

Consolidated Financial Flash Report for the First Quarter Ended June 30, 2008

The Company Nac released Consolidated Financial Flash Report for the First Quarter Ended June 30, 2008 on August 8, 2008. The summary is as follows. The details are shown in the Information Service for Timely Disclosure on the website of Tokyo Stock Exchange, Inc. or on our website.

1. Overview of operating results

During the first quarter of the fiscal term under review, the outlook for the Japanese economy remained uncertain, given growing concerns over the economic slowdown, reflecting the surge in crude oil and raw materials prices.

In this environment, the Group actively sought to expand its business by focusing on its key businesses, and took steps to strengthen its management structure by reforming its operations.

In the Housing Sales Division, to streamline management and bolster competitiveness, the Company integrated the operations of two subsidiaries, and opened three new stores in the Tohoku and Tokai regions to expand its sales bases. In the Bottled Water Sales Division, the Company began increasing the number of sales staff and established a new plant in the Tohoku region.

As a result, consolidated operating results for the first quarter of the fiscal year under review, the Company recorded net sales of 8,085 million yen, down 2.4% year-on-year, an operating loss of 476 million yen, compared with an operating loss of 133 million yen for the year-ago quarter. The ordinary loss stood at 473 million yen, compared with a loss of 122 million yen for the previous term, while the net loss was 835 million yen, compared with a loss of 270 million yen a year ago.

Although the Company posted losses, primarily reflecting the burden of initial investments associated with the opening of new stores by the Housing Sales Division, looking at overall operating results, sales and losses have remained almost within the scope of the business plan set out at the beginning of the year.

A summary of operating results by business segment is as follows.

In the Rental Division, with sales of dust control products remaining robust in both the household and industrial markets, net sales rose 3.3% year-on-year, to 2,835 million yen. Operating income jumped 75.6% year-on-year, to 460 million yen, reflecting a reduction in selling, general and administrative expenses as a result of initiatives to streamline the sales organization and improve operating efficiency.

In the Construction Consulting Division, given the ongoing weakness of the construction sector, sales of mainstay know-how systems fell short of plans. As a result, the Division registered poor results, with net sales of 759 million yen, down 35.1% year-on-year, and an operating income of 138 million yen, a year-on-year decline of 73.6%.

In the Housing Sales Division, with the completion and handing-over of houses carried out almost in step with the plan, net sales rose 5.5% year-on-year, to 3,107 million yen. The operating loss was 836 million yen, compared with a loss of 816 million yen for the same term in the previous year, principally reflecting initial investments associated with the opening of new stores. However, the margin of the loss was below the level anticipated at the beginning of the term, as selling, general and administrative expenses were less than originally anticipated.

In the Bottled Water Sales Division, net sales fell 1.2% year-on-year, to 1,409 million yen. This decline was attributable to the absence of sales of plants associated with the development of agencies, which were recorded in the year-ago term. The number of customers has continued to rise steadily.

The operating loss was 36 million yen, almost in line with the plan, and down from a loss of 111 million yen for the same term in the previous year. The loss primarily reflected an increase in the number of sales staff and active use of selling, general and administrative expenses to accelerate business growth.

2. Qualitative information on consolidated forecasts

As described above, consolidated operating results for the first quarter of the fiscal year under review remained within the scope of the plan set out at the beginning of the term. Consequently, at present, the second-quarter and full-year forecasts announced on May 20, 2008 remain unchanged.

3. Important changes to subsidiaries during the term

On April 1, 2008, Tamakyu K.K. was integrated into Leohouse Ltd., a subsidiary of the Company, and Tamakyu K.K. was dissolved.

Note: Our forecasts are based on information available as of the date of this release. As various uncertain factors are inherent in the forecasts, actual results may differ from estimated results.

Consolidated Financial Flash Report

1. Consolidated performance for the Year Ended March 31,2009

(from April 1, 2008 to June 30, 2008)

(1) Consolidated operating results

(Millions of yen, except per share amounts)

	Three months ended June 30		
	2007	2008	Change
Net sales	8,283	8,085	-2.4%
Operating income	(133)	(476)	-
Ordinary income	(122)	(473)	-
Net income	(270)	(835)	-
Net income per share	(¥31.66)	(¥101.18)	
Return on equity	-	-	
Ordinary income to total assets	-	-	
Operating income to sales	sihannki	-	

(2) Consolidated financial position

	June 30		
	2007	2008	March 31,2008
Total assets	17,341	16,727	16,358
Net assets	8,048	6,900	7,901
Equity ratio	46.4%	41.3%	48.3%
Net assets per share	¥940.79	¥835.95	¥957.20

(3) Consolidated cash flows

	Three months ended June 30	
	2007	2008
Cash flows from operating income	(319)	(1,464)
Cash flows from investing activities	(236)	(1,208)
Cash flows from financing activities	833	1,519
Cash and cash equivalents	3,703	1,455

2. Cash Dividends

	Year ended March 31	
	2008	2009
Interim	¥19.00	¥18.00
Year-end	¥20.00	¥21.00
Full year	¥39.00	¥39.00

3. Projected consolidated performance for the Year Ending March 31,2009

(from April 1, 2008 to March 31, 2009)

	Interim period ending Septmber 30		
	2007	2008	Change
Net sales	20,324	21,500	5.8%
Operating income	527	100	-81.0%
Ordinary income	561	110	-80.4%
Net income	(119)	(620)	-
Net income per share	(¥13.96)	(¥75.10)	

	Year ending March 31		
	2007	2009	Change
Net sales	44,035	50,500	14.7%
Operating income	1,488	1,900	27.7%
Ordinary income	1,548	1,920	24.0%
Net income	99	500	405.1%
Net income per share	¥11.68	¥60.57	