FOR IMMEDIATE RELEASE

Takara Leben Co., Ltd.
Earnings Results for the First Half of the Fiscal Year Ended March 31, 2008 (FY2008)

Tokyo, Japan (November 12, 2007) – Takara Leben Co., Ltd. (TSE stock code: 8897) today announced its operating results for the six months ended September 30, 2007.

Operating Results

Operating Environment Review
Amid a seeming proliferation of threats of both man-made origin and natural origin, it is our view that business plans may not carry much weight unless they are premised on such threats.

In the global economy, the complex interrelationship among crude oil and other commodities, exchange rates, and real estate investment trusts (REITs) and other financial products, coupled with concerns about credit tightening attendant with high levels of leverage, has led to many concerns originating in the previous fiscal year to gain traction and spread, sparked by the U.S. subprime loan problem, which itself stems from what was originally conceived as a small portion of the overall financial framework. It thus appears the period of markets driven by excess liquidity has come to an abrupt end. Moreover, the U.S. economy appears to be slowing, and if investment capital migrates to Middle Eastern countries, China, and Russia, this could create an even greater sense of global uncertainty. U.S. policymaking authorities, which once inspired a strong sense of certitude, are expected to work together with policymakers in other leading countries through cooperative institutions to formulate and introduce stronger monitoring systems and policy measures.

In Japan, capital market movements are increasingly determined by foreign investors, whose share of trading has reached 70%. A spate of disreputable incidents by top executives at a few companies has put corporations and their morals squarely in the public eye and created an environment of gratuitous regulatory activism. Plus, despite brisk corporate profits, household savings are not increasing due to taxes and higher prices, and achieving a healthy circulation of money flows in Japan remains a knotty problem. It is our belief that these weaknesses in the domestic economy need to be tackled with steadfast policies that inspire trust in Japan as a member of the industrialized world.

In the real estate sector, land acquisition and construction costs have risen sharply, and the accompanying surge in selling prices has put new housing out of reach for many people. The amended building code has also caused a series of problems in the sector. It seems a period of the smoothest sailing in the past decade has been transformed overnight into a fierce headwind. The causes of all of the problems that are emerging are the consequence of an inward-looking industry environment where companies are aware of only their own interests.

The aforementioned problems are all separate from the real economy, and it seems people have lost sight of this risk, despite comprehending it on a rational level, and failed to learn from the mistakes of the past. Faced with this reality, we think our only defense is a management stance that regards the customer as our ultimate supporter.

Amid these conditions, we are constantly focused on providing first-time home buyers, who are the main focus of our integrated sales approach, and other customers the opportunity to purchase our in-house designed Leben Heim series of condominiums at prices that anyone would consider affordable in our bid to expand our operations and sales.

Review of First-Half Operating Results

In the first half of the fiscal year ending March 31, 2008 (fiscal 2008), the Takara Leben Group's consolidated net sales rose 9.2% year on year, to ¥32,088 million. Ordinary income climbed 21.7%, to ¥3,327 million, and net income increased 15.4%, to ¥1,818 million.

Parent Operating Results

Takara Leben Co., Ltd., the parent entity, continues to derive 60% of its condominium sales from the two regions of Tokyo and Saitama Prefecture, which comports with the geographical sales concentration it has recorded in the past and deemed proper. Condominium sales in the first half were 48.8% of our fiscal 2008 parent company sales forecast, underscoring the progress we are making toward evening out our sales weighting between the halves—one of the goals of our stable management initiative. Takara Leben once again posted a solid gross profit.

In detached housing, although deliveries are typically concentrated in the second half, Takara Leben delivered 29 units in the first half, and earnings of this business were stable, with a gross margin of 26.6%.

In the resale of pre-owned condominiums, although this business accounted for just 3.8% of total net sales, the signing of contracts proceeded favorably, and this business delivered all 39 units it was expected to deliver in the first half.

Leasing revenues were roughly even with our forecast, rising 48.4% year on year with the addition of two properties—one in Saitama Prefecture's Kasukabe district and the other in Nerima Ward's Shakujii district—purchased during the first half to the collection of properties acquired in the prior fiscal year.

Parent company net sales rose 3.8% year on year in the first half, operating income advanced 21.7% as a change in accounting treatment that had been an extraordinary factor through the prior fiscal year dropped out of the picture, and net income increased 11.7%. The parent entity thus recorded gains at all reported profit levels in the six months under review. Moreover, parent profits at all levels were also above the Company's first-half forecasts.

Consolidated Operating Results

At Leben Community Co., Ltd., the number of units consigned for management increased by 1,074, to 14,444 units. We believe this, and especially the sharp 27.6% increase in properties consigned to us for management by other companies, illustrates the gradual increase in the external acknowledgement of our capabilities in this arena. Sales from renovation, product sales, construction order acceptance, and peripheral businesses grew steadily, and net sales at Leben Community climbed 30.3% year on year and net income advanced 30.5%.

At TAFUKO CO., LTD., earnings were in line with our projections. Commissions from peripheral businesses were stable, complementing the financial business.

Takara Live Net Co., Ltd., posted a mild net loss in the first half, despite growth in revenues from sales agency consignments, due to an increase in personnel expenses aimed at bolstering its teams of real estate agents, along with weak procurement at its original business of reselling preowned condominiums.

The nursing care business of AS Partners Co., Ltd., raised the overall occupancy rate to 73.9% while opening a new facility in Bunkyo Ward's Hakusan in Tokyo in April 2007. Excluding the new Hakusan facility, the occupancy rate at existing facilities was 80.3%—above the break-even point—and the nursing care business is finally posting a positive gross profit as a stand-alone business. As a result, net income at AS Partners increased 155.1% in the first half.

As a result, consolidated net sales and profits increased at all levels. Net sales rose 9.2%, operating income increased 26.7%, ordinary income climbed 21.7%, and net income advanced 15.4%. Consolidated net sales and profits at all levels were also ahead of the Company's forecasts.

Earnings by Segment

In the real estate sales business, revenues rose 6.2% year on year, to ¥29,343 million. Of this, ¥26,470 million came from sales of 13 condominium blocks with 824 units, and ¥2,873 million came from the sale of new detached homes and preowned condominiums.

In the rental property business, leasing revenues climbed 67.4% year on year, to ¥536 million. This reflected rental income from condominium blocks as well as office and store space.

In the real estate management business, management revenues from 282 owner-occupied condominium blocks (14,444 units) and other properties advanced 20.4% year on year, to ¥696 million.

Revenues from other businesses surged 77.0% year on year, to ¥1,511 million, thanks to revenues from optional construction work orders received in tandem with condominium sales, real estate sales agency commissions, and the contribution from the nursing care business.

Sales Breakdown by Business Segment

	Sales (Million yen)	Y-o-Y Change (%)
Real Estate Sales Business	29,343	+6.2
Rental Property Business	536	+67.4
Management Services Business	696	+20.4
Other Businesses	1,511	+77.0

Explanation of Key Income Statement Items

Net Sales

At the condominium business, net sales on the delivery of 13 condominium blocks amounted to ¥26,470 million. Moreover, sales of new detached homes came to ¥2,873 million. In the rental property business, leasing revenues from rental condominiums and office and store space amounted to ¥536 million. In the real estate management business, a year-on-year increase of 2,205 units underpinned an increase in management revenues, to ¥696 million. In other businesses, revenues totaled ¥1,511 million on contributions from the nursing care business and real estate sales agency commissions.

As a result, consolidated net sales increased 9.2% from the previous year's level, to ¥32,088 million.

Cost of Sales

The cost of sales rose 10.0% year on year, to ¥23,932 million, on sales of condominiums, along with sales of new detached homes. The ratio of the cost of sales increased by 0.5 percentage point, to 74.6%, compared with the first half a year earlier when many properties with high gross margins were sold.

Selling, General and Administrative Expenses

SG&A expenses declined 6.0% year on year, to ¥4,316 million. This reflects the disappearance of the effect from changing the accounting treatment for condominium advertising and promotional expenses that was made in the previous fiscal year.

Non-Operating Income/Expenses

Non-operating income increased 37.2% year on year, to ¥167 million, on the booking of transfer fees received. Non-operating expenses jumped 62.3% year on year, to ¥678 million, on higher interest expenses due to an increase in borrowings for project funds.

Extraordinary Items

Extraordinary losses of ¥205 million were recorded to write down the valuation of investment securities. This represents a 265.3% increase from the extraordinary losses posted in the first half of fiscal 2007.

Consolidated Financial Position

Total assets increased 24.6% year on year, to ¥95,510 million, in the first half. This largely reflected an increase in inventories as the Company actively purchased land for development.

Current Assets

Current assets increased 22.9% from the first half of the previous fiscal year-end, to ¥76,313 million, reflecting an increase in inventories as the Company actively purchased land for development.

Fixed Assets

Fixed assets increased 31.8% from the first half of the previous fiscal year-end, to ¥19,196 million, mainly reflecting an increase in tangible fixed assets due to the acquisition of income properties.

Current Liabilities

Current liabilities increased 4.9% from the first half of the previous fiscal year-end, to ¥44,981 million, primarily reflecting an increase in borrowings to finance the purchase of land for the development of condominium blocks.

Fixed Liabilities

Fixed liabilities increased 80.6% from the first half of the previous fiscal year-end, to ¥32,654 million, reflecting an increase in long-term loans to finance the purchase of land for development and income properties.

Net Assets
Total consolidated net assets increased 13.9% from the first half of the previous fiscal year-end, to ¥17,874 million, mainly reflecting an accumulation of retained earnings from net income and a rise in common stock and additional paid-in capital on the exercise of new share warrants attached to convertible corporate bonds.

Analysis of Cash Flow

In the first half of fiscal 2008, consolidated cash and cash equivalents fell ¥1,472 million from the first half of the previous fiscal year, to ¥12,479 million.

Cash Flow from Operating Activities
Net cash used in operating activities amounted to ¥6,765 million (compared with net cash used of ¥10,758 million in the first half of the previous fiscal year). This primarily reflected an increase in inventories.

Cash Flow from Investing Activities
Net cash used in investing activities amounted to ¥1,783 million (compared with net cash used of ¥4,406 million in the first half of the previous fiscal year). This primarily reflected an increase in fixed assets resulting from the purchase of income properties.

Cash Flow from Financing Activities
Net cash provided by financing activities amounted to ¥11,259 million (compared with net cash provided of ¥12,452 million in the first half of the previous fiscal year). This is mainly attributable to increased borrowings used to finance purchases of land.

Indicators Related to Cash Flow

	FY2006		FY2007		FY2008
	1H	FY-end	1H	FY-end	1H
Shareholders’ Equity Ratio (%)	17.0	21.6	20.5	20.1	18.7
Shareholders’ Equity Ratio at Market Value (%)	27.3	46.5	44.7	33.8	17.7
Debt Repayment from Cash Flow (Years)	—	9.0	—	—	—
Interest Coverage Ratio (x)	—	4.6	—	—	—

Shareholders’ Equity Ratio (%): Shareholders’ Equity / Total Assets
Shareholders’ Equity Ratio at Market Value (%): Equity Market Capitalization / Total Assets
Debt Repayment from Cash Flow (Years): Interest-Bearing Debt / Operating Cash Flow
(In interim periods, operating cash flow is doubled to convert it to an annualized basis.)
Interest Coverage Ratio (x): Operating Cash Flow / Interest Expense
*These indicators are all calculated using consolidated financial data.
*Interest-bearing debt is defined to include all debt recorded on the consolidated balance sheet on which interest is paid.
*For operating cash flow and interest expense, we use Cash Flow from Operating Activities recorded in the Consolidated (Interim) Statement of Cash Flows and Interest Paid.
*Since Cash Flow from Operating Activities was negative in the first half of fiscal 2006, fiscal 2007, and fiscal 2008, there is no calculation for the Debt Repayment from Cash Flow for these interim periods in the above table.

Outlook for the Fiscal Year Ending March 31, 2008

Although the real estate sector is starting to face a headwind, we believe the causes of these problems are internal problems at some companies and the willingness of some top executives to put short-term profits above all else. In view of the market’s equanimity and firm underpinnings, we expect the aforementioned problems are acting as a cumulative corrective force that will return the market to normal conditions. We thus believe it is necessary to remain calm and composed.

Regarding our real estate sales forecast, the following is the ratio of contracts signed versus our condominium delivery projection (contracted ratio) for the second half of fiscal 2008.

(Unit: Condominiums)

	Number of Projected Deliveries	Number of Contracts Signed	Contracted Ratio	2H FY06
Q3 FY07	1,074	1,042	97.0%	96.0%
Full FY07	1,676	1,511	90.2%	87.4%

As shown in the table above, steady progress is being made with the contracted ratio above 90%. In addition, the contracted ratio for detached homes is 67.3% and that for preowned condominiums is 73.2%. In view of the overall contracted ratio of 88.3%, it is our opinion that the real estate sales business is faring well on this score.

In the rental property business, first-half net sales were slightly behind schedule at 48.8% of our fiscal 2008 forecast but were still well within range of our expectations.

In the real estate management business, first-half net sales were slightly behind schedule at 47.5% of our fiscal 2008 forecast but were still well within range of our expectations.

In other businesses, first-half orders for renovation work was slightly better than expected, and in the nursing care business, the improvement in the occupancy rate, even with the opening of the Hakusan facility, was in line with our forecast.

In light of the above, our forecasts for fiscal 2008 are shown below.

Forecasts for the Fiscal Year Ending March 31, 2008

(Million yen)

	Sales	Operating Income	Ordinary Income	Net income
Full FY08	65,000	7,200	¥6,150	¥3,500
Y-o-Y Change (%)	+12.1	+16.6	+9.3	+10.8

As of the end of the first half of fiscal 2008, we have not made any changes to our fiscal 2008 forecasts and expect the overall trend to stay steady through the end of this fiscal year.

Progress under Medium-Term Management Plan

Our current medium-term management plan is based on the concept of a stable period in our development in which we focus on solidifying our foundation for the next medium-term plan. At the same time, the current plan calls for us to step up the diversification of our business scope and improve and strengthen Group companies. In the first half of the final fiscal year of the current plan, our nine-person business strategy department is preparing to take the next step, collecting information from each division and overseeing the formulation of project schedules based on market research and surveys. This department is also working methodically toward the preparation of a longer-term business plan and finding ways to address various concerns and problematic properties. In the future, the department faces the challenge of enhancing and strengthening its role of grasping the picture across the Group’s divisions and other operating units and ensuring the Group operates smoothly as a whole, as well as performing its original function of overseeing the Group’s progress vis-à-vis longer-term business plans.

In assessing its internal controls, the Company has started work on scrutinizing and removing an array of risks, including non-financial ones, and we are preparing the proper framework for administering these controls from fiscal 2008 under the cooperative watch of our compliance committee.

In the second half of fiscal 2008, we will move forward with new measures that direct all employees to work together as one to boost the Group’s corporate value over the next two years or so.

Moreover, our overall management approach, which encompasses our management philosophy and principles as well as our medium-term management plan, is based on the assumption the industry is entering a correction phase but also emphasizes the importance of constantly finding the proper balance between growth and risk diversification. Even if the operating environment changes, we, therefore, plan to press ahead with this approach without making major changes.

Attaining Targets for Management Metrics

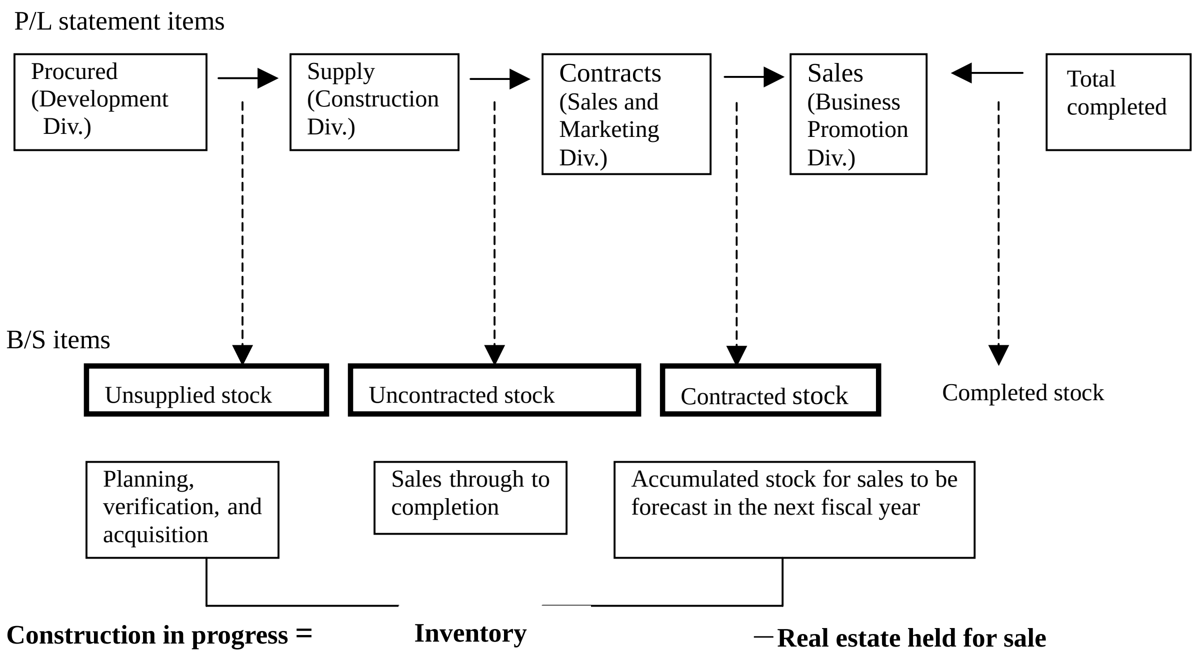
Reasons for Selected Metrics

Management's present policy is to focus on return on shareholders' equity (ROE) and return on assets (ROA) as the main management metrics. As our management objective is to ensure efficiency in how we manage funds in our operations, these main metrics will change during the course of our efforts to pursue this objective.

To raise the turnover of total capital used, a key component of both ROE and ROA, it is important to shorten the inventory turnover period, as it has an especially large impact on turnover of total capital used in the real estate sector. However, the stability and balance of this indicator are more important than lowering the inventory turnover period per se. To accomplish this, the Group has developed a proprietary balance factor chart for more effective inventory management.

This chart below tracks the linear progression of inventories from procurement to sales, and helps to ensure the proper balance by avoiding excessive buildups at each stage. The Group believes that the checks and balances mechanism embedded in the chart is one form of corporate governance.

Structure of the Balance Factor Chart



Since the terms in the above chart have been defined in previous operating results reviews we have issued, we make only the following brief explanatory comments.

- All items (both those from the income statement and balance sheet) in the process are wholly linked;
- The income statement and balance sheet items in the above schematic in effect provide for a system of multiple checks and balances;
- This chart is used as the Group’s management organization scheme for the interrelationships between respective divisions;
- This chart is used as a tool for time management adjustments both from a long-term and short-term perspective and for volume adjustments; and
- In addition to medium- and long-term management with annual charts, a monthly balance chart is used to make unit adjustments on a half yearly and quarterly basis through the respective divisions. The Group is using these tools together with a progress chart that sets out specific projects to manage activities, and is gradually making progress in standardizing how the relevant items are recorded.

Specific Performance

(Units: Condominiums)

	FY07		FY08	
	1H	2H	1H	2H
Procured	2,057	1,402	596	804
Delivered	625	775	944	816
Contracted	702	789	708	862
Sold	806	714	824	852
Total Completed Units	68	139	187	149

Unsupplied Stock	2,496	3,123	2,775	2,763
Uncontracted Stock	863	849	1,085	1,039
Contracted Stock	993	1,068	952	962
Total Completed Stock	4,352	5,040	4,812	4,764

(Condominiums data only)

Evaluation of Metrics in First Half of Fiscal 2008

To alleviate excess buildup in fiscal 2007 at the procurement stage, we were more selective and made adjustments to procurement in the first half of fiscal 2008. We also reduced inventories by around 200 units to adjust the balance with sales, and there was a slight improvement in our inventory turnover period, but greater effort is needed.

The number of contracted units in the first half of fiscal 2008 was roughly even with that of the first half a year earlier, but the low ratio of deliveries to contracted units in the first half reflected poor supply allocation.

Condominium deliveries were 240 units below our original forecast due to the impact of the amended building code, but on the whole we plan a balanced approach to deliveries.

As for total completed units, the debt burden stood at 10.1% at the end of the first half, which is too high even for the interim versus our benchmark of 5%. Since we expect to lower our debt burden to 8.2% by the end of fiscal 2008, our goal is to reduce uncontracted stock within total completed units to 45 units.

While we expect the contracted stock volume to be lower than the level at the end of fiscal 2007, we aim to keep the ratio of contracted stock to our sales volume forecast for fiscal 2008 at around 60%.

Outside of new condominiums, as our holdings of detached homes, preowned condominiums, and fixed assets are increasing, we think a balance management chart for these inventories and fixed assets will be necessary in the future.

Other Indicators in Management

We are able to manage all stages of our business processes with the checks and balances mechanism of the balance factor chart by referencing the following main indicators: our shareholders' equity ratio, cash flow, share price, and credit rating.

Basic Profit Allocation Policy and Our Fiscal 2008 Dividend Forecast

The Group sees returning profits to shareholders as a top management priority, and its fundamental policy is to provide stable and constant dividends that are commensurate with earnings performance, while also ensuring sufficient retained earnings for business development and a strong management foundation.

In addition, as the Company has moved from a period of rapid growth to stabler growth in its life cycle, management believes shifting from a growth orientation to an emphasis on bolstering its financial position is warranted. On this basis, its fundamental stance is to adopt a balanced approach to investment and dividends.

The Group's specific policy regarding dividends is as follows.

(Yen)

		1H	FY-End	Total
FY07 (Actual)	Ordinary dividend	11.0	11.0	22.0
FY08 (Forecast)	Ordinary dividend	12.0	12.0	24.0

In determining dividends, we do not rely solely on a specific dividend payout ratio as a guide but rather take into full consideration a range of indicators, including dividends on equity and dividend yield. Our aim is to build an attractive company that will encourage investors to be stable shareholders that will hold our shares over the long term without giving undue consideration to share price trends.

Following the resolution passed by our Board of Directors on July 23, 2007, concerning share repurchases, we repurchased 300,000 of our own shares within the relevant period. Likewise, following the resolution passed by our Board of Directors on August 22, 2007, concerning share repurchases, we repurchased 226,000 of our own shares within the relevant period. As a result, our treasury stock holdings as of September 30, 2007, stood at 960,142 shares.

About the Takara Leben Group

The Takara Leben Group, consisting of Takara Leben Co., Ltd. and its four consolidated subsidiaries, is a real estate broker and condominium developer whose main business is the development, sale, and rental of condominiums in the Tokyo, Saitama, Chiba, and Kanagawa prefectures aimed at a target market of younger first-time buyers. The Group's core real estate business includes: 1) real estate sales, 2) rental of developed condominiums, offices, and stores, 3) property management services provided mainly by Leben Community Co., Ltd., 4) commissions on loan introductions and bridge financing for approval of housing loan borrowers while they wait for the disbursement of the loans, which are provided from TAFUKO CO., LTD., 5) real estate sales agent services provided by Takara Live Net Co., Ltd., and 6) the nursing care business conducted by As Partners Co., Ltd. For additional information about the Takara Leben Group, please visit the Company's website at http://www.leben.co.jp.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of September 30, 2006 (A)			As of September 30, 2007 (B)			(B)-(A)	As of March 31, 2007		
	Amount		%	Amount		%		Amount		%
Assets										
I Current assets										
1. Cash and cash equivalents		14,018			12,517				9,835	
2. Notes and accounts receivable, trade		284			41				146	
3. Marketable securities		35			34				35	
4. Inventories		44,313			58,110				51,098	
5. Other		3,462			5,618				6,328	
Allowance for doubtful accounts		(12)			(9)				(19)	
Total current assets		62,103	81.0		76,313	79.9	14,210		67,425	81.6
II Fixed assets										
1. Tangible fixed assets										
(1) Buildings and structures	4,398			5,389				4,576		
(2) Land	7,097			10,641				7,905		
(3) Construction in progress	-			416				-		
(4) Other	62	11,559	15.1	52	16,500	17.3	4,940	54	12,536	15.2
2. Intangible fixed assets		498	0.6		509	0.5	11		512	0.6
3. Investments and other assets	2,526			2,203				2,178		
Allowance for doubtful accounts	(14)	2,512	3.3	(16)	2,186	2.3	(325)	(17)	2,160	2.6
Total fixed assets		14,570	19.0		19,196	20.1	4,626		15,210	18.4
Total assets		76,673	100.0		95,510	100.0	18,836		82,635	100.0
Liabilities										
I Current liabilities										
1. Notes and accounts payable, trade		8,290			7,331				6,981	
2. Short-term borrowings		12,855			13,788				14,916	
3. Long-term debt due within one year		14,472			16,358				10,275	
4. Advances		4,373			4,164				4,910	
5. Reserve for bonuses		187			228				214	
6. Reserve for directors' bonuses		27			29				61	
7. Other		2,691			3,080				2,981	
Total current liabilities		42,899	55.9		44,981	47.1	2,082		40,342	48.8
II Fixed liabilities										
1. Convertible bonds		382			-				345	
2. Long-term loans		16,963			31,734				24,646	
3. Reserve for employees' retirement benefits		73			86				83	
4. Reserve for directors' retirement benefits		51			51				52	
5. Other		614			781				588	
Total fixed liabilities		18,084	23.6		32,654	34.2	14,569		25,715	31.1
Total liabilities		60,984	79.5		77,635	81.3	16,651		66,057	79.9

(Million yen)

	As of September 30, 2006 (A)			As of September 30, 2007 (B)			(B)-(A)	As of March 31, 2007		
	Amount		%	Amount		%		Amount		%
Net assets										
I Shareholders' capital										
1. Common stock		2,251	2.9		2,442	2.6	191		2,270	2.8
2. Additional paid-in capital		2,381	3.1		2,572	2.6	191		2,400	2.9
3. Retained earnings		11,031	14.4		14,060	14.7	3,029		12,426	15.0
4. Treasury stock		(247)	(0.3)		(1,275)	(1.3)	(1,027)		(675)	(0.8)
Total shareholders' capital		15,417	20.1		17,801	18.6	2,384		16,421	19.9
II Valuation and translation adjustments										
1. Net unrealized holding gains on other securities		272	0.4		73	0.1	(198)		156	0.2
Total valuation and translation adjustments		272	0.4		73	0.1	(198)		156	0.2
III Minority interests		-	-	-	-	-	-		-	-
Total net assets		15,689	20.5		17,874	18.7	2,185		16,577	20.1
Total liabilities and net assets		76,673	100.0		95,510	100.0	18,836		82,635	100.0

(2) Consolidated Profit and Loss Statement

(Million yen)

	Six months ended September 30, 2006 (A)			Six months ended September 30, 2007 (B)			(B)-(A)	Year ended March 31, 2007		
	Amount		%	Amount		%	Amount	Amount		%
I Net sales		29,381	100.0		32,088	100.0	2,706		58,007	100.0
II Cost of sales		21,760	74.1		23,932	74.6	2,171		43,706	75.3
Gross profit		7,620	25.9		8,155	25.4	534		14,300	24.7
III Selling, general and administrative expenses		4,590	15.6		4,316	13.4	(273)		8,126	14.1
Operating income		3,030	10.3		3,838	12.0	807		6,174	10.6
IV Non-operating income										
1. Interest income	4			2				14		
2. Commissions received	55			48				96		
3. Compensation received for seconded employees	44			62				111		
4. Dividend on investment fund	-			22				-		
5. Other	17	122	0.4	31	167	0.5	45	79	301	0.6
V Non-operating expenses										
1. Interest paid	401			612				804		
2. Miscellaneous losses	16	418	1.4	66	678	2.1	260	45	849	1.5
Ordinary income		2,734	9.3		3,327	10.4	592		5,626	9.7
VI Extraordinary gains										
1. Gain on sale of investment securities	-	-	-	-	-	-	-	5	5	0.0
VII Extraordinary losses										
1. Loss on disposal of fixed assets	12			10				79		
2. Impairment losses	-			-				63		
3. Office relocation expense	43			-				43		
4. Investment securities valuation losses	-			48				-		
5. Inventory asset valuation losses	-			145				-		
6. Other	-	56	0.2	-	205	0.7	148	3	189	0.3
Income before income taxes		2,678	9.1		3,122	9.7	444		5,442	9.4
Income tax, inhabitants tax and enterprise tax	1,161			1,503				2,403		
Income tax adjustments	(52)	1,108	3.7	(199)	1,303	4.0	195	(108)	2,295	4.0
Minority interests in loss of Consolidated subsidiary		5	0.0	-	-	-	(5)		11	0.0
Net income		1,575	5.4		1,818	5.7	242		3,157	5.4

Consolidated Statement of Changes in Shareholders' Capital

Six months ended September 30, 2007 (April 1, 2007 – September 30, 2007)

(Million yen)

	Shareholders' capital				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' capital
Balance as of March 31, 2007	2,270	2,400	12,426	(675)	16,421
Changes during the period					
Issuance of new shares	172	172			345
Distribution of retained earnings			(184)		(184)
Net income			1,818		1,818
Purchase of treasury stock				(599)	(599)
Net change in items other than shareholders' capital during the period					
Total changes during the period	172	172	1,634	(599)	1,379
Balance as of September 30, 2007	2,442	2,572	14,060	(1,275)	17,801

	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized holding gains/losses on other securities	Total valuation and translation adjustments		
Balance as of March 31, 2007	156	156	-	16,577
Changes during the period				
Issuance of new shares				345
Distribution of retained earnings				(184)
Net income				1,818
Purchase of treasury stock				(599)
Net change in items other than shareholders' capital during the period	(82)	(82)		(82)
Total changes during the period	(82)	(82)	-	1,296
Balance as of September 30, 2007	73	73	-	17,874

(4) Consolidated Statements of Cash Flows

(Million yen)

	Six months ended September 30, 2006 (A)	Six months ended September 30, 2007 (B)	(B)-(A)	Year ended March 31, 2007
	Amount	Amount	Amount	Amount
I Cash flows from operating activities:				
Income before income taxes	2,678	3,122		5,442
Depreciation and amortization	110	158		255
Amortization of goodwill	0	0		1
Increase in reserves	71	37		152
Interest and dividend income	(8)	(7)		(20)
Dividend on investment fund	(44)	(62)		(111)
Interest expense	401	612		804
Impairment losses	-	-		(5)
Valuation loss on real estate held for sale	-	-		63
Loss on disposal of fixed assets	12	10		62
Investment securities valuation losses	-	48		-
Office relocation expense	43	-		43
Inventory asset valuation losses	-	145		-
Decrease/increase in accounts receivable, trade	(188)	104		(50)
Increase in loans, trade	(85)	(131)		(188)
Increase in inventories	(9,866)	(6,849)		(15,930)
Increase in joint project investments	(289)	(1,656)		(2,584)
Increase/decrease in accounts payable, trade	(2,238)	349		(3,547)
Increase/decrease in advances	507	(746)		1,044
Payment of directors' bonuses	(55)	(43)		(55)
Other	365	318		707
Subtotal	(8,587)	(4,588)	3,998	(13,914)
Interest and dividend received	10	18		16
Interest paid	(642)	(868)		(1,283)
Income taxes paid	(1,539)	(1,326)		(2,666)
Net cash used in operating activities	(10,758)	(6,765)	3,992	(17,848)
II Cash flows from investing activities:				
Placements in time deposits	(30)	(10)		(64)
Withdrawals from time deposits	14	40		48
Purchase of bonds	(35)	(34)		(35)
Proceeds from redemption of bonds	39	35		39
Purchase of investment securities	(18)	(54)		(18)
Sale of investment securities, etc.	-	-		9
Purchase of tangible fixed assets	(4,458)	(2,852)		(5,685)
Purchase of intangible fixed assets	(4)	(12)		(18)
Net decrease in short-term loans	5	1,105		(790)
Proceeds from collection of long-term loans	80	0		80
Other	-	(0)		4
Net cash used in investing activities	(4,406)	(1,783)	2,623	(6,431)
III Cash flows from financing activities:				
Net increase/decrease in short-term loans	7,016	(1,127)		9,076
Redemption of corporate bonds	(100)	-		(100)
Proceeds from long-term borrowings	13,513	17,078		27,871
Repayment of long-term borrowings	(7,808)	(3,906)		(18,680)
Payment for purchase of treasury stock	(0)	(599)		(428)
Dividend payment	(167)	(184)		(354)
Net cash provided by financing activities	12,452	11,259	(1,193)	17,383
IV Increase/decrease in cash and cash equivalents	(2,712)	2,711	5,423	(6,896)
V Cash and cash equivalents at the beginning of the period	16,664	9,768	(6,896)	16,664
VI Cash and cash equivalents at the end of the period	13,952	12,479	(1,472)	9,768