act and all related laws during business operations.

Our company's Moneylending Business registration number and expiration are as indicated below. Also, for continuation of our company's main business activities, registration as a Moneylending Business is necessary as indicated above, and currently our company is unaware of any reasons for cancellation or failure to renew our registration.

Registration number:	Tokyo Metropolitan Governor (2) No. 29371
Expiration:	June 14, 2011

e. Real Estate Specified Joint Enterprise Act

Our company does not have authorization under the Real Estate Specified Joint Enterprise Act, but is investing in actual real estate under a structure exempt from this act, so it is possible to carry on business. Exemptions to this act are due mainly to silent partnership contracts being concluded overseas.

However, for real estate investment schemes our company will carry out in the future, there is the possibility regulations of this act will apply. Specifically, when any business uses the methods of voluntary partnership, silent partnership, or shared equity borrowing and lending to collect investments from multiple investors, jointly invest in actual real estate, and divide profits gained through operations among investors, the regulations of this act will apply.

f. Other

Real estate investment schemes are composed following laws for silent partnership contracts in the Companies Act, and using structures for general incorporated associations regulated by laws regarding general incorporated associations and general incorporated foundations.

Also, renovations and construction of buildings is carried out following the Building Standards Act and all related laws and bylaws.

Additionally, article 72 of the Lawyers Act bars the handling of legal business without a lawyer present, and article 73 of the Act bars exercising transferred rights as part of business duties, but when legal business arises our company makes sure to delegate it to a lawyer and protect the Lawyers Act while doing business.

Also, as our company has not concluded a consignment contract for asset management with an investment corporation registered under the Investment Trust and Investment Corporation Act, the asset management company stipulated in this Act does not apply to our company, and we are not performing business that the regulations of this Act apply to.

In the future, if new regulations are made regarding these laws, there is the possibility it could affect the business results or financial state of our company.

11. Future Business Expansion

Our company focuses on asset management and asset incubation as our main businesses, performing business related to both real estate and financing, but our policy for future business expansion is concentrated on asset management.

In the case that concentration of operating resources in our asset management business doesn't lead to an

expansion of AUM through expansion of investors, there is the possibility it could affect the business results or financial state of our company.

Also, should the above expansion not be carried out, there is the possibility it could affect the growth of our company.

12. Compensation for Financing with Nonrecourse Conditions

In cases where our company acquires real estate by a special purpose company based on investment proposals to investors, there are cases where financing is done using loans with nonrecourse conditions (condition where income and sale of the collateral property is the only source of recovery, also known as a limited exempt property loan). In these cases, as an exemption to the nonrecourse conditions, in cases where losses are caused to the lender due to the borrower, asset manager or other related body acting fraudulently, or due to illegally activities or environmental pollution either through intent or negligence, the compensation for these losses can be sought from investors or our company, as the asset manager. This responsibility is not a general guarantee of executing loan obligations, but there is the possibility that our company may have to accept responsibility for compensation if such losses are caused due to negligence on our company's part.

13. Policy on Profit Returns

Our company believes that plentiful retained earnings, allocated to investments in improving business efficiency and business expansion, and aiming to expand operations will lead to the greatest return of profits to shareholders. At the same time, we believe that dividends stable over the long-term are important for returning profits to shareholders.

However, we have marked the current situation as the second start-up phase for our company, and are aiming for achieving significant growth by following our mid-term management plan. We consider the current environment the perfect opportunity to further expand and develop our asset management business. We believe it is vital to allocate investments to expanding businesses and improving efficiency, through continued sufficiency of retained earnings, in order to allocate them to fund establishment and expansion as well as to the Same Boat Money for new AM services including *Debt Restructuring* business. Therefore, although we sincerely regret this, we will refrain from paying dividends for the August 2010 period, as we did the previous period.

As for the future, consideration will be given when the fulfillment of the mid-term management plan seems viable, and we have set upon the path to stable growth.

Furthermore, in accordance with the Companies Act, article 459, section 1, changes to the articles of incorporation so that the board of directors decides the dividend distribution of surpluses were determined at the general shareholders' meeting held on November 22, 2006.

14. Influence of Dilution of Stocks, such as from Exercising of Stock Options

Based on the decisions made at the board of directors meeting held on December 15, 2008, stock options are granted to the director, employees of our company and the directors and planned employees of our subsidiaries. At the date of announcement of this financial report, the number of stocks targeted for stock options was 3,900 shares, with this number being 2.5% of the total number of stocks issued. In the cases that our company's stock price is above the exercise price of the option, and all conditions for exercising are met, for each share where the stock option is exercised the stock value will be diluted.

15. Response to the Structural Calculation Forgery Problem

Of the properties that have been announced on the Ministry Land, Infrastructure, Transport and Tourism's homepage as of July 22, 2010 to have forged structural calculations according to local public authorities ("forged properties" below), or properties that have been announced as having insufficient structural strength, none are included in the properties our company is currently commissioned, or was previously commissioned, to handle in our asset management business ("commissioned properties" below), nor are any included in the properties we previously retained for our asset incubation business ("retained properties" below).

However, in the unlikely event that the involvement of someone involved in this problem comes to light for our commissioned or retained properties, or if some other person is revealed to have forged structural calculations for our commissioned or retained properties, there is the possibility it will affect the business results and financial state of our company.

16. Harmful Materials

In cases where our company has land, land lease rights or superficies, or is entrusted with these through trust beneficiary rights, we carry out inspections into the presence of harmful materials based on the situation, but in the case losses must be covered as described below, it could affect the business results of our company.

The possibility of harmful materials such as industrial waste being buried in land cannot be denied, and in the case harmful materials are buried the value of that land may decrease. Also, in cases where to remove these harmful materials it is necessary to replace and purify the soil, unexpected fees may occur. Additionally, if a third party incurs damages due to these harmful materials, it is possible the obligation to compensate these losses may fall directly or indirectly through trust on our company or silent partners commissioning asset management services from our company. For soil contamination, in the case certain facilities are placed to deal with specific harmful materials as set out in the Soil Contamination Countermeasures Act and in cases where the possibility of people's health being harmed due to contamination of soil by specific harmful materials, the owner, manager and occupants of the land may be ordered to report on contamination status, or ordered to remove the relevant contamination, prevent the spread of the contamination, or take other necessary actions. In these cases, we will not always be able to immediately acquire reimbursement from those responsible for these costs, which would be unavoidable expenditures for our company or silent partners.

For buildings, there is the possibility that building materials containing harmful materials such as asbestos or PCBs are being used generally, or were used in the past. There is also the possibility that unexpected costs may arise due to the need to partially or wholly replace building materials containing these harmful materials. Additionally, if a third party incurs damages due to these harmful materials, it is possible the obligation to compensate these losses may fall directly or indirectly through trust on our company or silent partners commissioning asset management services from our company. In the event that the use of harmful materials becomes clear for properties our company is currently or has in the past been commissioned for our asset management business, or properties retained for our asset incubation business, appropriate measures will be taken according to the relevant laws.

Also, there is the possibility that in the future laws will be established and enforced with the goal of environmental protection, adding obligations for inspection, removal and compensation of losses related to contamination of the atmosphere, soil, or groundwater.

17. Taxation and Accounting Systems

If changes occur to taxation or accounting guidelines, cost increases in holding, acquiring or selling assets, as well as changes in the investment stance of investors, could affect the business results and financial position of our company.

Also, for real estate funds our company is performing AM for, the control and influence guidelines for investment partnerships will be applied, and decisions will be made individually on whether they are consolidated or unconsolidated. If the interpretation on consolidation changes and auditor opinions change, it could change the area of consolidation for our company, and affect our business results and financial situation.

18. Protection of Personal Information

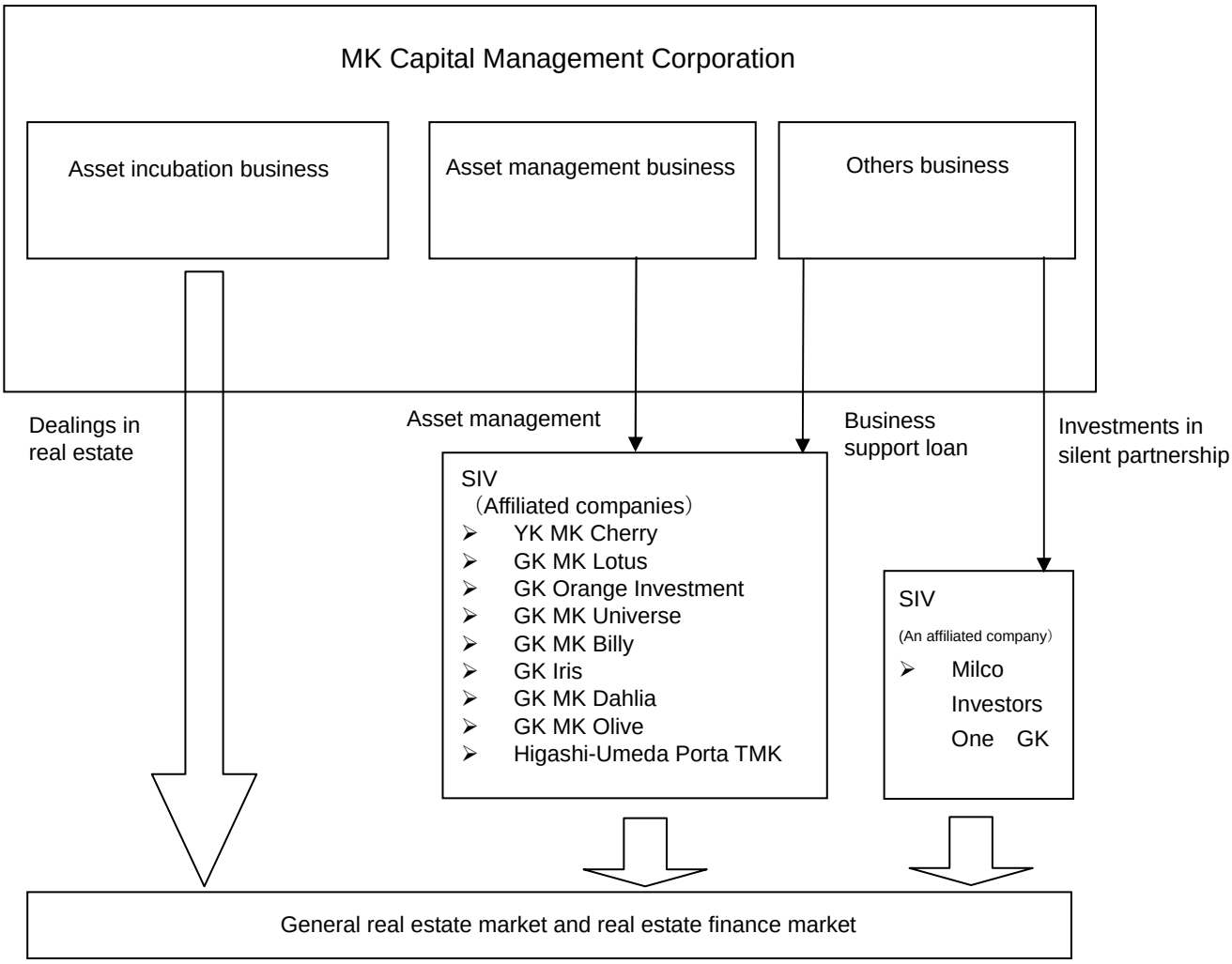
The business our company runs means personal information is in our possession for large numbers of clients, such as property purchasers, building owners and building tenants. The amount of information should increase as business expands, but we are planning to strengthen our information management system and management of personal information, following the Personal Information Protection Act. However, if personal information possessed by our company is leaked externally through some unforeseen circumstance, or if important corporate information is leaked externally through the retirement of an employee, trust in our company will be damaged, and there is a possibility it would affect our business results and financial situation.

2. State of Business Group

Our company's business group is composed of this company and 10 affiliated companies, as well as four associated companies, running business including asset management which uses investment vehicles to operate and manage real estate commissioned from investors, asset incubation through real estate under principal investment, and financing of real estate capital (business support loans) and silent partnership funds for real estate investment funds.

Also, as of this business year, due to third-party capital allotment, the four companies Unison Capital I, L.P., Unison Capital II,L.P., Unison Capital Partners III(A) and Unison Capital Partners III(B) are new other associated companies.

The business organization of our business group is as follows.



(Notes)

1. As of February 26, 2010, liquidation was completed for the consolidated subsidiary KK MK Design and Architect .
2. The above affiliated companies are all non-equity method affiliates.

3. Management Policy

(1) Basic Policy for Company Management

We believe the strength of our company lies in know-how in both areas of real estate and finance as well as fast operation. Also, by taking the capital and human resources for a wide array of investment opportunities and dividing them as much as possible into the best investment opportunities and the best business, our policy is to maximize profit and grow continuously.

Our company's corporate concept is based on providing the best service possible for each asset "Asset＋Désign＋Producer", and the source of our company name "Maximize Knowledge", referring to the best knowledge and strategy. We would like to continue moving forward, responding to the environment with sensitivity and alacrity.

(2) Target Management Indicators

In order to avoid as much as possible the effect on management of fluctuation risks in asset values and profit conflict risks with investors, operating resources are focused on the fee business of asset management. This is because when investors choose AM companies, financial stability is an important basis for this selection. Also, as we consider financial stability one of our company's strengths, our policy is to generally continue to maintain a equity ratio of 50% or more.

Based on the above policy, we will follow our mid-term management plan (for the 5 years of the August 2011 period to the August 2015 period), and aim to become a "*Financial / Realty Capital Management Company*" managing various types of global investment capital, both domestic and overseas, and also aim to expand our business results and AUM (for the August 2015 period end, 600 billion yen AUM, 4 billion yen ordinary income). Therefore, the management indicators we are setting as targets are AUM, sales and ordinary income. Through expanding AUM, in addition to simply increasing sales derived from AUM, we will also work towards adding value as an asset manager, and increasing business efficiency to improve the budget, increasing ordinary income.

In addition, our policy is to aim for stable increase of business results, and growth of current net income per share.

(3) Medium- and Long-term Management Strategies

Following our mid-term management plan (for the 5 years of the August 2011 period to the August 2015 period) our company will aim to become a "*Financial / Realty Capital Management Company*" managing various types of global investment capital, both domestic and overseas, and to expand AUM and business performance (600 billion yen in AUM and 4 billion yen in ordinary income for the year ending Aug. 2015), in an effort to increase corporate value.

(4) Important Issues to be Dealt With

Our company has created a mid-term management plan, with the time from the August 2011 period to the August 2015 period being planned. This mid-term management plan is a path towards stable growth, aiming to achieve 600 billion yen AUM and 4 billion yen ordinary income by the end of the August 2015 period, and for this company to become a "Financial and Real Estate Capital Management Company" managing all kinds of global investment capital, both domestic and international.

In order to achieve this, we intend specifically to deal with the following three issues.

1. Advancement of *Debt Restructuring* Business

Focusing on the price gap between sellers and buyers for real estate, while adjusting interests of senior lenders, mezzanine lenders and equity investors, as part of expanding AUM our company will manage assets for properties we have been commissioned for, and work on our *Debt Restructuring* business. To advance this business, it is vital not only to provide operating services that match current market needs, but also to improve relations with financial institutions and increase the quality and quantity of deal sourcing. Therefore, on September 1, 2010 a large-scale organizational reform was carried out, with a Financial Corporation Sales Department created within the Sales Division, in order to improve coverage of financial institutions. We will continue to work towards improving relations with financial institutions in order to acquire more promising investment opportunities in the future.

2. Fund Expansion and Improved Operational Capability

In addition to the deal-by-deal system we have used in the past, we are putting effort into building a track record for establishing and operating funds that invest according to certain criteria. With the large-scale organizational reform carried out on September 1, 2010 a Client Relations Department was created within the Sales Division, in order to improve coverage of investors. Also, through the creation of a Risk Management Department within the Middle Office Division, we are working to improve our risk management system.

As compared to deal-by-deal AM commissions, functions provided for investors increase with establishing and operating funds, so new revenue sources can be anticipated from fund management fees derived from AM. Also, as investments are carried out based on predetermined criteria, not only are speedier investments possible after information is obtained, but it is also possible to acquire more information from a deal sourcing perspective.

Through these efforts, we aim to expand services sought by investors, build up a track record of fund establishment and operation, and in the future create and operate larger funds and funds with new investment criteria, such as core funds and mezzanine loan funds.

3. Replacement of other asset managers

In addition to the above two points, we will continue to put effort into replacing other asset managers.

This is due to the fact that not only did *AM replacement*s contribute significantly to AUM expansion in the August 2010 period, but also because there will continue to be a large demand for *AM replacement*s. The Japanese real estate investment market is said to be around 15 trillion yen, so even the current volume of real estate being managed is vast. However, there is a limit to the number of management companies that investors can trust in every aspect, such as financial base, compliance, and management ability. Therefore, the need to commission management from a more trustworthy AM company will remain strong, with this trend being particularly strong in regards to management of large-scale investments.

MK Capital Management

FASF MEMBERSHIP

Financial Statements

(1) Balance Sheets

(Thousands of yen)

	FY 2009 (As of Aug. 31, 2009)	FY 2010 (As of Aug. 31, 2010)
Assets		
Current assets		
Cash and deposits	2,243,234	4,306,025
Accounts receivable-trade	61,934	295,055
Operating loans	*2 815,315	*2 890,188
Real estate for sale	*1 3,264,050	—
Advance payments -trade	11,550	—
Prepaid expenses	21,616	12,438
Accrued income	—	58,366
Accounts receivable-other	16,862	6,008
Deposits held in trust	107,025	—
Other	81,189	8,089
Allowance for doubtful accounts	(462,153)	(709,523)
Total current assets	6,160,625	4,866,650
Noncurrent assets		
Property, plant and equipment		
Buildings	38,593	38,593
Tool, furniture and fixtures	53,803	55,373
Accumulated depreciation	(25,739)	(38,134)
Total property, plant and equipment	66,656	55,831
Intangible assets		
Right of trademark	504	473
Software	24,860	16,874
Total intangible assets	25,365	17,347
Investments and other assets		
Investment securities	54,884	126,284
Stocks of subsidiaries and affiliates	30,000	0
Investments in other securities of subsidiaries and affiliates	161,782	*1 166,414
Investment in capital	41,977	28,168
Other	46,707	37,507
Total investment and other assets	335,352	358,375
Total noncurrent assets	427,374	431,554
Total assets	6,587,999	5,298,205

(Thousands of yen)

	FY 2009 (As of Aug. 31, 2009)	FY 2010 (As of Aug. 31, 2010)
Liabilities		
Current liabilities		
Accounts payable-trade	84,539	10,496
Current portion of long-term loans	*1 67,200	—
Accounts payable-other	18,038	18,195
Accrued expenses	15,000	5,000
Income taxes payable	5,160	9,754
Deposits received	10,410	15,566
Unearned revenue	24,438	16,327
Lease deposits	154,693	—
Other	5,573	5,647
Total current liabilities	385,053	80,987
Noncurrent liabilities		
Long-term loans	*1 3,537,800	—
Total noncurrent liabilities	3,537,800	—
Total liabilities	3,922,853	80,987
Net Assets		
Shareholders' equity		
Common stock	2,143,747	3,402,288
Capital surplus		
Legal capital surplus	2,424,143	1,747,794
Total capital surplus	2,424,143	1,747,794
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(1,926,350)	11,839
Total retained earrings	(1,926,350)	11,839
Total shareholders' equity	2,641,540	5,161,922
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(36)	(38)
Total valuation and translation adjustments	(36)	(38)
Subscription rights to shares	23,643	55,334
Total net assets	2,665,146	5,217,218
Total liabilities and net assets	6,587,999	5,298,205

MK Capital Management

FASF MEMBERSHIP

(2) Statement of Income

(Thousands of yen)

	FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)	FY 2010 (Sep. 1, 2009 – Aug. 31, 2010)
Net sales	1,892,377	4,642,354
Cost of sales	*4 5,807,780	*2 3,471,561
Gross profit (loss)	(3,915,403)	1,170,792
Selling, general and administrative expenses		
Directors' compensations	80,350	74,657
Salaries	178,649	300,154
Bonuses	15,519	28,353
Advertising expenses	24,487	—
Taxes and dues	39,618	—
Commission fee	21,363	—
Compensations	42,754	38,839
Allowance for doubtful accounts	411,853	247,369
Rents	98,874	35,208
Depreciation	19,193	13,284
Other	155,972	246,514
Total Selling, general and administrative expenses	1,088,637	984,382
Operating income(loss)	(5,004,040)	186,410
Non-operating income		
Interest income	*1 4,259	1,287
Fiduciary obligation fee	—	*1 770
Interest on refund	—	357
Miscellaneous income	*1 31,277	566
Total Non-operating income	35,537	2,982
Non-operating expenses		
Interest expenses	66,618	49,305
Stock issuance cost	235	98,374
Financing expenses	36,946	—
Miscellaneous loss	3,437	644
Total Non-operating expenses	107,237	148,325
Ordinary income (loss)	(5,075,740)	41,066
Extraordinary income		
Gain on extinguishment of tie-in shares	97,661	—
Gain on reversal of subscription rights to shares	73,310	—
Gain on liquidation of subsidiary	—	26,235
Total Extraordinary income	170,971	26,235
Extraordinary loss		
Loss on sale of noncurrent assets	*5 1,425	—
Loss on retirement of noncurrent assets	*2 4,325	—
Impairment loss	*3 89,330	—
Loss on valuation of investment securities	847,261	34,152
Loss on valuation of investments in capital	1,114	17,433
Business structure improvement expenses	*6 211,305	—
Office transfer expenses	28,400	—
Other	197	77
Total Extraordinary losses	1,183,360	51,662
Income (loss) before income taxes	(6,088,129)	15,639
Income taxes -current	950	3,800
Income taxes-deferred	120,480	—
Total income taxes	121,430	3,800
Net income (loss)	(6,209,559)	11,839

MK Capital Management

FASF MEMBERSHIP

Cost of sales Statement

(Thousands of yen)

		FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)			FY 2010 (Sep. 1, 2009 – Aug. 31, 2010)		
Item	Note No.	Amount		Percentage (%)	Amount		Percentage (%)
Ⅰ Cost of sales real estate							
Initial inventories of real estate for sale			6,204,807			3,264,050	
Purchase amount of real estate for sale for the current term							
Acquisition cost of land and building		2,573,572			22,585		
Overhead cost		206,404	2,779,976		96,272	118,858	
Sub-total			8,984,784			3,382,908	
Term-end inventories of real estate for sale			3,264,050			–	
Net cost of purchasing real estate for sale			5,720,734	98.5		3,382,908	97.4
Ⅱ Other cost of sales			87,045	1.5		88,653	2.6
Total			5,807,780	100.0		3,471,561	100.0

MK Capital Management

FASF MEMBERSHIP

(3) Statement of Changes in Net Assets

(Thousands of yen)

	FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)	FY 2010 (Sep. 1, 2009 – Aug. 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	2,137,075	2,143,747
Changes in the fiscal year		
New stock issued	6,671	1,258,540
Total changes in the fiscal year	6,671	1,258,540
Balance at the end of current period	2,143,747	3,402,288
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	2,417,471	2,424,143
Changes in the fiscal year		
New stock issued	6,671	1,250,002
Reversal of legal capital surplus	—	(1,926,350)
Total changes in the fiscal year	6,671	(676,348)
Balance at the end of current period	2,424,143	1,747,794
Other capital surplus		
Balance at the end of previous period	—	—
Changes in the fiscal year		
Reversal of legal capital surplus	—	1,926,350
Deficit disposition	—	(1,926,350)
Total changes in the fiscal year	—	—
Total capital surplus		
Balance at the end of previous period	2,417,471	2,424,143
Changes in the fiscal year		
New stock issued	6,671	1,250,002
Reversal of legal capital surplus	—	—
Deficit disposition	—	(1,926,350)
Total changes in the fiscal year	6,671	(676,348)
Balance at the end of current period	2,424,143	1,747,794
Retained earnings		
Other capital surplus		
Retained earnings brought forward		
Balance at the end of previous period	4,370,163	(1,926,350)
Changes in the fiscal year		
Dividends	(86,955)	—
Net income (loss)	(6,209,559)	11,839
Deficit disposition	—	1,926,350
Total changes in the fiscal year	(6,296,514)	1,938,190
Balance at the end of current period	(1,926,350)	11,839
Total retained earnings		
Balance at the end of previous period	4,370,163	(1,926,350)
Changes in the fiscal year		
Dividends	(86,955)	—
Net income loss)	(6,209,559)	11,839
Deficit disposition	—	1,926,350
Total changes in the fiscal year	(6,296,514)	1,938,190
Balance at the end of current period	(1,926,350)	11,839

(Thousands of yen)

	FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)	FY 2010 (Sep. 1, 2009 – Aug. 31, 2010)
Total shareholders' equity		
Balance at the end of previous period	8,924,711	2,641,540
Changes in the fiscal year		
New stock issued	13,343	2,508,542
Dividends	(86,955)	—
Net income (loss)	(6,209,559)	11,839
Reversal of legal capital surplus	—	—
Deficit disposition	—	—
Total changes in the fiscal year	(6,283,171)	2,520,381
Balance at the end of current period	2,641,540	5,161,922
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	—	(36)
Changes in the fiscal year		
Net changes of items other than shareholders' equity	(36)	(1)
Total changes in the fiscal year	(36)	(1)
Balance at the end of current period	(36)	(38)
Total valuation and translation adjustment		
Balance at the end of previous period	—	(36)
Changes in the fiscal year		
Net changes of items other than shareholders' equity	(36)	(1)
Total changes in the fiscal year	(36)	(1)
Balance at the end of current period	(36)	(38)
Subscription rights to shares		
Balance at the end of previous period	60,583	23,643
Changes in the fiscal year		
Net changes of items other than shareholders' equity	(36,940)	31,691
Total changes in the fiscal year	(36,940)	31,691
Balance at the end of current period	23,643	55,334
Total net assets		
Balance at the end of previous period	8,985,295	2,665,146
Changes in the fiscal year		
New stock issue	13,343	2,508,542
Dividends from surplus	(86,955)	—
Net income (loss)	(6,209,559)	11,839
Reversal of legal capital surplus	—	—
Deficit disposition	—	—
Net changes of items other than shareholders' equity	(36,977)	31,689
Total changes in the fiscal year	(6,320,149)	2,552,071
Balance at the end of current period	2,665,146	5,217,218

MK Capital Management

FASF MEMBERSHIP

(4) Statement of Cash Flows

(Thousands of yen)

	FY 2010 (Sep. 1, 2009 – Aug. 31, 2010)
Operating activities	
Income (loss) before taxes	15,639
Depreciation and amortization	21,356
Increase (decrease) in allowance for doubtful accounts	247,369
Interest and dividends income	(1,290)
Interest expenses	49,305
Stock based compensation expense	31,691
Stock issuance cost	98,374
Loss (gain) on valuation of investment securities	34,152
Loss on valuation of investments in capital	17,433
Loss (gain) on liquidation of subsidiary	(26,235)
Decrease (increase) in notes and accounts receivable-trade	(233,121)
Decrease (increase) in operating loans receivable	(74,872)
Decrease (increase) in real estate for sale	3,264,050
Increase (decrease) in notes and accounts payable-trade	(62,493)
Increase (decrease) in lease deposits received	(154,693)
Other, net	(53,792)
Subtotal	3,172,873
Interest and dividends income received	1,290
Interest expenses paid	(45,356)
Income taxes (paid) refund	9,981
Net cash provided by operating activities	3,138,788
Investing activities	
Purchase of property, plant and equipment	(2,636)
Proceeds from sales of property, plant and equipment	105
Purchase of investment securities	(100,260)
Proceeds from sales of securities	33
Proceeds from withdrawal of trust deposits	160,074
Collection of liquidation of subsidiary	56,235
Collection of investments in capital	2,375
Payment for investments in capital	(6,000)
Proceeds from collection of lease and guarantee deposits	10,000
Other, net	(800)
Net cash provided by investing activities	119,126
Financing activities	
Proceeds from long-term loans payable	1,200,000
Repayment of long-term loans payable	(4,805,000)
Proceeds from issuance of common stock	2,416,917
Cash dividends paid	(291)
Other, net	(6,750)
Net cash used in financing activities	(1,195,124)
Net increase (decrease) in cash and cash equivalents	2,062,791
Cash and cash equivalents at beginning of the period	2,243,234
Cash and cash equivalents at end of the period	* 4,306,025

(5) [Notes on Premises of Going Concerns]
Not applicable

(6) [Significant Accounting Policies]

Item	Previous Fiscal Year (from September 1, 2008 to August 31, 2009)	Current Fiscal Year (from September 1, 2009 to August 31, 2010)
1. Valuation standards and valuation methods for securities	(1) Available-for-sale securities 1) Securities with market value Valuation method based on fair value etc. at the end of fiscal year (All valuation differences are treated as a component of net assets, and cost of securities sold is calculated through use of a moving-average method) 2) Securities without market value Cost approach with moving-average method 3) Accounting procedures for investments in silent partnership funds When investing in silent partnership funds, equity equivalents for property held by such organizations are recorded as “investment securities” or “other affiliate securities.” When investing in anonymous organizations, “investment securities” and “other affiliate securities” are recorded. Equity equivalents for net income or loss secured by the anonymous organization are recorded in “sales” and “cost of sales,” and the same amounts are also added or subtracted to “investment securities” or “other affiliate securities.” Refunds on investments by operators are reduced from “investment securities” or “other affiliate securities.” (2) Shares in subsidiary and affiliate companies Cost approach with moving-average method	(1) Available-for-sale securities 1) Securities with market value As per left 2) Securities without market value As per left 3) Accounting procedures for investments in anonymous association As per left (2) Shares in subsidiary and affiliate companies As per left
2. Valuation standards and Valuation methods for inventories	Inventories held for normal sales purposes Real estate for sale Performed through an identified cost method (by way of inventory write-down based on decreased profitability)	Inventories held for normal sales purposes Real estate for sale As per left
3. Depreciation methods for noncurrent assets	(1) Property, plant and equipment (excluding leased assets) A straight-line method is used for buildings (excluding facilities attached to buildings), while a declining-balance method is used for all other items. Useful lives of major items are as follows. Buildings: 8-31 years Vehicles and transport equipment: 6 years Equipment and fixtures: 2-15 years (2) Intangible assets 1) Trademark rights A straight-line method is used for these. Useful life is 10 years.	(1) Property, plant and equipment (excluding leased assets) A straight-line method is used for buildings (excluding facilities attached to buildings), while a declining-balance method is used for all other items. Useful lives of major items are as follows. Buildings: 15-31 years Equipment and fixtures: 4-15 years (2) Intangible assets(excluding leased assets) 1) Trademark rights As per left

Item	Previous Fiscal Year (from September 1, 2008 to August 31, 2009)	Current Fiscal Year (from September 1, 2009 to August 31, 2010)
	2) Software Based on a straight-line method. For software that is purchased for in-house use, a straight-line method based on its expected usable life (5 years) within the company is used.	2) Software As per left
4. Processing method for deferred assets	Stock issuance expenses All expenses were recognized when making payments	Stock issuance expenses As per left
5. Accounting standards for significant reserves	Allowance for doubtful accounts In order to prepare for credit losses on receivables, general loans are treated based on the historical write-off ratio, while for certain loans, such as loans with default possibility, we investigate individual collectability, and record amounts that are expected to be unrecoverable.	Allowance for doubtful accounts As per left
6. Scope of cash and cash equivalents in cash flow statements	—	Cash on hand, bank deposits that can be withdrawn freely, and highly-liquid short-term investments with maturities of not exceeding three months and with the minimum risk for fluctuation of value at the time of purchase.
7. Other items of fundamental importance in preparing financial statements	Accounting procedures for consumption and other taxes Accounting procedures for consumption tax and local consumption tax are based on a tax-excluded method. Nondeductible consumption tax is treated as a term expense to be borne in the current term.	Accounting procedures for consumption and other taxes As per left

(7) [Changes in Accounting Policies]

Previous Fiscal Year (from September 1, 2008 to August 31, 2009)	Current Fiscal Year (from September 1, 2009 to August 31, 2010)
(Accounting standards for measurement of inventories) As of the current fiscal year, we have been applying "Accounting Standards for Measurement of Inventories" (ASBJ statement No. 9; July 5, 2006), and in terms of valuation standards, we have switched from a cost approach to a cost approach (by way of inventory write-down based on decreased profitability). As a result, in comparison with the case where the conventional method were used, gross loss, operating loss, ordinary loss and net loss before taxes have all increased by ¥2,528,075 thousand.	—

[Changes in Presentation]

Previous Fiscal Year (from September 1, 2008 to August 31, 2009)	Current Fiscal Year (from September 1, 2009 to August 31, 2010)
(Regarding balance sheets) (1) Because the importance of "Trust deposits," as included in "Other" current assets in the previous fiscal year, increased, during the current fiscal year we have made a change to present this item separately. The value of "Trust deposits," as included in "Other" current assets in the previous fiscal year, was ¥40,593 thousand. (2) Because the importance of "Lease deposits," as included in "Other" current liabilities in the previous fiscal year, increased, during the current fiscal year we have made a change to present this item separately. The value of "Lease deposits," as included in "Other" current liabilities in the previous fiscal year, was ¥31,590 thousand.	(Regarding balance sheets) (1) Because "Uncollected income," as included in "Other" current assets in the previous fiscal year, exceeded 1/100 of the total value of total assets in the current fiscal year, we have presented this item separately. The value of "Uncollected income," as included in "Other" current assets in the previous fiscal year, was ¥45,284 thousand. (Regarding statement of income) (1) Because the importance of "Advertising expenses," "Taxes and public charges," and "Commissions paid" – all of which were presented separately in the previous fiscal year – have decreased, we have decided to present them all together. In the current fiscal year, the ¥17,098 thousand, ¥22,474 thousand and ¥16,202 thousand that these totaled, respectively, have been included in "Other" selling and general administrative expenses. (2) Regarding "Trust deposits" and "Interest on refunds," which were included in "Miscellaneous income" under non-operating income in the previous fiscal year, these exceeded 10/100 of the total value of non-operating income in the current fiscal year, and therefore they are presented separately. The value of "Trust deposits," as included in "Miscellaneous income" under non-operating income in the previous fiscal year, was ¥3,055 thousand, while the value of "Interest on refunds" was ¥329 thousand. (3) Because "Loss on sale of noncurrent assets," which was presented separately in the previous fiscal year, totaled less than 10/100 of the total value of extraordinary losses for the current fiscal year, we decided to list this together with other items. It is included in the ¥77 thousand represented by "Other" extraordinary losses for the current fiscal year.

(8) [Notes to Financial Statements]
(Regarding balance sheets)

Previous Fiscal Year (Year to August 31, 2009)	Current Fiscal Year (Year to August 31, 2010)
*1 Pledged assets and secured debt Items used as collateral for our ¥67,200 thousand in long-term debt due within one year and ¥3,537,800 thousand in long-term debt are as follows. Real estate for resale: ¥3,264,050 thousand *2 Items for affiliate companies that are included in each subject, apart from those listed separately, are as follows. Operating loans：¥368,485 thousand 3. Contingent liabilities With regard to the procuring of non-recourse loans from financial institutions (hereafter, “lenders”) by operators of some silent partnership funds with which the Company has entered into management agreements, we have signed indemnity contracts as a sponsor with these lenders. In these indemnity contracts, there is a clause that stipulates that where the real estate invested in (the nonexempt property) is shown to be in violation of any environmental laws, or any laws concerning hazardous material regulations, the Company shall compensate the lender for any damages suffered, even if the Company has not engaged in fraudulent practice or any illegal behavior, either deliberate or resulting from gross negligence. Burden ratios for compensatory obligations that arise due to this clause are determined separately, based on agreements with capital investors in silent partnership funds, and at the end of the current fiscal year, the Company’s upper limit on compensatory amounts stands at ¥333,800 thousand.	*1 Pledged assets and secured loans Among other affiliate company securities, ¥166,414 thousand in these has been used as security for affiliate company debt. *2 Items for affiliate companies that are included in each subject, apart from those listed separately, are as follows. Operating loans: ¥356,486 thousand 3. Contingent liabilities With regard to the procuring of non-recourse loans from financial institutions (hereafter, “lenders”) by operators of some silent partnership funds with which the Company has entered into management agreements, we have signed indemnity contracts as a sponsor with these lenders. In these indemnity contracts, there is a clause that stipulates that where the real estate invested in (the nonexempt property) is shown to be in violation of any environmental laws, or any laws concerning hazardous material regulations, the Company shall compensate the lender for any damages suffered, even if the Company has not engaged in fraudulent practice or any illegal behavior, either deliberate or resulting from gross negligence. Burden ratios for compensatory obligations that arise due to this clause are determined separately, based on agreements with capital investors in silent partnership funds, and at the end of the current fiscal year, the Company’s upper limit on compensatory amounts stands at ¥265,550 thousand.

(Regarding statement of income)

<table>
<tr><th>Previous Fiscal Year
(from September 1, 2008 to August 31, 2009)</th><th>Current Fiscal Year
(from September 1, 2009 to August 31, 2010)</th></tr>
<tr><td>*1 Items for affiliates that are included in each subject are as follows.
Interest income: ¥2,039 thousand
Miscellaneous income: ¥30,831 thousand</td><td>*1 Items for affiliates that are included in each subject are as follows.
Business commission expenses: ¥770 thousand</td></tr>
<tr><td>*2 Details for losses on retirement of noncurrent assets are as follows.
Equipment and fixtures: ¥4,325 thousand</td><td>—</td></tr>
<tr><td>*3 Impairment loss
The Company recorded impairment losses for the following assets.
<table>
<tr><th>Use</th><th>Type</th><th>Location</th><th>Other</th></tr>
<tr><td>Inside work</td><td>Buildings</td><td>Main office Minato-ku, Tokyo</td><td>Inside work in offices that were being leased.</td></tr>
<tr><td>Asset manage ment systems</td><td>Software</td><td>As above</td><td>Items for data management of asset deposits from customers and investors.</td></tr>
</table>
Due to transfer of the Company's office, inside work (¥84,580 thousand) was expected to be retired even sooner than initially planned. Regarding asset management systems (¥4,750 thousand), future development was delayed and there was no certainty over prospects for future use. Therefore, the full value of book value for each asset decreased, and the total amount of these reductions was recorded as an impairment loss (¥89,330 thousand) under extraordinary losses.</td><td>—</td></tr>
<tr><td>*4 Value of inventory write downs based on decreased profitability of inventories held for normal sales purposes
Cost of sales: ¥4,019,464 thousand</td><td>*2 Value of inventory write downs based on decreased profitability of inventory held for normal retail purposes
Cost of sales: ¥27,429 thousand</td></tr>
<tr><td>*5 Details for loss on sales of noncurrent assets are as follows
Equipment and fixtures: ¥1,425 thousand</td><td>—</td></tr>
<tr><td>*6 The following is a breakdown of business restructuring expenses.
Retirement lump sum grants: ¥21,371 thousand
Exit penalties due to transfer of office: ¥189,934 thousand</td><td>—</td></tr>
</table>

(Regarding statement of changes in net assets)
Current fiscal year (from September 1, 2009 to August 31, 2010)

1. Items concerning type and total number of issued shares

Type of share	End of previous fiscal year	Increase	Decrease	End of current fiscal year
Common stock (shares)	60,670	96,634	—	157,304

(Summary of reasons for change)
The following is a breakdown of increases.
Allotment of new shares to third parties: 96,154 shares
Increase due to execution of subscription rights for new shares: 480 shares

2. Items concerning subscription rights for new shares

Breakdown	Type of shares to be issued	Number of shares to be issued				Balance at the end of current fiscal year (thousands of yen)
		End of previous fiscal year	Increase	Decrease	End of current fiscal year	
Subscription rights for new shares as stock options	—	—	—	—	—	55,334
Total	—	—	—	—	—	55,334

(Regarding statement of cash flows)

Current Fiscal Year (from September 1, 2009 To August 31, 2010)	
* Relationship between term-end balances for cash and cash equivalents, and money amounts for subjects listed in balance sheets	
Cash and deposit	¥4,306,025 thousand
Cash and cash equivalents	¥4,306,025 thousand

(Regarding lease transactions)
Current fiscal year (from September 1, 2009 To August 31, 2010)
As lease transactions were of low importance, notes have been omitted.

(Regarding financial products)

Current fiscal year (from September 1, 2009 To August 31, 2010)

(Additional information)

As of the current fiscal year, we are applying “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10, March 10, 2008) and “Guidance on Accounting Standard for Financial Instruments and Related Disclosures” (ASBJ Guidance No. 19, March 10, 2008).

1. Items Concerning the State of Financial Instruments

(1) Policies of financial instruments

The Company mainly provides loans to special-purpose companies that are involved in asset management business. Management of temporary surplus funds is restricted to short-term deposits.

(2) Details of financial instruments, their risks and risk management systems

Accounts receivable and operating loans, both of which are operating receivables, are exposed to credit risks from special-purpose companies. With regard to these risks, as well as performing term administration and balance management for each business partner, we have systems in place for assessing credit situations.

Investment securities mainly include specified company bonds issued by special-purpose companies, as well as investments made by silent partnership funds in special-purpose companies, and are exposed to credit risks from the issuer. For these risks, we have systems in place for periodically assessing the financial conditions of issuers, for each individual transaction, and for assessing their credit situations.

We do not engage in derivatives trading at all.

(3) Supplementary explanation for items concerning fair values of financial instruments

As well as values based on market prices, where there is no market value, reasonably calculated values are also included in fair values for financial instruments. Because certain preconditions are used in calculations for these values, these values may differ when based on different preconditions.

2. Items concerning fair values of financial instruments

The following table shows balance sheet amounts and fair values recorded for the year to August 31, 2010, and the differences between these amounts. Items for which fair values were deemed prohibitively difficult to assess are not included (see (Note 2)).

(Thousands of yen)

	Balance Sheet Amount	Fair Value	Difference
(1) Cash and deposits	4,306,025	4,306,025	—
(2) Accounts receivable	295,055		
Allowance for doubtful accounts (*1)	(89,594)		
	205,461	205,461	—
(3) Operating loans	890,188		
Allowance for doubtful accounts (*1)	(619,568)		
	270,619	270,619	—
(4) Investment securities			
1) Available-for sale securities	100,210	100,210	—
Total Assets	4,882,318	4,882,318	—

(*1) General allowances for doubtful accounts and individual allowances for doubtful accounts pertaining to both accounts receivable and operating loans have been deducted.

(Note 1) Calculation methods used for fair values of financial instruments, and items concerning securities

Assets

(1) Cash and deposits, (2) Accounts receivable

Because these consist mainly of items that can be settled in short time, their fair values approach book values, and therefore these are based on book values.

(3) Fair values for operating loans are calculated based on current values with totals of principals and interest, which are set with consideration given to credit risks, discounted at appropriate interest rates such as a risk-free rate.

(4) Investment securities

For shares, stock exchange prices are treated as fair values, while for securities, these are based on a calculation method that discounts future cash flows by interest rates expected to prevail where securities are newly underwritten in the same manner. For details on items concerning securities according to holding purpose, see notes under "Concerning securities."

(Note 2) Financial instruments for which it was deemed prohibitively difficult to assess fair value

(Thousands of yen)

Classification	Balance Sheet Amount
Unlisted shares	690
Funds invested in silent partnership funds	191,798
Total	192,488

Because there was no market price for these items, and their fair value was deemed prohibitively difficult to assess, they are not included in "(4) Investment securities." Also, financial products described by "Other affiliate company securities," as contained in balance sheets, are included in the above-listed "Funds invested in silent partnership funds."

(Note 3) Expected redemption amounts for monetary claims and maturing securities following settlement dates

(Thousands of yen)

	Within 1 Years	In 1-5 Years	In 5-10 Years	After More Than 10 Years
Deposits	4,306,025	—	—	—
Accounts receivable	295,055	—	—	—
Operating loans	462,012	428,176	—	—
Investment securities				
Maturing specified company bonds included in available-for-sale securities	—	100,000	—	—
Total	5,063,092	528,176	—	—

(Regarding securities)

Current fiscal year

1. Available-for-sale securities (year to August 31, 2010)

(Thousands of yen)

Classification	Balance Sheet Amounts on Balance Sheet Date	Acquisition Cost	Difference
Items for which balance sheet amount exceeds acquisition cost			
1) Shares	—	—	—
2) Receivables	—	—	—
3) Other	—	—	—
Subtotal	—	—	—
Items for which balance sheet amount does not exceed acquisition cost			
1) Shares	210	248	(38)
2) Receivables	100,000	100,000	—
3) Other	—	—	—
Subtotal	100,210	100,248	(38)
Total	100,210	100,248	(38)

(Note) Securities that are treated as being subject to disclosure of fair value are listed in accounting notes for financial instruments.

2. Available-for-sale securities sold during the current fiscal year (from September 1, 2009 to August 31, 2010)
   Because available-for-sale securities (shares) sold during the current fiscal year were of negligible importance, they have been omitted from notes.

3. Available-for-sale securities for which impairment loss has been determined (from September 1, 2009 to August 31, 2010)
   "Acquisition cost," as contained in the table above, shows book values following impairment losses. In the current fiscal year, we have determined impairment and recorded ¥144 thousand in loss on valuation of investment.

(Regarding derivatives transactions)

Current fiscal year (from September 1, 2009 to August 31, 2010)

Not applicable, as the Company does not engage in derivatives transactions at all.

(Regarding retirement benefits)

Current fiscal year (from September 1, 2009 to August 31, 2010)

Not applicable, as the Company does not employ a retirement benefits system.

(Regarding stock options)

Current fiscal year (from September 1, 2009 to August 31, 2010)

1. Expenses recorded in the current fiscal year and subject names

Selling and general administrative expenses (expenses for stock-based rewards)¥31,691 thousand

2. Details, scale and state of fluctuation for stock options

(1) Details of stock options

	Stock Options for August 2005	Stock Options for December 2008
Classification and number of grantees	Company board members 2 Company employees7	Company board members 1 Board members of subsidiary 1 Company employees35
Number of shares in stock options (Note) 1	Common stock 3,600 shares (Note) 3	Common stock 5,000 shares
Grant date	August 4, 2005	December 22, 2008
Fixed terms for rights	(Note) 2	(Note) 2
Working hours covered	There are no stipulations on working hours covered.	From December 22, 2008 to November 30, 2010
Term for exercising rights	From June 1, 2007 to May 31, 2010	From December 1, 2010 to November 30, 2013

(Notes)

1. Displayed after being converted to share numbers
2. 1) Only board members, auditors and employees of the Company, and companies engaged in capital relationships with the Company, may exercise rights.
   2) Following allotment of new share subscription rights, parties holding these new share subscription rights are required to remain free from imprisonment, or any more serious sentence, until rights are exercised.
   3) In the event that a party holding one of these new share subscription rights dies, his or her heir may exercise these rights.
   4) Regarding other terms, based on these annual general meeting resolutions and these board resolutions, these shall be determined based on stipulations made in contracts signed by the Company and parties holding new share subscription rights.
3. As of August 30, 2005, each common stock has been split into 30 shares.

(2) Scale and state of fluctuation for stock options

For stock options that existed in the current fiscal year (the year to August 31, 2010), stock option numbers are listed after conversions have been made to share numbers.

1) Number of stock options

	Stock Options for August 2005	Stock Options for December 2008
Prior to establishment of rights (shares)		
1) End of previous fiscal year	—	4,080
Grant	—	—
Expiry	—	180
Rights established	—	—
Balance on non-established rights	—	3,900
Following establishment of rights (shares)		
2) End of previous fiscal year	480	—
Rights established	—	—
Rights exercised	480	—
Expirations	—	—
Balance on unexercised rights	—	—

2) Information on unit prices

	Stock Options for August 2005	Stock Options for December 2008
Exercise price (yen)	17,789	43,550
Average share price at exercise (yen)	30,700	—
Fair valuation price at grant date (yen)	—	23,434

3. Method for estimating number of stock option rights to be established
Because it is essentially difficult to reasonably estimate the number of future expirations, we use a method that only reflects actual expiration numbers.

(Regarding tax effect accounting)

(Thousands of yen)

Previous Fiscal Year (year to August 31, 2009)	Current Fiscal Year (year to August 31, 2010)
1. Breakdown of deferred tax assets and liabilities, by primary cause of occurrence Deferred tax assets Allowance for doubtful accounts ¥260,127 Accrued enterprise tax ¥1,951 Software ¥5,503 Accrued compensation ¥34,375 Investment securities ¥352,950 Deferred assets ¥1,193 Accrued consumption tax ¥1,637 Real estate for resale ¥938,686 Loss brought forward ¥1,075,732 Other ¥1,268 Subtotal for deferred tax assets ¥2,673,427 Valuation reserve ¥(2,670,101) Total deferred tax assets ¥3,326 Deferred tax liabilities Uncollected profit distributions from silent partnership funds ¥(3,326) Total deferred tax liabilities ¥(3,326) Net value of deferred tax assets —	1. Breakdown of deferred tax assets and liabilities, by primary cause of occurrence Deferred tax assets Allowance for doubtful accounts ¥360,782 Accrued enterprise tax ¥2,449 Software ¥3,263 Accrued compensation ¥2,034 Investment securities ¥376,342 Deferred assets ¥2,212 Accrued consumption tax ¥1,191 Account Receivable-trade ¥12,085 Loss brought forward ¥1,894,845 Other ¥627 Subtotal for deferred tax assets ¥2,655,834 Valuation reserve ¥(2,655,834) Total deferred tax assets —
2. Breakdown of main items that caused differences between normal effective statutory tax rates and burden rates for income taxes following application of tax effect accounting Because we recorded a current net loss before taxes and other adjustments, details have been omitted.	2. Breakdown of main items that caused differences between normal effective statutory tax rates and burden rates for income taxes following application of tax effect accounting Normal effective statutory tax rate 40.7% (Adjustment) Entertainment expenses and other items that are permanently non-deductible 25.1% Dividend income and other items that are permanently non-taxable -66.9% Directors' bonuses 4.5% Expenses for stock-based rewards 82.5% Per capita levy of residential tax 24.3% Other 5.3% Fluctuation in valuation reserve -91.2% Burden rate for income taxes following application of tax effect accounting 24.3%

(Regarding business combinations)
Current fiscal year (from September 1, 2009 to August 31, 2010)
Not applicable

(Regarding rental and other real estate)
Current fiscal year (from September 1, 2009 to August 31, 2010)
Not applicable

(Equity-method earnings)
Current fiscal year (from September 1, 2009 to August 31, 2010)

1. Items concerning affiliate companies
   As contained in "(6) [Important Accounting Policies] 1. Valuation standards and valuation methods for securities, (1) Available-for-sale securities, 3) Accounting procedures for money invested in silent partnership funds," because the financial conditions and business performances of the Company's affiliates are reflected in individual financial statements, details have been omitted.
2. Items concerning special-purpose companies subject to disclosure
   The Company does not possess any special-purpose companies that are subject to disclosure.

[Information on Related Parties]

Current fiscal year (September 1, 2009 to August 31, 2010)
Transactions with related parties
Transactions made by companies submitting financial statements and related parties
Subsidiaries and affiliates of companies submitting financial statements

Type	Trade Name or Name of Company	Location	Capital Stock (thousands of yen)	Description of Business or Occupation	Possession of Voting Rights (held under parent company) (%)	Relationship with Related Parties	Details of Transaction	Transaction Amount (thousands of yen)	Subject	Term-end Balance (thousands of yen)
Subsidiary	KK MK Design and Architect (*1, *2)	Minato-ku, Tokyo	30,000	Design and construction management of buildings	(held directly) 100	Additional post of board members	Outsourcing of administrative work	770	—	—
Affiliate Company	Milco Investors One GK (*3)	Chiyoda-ku, Tokyo	100	Real estate investment etc.	—	Investment in silent partnership funds	Gains on investments in silent partnership funds	4,428	Other affiliate company securities	166,414
	GK MK Lotus (*4, *5, *6)	Chuo-ku, Tokyo	2,000	Real estate investment etc.	(held directly) 50	Loans	Compensation based on indemnity contracts	95,000	—	—
							Loans of funds	1,000	Operating loans	114,491
	YK MK Cherry (*4, *6)	Chuo-ku, Tokyo	3,000	Real estate investment etc.	(held directly) 50	Loans	Compensation based on indemnity contracts	60,000	—	—
	GK Iris (*4, *6)	Minato-ku, Tokyo	2,000	Real estate investment etc.	(held directly) 50	Loans	—	—	Operating loans	103,908
	GK MK Dahlia (*4, *5, *6)	Chuo-ku, Tokyo	2,000	Real estate investment etc.	(held directly) 50	Loans	Compensation based on indemnity contracts	65,550	—-	—
							—	—	Operating loans	91,467

(Notes) Business terms, and policies used for deciding on business terms

1. As of February 26, 2010, liquidation has been completed for our subsidiary, KK MK Design and Architect.
2. Regarding commission fees for outsourcing of administrative tasks, these are determined based on criteria such as work hours.
3. As of August 31, 2010, the Company is now contributing 40.8% of investment in silent partnership funds operated by Milco Investors One GK.
4. Regarding loans of funds, rates are determined reasonably, in light of market interest rates, and terms of repayment are lump-sum repayments of principal and interest at maturity, for terms of 1-4 years. No collaterals have been pledged.
5. Procurement of non-recourse loans from financial institutions by this company, which has entered into an asset management agreement with the Company, are based on indemnity contracts signed with the relevant financial institutions, with the Company acting as a sponsor.
6. Regarding doubtful receivables with potential losses, in total we recorded ¥229,255 thousand in allowances for doubtful accounts. In the current fiscal year, we recorded ¥24,336 thousand in provisions of allowance for doubtful accounts.

(Per-share information)

Previous Fiscal Year (from September 1, 2008 to August 31, 2009)		Current Fiscal Year (from September 1, 2009 to August 31, 2010)	
Net assets per share	¥43,538.87	Net assets per share	¥32,814.70
Net income (loss) per share	¥(102,712.94)	Net income (loss) per share	¥118.33
Diluted net income per share is not listed, due to the fact that we recorded a per-share net loss		Net income per share (diluted)	¥118.16

(Note) Foundations for calculating net income per share, net loss per share and diluted net income per share

	Previous Fiscal Year (from September 1, 2008 to August 31, 2009)	Current Fiscal Year (from September 1, 2009 to August 31, 2010)
Net income (loss) per share		
Net income (loss) (thousands of yen)	(6,209,559)	11,839
For common stock Net income (loss) (thousands of yen)	(6,209,559)	11,839
Amount not attributable to common stockholders	—	—
Average number of shares outstanding during the period (shares)	60,455	100,049
Net income per share (diluted)		
Value of adjustments for net income (thousands of yen)	—	—
Increase in number of common shares (shares)	—	146
(Number of subscription rights for new shares among these (shares))	—	146
Summary of diluted shares not included in calculations of diluted net income per share, due to not possessing dilutive effects	Subscription rights for new shares Date of special resolution made at shareholders' meetings: November 26, 2008 Number of subscription rights for new shares: 4,080 Type of stock covered by subscription rights for new shares: common stock Number of shares in stock covered by subscription rights for new shares: 4,080 shares Amount paid at time of exercising subscription rights for new shares: ¥43,550 Exercise period for subscription rights for new shares: December 1, 2010 to November 30, 2013	Subscription rights for new shares Date of special resolution made at shareholders' meetings: November 26, 2008 Number of subscription rights for new shares: 3,900 Type of stock covered by subscription rights for new shares: common stock Number of shares in stock covered by subscription rights for new shares: 3,900 shares Amount paid at time of exercising subscription rights for new shares: ¥43,550 Exercise period for subscription rights for new shares: December 1, 2010 to November 30, 2013

	Previous Fiscal Year (from September 1, 2008 to August 31, 2009)	Current Fiscal Year (from September 1, 2009 to August 31, 2010)
	Subscription rights for new shares Date of special resolution made at shareholders' meetings: May 31, 2005 Number of subscription rights for new shares: 16 Type of stock covered by subscription rights for new shares: common stock Number of shares in stock covered by subscription rights for new shares: 480 shares Amount paid at time of exercising subscription rights for new shares: ¥17,789 Exercise period for subscription rights for new shares: June 1, 2007 to May 31, 2010	—

(Major subsequent events)
Not applicable

MK Capital Management

FASF MEMBERSHIP

(Reference) Consolidated Financial Statements
(1) 【Consolidated Financial Statements】
(a) Consolidated Balance Sheets

(Thousands of yen)

	FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)
Assets	
Current assets	
Cash and deposits	2,296,258
Accounts receivable-trade	62,414
Operating loans	815,315
Real estate for sale	3,255,871
Deposits held in trust	107,025
Other	132,397
Allowance for doubtful accounts	(462,140)
Total current assets	6,207,142
Noncurrent assets	
Property, plant and equipment	
Buildings	38,593
Other	55,415
Accumulated depreciation	(26,502)
Total property, plant and equipment	67,506
Intangible assets	25,365
Investments and other assets	
Investment securities	54,884
Investments in other securities of subsidiaries and affiliates	161,782
Other	88,685
Total investment and other assets	305,352
Total noncurrent assets	398,223
Total assets	6,605,366
Liabilities	
Current liabilities	
Accounts payable-trade	79,027
Current portion of long-term loans	67,200
Income taxes payable	5,745
Lease deposits	154,693
Other	74,658
Total current liabilities	381,324
Noncurrent liabilities	
Long-term loans	3,537,800
Total noncurrent liabilities	3,537,800
Total liabilities	3,919,124
Net Assets	
Shareholders' equity	
Common stock	2,143,747
Capital surplus	2,424,143
Retained earnings	(1,905,255)
Total shareholders' equity	2,662,635
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	(36)
Total valuation and translation adjustments	(36)
Subscription rights to shares	23,643
Total net assets	2,686,241
Total liabilities and net assets	6,605,366

MK Capital Management

FASF MEMBERSHIP

(2) Consolidated Statement of Income

(Thousands of yen)

	FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)
Net sales	2,377,221
Cost of sales	5,803,228
Gross profit (loss)	(3,426,007)
Selling, general and administrative expenses	
Directors' compensations	143,196
Salaries	368,521
Bonuses	16,435
Rents	193,291
Allowance for doubtful accounts	429,408
Other	413,270
Total Selling, general and administrative expenses	1,564,124
Operating income (loss)	(4,990,131)
Non-operating income	
Interest income	2,436
Dividends income	3
Gain on sale of securities	5
Other	2,210
Total Non-operating income	4,655
Non-operating expenses	
Interest expenses	66,618
Stock issuance cost	235
Guarantee charge for bonds issuance	520
Financing expenses	36,946
Miscellaneous loss	2,916
Total Non-operating expenses	107,237
Ordinary income (loss)	(5,092,714)
Extraordinary income	
Gain on reversal of subscription rights to shares	73,310
Total Extraordinary income	73,310
Extraordinary loss	
Loss on sale of noncurrent assets	2,462
Loss on retirement of noncurrent assets	4,569
Impairment loss	89,330
Loss on valuation of investment securities	847,261
Loss on valuation of investments in capital	1,114
Business structure improvement expenses	230,672
Office transfer expenses	28,400
Other	197
Total Extraordinary losses	1,204,008
Income (loss) before income taxes and minority interests	(6,223,411)
Income taxes -current	1,768
Income taxes-deferred	126,784
Total income taxes	128,553
Net income (loss)	(6,351,964)

MK Capital Management

FASF MEMBERSHIP

(3)【Consolidated Statement of Changes in Net Assets】

(Thousands of yen)

	FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)
Shareholders' equity	
Capital stock	
Balance at the end of previous period	2,137,075
Changes in the fiscal year	
New stock issued	6,671
Total changes in the fiscal year	6,671
Balance at the end of current period	2,143,747
Capital surplus	
Balance at the end of previous period	2,417,471
Changes in the fiscal year	
New stock issued	6,671
Total changes in the fiscal year	6,671
Balance at the end of current period	2,424,143
Retained earnings	
Balance at the end of previous period	4,533,663
Changes in the fiscal year	
Dividends	(86,955)
Net loss	(6,351,964)
Total changes in the fiscal year	(6,438,919)
Balance at the end of current period	(1,905,255)
Total shareholders' equity	
Balance at the end of previous period	9,088,211
Changes in the fiscal year	
New stock issued	13,343
Dividends	(86,955)
Net loss	(6,351,964)
Total changes in the fiscal year	(6,425,576)
Balance at the end of current period	2,662,635
Valuation and translation adjustments	
Valuation difference on available-for-sale securities	
Balance at the end of previous period	—
Changes in the fiscal year	
Net changes of items other than shareholders' equity	(36)
Total changes in the fiscal year	(36)
Balance at the end of current period	(36)
Total valuation and translation adjustment	
Balance at the end of previous period	—
Changes in the fiscal year	
Net changes of items other than shareholders' equity	(36)
Total changes in the fiscal year	(36)
Balance at the end of current period	(36)

	(Thousands of yen)
	FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)
Subscription rights to shares	
Balance at the end of previous period	60,583
Changes in the fiscal year	
Net changes of items other than shareholders' equity	(36,940)
Total changes in the fiscal year	(36,940)
Balance at the end of current period	23,643
Total net assets	
Balance at the end of previous period	9,148,795
Changes in the fiscal year	
New stock issue	13,343
Dividends from surplus	(86,955)
Net loss	(6,351,964)
Net changes of items other than shareholders' equity	(36,977)
Total changes in the fiscal year	(6,462,553)
Balance at the end of current period	2,686,241

MK Capital Management

FASF MEMBERSHIP

(4) 【Consolidated Statement of Cash Flows】

	(Thousands of yen) FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)
Operating activities	
Income (loss) before taxes and minority interests	(6,223,411)
Depreciation and amortization	29,110
Impairment loss	89,330
Increase (decrease) in allowance for doubtful accounts	429,408
Loss (gain) on investments in silent partnership	(20,818)
Interest and dividends income	(2,439)
Interest expenses	66,618
Stock based compensation expense	36,369
Financing expense	36,946
Stock issuance cost	235
Gain on reversal of subscription rights to shares	(73,310)
Loss (gain) on sales of noncurrent assets	2,462
Loss on retirement of noncurrent assets	4,569
Loss on valuation of investment securities	847,261
Loss on valuation of investments in capital	1,114
Decrease (increase) in notes and accounts receivable-trade	9,881
Decrease (increase) in operating loans receivable	312,474
Decrease (increase) in real estate for sale	3,476,363
Decrease (increase) in advances paid	9,739
Decrease (increase) in advance payments	(11,550)
Decrease (increase) in investment in silent partnership	72,310
Increase (decrease) in notes and accounts payable-trade	29,935
Increase (decrease) in accounts payable-other	(30,611)
Increase (decrease) in deposits received	(43,672)
Increase (decrease) in lease deposits received	123,102
Other, net	78,549
Subtotal	(750,031)
Interest and dividends income received	2,439
Interest expenses paid	(71,769)
Income taxes paid	(548,606)
Net cash used in operating activities	(1,367,968)
Investing activities	
Purchase of property, plant and equipment	(48,218)
Proceeds from sales of property, plant and equipment	3,387
Purchase of intangible assets	(580)
Proceeds from withdrawal of trust deposits	2,001
Proceeds from sales of securities	70
Purchase of other investment in affiliated companies	(450,000)
Collection of investments in capital	1,802
Proceeds from collection of lease and guarantee deposits	70,849
Payments for lease and guarantee deposits	(35,657)
Other, net	(3,950)
Net cash used in investing activities	(460,295)

	(Thousands of yen)
	FY 2009 (Sep. 1, 2008 – Aug. 31, 2009)
Financing activities	
Net increase (decrease) in operating loans payable	(230,000)
Proceeds from long-term loans payable	4,820,000
Repayment of long-term loans payable	(3,214,000)
Redemption of bonds	(960,000)
Proceeds from issuance of common stock	13,107
Cash dividends paid	(86,107)
Other, net	(36,946)
Net cash provided by financing activities	306,054
Net increase (decrease) in cash and cash equivalents	(1,522,209)
Cash and cash equivalents at beginning of the period	3,818,468
Cash and cash equivalents at end of the period	2,296,258

5. Other

(1) Transfer of board members

A report will be made later, once these have been determined.

(2) State of production, orders received and sales

1) Performance in production

As the Company is mainly involved in asset management business, and because it is difficult to define performance in production, no details are listed for performance in production.

2) Performance in orders received

As the Company does not engage in production by order, no details are listed for performance in orders received.

3) Performance in sales

Sales performances for each business department in the current fiscal year are shown below.

Segment by Type of Business	Sales Volume (thousands of yen)	Year-on-Year Comparison (%)
Asset management business	677,587	-----
Asset incubation business	3,951,415	-----
Other businesses	13,351	-----
Total	4,642,354	-----

(Notes) 1. Consumption tax is not included in the amounts listed above.
2. As results were disclosed as consolidated results in the previous term, no year-on-year comparisons are listed.