



July 13, 2007

Consolidated Financial Summaries
for the First Quarter of Fiscal Year Ending February 29, 2008

Company name: HARAKOSAN CO., LTD.
 URL: <http://www.harakosan.co.jp> Stock code: 8894 OSE, 2nd Section
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1. Notes on Presentation of Quarterly Operating Results

- 1) Adoption of the simplified method for accounting procedures: Yes
 a. We have adopted some simplified methods for booking reserves.
 b. Income taxes are recorded based on the annual projected tax rate using the statutory tax rate as the standard.
 2) Changes in accounting procedures from the most recent fiscal year: None
 3) Changes in scope of consolidation and application of equity method: Yes
 Consolidated (new): 2 (excluded): - Companies subject to equity method (new): - (excluded): -

2. Consolidated Financial Results for the Three Months Ended May 31, 2007 (March 1, 2007 - May 31, 2007)

(1) Consolidated Results of Operations (All amounts are rounded down to the nearest million yen)

	Revenue from operations		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2007	6,002	82.8	(408)	-	(621)	-
Three months ended May 31, 2006	3,283	-	(81)	-	(133)	-
Fiscal year ended Feb. 28, 2007	52,841		3,433		3,065	

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Three months ended May 31, 2007	(557)	-	(4,344.28)	-
Three months ended May 31, 2006	(132)	-	(1,058.99)	-
Fiscal year ended Feb. 28, 2007	1,959		15,463.58	15,413.03

Notes: 1. We do not have year-on-year figures for the three months ended May 31, 2007 since we began preparing consolidated financial statements from the interim period ended August 31, 2006.

2. There are outstanding dilutive securities, however, diluted net income per share is not presented since we posted a net loss.

[Qualitative Information Regarding Consolidated Results of Operations]

In the first quarter of the fiscal year (three months ended May 31, 2007), Japan's economy continued to recover at a moderate pace. Capital expenditures increased along with corporate earnings and the improving employment picture led to growth in consumer spending. In the real estate industry, the outlook is uncertain because of the much higher cost of raw materials, the rising cost of land and expectations for an upturn in interest rates.

Fiscal 2008, which ends in February 29, 2008, is the first year of the HARAKOSAN Group's Medium-term Management Plan. During the first quarter, we conducted business operations based on the fundamental policy of always putting the customer first.

As a result, consolidated revenue from operations was 6,002 million yen, a year-on-year increase of 82.8%. There was an operating loss of 408 million yen, an ordinary loss of 621 million yen and a net loss of 557 million yen.

One reason for the losses was the small number of highly profitable condominiums completed during the first quarter, resulting in a low level of condominium sales contracts closed. Losses also reflected higher selling, general and administrative expenses caused by growth in the scale of operations and an increase in the workforce.

In the sales of housing and apartments business, the core business of the HARAKOSAN Group, sales are recorded when construction is completed and sales contracts are closed. Since most of these contract closings typically occur in the fourth quarter of each fiscal year, first quarter performance was generally in line with our initial business plan.

Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2007	70,958	14,004	19.6	108,279.49
As of May 31, 2006	32,850	12,538	37.9	98,073.79
As of Feb. 28, 2007	69,745	14,768	20.9	113,830.25

[Qualitative Information Regarding Consolidated Financial Position]

Total assets amounted to 70,958 million yen at the end of the first quarter, 1,213 million yen more than at the end of the previous fiscal year. The most significant changes were a 10,975 million yen increase in inventories and a 6,072 million yen decrease in notes and accounts receivable-trade.

Liabilities increased 1,977 million yen to 56,954 million yen at the end of the first quarter. This was mainly the net result of a 4,649 million yen increase in long-term debt and a 3,344 million yen decrease in long-term debt due within one year.

Net assets decreased 764 million yen to 14,004 million yen mainly because of a 755 million yen decline in retained earnings caused by the first quarter net loss.

[Reference]

Consolidated Forecast for the Fiscal Year Ending February 29, 2008 (March 1, 2007 - February 29, 2008)

	Revenue from operations	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
First half	34,000	1,100	600
Full year	80,000	4,800	2,650

Reference: Estimated net income per share (full year): 17,671.40 yen

[Qualitative Information Regarding Consolidated Forecast]

There is no change to the fiscal 2008 forecast that was announced on April 20, 2007 in the fiscal 2007 earnings release.

* The estimated values above have been prepared based on information available as of the announcement date of the summary. Actual results of operations may differ from the estimated values depending on various factors. Estimated net income per share (full year) is calculated assuming that all corporate bonds with stock acquisition rights issued on February 22, 2007 have been exercised.

[Attachment]

1. Summary Consolidated Balance Sheets

(Thousands of yen)

Items	1Q FY2/08 (As of May 31, 2007)		1Q FY2/07 (As of May 31, 2006)		FY2/07 (As of Feb. 28, 2007)	
	Amount	%	Amount	%	Amount	%
Assets						
I Current assets						
1. Cash and deposits	7,689,503		5,753,882		13,499,635	
2. Notes and accounts receivable-trade	703,034		480,565		6,775,741	
3. Inventories	29,741,716		18,977,163		18,766,304	
4. Other	1,690,804		595,229		698,843	
5. Allowance for doubtful accounts	(8,282)		(7,010)		(8,582)	
Total current assets	39,816,777	56.1	25,799,831	78.5	39,731,942	57.0
II Fixed assets						
1. Property, plant and equipment						
(1) Buildings	3,707,342		2,317,464		3,437,779	
(2) Land	3,781,085		2,059,447		2,626,504	
(3) Other	345,029		272,951		404,808	
Net property, plant and equipment	7,833,457	11.0	4,649,863	14.2	6,469,093	9.3
2. Intangible assets						
(1) Consolidated adjustment account	-		400,751		1,887,239	
(2) Goodwill	1,831,112		-		-	
(3) Other	655,039		322,042		664,315	
Total intangible assets	2,486,152	3.5	722,793	2.2	2,551,554	3.6
3. Investments and other assets						
(1) Land and building in trust	16,978,924		-		16,992,537	
(2) Other	3,873,121		1,773,952		4,049,967	
(3) Allowance for doubtful accounts	(30,162)		(95,588)		(49,992)	
Total investments and other assets	20,821,883	29.4	1,678,364	5.1	20,992,511	30.1
Total fixed assets	31,141,494	43.9	7,051,022	21.5	30,013,159	43.0
Total assets	70,958,271	100.0	32,850,853	100.0	69,745,102	100.0

(Thousands of yen)

Items	1Q FY2/08 (As of May 31, 2007)		1Q FY2/07 (As of May 31, 2006)		FY2/07 (As of Feb. 28, 2007)	
	Amount	%	Amount	%	Amount	%
Liabilities						
I Current liabilities						
1. Notes and accounts payable-trade	4,053,726		601,967		3,727,608	
2. Short-term debt	11,340,775		8,156,900		9,847,000	
3. Long-term debt due within one year	3,810,853		4,992,310		7,154,861	
4. Corporate bonds due within one year	20,000		40,000		40,000	
5. Allowance for bonuses to employees	59,908		24,860		28,708	
6. Allowance for bonuses to directors and corporate auditors	27,300		-		27,300	
7. Other	3,553,529		2,048,860		3,318,264	
Total current liabilities	22,866,092	32.2	15,864,898	48.3	24,143,743	34.6
II Long-term liabilities						
1. Corporate bonds	650,000		670,000		650,000	
2. Bonds with stock acquisition rights	6,000,000		-		6,000,000	
3. Long-term debt	23,872,200		2,966,419		19,222,573	
4. Allowances for retirement benefits for employees	172,985		230,505		135,551	
5. Allowances for retirement benefits for directors and corporate auditors	82,075		68,008		74,683	
6. Consolidated adjustment account	-		141,037		109,737	
7. Negative goodwill	102,470		-		-	
8. Other	3,208,305		371,504		4,640,613	
Total long-term liabilities	34,088,037	48.0	4,447,475	13.5	30,833,159	44.2
Total liabilities	56,954,130	80.2	20,312,374	61.8	54,976,903	78.8
Net assets						
I Shareholders' equity						
1. Common stock	7,659,238	10.8	7,659,238	23.3	7,659,238	11.0
2. Capital surplus	3,380,616	4.8	3,312,401	10.1	3,380,616	4.8
3. Retained earnings	2,735,823	3.9	1,520,308	4.6	3,491,360	5.0
4. Treasury stock	(984)	(0.0)	(39,831)	(0.1)	(878)	(0.0)
Total shareholders' equity	13,774,694	19.5	12,452,117	37.9	14,530,337	20.8
II Valuation and translation adjustments						
1. Net unrealized holding gains on securities	95,333	0.1	(13,025)	(0.0)	34,622	0.0
2. Foreign currency translation adjustment	21,666	0.0	13,197	0.0	38,890	0.1
Total valuation and translation adjustments	117,000	0.1	171	0.0	73,513	0.1
III Stock acquisition rights	51,209	0.1	35,000	0.1	37,095	0.1
IV Minority interests	61,237	0.1	51,189	0.2	127,251	0.2
Total net assets	14,004,141	19.8	12,538,478	38.2	14,768,199	21.2
Total liabilities and net assets	70,958,271	100.0	32,850,853	100.0	69,745,102	100.0

2. Summary Consolidated Statements of Income

(Thousands of yen)

Items	1Q FY2/08 (Mar. 1, 2007 – May 31, 2007)		1Q FY2/07 (Mar. 1, 2006 – May 31, 2006)		FY2/07 (Mar. 1, 2006 – Feb. 28, 2007)	
	Amount	%	Amount	%	Amount	%
I Revenue from operations	6,002,116	100.0	3,283,211	100.0	52,841,903	100.0
II Cost of revenue from operations	5,338,477	88.9	2,682,963	81.7	45,676,206	86.4
Gross profit	663,639	11.1	600,248	18.3	7,165,696	13.6
III Selling, general and administrative expenses	1,071,834	17.9	681,547	20.8	3,732,398	7.1
Operating income	(408,194)	(6.8)	(81,298)	(2.5)	3,433,298	6.5
IV Non-operating income	105,412	1.7	107,476	3.3	426,387	0.8
1. Interest income	1,913		1,136		6,683	
2. Dividend income	354		3,274		32,443	
3. Gain on sale of marketable securities	72,765		8,104		79,440	
4. Amortization of consolidated adjustment account	-		-		29,066	
5. Amortization of negative goodwill	7,266		-		-	
6. Other	23,111		94,962		278,753	
V Non-operating expenses	319,039	5.3	159,443	4.9	793,977	1.5
1. Interest expense	231,325		75,990		633,854	
2. Other	87,714		83,452		160,123	
Ordinary income	(621,821)	(10.4)	(133,265)	(4.1)	3,065,707	5.8
VI Extraordinary gains	-	-	181	0.0	305,414	0.6
VII Extraordinary losses	-	-	208	0.0	81,913	0.2
Income before income taxes	(621,821)	(10.4)	(133,291)	(4.1)	3,289,208	6.2
Income taxes	106	0.0	8,198	0.3	1,309,996	2.5
Minority interests (loss)	(64,577)	(1.1)	(8,747)	(0.3)	20,038	0.0
Net income	(557,350)	(9.3)	(132,742)	(4.1)	1,959,172	3.7