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Forward-Looking Statements

This document contains certain statements based on Tokyo Tatemono's current plans, estimates, and strategies; all statements that are not of historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's management based on currently available information. It is possible that the Company's future performance will differ significantly from the contents of these forward-looking statements. Accordingly, there is no assurance that the forward-looking statements in this document will prove to be accurate.

August 21, 2007

Outline of Consolidated Financial Statements for the First Half of the Fiscal Year Ending December 2007

Name of Company Listed: Tokyo Tatemono Co., Ltd.

Stock Exchange Listing: Tokyo (First Section)

Code Number: 8804

URL: <http://www.tatemono.com>

Representative: Makoto Hatanaka, President & Representative Director

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Projected interim report submission date: September 28, 2007

Projected dividend payment initiation date: September 7, 2007

1. Consolidated Results of Operations for the First Half of Fiscal 2007 (January 1, 2007 to June 30, 2007)

(1) Consolidated Business Results

As of June 30, 2007

(Amounts indicated are displayed with amounts less than one million yen rounded off.)

	Revenue from operations		Operating income		Recurring income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2007 1H	102,226	(34.7)	23,509	(5.7)	20,906	(9.6)
2006 1H	156,607	125.6	24,925	121.6	23,122	157.6
2006 full year	234,340	–	34,461	–	31,289	–

	Interim net income		Interim net income per share	Interim net income per share after adjusting for dilution
	Millions of yen	%	Yen	Yen
2007 1H	10,658	(24.7)	33.75	–
2006 1H	14,149	297.7	44.78	–
2006 full year	17,406	–	55.10	–

Note: Investment income/loss due to equity method: Six months ended June 30, 2007 ¥44 million
Six months ended June 30, 2006 ¥119 million
Year ended December 31, 2006 ¥229 million

(2) Consolidated Financial Status

	Total assets	Total net assets	Equity ratio	Owners' equity per share
	Millions of yen	Millions of yen	%	Yen
2007 1H	808,177	225,545	27.5	704.47
2006 1H	633,194	210,007	33.2	664.47
2006 full year	675,267	214,879	31.4	671.17

Note: Owners' equity: Six months ended June 30, 2007 ¥222,466 million
Six months ended June 30, 2006 ¥209,909 million
Year ended December 31, 2006 ¥211,985 million

(3) Consolidated Cash Flows

As of June 30, 2007

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2007 1H	(26,055)	(70,345)	98,747	9,878
2006 1H	3,235	(14,427)	12,797	10,782
2006 full year	(3,983)	(42,699)	44,994	7,507

2. Dividend Status

(Base date)	Dividend per share		
	End of interim period	End of FY	Annual
FY 2006	Yen 6.00	Yen 6.00	Yen 12.00
FY 2007	7.00		14.00
FY 2007 (Projection)		7.00	

3. Projection of Consolidated Results of Operations for Fiscal 2007, Ending December 2007
(January 1, 2007 to December 31, 2007)

	Revenue from operations		Operating income		Recurring income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full fiscal year	215,000	(8.3)	44,000	27.7	38,500	23.0

	Net income		Net income per share
	Millions of yen	%	Yen
Full fiscal year	21,500	23.5	68.08

4. Other

- (1) Significant changes in subsidiaries during the period (transfer of specific subsidiaries following a change in the scope of consolidation): None
- (2) Changes in accounting treatment principles, procedures or presentation methods affecting the preparation of the interim consolidated financial statements (recorded as changes in important items which are the basis for the preparation of the interim consolidated financial statements)
 - (i) Changes accompanying the revision of accounting standards, etc.: Yes
 - (ii) Changes other than those noted in (i): Yes
- (3) Number of shares outstanding (common stock)
 - (i) Number of shares outstanding at the end of the period (including treasury stock)

Six months ended June 30, 2007	318,059,168 shares
Six months ended June 30, 2006	318,059,168 shares
Year ended December 31, 2006	318,059,168 shares
 - (ii) Number of treasury stock at the end of the period

Six months ended June 30, 2007	2,268,478 shares
Six months ended June 30, 2006	2,156,212 shares
Year ended December 31, 2006	2,211,839 shares

(Reference) Outline of Non-Consolidated Financial Statements**1. Non-Consolidated Results of Operations for the First Half of Fiscal 2007 (January 1, 2007 to June 30, 2007)****(1) Non-Consolidated Business Results**

As of June 30, 2007

(Amounts indicated are displayed with amounts less than one million yen rounded off.)

	Revenue from operations		Operating income		Recurring income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
2007 1H	80,358	(40.0)	20,445	(6.1)	18,002	(10.4)
2006 1H	133,859	146.3	21,764	132.8	20,083	174.3
2006 full year	191,283	–	29,572	–	25,917	–

	Interim net income		Interim net income per share
	Millions of yen	%	Yen
2007 1H	9,312	(23.4)	29.30
2006 1H	12,154	221.8	38.22
2006 full year	15,310	–	48.15

(2) Non-Consolidated Financial Status

	Total assets	Total net assets	Equity ratio	Owners' equity per share
	Millions of yen	Millions of yen	%	Yen
2007 1H	772,718	212,096	27.4	667.24
2006 1H	607,565	201,556	33.2	633.86
2006 full year	647,553	203,584	31.4	640.35

Note: Owners' equity: Six months ended June 30, 2007 ¥212,096 million
Six months ended June 30, 2006 ¥201,556 million
Year ended December 31, 2006 ¥203,584 million

*** Explanation Regarding the Appropriate Use of Business Performance Projections, and Other Items Warranting Special Mention**

The consolidated business performance projections for the full fiscal year have been revised from those released February 14, 2007. The performance projections and other statements regarding the future presented in these materials are based on information presently obtained by the Company and on certain assumptions deemed to be rational, and the actual performance may greatly differ depending on various factors.

First-Half Consolidated Balance Sheets

(Millions of yen)

Item	End of FY 2006 1H As of June 30, 2006		End of FY 2007 1H As of June 30, 2007		End of FY 2006 As of December 31, 2006		Increase/ Decrease
	Amount	Weight	Amount	Weight	Amount	Weight	Amount
(ASSETS)		%		%		%	
I Current assets	149,347	23.6	208,343	25.8	154,943	22.9	53,399
Cash	10,815		10,001		7,532		2,469
Notes and accounts receivable, trade	14,508		11,107		11,120		(12)
Marketable securities	1,782		9,457		1,782		7,675
Inventories	104,332		152,997		120,222		32,775
Deferred income taxes	1,227		1,961		1,499		461
Other current assets	16,697		22,828		12,798		10,029
Allowance for doubtful accounts	(16)		(11)		(11)		0
II Fixed assets	483,847	76.4	599,834	74.2	520,323	77.1	79,510
1. Property and equipment	322,252	50.9	355,639	44.0	338,528	50.1	17,110
Buildings and structures	73,983		79,601		78,156		1,445
Land	244,597		263,919		256,027		7,892
Construction in progress	334		7,381		899		6,481
Other fixed assets	3,336		4,736		3,444		1,291
2. Intangible and other assets	7,421	1.2	15,825	2.0	14,405	2.2	1,419
3. Investments	154,173	24.3	228,369	28.2	167,389	24.8	60,979
Investment securities	92,829		149,395		101,934		47,461
Investment in consortia	46,461		62,157		49,571		12,585
Long-term loans	1,012		895		952		(57)
Deferred income taxes	836		1,006		884		121
Other investments	14,731		16,337		15,523		814
Allowance for doubtful accounts	(815)		(784)		(803)		19
Investment loss reserve	(883)		(638)		(673)		35
Total assets	633,194	100.0	808,177	100.0	675,267	100.0	132,910

First-Half Consolidated Balance Sheets

(Millions of yen)

Item	End of FY 2006 1H As of June 30, 2006		End of FY 2007 1H As of June 30, 2007		End of FY 2006 As of December 31, 2006		Increase/ Decrease
	Amount	Weight	Amount	Weight	Amount	Weight	Amount
(LIABILITIES)		%		%		%	
I Current liabilities	158,060	24.9	166,525	20.6	148,022	21.9	18,502
Short-term borrowings	104,280		113,813		90,589		23,223
Commercial paper	4,300		–		11,000		(11,000)
Accounts payable, trade	9,862		9,198		8,009		1,189
Accrued income taxes	6,569		8,592		7,258		1,334
Deferred income taxes	17		7		–		7
Reserve for compensation for completed work	3		5		5		(0)
Reserve for bonuses	277		331		252		78
Reserve for bonuses to directors and corporate auditors	94		129		259		(129)
Other current liabilities	32,654		34,446		30,647		3,798
II Long-term liabilities	265,127	41.9	416,107	51.5	312,365	46.3	103,741
Corporate bond	–		40,000		–		40,000
Long-term debt	180,037		270,082		217,632		52,449
Deferred income taxes	12,420		13,566		13,376		189
Deferred income taxes on land revaluation	13,778		16,791		13,765		3,025
Accrued severance indemnities	4,654		4,986		4,830		155
Allowance for retirement benefits for directors	509		594		572		21
Provision for loss on guarantees	63		56		56		–
Reserve for scrapping of buildings	210		277		240		36
Guarantee deposits received	38,228		42,467		41,616		850
Other long-term liabilities	15,224		27,284		20,272		7,011
Total liabilities	423,187	66.8	582,632	72.1	460,388	68.2	122,244
(NET ASSETS)							
I Owners' equity	179,456	28.4	184,998	22.9	180,750	26.8	4,248
1 Paid-in capital	77,181	12.2	77,181	9.6	77,181	11.4	–
2 Capital surplus	75,523	11.9	75,524	9.3	75,523	11.2	0
3 Retained earnings	27,118	4.3	32,827	4.1	28,484	4.2	4,342
4 Treasury stock	(366)	(0.0)	(534)	(0.1)	(439)	(0.0)	(95)
II Valuation and translation adjustments	30,453	4.8	37,467	4.6	31,235	4.6	6,231
1 Valuation difference on available-for-sale securities	15,948	2.5	18,420	2.3	16,677	2.5	1,742
2 Revaluation difference on land	14,582	2.3	18,972	2.3	14,564	2.1	4,408
3 Translation adjustments	(77)	(0.0)	74	0.0	(6)	(0.0)	80
III Minority interests	97	0.0	3,079	0.4	2,893	0.4	185
Total net assets	210,007	33.2	225,545	27.9	214,879	31.8	10,666
Total liabilities, minority interests and net assets	633,194	100.0	808,177	100.0	675,267	100.0	132,910

First-Half Consolidated Statements of Income

(Millions of yen)

Item	End of FY 2006 1H January 1, 2006 through June 30, 2006		End of FY 2007 1H January 1, 2007 through June 30, 2007		Increase/ Decrease	End of FY 2006 January 1, 2006 through December 31, 2006	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
			%		%		%
I Revenue from operations	156,607	100.0	102,226	100.0	(54,381)	234,340	100.0
II Cost of revenue	116,707	74.5	63,978	62.6	(52,729)	170,046	72.6
Gross profit	39,899	25.5	38,247	37.4	(1,651)	64,294	27.4
III Selling, general and administrative expenses	14,973	9.6	14,738	14.4	(235)	29,833	12.7
Operating income	24,925	15.9	23,509	23.0	(1,416)	34,461	14.7
IV Non-operating income							
Interest income	20		20		(0)	87	
Dividend income	412		418		6	547	
Equity in income of affiliated companies	119		44		(75)	229	
Investment partnership income	–		–		–	908	
Other	242		373		130	429	
Total non-operating income	795	0.5	856	0.8	61	2,201	1.0
V Non-operating expenses							
Interest expense	2,325		2,857		531	4,649	
New share issue expenses	8		–		(8)	–	
Stock issuance expenses	–		–		–	36	
Bond issuance expenses	–		197		197	–	
Other	263		404		140	687	
Total non-operating expenses	2,597	1.6	3,459	3.3	861	5,374	2.3
Recurring income	23,122	14.8	20,906	20.5	(2,215)	31,289	13.4
VI Extraordinary income							
Gain on sale of property and equipment	247		1,277		1,029	262	
Gain on sale of investment securities	–		31		31	–	
Gain on sale of investments in subsidiaries	–		–		–	2,695	
Gain on change in shareholding in subsidiaries	–		–		–	1,966	
Income from business transfers	–		159		159	–	
Reversal of provision for losses on doubtful accounts	2		3		0	–	
Gain on reversal of provision for investment losses	38		35		(3)	248	
Total extraordinary income	289	0.2	1,506	1.4	1,217	5,173	2.2
VII Extraordinary loss							
Loss on revaluation of real estate for sale	–		–		–	3,661	
Loss on sale of fixed assets	0		96		96	1	
Loss on retirement of property and equipment	74		167		93	267	
Loss on reconstruction of buildings	–		35		35	441	
Loss on devaluation of investment securities	22		–		(22)	101	
Retirement and bonuses for special services for directors	16		–		(16)	16	
Impairment loss	–		10		10	324	
Total extraordinary loss	113	0.1	309	0.3	196	4,814	2.1
Interim income before income taxes and minority interests	23,298	14.9	22,103	21.6	(1,195)	31,648	13.5
Current income taxes	6,517	4.2	9,398	9.2	2,881	11,624	4.9
Deferred income taxes	2,612	1.7	1,757	1.7	(855)	2,739	1.2
Minority interest income (loss)	18	0.0	289	0.3	270	(122)	(0.0)
Interim net income	14,149	9.0	10,658	10.4	(3,491)	17,406	7.4

First-Half Consolidated Statements of Changes in Consolidated Owners' Equity

Fiscal 2006 1H (January 1, 2006 through June 30, 2006)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Revaluation difference on land	Translation adjustments	Total valuation and translation adjustments		
Balance at the end of previous period	77,181	75,522	18,549	(290)	170,963	17,690	13,016	(32)	30,675	81	201,720
Changes of items during the interim period											
Dividends from surplus	–	–	(1,590)	–	(1,590)	–	–	–	–	–	(1,590)
Interim net income	–	–	14,149	–	14,149	–	–	–	–	–	14,149
Transfer to land revaluation excess	–	–	(3,800)	–	(3,800)	–	–	–	–	–	(3,800)
Bonuses to directors and corporate auditors	–	–	(189)	–	(189)	–	–	–	–	–	(189)
Disposal of treasury stock	–	0	–	3	3	–	–	–	–	–	3
Acquisition of treasury stock	–	–	–	(80)	(80)	–	–	–	–	–	(80)
Net changes of items other than owners' equity	–	–	–	–	–	(1,742)	1,565	(45)	(222)	16	(206)
Total changes of items during the interim period	–	0	8,569	(76)	8,492	(1,742)	1,565	(45)	(222)	16	8,286
Balance at the end of the period (June 30, 2006)	77,181	75,523	27,118	(366)	179,456	15,948	14,582	(77)	30,453	97	210,007

Fiscal 2007 1H (January 1, 2007 through June 30, 2007)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Revaluation difference on land	Translation adjustments	Total valuation and translation adjustments		
Balance at the end of previous period	77,181	75,523	28,484	(439)	180,750	16,677	14,564	(6)	31,235	2,893	214,879
Changes of items during the interim period											
Dividends from surplus	–	–	(1,907)	–	(1,907)	–	–	–	–	–	(1,907)
Interim net income	–	–	10,658	–	10,658	–	–	–	–	–	10,658
Transfer to land revaluation excess	–	–	(4,408)	–	(4,408)	–	–	–	–	–	(4,408)
Disposal of treasury stock	–	0	–	3	4	–	–	–	–	–	4
Acquisition of treasury stock	–	–	–	(98)	(98)	–	–	–	–	–	(98)
Net changes of items other than owners' equity	–	–	–	–	–	1,742	4,408	80	6,231	185	6,417
Total changes of items during the interim period	–	0	4,342	(95)	4,248	1,742	4,408	80	6,231	185	10,666
Balance at the end of the period (June 30, 2007)	77,181	75,524	32,827	(534)	184,998	18,420	18,972	74	37,467	3,079	225,545

Fiscal 2006 (January 1, 2006 through December 31, 2006)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments				Minority interests	Total net assets
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Revaluation difference on land	Translation adjustments	Total valuation and translation adjustments		
Balance at the end of previous period	77,181	75,522	18,549	(290)	170,963	17,690	13,016	(32)	30,675	81	201,720
Changes of items during the FY period											
Dividends from surplus	–	–	(3,498)	–	(3,498)	–	–	–	–	–	(3,498)
Net income	–	–	17,406	–	17,406	–	–	–	–	–	17,406
Transfer to land revaluation excess	–	–	(3,783)	–	(3,783)	–	–	–	–	–	(3,783)
Bonuses to directors and corporate auditors	–	–	(189)	–	(189)	–	–	–	–	–	(189)
Disposal of treasury stock	–	0	–	7	8	–	–	–	–	–	8
Acquisition of treasury stock	–	–	–	(157)	(157)	–	–	–	–	–	(157)
Net changes of items other than owners' equity	–	–	–	–	–	(1,013)	1,547	25	560	2,812	3,372
Total changes of items during the FY period	–	0	9,935	(149)	9,786	(1,013)	1,547	25	560	2,812	13,159
Balance at the end of the period (December 31, 2006)	77,181	75,523	28,484	(439)	180,750	16,677	14,564	(6)	31,235	2,893	214,879

First-Half Consolidated Statements of Cash Flows

(Millions of yen)

Item	2006 1H	2007 1H	FY 2006
	Amount	Amount	Amount
I Cash flows from operating activities			
Interim income before income taxes and minority interests	23,298	22,103	31,648
Depreciation	2,003	2,351	4,188
Impairment loss	–	10	324
Amortization	15	–	31
Goodwill depreciation	–	15	–
Equity in income of affiliated companies	(119)	(44)	(229)
Increase (decrease) in allowance for doubtful accounts	(58)	(19)	(74)
Increase (decrease) in investment loss reserve	(38)	(35)	(248)
Reversal of severance indemnities, less payments	24	73	(1)
(Reversal of) reserve for bonuses to directors and corporate auditors	94	(129)	259
(Reversal of) reserve for bonuses to employees	(88)	87	87
Increase (decrease) in allowance for retirement benefits for directors	(2)	21	61
Increase (decrease) in provision for loss on guarantees	(6)	–	(13)
Interest and dividend income	(433)	(439)	(634)
Investment partnership income	–	–	(908)
Interest expense	2,325	2,857	4,649
Loss on revaluation of real estate for sale	–	–	3,661
Write-down of marketable securities	22	–	101
(Gain) loss on sale of marketable and investment securities	–	(31)	–
Gain on sale of investments in subsidiaries	–	–	(2,695)
Gain on change in shareholding in subsidiaries	–	–	(1,966)
Gain on sales of fixed assets	(247)	(1,277)	(262)
Loss on sales of fixed assets	74	264	269
Loss on reconstruction of buildings	–	35	441
(Increase) decrease in accounts receivable, trade	(4,394)	52	(1,006)
(Increase) decrease in inventories	5,434	(37,783)	(16,833)
Increase (decrease) in guarantee deposits received	(252)	804	2,892
Increase (decrease) in accounts payable, trade	(1,077)	231	(678)
(Increase) decrease in guarantee deposits paid	348	(670)	(134)
Increase (decrease) in deposits	(11,974)	3,218	(16,463)
Other	(3,322)	(7,574)	3,611
Subtotal	11,626	(15,876)	10,077
Interest and dividends received	475	477	1,425
Interest paid	(2,487)	(2,571)	(4,672)
Income taxes paid	(6,377)	(8,084)	(10,812)
Net cash provided by (used in) operating activities	3,235	(26,055)	(3,983)
II Cash flows from investing activities			
Proceeds from sale of marketable and investment securities	1,831	21,648	17,592
Payment for purchase of marketable securities	–	(7,675)	–
Payment for purchase of marketable and investment securities	(14,675)	(66,553)	(38,131)
Proceeds from sale of investments in subsidiaries	–	–	3,767
Acquisition of shares in subsidiaries following change in scope of consolidation	–	(3,966)	–
Proceeds from acquisition of shares in subsidiaries following change in scope of consolidation	182	–	182
Investments in consortia	(2,768)	(15,012)	(6,302)
Proceeds from sale of investments in consortia	506	2,354	929
Proceeds from sale of property and equipment	3,704	4,996	3,872
Payment for purchase of property and equipment	(7,843)	(13,950)	(34,175)
Increase in loans	(87)	(105)	(107)
Collection of loans	86	171	166
Increase (decrease) in receipt from investment in specific joint real estate ventures	3,888	7,811	9,094
Other	746	(64)	412
Net cash used in investing activities	(14,427)	(70,345)	(42,699)

(Millions of yen)

Item	2006 1H	2007 1H	FY 2006
	Amount	Amount	Amount
III Cash flows from financing activities			
Increase (decrease) in short-term borrowings	17,500	18,350	3,500
Increase (decrease) in commercial paper	3,200	(11,000)	9,900
Increase in long-term debt	29,000	101,828	104,500
Repayment of long-term debt	(35,065)	(44,712)	(72,660)
Repayment of long-term accounts payable	(132)	(3,379)	(265)
Proceeds from issuance of bonds	–	40,000	–
Proceeds from treasury stock	3	4	8
Acquisition of treasury stock	(63)	(98)	(139)
Dividends paid	(1,586)	(1,904)	(3,494)
Payments of dividends to minority shareholders	(0)	(112)	(0)
Proceeds from issue of shares to minority shareholders	–	–	3,835
Other	(57)	(228)	(187)
Net cash provided by financing activities	12,797	98,747	44,994
IV Effect of exchange rate changes on cash and cash equivalents	(10)	24	8
V Net increase in cash and cash equivalents	1,595	2,371	(1,679)
VI Cash and cash equivalents at beginning of year	8,241	7,507	8,241
VII Increase in cash and cash equivalents accompanying newly consolidated subsidiary	945	–	945
VIII Cash and cash equivalents at end of the interim period	10,782	9,878	7,507

(Segment Information)

1. Industry Segments

Fiscal 2006 1H (January 1, 2006 through June 30, 2006)

(Millions of yen)

	Leasing	Real estate sales	Other	Total	Portion not classified to segments, less elimination	Consolidated
I. Revenue from operations						
(1) Customers	21,576	117,317	17,712	156,607	–	156,607
(2) Intersegment	342	79	1,089	1,512	(1,512)	–
Total	21,919	117,397	18,802	158,119	(1,512)	156,607
Costs and operating expenses	12,187	101,221	16,640	130,049	1,632	131,681
Operating income	9,732	16,175	2,162	28,070	(3,144)	24,925

Fiscal 2007 1H (January 1, 2007 through June 30, 2007)

(Millions of yen)

	Leasing	Real estate sales	Other	Total	Portion not classified to segments, less elimination	Consolidated
I. Revenue from operations						
(1) Customers	26,020	48,252	27,952	102,226	–	102,226
(2) Intersegment	331	1,743	1,758	3,832	(3,832)	–
Total	26,352	49,996	29,710	106,059	(3,832)	102,226
Costs and operating expenses	12,636	45,096	20,229	77,962	754	78,717
Operating income	13,715	4,899	9,480	28,096	(4,586)	23,509

Fiscal 2006 (January 1, 2006 through December 31, 2006)

(Millions of yen)

	Leasing	Real estate sales	Other	Total	Portion not classified to segments, less elimination	Consolidated
I. Revenue from operations						
(1) Customers	43,505	155,494	35,341	234,340	–	234,340
(2) Intersegment	658	172	2,416	3,246	(3,246)	–
Total	44,163	155,666	37,757	237,587	(3,246)	234,340
Costs and operating expenses	24,970	137,315	33,811	196,097	3,781	199,879
Operating income	19,193	18,351	3,945	41,490	(7,028)	34,461

(Notes)

1. Method of determination of industry segments

Business segments have been determined in consideration of the business activities of the corporate group.

2. Principal content of each industry segment

Leasing: Leasing and management of land, buildings and housing

Real estate sales: Sales of residential land, houses and high-rise condominiums

Other: Real estate agency and evaluation, consulting, civil engineering and construction contracting, resort, leisure facilities and hotel business

3. Operating expenses for the first half of fiscal 2006 include ¥3,152 million in operating expenses that cannot be included in “portion not classified to segments, less elimination,” consisting primarily of expenses related to the general administration of the Company.

Operating expenses for the first half of fiscal 2007 include ¥3,953 million in operating expenses that cannot be included in “portion

not classified to segments, less elimination,” consisting primarily of expenses related to the general administration of the Company. Operating expenses for fiscal 2006 include ¥7,007 million in operating expenses that cannot be included in “portion not classified to segments, less elimination,” consisting primarily of expenses related to the general administration of the Company.

2. Geographical Segments

Fiscal 2006 1H (January 1, 2006 through June 30, 2006), Fiscal 2007 1H (January 1, 2007 through June 30, 2007), and Fiscal 2006 (January 1, 2006 through December 31, 2006)

This information is not presented, as more than 90% of total operating revenues and assets originates in Japan.

3. Overseas Operating Revenues

Fiscal 2006 1H (January 1, 2006 through June 30, 2006), Fiscal 2007 1H (January 1, 2007 through June 30, 2007), and Fiscal 2006 (January 1, 2006 through December 31, 2006)

This information is not presented, as less than 10% of consolidated operating revenues is from overseas.

First-Half Non-Consolidated Balance Sheets

(Millions of yen)

Item	End of FY 2006 1H As of June 30, 2006		End of FY 2007 1H As of June 30, 2007		End of FY 2006 As of December 31, 2006		Increase/ Decrease
	Amount	Weight	Amount	Weight	Amount	Weight	Amount
(ASSETS)		%		%		%	
I Current assets	157,134	25.9	205,997	26.7	160,816	24.8	45,180
Cash	5,873		6,174		4,429		1,745
Accounts receivable, trade	12,677		8,740		8,906		(166)
Marketable securities	1,782		9,457		1,782		7,675
Inventories	95,676		139,245		110,090		29,155
Advances	451		563		1,298		(735)
Advance expenses	1,668		1,398		1,814		(416)
Deferred income taxes	623		902		678		224
Short-term loans receivable	25,632		22,355		24,506		(2,151)
Other current assets	12,830		18,090		8,103		9,986
Allowance for doubtful accounts	(82)		(931)		(794)		(136)
II Fixed assets	450,430	74.1	566,721	73.3	486,736	75.2	79,984
1. Property and equipment	273,960	45.1	304,302	39.4	289,860	44.8	14,441
Buildings	58,114		62,593		61,521		1,072
Structures	720		1,366		758		607
Machinery and equipment	353		432		393		39
Vehicles	3		1		1		(0)
Tools and equipment	487		647		554		93
Land	214,281		231,888		225,737		6,151
Construction in progress	-		7,371		894		6,476
2. Intangible and other assets	6,769	1.1	14,485	1.8	13,804	2.1	681
Lease rights	6,656		14,425		13,718		707
Other intangible assets	113		60		85		(25)
3. Investments	169,700	27.9	247,933	32.1	183,071	28.3	64,861
Investment securities	83,863		136,869		92,409		44,460
Shares in affiliated companies	16,285		16,516		16,516		-
Investment in consortia	44,534		58,967		47,628		11,339
Investment in affiliated companies	474		116		116		-
Long-term loans	163		172		171		0
Long-term loans to affiliated companies	19,235		28,589		20,407		8,182
Guarantee deposits paid	11,316		12,299		11,702		597
Other investments	2,953		3,128		3,004		123
Allowance for doubtful accounts	(8,019)		(7,988)		(8,008)		20
Investment loss reserve	(1,106)		(738)		(876)		138
Total assets	607,565	100.0	772,718	100.0	647,553	100.0	125,165

First-Half Non-Consolidated Balance Sheets

(Millions of yen)

Item	End of FY 2006 1H As of June 30, 2006		End of FY 2007 1H As of June 30, 2007		End of FY 2006 As of December 31, 2006		Increase/ Decrease
	Amount	Weight	Amount	Weight	Amount	Weight	Amount
(LIABILITIES)							
I Current liabilities	143,652	23.6	154,804	20.1	134,700	20.8	20,104
Short-term borrowings	27,872		26,203		14,041		12,161
Current portion of long-term debt	74,803		85,991		76,650		9,340
Commercial paper	4,300		-		11,000		(11,000)
Accounts payable, trade	7,945		7,152		5,503		1,648
Accrued expenses	3,720		5,336		3,768		1,568
Accrued income taxes	5,488		6,869		5,958		910
Advances received	11,824		14,941		13,467		1,473
Deposits received	6,690		7,261		3,209		4,052
Reserve for bonuses	153		173		122		51
Reserve for bonuses to directors and corporate auditors	75		100		200		(100)
Other current liabilities	778		775		777		(2)
II Long-term liabilities	262,356	43.2	405,817	52.5	309,268	47.8	96,549
Corporate bond	-		40,000		-		40,000
Long-term debt	178,262		265,471		215,083		50,387
Accounts payable	3,246		-		3,114		(3,114)
Deferred income taxes	7,828		7,892		8,083		(190)
Deferred income taxes on land revaluation	13,778		16,791		13,765		3,025
Accrued severance indemnities	3,560		3,772		3,709		62
Allowance for retirement benefits for directors	449		501		500		1
Provision for loss on guarantees	63		56		56		-
Guarantee deposits received	34,820		38,462		37,658		803
Long-term deposits payable	19,887		32,423		26,856		5,566
Other long-term liabilities	458		445		438		6
Total liabilities	406,008	66.8	560,622	72.6	443,968	68.6	116,653
(NET ASSETS)							
I Owners' equity	172,895	28.5	176,992	22.9	174,089	26.9	2,903
1 Paid-in capital	77,181	12.7	77,181	10.0	77,181	11.9	-
2 Capital surplus	75,212	12.4	75,213	9.7	75,212	11.6	0
(1) Capital legal reserve	61,839		61,839		61,839		-
(2) Other capital surplus	13,373		13,374		13,373		0
3 Earned surplus	20,589	3.4	24,853	3.2	21,855	3.4	2,997
Other earned surplus	20,589		24,853		21,855		2,997
Reserve for asset replacement	669		669		669		-
Earned surplus brought forward	19,920		24,183		21,186		2,997
4 Treasury stock	(88)	(0.0)	(255)	(0.0)	(160)	(0.0)	(95)
II Valuation and translation adjustments	28,661	4.7	35,103	4.5	29,495	4.5	5,608
1 Valuation difference on available-for-sale securities	14,079	2.3	16,131	2.1	14,930	2.3	1,200
2 Revaluation difference on land	14,582	2.4	18,972	2.4	14,564	2.2	4,408
Total net assets	201,556	33.2	212,096	27.4	203,584	31.4	8,511
Total liabilities and net assets	607,565	100.0	772,718	100.0	647,553	100.0	125,165

First-Half Non-Consolidated Statements of Income

(Millions of yen)

Item	End of FY 2006 1H		End of FY 2007 1H		Increase/ Decrease	FY 2006	
	January 1, 2006 through June 30, 2006		January 1, 2007 through June 30, 2007			January 1, 2006 through December 31, 2006	
	Amount	Percentage	Amount	Percentage	Amount	Amount	Percentage
I Revenue from operations		%		%			%
Leasing	18,203	13.6	22,563	28.1	4,360	36,624	19.2
Real estate sales	113,376	84.7	46,351	57.7	(67,025)	149,653	78.2
Other	2,279	1.7	11,444	14.2	9,164	5,005	2.6
Total revenue from operations	133,859	100.0	80,358	100.0	(53,500)	191,283	100.0
II Cost of revenue							
Leasing	9,867		10,763		896	20,413	
Real estate sales	91,045		36,279		(54,765)	120,012	
Other	1,695		3,867		2,171	3,521	
Total cost of revenue	102,608	76.7	50,910	63.4	(51,698)	143,947	75.3
Gross profit	31,251	23.3	29,448	36.6	(1,802)	47,335	24.7
III Selling, general and administrative expenses	9,486	7.0	9,003	11.2	(483)	17,763	9.2
Operating income	21,764	16.3	20,445	25.4	(1,319)	29,572	15.5
IV Non-operating income							
Interest income	229		237		8	466	
Dividend income	488		686		198	622	
Investment partnership income	-		-		-	908	
Other	84		157		73	125	
Total non-operating income	802	0.6	1,082	1.4	280	2,122	1.0
V Non-operating expenses							
Interest expense	2,224		2,765		540	4,459	
Bond issuance expenses	-		197		197	-	
Provision for allowance for doubtful accounts	-		132		132	676	
Others	258		430		172	642	
Total non-operating expenses	2,483	1.9	3,525	4.4	1,042	5,777	3.0
Recurring income	20,083	15.0	18,002	22.4	(2,081)	25,917	13.5
VI Extraordinary income							
Gain on sale of property and equipment	119		1,160		1,041	131	
Gain on sale of investment securities	-		31		31	-	
Gain on sale of stock in affiliates	-		-		-	3,674	
Reversal of provision for losses on doubtful accounts	46		6		(40)	25	
Gain on reversal of provision for investment losses	16		138		121	247	
Total extraordinary income	183	0.1	1,336	1.7	1,153	4,078	2.2
VII Extraordinary loss							
Loss on revaluation of real estate for sale	-		-		-	1,920	
Loss on sale of fixed assets	0		115		115	0	
Loss on retirement of property and equipment	24		156		132	81	
Loss on reconstruction of buildings	-		35		35	441	
Loss on devaluation of investment securities	22		-		(22)	101	
Valuation loss on investments in affiliates	58		-		(58)	368	
Total extraordinary loss	104	0.0	307	0.4	203	2,915	1.5
Interim income before income taxes	20,162	15.1	19,031	23.7	(1,130)	27,081	14.2
Current income taxes	5,449		7,636		2,187	9,608	
Deferred income taxes	2,559		2,082		(476)	2,162	
Interim net income	12,154	9.1	9,312	11.6	(2,841)	15,310	8.0

First-Half Non-Consolidated Statements of Changes in Non-Consolidated Owners' Equity

Fiscal 2006 1H (January 1, 2006 through June 30, 2006)

(Millions of yen)

	Owners' equity								Valuation and translation adjustments			Total net assets	
	Paid-in capital	Capital surplus			Earned surplus			Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Revaluation difference on land		Total valuation and translation adjustments
		Capital surplus	Other capital surplus	Total capital surplus	Other earned surplus	Reserve for asset replacement	Earned surplus brought forward						
Balance at the end of previous period	77,181	61,839	13,372	75,211	–	13,976	13,976	(28)	166,341	15,512	13,016	28,528	194,870
Changes of items during the interim period													
Dividends from surplus	–	–	–	–	–	(1,590)	(1,590)	–	(1,590)	–	–	–	(1,590)
Interim net income	–	–	–	–	–	12,154	12,154	–	12,154	–	–	–	12,154
Transfer to land revaluation excess	–	–	–	–	–	(3,800)	(3,800)	–	(3,800)	–	–	–	(3,800)
Bonuses to directors and corporate auditors	–	–	–	–	–	(150)	(150)	–	(150)	–	–	–	(150)
Disposal of treasury stock	–	–	0	0	–	–	–	3	3	–	–	–	3
Acquisition of treasury stock	–	–	–	–	–	–	–	(63)	(63)	–	–	–	(63)
Reserve for asset replacement	–	–	–	–	669	(669)	–	–	–	–	–	–	–
Net changes of items other than owners' equity	–	–	–	–	–	–	–	–	–	(1,433)	1,565	132	132
Total changes of items during the interim period	–	–	0	0	669	5,943	6,613	(59)	6,554	(1,433)	1,565	132	6,686
Balance at the end of the period (June 30, 2006)	77,181	61,839	13,373	75,212	669	19,920	20,589	(88)	172,895	14,079	14,582	28,661	201,556

Fiscal 2007 1H (January 1, 2007 through June 30, 2007)

(Millions of yen)

	Owners' equity								Valuation and translation adjustments			Total net assets	
	Paid-in capital	Capital surplus			Earned surplus			Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Revaluation difference on land		Total valuation and translation adjustments
		Capital surplus	Other capital surplus	Total capital surplus	Other earned surplus	Reserve for asset replacement	Earned surplus brought forward						
Balance at the end of previous period	77,181	61,839	13,373	75,212	669	21,186	21,855	(160)	174,089	14,930	14,564	29,495	203,584
Changes of items during the interim period													
Dividends from surplus	-	-	-	-	-	(1,907)	(1,907)	-	(1,907)	-	-	-	(1,907)
Interim net income	-	-	-	-	-	9,312	9,312	-	9,312	-	-	-	9,312
Transfer to land revaluation excess	-	-	-	-	-	(4,408)	(4,408)	-	(4,408)	-	-	-	(4,408)
Disposal of treasury stock	-	-	0	0	-	-	-	3	4	-	-	-	4
Acquisition of treasury stock	-	-	-	-	-	-	-	(98)	(98)	-	-	-	(98)
Net changes of items other than owners' equity	-	-	-	-	-	-	-	-	-	1,200	4,408	5,608	5,608
Total changes of items during the interim period	-	-	0	0	-	2,997	2,997	(95)	2,903	1,200	4,408	5,608	8,511
Balance at the end of the period (June 30, 2007)	77,181	61,839	13,374	75,213	669	24,183	24,853	(255)	176,992	16,131	18,972	35,103	212,096

Fiscal 2006 (January 1, 2006 through December 31, 2006)

(Millions of yen)

	Owners' equity								Valuation and translation adjustments			Total net assets	
	Paid-in capital	Capital surplus			Earned surplus			Treasury stock	Total owners' equity	Valuation difference on available-for-sale securities	Revaluation difference on land		Total valuation and translation adjustments
		Capital surplus	Other capital surplus	Total capital surplus	Other earned surplus	Reserve for asset replacement	Earned surplus brought forward						
Balance at the end of previous period	77,181	61,839	13,372	75,211	–	13,976	13,976	(28)	166,341	15,512	13,016	28,528	194,870
Changes of items during the FY period													
Dividends from surplus	–	–	–	–	–	(3,498)	(3,498)	–	(3,498)	–	–	–	(3,498)
Net income	–	–	–	–	–	15,310	15,310	–	15,310	–	–	–	15,310
Transfer to land revaluation excess	–	–	–	–	–	(3,783)	(3,783)	–	(3,783)	–	–	–	(3,783)
Bonuses to directors and corporate auditors	–	–	–	–	–	(150)	(150)	–	(150)	–	–	–	(150)
Disposal of treasury stock	–	–	0	0	–	–	–	7	8	–	–	–	8
Acquisition of treasury stock	–	–	–	–	–	–	–	(139)	(139)	–	–	–	(139)
Reserve for asset replacement	–	–	–	–	669	(669)	–	–	–	–	–	–	–
Net changes of items other than owners' equity	–	–	–	–	–	–	–	–	–	(581)	1,547	966	966
Total changes of items during the FY period	–	–	0	0	669	7,210	7,879	(132)	7,747	(581)	1,547	966	8,714
Balance at the end of the period (December 31, 2006)	77,181	61,839	13,373	75,212	669	21,186	21,855	(160)	174,089	14,930	14,564	29,495	203,584

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