

May 24, 2007

To all stakeholders

Company name: SFCG Co., Ltd.
Representative Officer: Kenshin Oshima
Director and President
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Privately Owned Parent Company to Merge With T-ZONE Holdings

The board of directors of KE Holdings Co., Ltd., the privately owned parent company of SFCG Co., Ltd., approved a resolution on May 23, 2007 to merge with SFCG subsidiary T-ZONE Holdings Co., Ltd. (listed on JASDAQ) on October 1, 2007.

1. Information on parent company and merger counterparty

(1) Parent company

- (a)Name KE Holdings Co., Ltd.
- (b)Head office 3-2-15 Nihonbashi-Muromachi, Chuo-ku, Tokyo
- (c)CEO Kenshin Oshima, President and Representative Director

(2) Merger counterparty

- (a)Name T-ZONE Holdings Co., Ltd.
- (b)Head office 3-2-15 Nihonbashi-Muromachi, Chuo-ku, Tokyo
- (c)CEO Naoki Yoshida, President and Representative Director

2. Purpose of merger

The SFCG Group, which is composed of SFCG and the T-ZONE Holdings Group, is working toward the goal of expanding the group to 102 companies by 2014 (the 102 company plan). The objective of this merger is to facilitate a more flexible management strategy and speed up various initiatives by simplifying the present complex structure of human and capital relationships among SFCG, KE Holdings and T-ZONE Holdings. This will make it possible to move faster toward achieving the 102 company plan.

This 102 company plan was established by Kenshin Oshima, the president of SFCG and founder of the SFCG Group, in 1989 as a goal for the formation of a corporate group. The goal of 102 companies by 2014 represents the sum of SFCG, T-ZONE Holdings and 100 companies in the T-ZONE Holdings group.

3. Description of merger

(1) Merger method

Merger by absorption with T-ZONE Holdings the merger company; KE Holdings will be dissolved.

(2) Merger ratio

31,849.84 shares of T-ZONE Holdings will be exchanged for each share of KE Holdings.

(3) Basis for calculating merger ratio

The merger ratio was determined by discussions between T-ZONE Holdings and KE Holdings that used as reference a valuation provided by Corporate Advisers Accounting, Inc.

4. Merger timetable

Directors meetings to approve merger contract	May 23, 2007 (both companies)
Signing of merger contract	May 23, 2007(both companies)
Shareholders meetings to approve merger contract	June 27, 2007 (tentative)
Date of merger (Effective Date)	October 1, 2007 (tentative)
Merger registration	October 1, 2007 (tentative)
Distribution of stock certificates	Middle of November 2007 (tentative)

5. Profile of merging companies

	(March 31, 2007)	(July 31, 2006)
(1) Name	T-ZONE Holdings Co., Ltd. (Merging company)	KE Holdings Co., Ltd. (Company absorbed)
(2) Major activities	Management of subsidiaries	Management of subsidiaries, real estate leasing
(3) Established	August 1975	July 2006
(4) Head office	3-2-15 Nihonbashi- Muromachi, Chuo-ku, Tokyo	3-2-15 Nihonbashi- Muromachi, Chuo-ku, Tokyo
(5) CEO	Naoki Yoshida President and Representative Director	Kenshin Oshima, President and Representative Director
(6) Capital	6,109 million yen	100 million yen
(7) Shares issued	33,137,822	2,000
(8) Net assets	20,061 million yen	1,394 million yen
(9) Total assets	47,220 million yen	1,402 million yen
(10) Fiscal year end	March 31	July 31
(11) Employees	11	10 (May 22, 2007)
(12) Major customers	-	-
(13) Major shareholders and holdings	SFCG, 63.05% Ken Enterprise, 10.47%	Kenshin Oshima, 33.80% Yoshihito Oshima, 26.92% Yuriko Oshima, 20.94%
(14) Major bank relationships	Mizuho Bank	Resona Bank
(15) Relationships between the two companies	Capital	KE Holdings directly holds 1.5 million shares of T-ZONE Holdings and, through subsidiary SFCG, 20.89 million shares of T-ZONE Holdings.
	Personnel	Three T-ZONE Holdings directors concurrently serve as KE Holdings directors. One T-ZONE corporate auditor concurrently serves as a KE Holdings corporate auditor
	Business	None
	Related parties	KE Holdings is the parent company of SFCG, holding the majority of SFCG's stock. Therefore, T-ZONE Holdings, as a subsidiary of SFCG, is a related party with regard to KE Holdings.

6. Financial highlights for past three years

	(million yen)			(thousand yen)
	T-ZONE Holdings (Merging company) (Consolidated)			KE Holdings (Company absorbed)
Fiscal year ended	March 2007	March 2006	March 2005	July 2007 (See note)
Net sales	41,398	35,070	25,418	461
Operating revenue	7,002	4,812	2,824	(20,182)
Recurring profit	6,965	5,158	2,537	(21,482)
Net income	5,758	6,779	2,827	(21,561)
Net income per share (yen)	185.51	204.66	92.48	(10,780.99)
Dividend per share (yen)	-	-	-	-
Net assets per share (yen)	939.24	916.22	671.76	697,417.67

Note: Only one fiscal year of data for KE Holdings is presented because this company was established on July 1, 2006 through a spin-off by Ken Enterprise.

7. T-ZONE Holdings after the merger

(1) Name	T-ZONE Holdings Co., Ltd.
(2) Major activities	Management of subsidiaries
(3) Head office	3-2-15 Nihonbashi-Muromachi, Chuo-ku, Tokyo
(4) CEO	Naoki Yoshida, President and Representative Director
(5) Capital	6,109 million yen (Note) No increase in capital due to merger
(6) Fiscal year end	March 31
(7) Directors	No directors will be added due to the merger
(8) Shares listed	JASDAQ

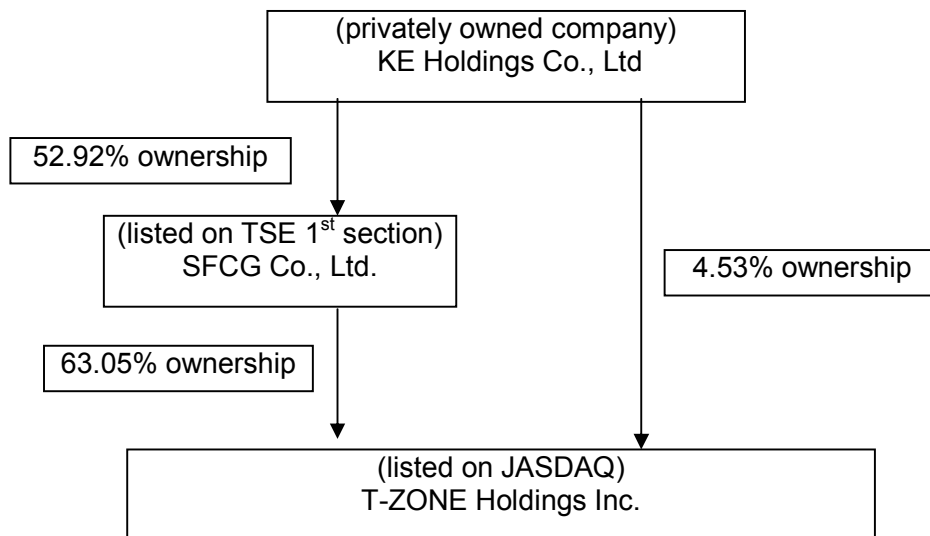
8. Outlook

SFCG believes that this merger will have no effect on its operating results in the current fiscal year. An announcement will be made as soon as the estimated impact of the merger on operating results in following years has been determined.

After this merger, T-ZONE Holdings will become the parent company of SFCG. As a result, SFCG will hold stock in its parent company. SFCG plans to eliminate this holding within the legally mandated period by process such as selling these shares to a third party.

The following diagrams show the capital structure of SFCG, KE Holdings and T-ZONE Holdings before and after the merger.

Prior to merger (May 2007)



Projected structure after merger (October 2007)

