



## (3) Consolidated Cash Flows

	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
2008 1H	(11,622)	(57,083)	69,064	11,107
2007 1H	(26,055)	(70,345)	98,747	9,878
2007 full year	(17,227)	(84,054)	104,494	10,697

## 2. Dividend Status

(Base date)	Dividend per share		
	End of interim period	End of FY	Annual
FY 2007	Yen 7.00	Yen 7.00	Yen 14.00
FY 2008	8.00		16.00
FY 2008 (Projection)		8.00	

3. Projection of Consolidated Results of Operations for Fiscal 2008, Ending December 2008  
(January 1, 2008 to December 31, 2008)

	Revenue from operations	Operating income	Recurring income
	Millions of yen %	Millions of yen %	Millions of yen %
Full fiscal year	220,000 3.2	31,500 (30.7)	23,500 (40.5)

	Net income	Net income per share
	Millions of yen %	Yen
Full fiscal year	14,000 (35.6)	44.34

Note: The percentage figures indicate the percentage increase/decrease compared with the corresponding term of the previous fiscal year.

## 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 of 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: None

(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, 2008 318,059,168 shares

Six months ended June 30, 2007 318,059,168 shares

Year ended December 31, 2007 318,059,168 shares

(ii) Number of treasury stock at the end of the period

Six months ended June 30, 2008 2,319,474 shares

Six months ended June 30, 2007 2,268,478 shares

Year ended December 31, 2007 2,305,855 shares

## (Reference) Outline of Non-Consolidated Financial Status

## 1. Non-consolidated Results of Operations for the First Half of Fiscal 2008

(January 1, 2008 to June 30, 2008)

## (1) Non-Consolidated Business Results

	Revenue from operations	Operating income	Recurring income	Interim net income
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %
2008 1H	67,735 (15.7)	13,524 (33.9)	10,710 (40.5)	6,894 (26.0)
2007 1H	80,358 (40.0)	20,445 (6.1)	18,002 (10.4)	9,312 (23.4)
2007 full year	163,787 -	38,456 -	32,438 -	18,698 -

	Interim net income per share
	Yen
2008 1H	21.69
2007 1H	29.30
2007 full year	58.83

Note: The percentage figures indicate the percentage increase/decrease compared with the corresponding first half of the previous fiscal year.

(2) Non-Consolidated Financial Status

	Total assets	Total net assets	Equity ratio	Owners' equity per share
	Millions of yen	Millions of yen	%	Yen
2008 1H	875,158	215,730	24.7	678.79
2007 1H	772,718	212,096	27.4	667.24
2007 full year	796,203	214,501	26.9	674.89

Note: Owners' equity: Six months ended June 30, 2008 ¥215,730 million  
Six months ended June 30, 2007 ¥212,096 million  
Year ended December 31, 2007 ¥214,501 million

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

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. Please see page 6, 'Analysis of Operating Results' iii). *Analysis of Consolidated Business Result Projections* for details about business performance projections.

## 1. Operating Results

### (1) Analysis of Operating Results

#### i) Summary of consolidated business results for 2008 1H

##### <Summary>

The Japanese economic performance during this consolidated interim accounting period was sluggish as corporate profits weakened due to the effects of subprime loan issues and the sharp rise of oil and material prices and their impacts on the U.S. economy

In the real estate market, usage ratio of buildings continued to be high, although the vacancy rate has shown a slight increase. Price level of rents also remained steady centering on the city center. The market showed healthy growth on the whole. In the residential real estate market, sales prices rose due to the steep rise in construction costs, causing customers to withhold purchasing. This had a particular impact in the suburban areas, which required some adjustments including prolonged sales period. The real estate securitization market was effected by the confusion in the financial market triggered from the subprime loan problems, and some investors reduced their investments.

Under these business conditions, the Tokyo Tatemono group has strived to strengthen the profitability and to establish a stable business base for the foreseeable future, with leasing of office buildings and sales of real estates such as condominiums and detached housings as our mainstay business. We have also engaged in the active promotion of the urban development projects. However, our operating performance was significantly impacted by the changes in the surrounding the real estate market.

Consequently, for the consolidated business results for the interim period ending December 31, 2008 revenue from operations was ¥91,654 million (down 10.3% from ¥102,226 million of the same term of the preceding fiscal year), operating income was ¥15,297 million (down 34.9% from ¥23,509 million), and recurring income was ¥11,950 million (down 42.8% from ¥20,906 million). As we wrote down the revaluation losses from the income decrease of SPC (special purpose corporation) condominiums business, the net income for the interim period recorded ¥7,044 million (down 33.9% from ¥10,658 million).

#### ii) Summary of each business segments

##### <Leasing>

In 2008 1H, leasing of buildings continued to be strong with the high occupancy rate and higher rents. With the Kasumigaseki Common Gate (Chiyoda, Tokyo) and other buildings operating full year and the downtown rental apartments such as Apartments Sangenjaya (Setagaya, Tokyo) starting operation, we enjoyed a 13.6% increase in our income compared to the same term of the previous fiscal year. However, profit distributions from SPC decreased as we posted the distribution profits from SPC asset sell-off. As a result, revenue from operations for the leasing business was ¥27,340 million (up 5.1% from ¥26,020 million) and operating income was ¥12,884 million (down 6.1% from ¥13,715 million).

Item	2007 1H		2008 1H	
	Rentable area (Sublease area)	Amount (Millions of yen)	Rentable area (Sublease area)	Amount (Millions of yen)
Land	38,959 m <sup>2</sup> ( 6,754 m <sup>2</sup> )	286	39,900 m <sup>2</sup> ( 10,704 m <sup>2</sup> )	393
Buildings	540,031 m <sup>2</sup> ( 166,831 m <sup>2</sup> )	17,226	626,807 m <sup>2</sup> ( 163,098 m <sup>2</sup> )	19,572
Management services (Note)	-	8,507	-	7,373
Total		26,020		27,340

(Note: Management services include dividend income pertaining to investments of SPC income buildings, ¥3,994 million for 2008 1H and ¥5,633 million for 2007 1H.)

## &lt;Real estate sales&gt;

In 2008 1H, the Company recorded sales of condominiums such as THE KOSUGI TOWER (Kawasaki) and Brillia Rokko Island Branz Livio (Kobe), and of detached homes including Brillia Terrace Mitaka No Mori (Mitaka, Tokyo).

During the 2008 1H, the average selling price dropped for the sales of condominiums which are more frequently located in the suburbs and the local areas than in the city areas. Sales period also lengthened effected by the market deterioration, and we posted lower results in quantity of housings sold and total sales amount compared to the same term of the previous fiscal year. As a result, our profitability decreased as we could not cover the sales and the fixed costs.

Consequently, revenue from operations for real estate sales was ¥39,366 million (down 18.4% from ¥48,252 million) and operating income was ¥229 million (down 95.3% from ¥4,899 million).

Item	2007 1H		2008 1H	
	Quantity	Amount (Millions of yen)	Quantity	Amount (Millions of yen)
Condominiums	991	43,852	877	34,572
Detached houses (Including land zoned for detached houses)	36	2,370	43	2,357
Land, etc.	10	263	10	433
Management services	27,326	1,766	29,736	2,003
Total		48,252		39,366

## &lt;Other businesses&gt;

In 2008 1H, the Company increased the income for resort/leisure/hotel business by starting full year operation of Kawaguchiko Country Club (Kawaguchiko, Yamanashi) we acquired in 2007 1H, and by newly obtaining Tojo Golf Club (Kato, Hyogo), etc. Although the dividend distribution from SPC increased, drastic changes in the real estate distribution market stagnated the real estate trade, decreasing our agent charge income. Also, as the Company had posted the profit from SPC asset sell-out such as the asset management fee in 2007 1H, revenue from operations for other businesses was ¥24,948 million (down 10.7% from ¥27,952 million) and operating income was ¥6,102 million (down 35.6% from ¥9,480 million).

Item	2007 1H		2008 1H	
	Quantity	Amount (Millions of yen)	Quantity	Amount (Millions of yen)
Brokerage	1,905	5,155	2,386	3,182
Resort/leisure/hotel		3,342		4,719
Renovation		3,419		2,854
Restaurants		629		598
Retail of packaged media		3,066		3,162
Spa		1,481		1,440
Other (Note)		10,858		8,990
Total		27,952		24,948

(Note: "Other" includes dividend income pertaining to investments in SPC commercial facilities and in real-estate investment funds: ¥6,260 million for 2008 1H and ¥2,859 million for 2007 1H.)

## iii) Analysis of consolidated business result projections

The projected consolidated business result for the fiscal year 2008 is shown below. There is no change to the amendments announced on June 30, 2008 in “Amendments to the business outlook of the interim term and the full year of financial year ending December 31, 2008”.

In the latter half of the FY 2008, the leasing business is planning to operate more urban rented apartments and to complete the construction of SMARK shopping center (Isesaki, Gunma). The real estate sales business is also anticipating the completion and the handover of Brillia Tower KAWASAKI (Kawasaki), and the selling of rental apartments targeted for investors.

	Full-year outlook (Billions of yen)
Revenue from operations	220.0
Operating income	31.5
Recurring income	23.5
Net income	14.0

## (2) Analysis of the consolidated finances

## i) Assets, liabilities and net assets

## (Assets)

The Company's total assets at the end of the consolidated financial year 2008 1H was ¥933,305 million, up ¥99,768 million from 2007 1H.

This was because the Company's inventories increased by ¥14,008 million from activities such as acquiring of real estates held for sale. The fixed assets, intangible and other assets also increased by ¥50,114 million in total due to factors such as the acquisition of real estates for rental purposes and new golf courses in Shanghai, China. Additionally, investment securities increased by ¥16,970 million from investment made to SPC, etc.

## (Liabilities)

Liabilities at the end of 2008 1H resulted in ¥701,213 million, increasing by ¥98,211 million from 2007 1H.

Our interest-bearing debt increased by ¥76,487 million from the end of the preceding fiscal year to ¥507,287 million due to such activities as fund-raising from loans payable. Additionally, long-term deposits payable and other fixed liabilities increased by ¥26,271 million in total due to factors such as an increase of security deposits by acquisition of golf courses and increase in investments made to specific joint real estate ventures.

## (Net assets)

Net assets for 2008 1H was ¥232,091 million, increasing by ¥1,556 million from 2007 1H.

This is mainly because of the rise in the interim net profit, dividends from surplus and a reduction of valuation difference on available for-sale securities.

## ii) Cash Flows

In the 2008 1H, consolidated cash and cash equivalents (hereinafter referred to as “funds”) went down ¥11,622 million from operating activities, decreased ¥57,083 million from investing activities and increased ¥69,064 million from financing activities. As a result, total funds at the end of this consolidated interim term was ¥11,107 million, increasing by ¥410 million from the end the previous fiscal year.

Cash flows for each category are as follows:

## (Cash flow from operating activities)

The decrease in funds from operating activities were ¥11,622 million (up ¥14,432 million from 2007 1H). The main factor was the increase of ¥6,658 million yen in net income before taxes and other adjustments and ¥2,789 million in depreciation, while there was a decrease of ¥19,922 million due to

increase in inventories and a decrease of ¥10,799 million for corporate taxes paid.

(Cash flow from investment activities)

Funds for investment activities showed a decrease of ¥57,083 million (up ¥13,261 million from 2007 1H). The main factors were the active participation in real-estate investments utilizing SPCs which led to a decrease of ¥28,569 million from the purchase of marketable and investment securities, and a decrease of ¥17,997 million from proceeds from acquisition of shares in subsidiaries involving change in scope of consolidation, and a decrease of ¥16,294 million from payments for purchase of property and equipment. On the other hand there was an increase of ¥ 17,256 million from the increase in receipts from investment in specific joint real estate ventures.

(Cash flow from financing activities)

The increase in funds for financing activities was ¥69,064 million (down ¥29,682 from 2007 1H). This is mainly due to fund-raising from loans, etc.

iii) Cash flow index estimation

	2006 Interim	2006 Full year	2007 Interim	2007 Full year	2008 Interim
Equity capital ratio	33.2%	31.4%	27.5%	27.1%	24.3%
Market value based equity capital ratio	61.2%	62.0%	60.1%	40.1%	23.2%
Period of debt redemption	45.1 years	-	-	-	-
Interest coverage ratio	1.3	-	-	-	-

Notes

- Each index is calculated by the following formulae using consolidated financial figures:
  - Equity capital ratio: shareholder equity/total gross assets
  - Market value based equity capital ratio: total market value of shares/total gross assets
  - Period of debt redemption: interest-bearing liabilities/operating cash flow
  - Period of debt redemption at the end of the interim term:
    - interest-bearing liabilities/(operating cash flow x2)
  - Interest coverage ratio: operating cash flow/interest payment
- Total market value of shares is calculated as follows: end of interim term (end of full-year) closing stock price x number of outstanding stocks at the end of interim term (end of full-year) (not including own shares).
- For operating cash flows and interest payment, the 'cash flow from operating activities' and 'amount of interest' in the consolidated cash flow statement are used. Interest-bearing liabilities refer to all interest-bearing liabilities listed on the consolidated balance sheet.
- As the cash flow from operating activities is negative in 2006 full year, 2007 1H, 2007 full year and 2008 1H, the periods of debt redemption and interest coverage ratio are not listed.

(3) Basic policy regarding dividend distribution of revenue for the current term

For dividends, it is the Company's policy to steadily return its profit to each stockholder by comprehensively accounting for future operations, business expansion and business outlook.

The dividends for the current interim term and the year-end will both be 8 yen per share, making the estimated annual dividend 16 yen per share. The dividend payout ratio will be 36.1% for the current term.

**2. Corporate group situation**

The business organization chart (business description) and the situation of the related companies have not been presented in this document as no significant changes have been made from the recent financial statements (presented on March 28, 2008).

**3. Business policy**

As for the 'Company's management strategy, management indicators and challenges for the medium-term', considering the rapid changes surrounding the market and our operating results for this fiscal year, we are planning to revise the current mid-term management plan for the year 2009 and to form a new plan with the next fiscal year as an initial year.

## 4. Consolidated Financial Statement for the First-Half

## (1) Consolidated Balance Sheets for the First-Half

Item	End 2007 1H		End 2008 1H		Summary of Consolidated B/S for the end of the fiscal year 2007		Increase/Decrease
	(June 30, 2007)		(June 30, 2008)		(December 31, 2007)		
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount
(Assets)	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
I Current Assets	208,343	25.8	223,777	24.0	204,066	24.5	19,710
Cash	10,001		10,907		10,801		105
Notes and accounts receivable, trade	11,107		14,153		11,740		2,413
Marketable securities	9,457		1,143		1,457		(314)
TK investments	-		673		3,825		(3,152)
Inventories	152,997		169,787		155,779		14,008
Deferred income taxes	1,961		4,206		3,995		210
Other current assets	22,828		22,924		16,540		6,383
Allowance for doubtful accounts	(11)		(17)		(74)		57
II Fixed Assets	599,834	74.2	709,527	76.0	629,470	75.5	80,057
1. Property and equipment	355,639	44.0	410,256	43.9	372,535	44.7	37,721
Buildings and structures	79,601		90,937		81,217		9,720
Land	263,919		292,640		273,721		18,919
Construction in progress	7,381		16,883		12,555		4,327
Other fixed assets	4,736		9,795		5,040		4,754
2. Intangible and other assets	15,825	2.0	28,007	3.0	15,613	1.9	12,393
3. Investments	228,369	28.2	271,263	29.1	241,321	28.9	29,942
Investment securities	149,395		187,582		170,611		16,970
TK investments	62,157		51,153		52,587		(1,433)
Long term loans	895		596		634		(38)
Deferred income taxes	1,006		1,014		967		46
Other investments	16,337		32,208		17,829		14,379
Allowance for doubtful accounts	(784)		(693)		(695)		2
Investment loss reserve	(638)		(598)		(613)		14
Total assets	808,177	100.0	933,305	100.0	833,536	100.0	99,768

Item	End 2007 1H (June 30, 2007)		End 2008 1H (June 30, 2008)		Summary of consolidated B/S for the end of the fiscal year 2007 (December 31, 2007)		Increase/Dec rease
	Amount	Percentage	Amount	Percentage		No.	Amount
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen
<b>(Liabilities)</b>							
<b>I Current liabilities</b>	166,525	20.6	209,467	22.4	190,995	22.9	18,472
Short-term borrowings	113,813		134,461		116,480		17,980
Commercial paper	-		22,000		14,000		8,000
Accounts payable, trade	9,198		9,470		13,071		(3,600)
Accrued income taxes	8,592		1,071		10,467		(9,395)
Deferred tax liabilities	7		-		-		-
Reserve for compensation for completed work	5		5		6		(0)
Reserve for bonuses	331		356		316		39
Reserve for bonuses to directors and corporate auditors	129		75		291		(216)
Other current liabilities	34,446		42,026		36,360		5,665
<b>II Long-term liabilities</b>	416,107	51.5	491,746	52.7	412,007	49.4	79,739
Bonds payable	40,000		60,000		60,000		-
Long-term debt	270,082		290,826		240,319		50,507
Deferred income taxes	13,566		9,406		10,593		(1,187)
Deferred income taxes on land revaluation	16,791		17,514		17,074		439
Accrued severance indemnities	4,986		5,057		5,069		(12)
Allowance for retirement benefits for directors	594		734		773		(39)
Provision for loss on guarantee	56		43		46		(3)
Reserve for scrapping of buildings	277		349		313		36
Guarantee deposits received	42,467		47,947		44,220		3,726
Long-term deposits payable	-		52,365		-		52,365
Other long-term liabilities	27,284		7,501		33,596		(26,094)
<b>Total liabilities</b>	<b>582,632</b>	<b>72.1</b>	<b>701,213</b>	<b>75.1</b>	<b>603,002</b>	<b>72.3</b>	<b>98,211</b>
<b>(Shareholders' Equity)</b>							
<b>I Capital Stock</b>	184,998	22.9	198,078	21.2	193,930	23.3	4,148
1. Capital	77,181	9.6	77,181	8.3	77,181	9.3	-
2. Capital Surplus	75,524	9.3	75,518	8.1	75,524	9.1	(6)
3. Retained earnings	32,827	4.1	45,970	4.9	41,811	5.0	4,159
4. Owners' equity	(534)	(0.1)	(592)	(0.1)	(587)	(0.1)	(4)
<b>II Valuation and translation adjustments</b>	37,467	4.6	28,559	3.1	31,701	3.8	(3,142)
1. Valuation difference on available-for-sale securities	18,420	2.3	9,661	1.0	13,317	1.6	(3,656)
2. Revaluation difference on land	18,972	2.3	19,122	2.1	18,481	2.2	640
3. Translation adjustments	74	0.0	(224)	(0.0)	(97)	(0.0)	(126)
<b>III Minority interests</b>	3,079	0.4	5,453	0.6	4,902	0.6	550
<b>Total net assets</b>	<b>225,545</b>	<b>27.9</b>	<b>232,091</b>	<b>24.9</b>	<b>230,534</b>	<b>27.7</b>	<b>1,556</b>
<b>Total liabilities, minority interests and net assets</b>	<b>808,177</b>	<b>100.0</b>	<b>933,305</b>	<b>100.0</b>	<b>833,536</b>	<b>100.0</b>	<b>99,768</b>

## (2) Consolidated Statements of Income for the First-Half

Item	2007 1H (January 1, 2007 through June 30, 2007)		2008 1H (January 1, 2008 through June 30, 2008)		Increase/ Decrease Amount	Summary of Consolidated Statements of Income for the end of the fiscal year 2007 (January 1, 2007 through December 31, 2007)	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
	Millions of yen	%	Millions of yen	%	Millions of yen	Millions of yen	%
I Revenue from operations	102,226	100.0	91,654	100.0	(10,572)	213,218	100.0
II Cost of revenue	63,978	62.6	59,787	65.2	(4,191)	136,094	63.8
Gross profit	38,247	37.4	31,866	34.8	(6,380)	77,123	36.2
III Selling, general and administrative expenses	14,738	14.4	16,568	18.1	1,830	31,700	14.9
Operating income	23,509	23.0	15,297	16.7	(8,211)	45,423	21.3
IV Non-operating income							
Interest income	20		18		(2)	35	
Dividend income	418		447		29	574	
Equity in income of affiliated companies	44		102		58	99	
Investment partnership income	-		-		-	549	
Other	373		380		6	602	
Total non-operating income	856	0.8	948	1.0	91	1,861	0.9
V Non-operating expenses							
Interest expense	2,857		3,624		766	6,212	
New share issue expenses	-		-		-	13	
Bond issuance expenses	197		-		(197)	303	
Dividends for Specified Real Estate Cooperative business	-		550		550	-	
Other	404		121		(282)	1,266	
Total non-operating expenses	3,459	3.3	4,296	4.7	837	7,796	3.7
Recurring income	20,906	20.5	11,950	13.0	(8,956)	39,487	18.5
VI Extraordinary income							
Gain on sale of property and equipment	1,277		60		(1,216)	2,651	
Gain on sale of investment securities	31		-		(31)	71	
Gain on sale of investments in subsidiaries	-		-		-	101	
Gain on change in shareholding in subsidiaries	-		-		-	137	
Gain on business relocation	159		-		(159)	159	
Reversal of provision for losses on doubtful accounts	3		-		(3)	47	
Reversal of provision for investment losses	35		14		(20)	60	
Reversal of provision for loss on guarantee	-		3		3	9	
Total extraordinary income	1,506	1.4	78	0.1	(1,427)	3,237	1.5
VII Extraordinary loss							
Loss on sale of fixed assets	96		-		(96)	336	
Loss on retirement of property	167		13		(154)	296	
Loss on reconstruction of buildings	35		-		(35)	36	
Loss on devaluation of investment securities	-		4,951		4,951	7	
Loss on revaluation of associated company shares	-		297		297	-	
Impairment loss	10		109		98	10	
Total extraordinary loss	309	0.3	5,371	5.8	5,061	687	0.3

Interim income before taxes and minority interests	22,103	21.6	6,658	7.3	(15,445)	42,038	19.7
Current income taxes	9,398	9.2	1,485	1.6	(7,913)	19,636	9.2
Deferred income taxes	1,757	1.7	(1,871)	(2.0)	(3,629)	112	0.0
Gain (loss) on minority interests	289	0.3	0	0.0	(289)	544	0.3
Interim net income	10,658	10.4	7,044	7.7	(3,613)	21,744	10.2

## (3) Consolidated Statements of Changes in Owners' Equity for the First-Half

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 as of December 31, 2006	77,181	75,523	28,484	(439)	180,750	16,677	14,564	(6)	31,235	2,893	214,879
Changes 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 during the interim period	-	0	4,342	(95)	4,248	1,742	4,408	80	6,231	185	10,666
Balance as of June 30, 2007	77,181	75,524	32,827	(534)	184,998	18,420	18,972	74	37,467	3,079	225,545

2008 1H (January 1, 2008 to June 30, 2008)

(Millions of yen)

	Owner' s 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 as of December 31, 2007	77,181	75,524	41,811	(587)	193,930	13,317	18,481	(97)	31,701	4,902	230,534
Changes during the interim period											
Dividends from surplus	-	-	(2,224)	-	(2,224)	-	-	-	-	-	(2,224)
Interim net income	-	-	7,044	-	7,044	-	-	-	-	-	7,044
Transfer to land revaluation excess	-	-	(640)	-	(640)	-	-	-	-	-	(640)
Disposal of treasury stock	-	(6)	-	15	9	-	-	-	-	-	9
Acquisition of treasury stock	-	-	-	(20)	(20)	-	-	-	-	-	(20)
Changes in the scope of consolidation	-	-	(5)	-	(5)	-	-	-	-	-	(5)
Changes in the scope of equity method	-	-	(14)	-	(14)	-	-	-	-	-	(14)
Net changes of items other than owners' equity	-	-	-	-	-	(3,656)	640	(126)	(3,142)	550	(2,591)
Total changes of items during the interim period	-	(6)	4,159	(4)	4,148	(3,656)	640	(126)	(3,142)	550	1,556
Balance as of June 30, 2008	77,181	75,518	45,970	(592)	198,078	9,661	19,122	(224)	28,559	5,453	232,091

2007 Consolidated Fiscal Year (January 1, 2007 to December 31, 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 as of December 31, 2006	77,181	75,523	28,484	(439)	180,750	16,677	14,564	(6)	31,235	2,893	214,879
Changes during the FY period											
Dividends form surplus	-	-	(4,132)	-	(4,132)	-	-	-	-	-	(4,132)
Net profit	-	-	21,744	-	21,744	-	-	-	-	-	21,744
Transfer from land revaluation excess	-	-	(4,284)	-	(4,284)	-	-	-	-	-	(4,284)
Disposal of treasury stock	-	1	-	5	6	-	-	-	-	-	6
Acquisition of treasury stock	-	-	-	(153)	(153)	-	-	-	-	-	(153)
Net changes in items other than owners' equity during FY	-	-	-	-	-	(3,359)	3,917	(91)	465	2,008	2,474
Total changes during the FY period	-	1	13,327	(147)	13,180	(3,359)	3,917	(91)	465	2,008	15,654
Balance as of December 31, 2007	77,181	75,524	41,811	(587)	193,930	13,317	18,481	(97)	31,701	4,902	230,534

## (4) Consolidated Statement of Cash Flows for the First-Half

Item	2007 1H	2008 1H	Summary of Cash Flows
	(January 1, 2007 to June 30, 2007)	(January 1, 2008 to June 30, 2008)	for FY 2007 (January 1, 2007 to December 31, 2007)
	Amount	Amount	Amount
<b>I Cash flows from operating activities</b>	Millions of yen	Millions of yen	Millions of yen
Interim income before taxes and minority interests	22,103	6,658	42,038
Depreciation	2,351	2,789	4,833
Impairment loss	10	109	10
Goodwill amortisation	15	53	43
Equity in income of affiliated companies	(44)	(102)	(99)
Increase (decrease) in allowance for doubtful accounts	(19)	(59)	(45)
Increase (decrease) in investment loss reserve	(35)	(14)	(60)
(Reversal of) reserve for bonuses to employees	73	39	58
Increase (decrease) in reserves for directors' bonuses	(129)	(216)	32
Reversal of severance indemnities, less payments	87	(12)	171
Increase (decrease) in allowance for retirement benefits for directors	21	(39)	200
Increase (decrease) in provision for loss on guarantees	—	(3)	(9)
Interest and dividend income	(439)	(465)	(609)
Investment partnership income	—	—	(549)
Interest charges	2,857	3,624	6,212
Write-down of marketable securities	—	4,951	7
Write-down of related company shares	—	297	—
(Gain) loss on sale of marketable and investment securities	(31)	—	(71)
Gain on sales of investments in subsidiaries	—	—	(101)
Gain on change in shareholding in subsidiaries	—	—	(137)
Gain on sales of fixed assets	(1,277)	(60)	(2,651)
Loss on sales of fixed assets	264	13	633
Loss on reconstruction of buildings	35	—	36
(Increase) decrease in accounts receivable, trade	52	(2,342)	(577)
Increase (decrease) in marketable securities	—	526	—
(Increase) decrease in investments in TKs	—	3,152	—
(Increase) decrease in inventories	(37,783)	(19,922)	(49,161)
Increase (decrease) in guarantee deposits received	804	3,696	2,576
Increase (decrease) in accounts payable, trade	231	(631)	364
(Increase) decrease in guarantee deposits paid	(670)	(927)	(1,421)
Increase (decrease) in deposits	3,218	11,449	367
Other	(7,574)	(10,439)	1,826
Subtotal	(15,876)	2,123	3,917
Interest and dividends received	477	518	1,280
Interest paid	(2,571)	(3,465)	(5,922)
Income taxes paid	(8,084)	(10,799)	(16,503)
Net cash used in operating activities	(26,055)	(11,622)	(17,227)
<b>II Cash flows from investing activities</b>			
Proceeds from maturity of marketable securities	—	—	9,457
Proceeds from sale of marketable and investment securities	21,648	24	26,181
Payment for purchase of marketable securities	(7,675)	—	(7,675)
Payment for purchase of marketable and investment securities	(66,553)	(28,569)	(102,295)
Proceeds from sale of investments in subsidiaries	—	—	541
Payment for acquisition of shares in subsidiaries involving change in scope of consolidation	(3,966)	(17,997)	(3,966)
Proceeds from acquisition of shares in subsidiaries involving change in scope of consolidation	—	588	—
Payments for investments in TKs	(15,012)	(1,701)	(15,853)
Refund from investments in TKs	2,354	3,124	8,823
Proceeds from sale of property and equipment	4,996	530	9,009
payments for purchase of property and equipment	(13,950)	(16,294)	(23,818)
Loans made	(105)	(1,036)	(152)
Loans recovered	171	83	263
Increase (decrease) in investments made to specific joint real estate ventures	7,811	17,256	16,128
Other	(64)	(13,092)	(696)
Net cash used in investment activities	(70,345)	(57,083)	(84,054)
<b>III Cash flows from financing activities</b>			
Increase (decrease) in short-term borrowings	18,350	14,300	6,700
Increase (decrease) in commercial paper	(11,000)	8,000	3,000
Proceeds from long-term debt	101,828	97,533	124,361
Repayment of long-term debt	(44,712)	(48,746)	(82,691)
Repayment of long-term accounts payable	(3,379)	—	(3,379)
Proceeds from issue of bonds	40,000	—	60,000
Proceeds from treasury stock	4	9	6
Acquisition of treasury stock	(98)	(20)	(153)
Dividends paid	(1,904)	(2,220)	(4,125)
Payments of dividends to minority shareholders	(112)	(219)	(112)
Proceeds from issue of shares to minority shareholders	—	459	1,270
Other	(228)	(33)	(382)
Net cash provided by financing activities	98,747	69,064	104,494
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	24	51	(22)
<b>V Net increase (decrease) in cash and cash equivalents</b>	2,371	409	3,189
<b>VI Cash and cash equivalents at the beginning of year</b>	7,507	10,697	7,507
<b>VII Increase in cash and cash equivalents resulting from change in consolidated subsidiaries</b>	—	0	—
<b>VIII Cash and cash equivalents at the end of the first-half (end of year)</b>	9,878	11,107	10,697

## (Information on segments)

## 1. Information on each industry segments

2007 1H (January 1, 2007 to June 30, 2007)

(Millions of yen)

	Leasing	Real estate sales	Other	Total	Eliminations/ Corporate	Consolidated
Revenue from operations						
(1) External customers	26,020	48,252	27,952	102,226	—	102,226
(2) Inter-segment or transfer	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

2008 1H (January 1, 2008 to June 30, 2008)

(Millions of yen)

	Leasing	Real estate sales	Other	Total	Eliminations /Corporate	Consolidated
Revenue from operations						
(1) External customers	27,340	39,366	24,948	91,654	—	91,654
(2) Inter-segment or transfer	389	125	1,112	1,628	(1,628)	—
Total	27,730	39,491	26,061	93,282	(1,628)	91,654
Costs and operating expenses	14,845	39,262	19,958	74,066	2,289	76,356
Operating income	12,884	229	6,102	19,215	(3,917)	15,297

2007 Consolidated Fiscal Year (January 1, 2007 to December 31, 2007)

(Millions of yen)

	Leasing	Real estate sales	Other	Total	Eliminations /Corporate	Consolidated
Revenue from operations						
(1) External customers	53,513	105,556	54,148	213,218	—	213,218
(2) Inter-segment or transfer	735	1,844	3,063	5,643	(5,643)	—
Total	54,249	107,400	57,211	218,862	(5,643)	213,218
Costs and operating expenses	26,476	97,838	40,538	164,854	2,940	167,794
Operating income	27,772	9,562	16,673	54,008	(8,584)	45,423

## Notes

## 1. Method of classifying industry segments:

Business segments are classified in accordance with the business activities of the corporate group.

## 2. Principal description of each industry segment:

Leasing: Leasing and management of land, buildings and housing

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

Other: Real estate brokerage, appraisal and consulting; civil engineering and construction, resort, leisure and hotel businesses, etc.

## 3. The operating expenses for the first-half of 2007 include ¥3,953 million unclassifiable expenses included in 'Eliminations/Corporate,' consisting primarily of expenses related to the general administration of the company.

The operating expenses for the first-half of 2008 include ¥4,082 million unclassifiable expenses included in 'Eliminations/Corporate,' consisting primarily of expenses related to the general administration of the company.

The operating expenses for the FY 2007 include ¥8,064 million unclassifiable expenses included in 'Eliminations/Corporate,' consisting primarily of expenses related to the general administration of the company.

## 2. Geographical Segments

Fiscal 2007 1H (January 1, 2007 to June 30, 2007), Fiscal 2008 1H (January 1, 2008 to June 30, 2008) and consolidated Fiscal 2007 (January 1, 2007 to December 31, 2007)

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

3. Overseas Operating Revenues

Fiscal 2007 1H (January 1, 2007 to June 30, 2007), Fiscal 2008 1H (January 1, 2008 to June 30, 2008) and consolidated Fiscal 2007 (January 1, 2007 to December 31, 2007)

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