

**Presentation Materials
for the Fiscal Year Ended
February 29, 2008 (FY2/08)**

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HARAKOSAN CO., LTD.

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I. Overview

| FY2/08 | FY2/09 |
|---|---|
| <p style="text-align: center;">FY2/08 Highlights</p> <p>● Performance did not reach goals</p> <p>1. Downturn in real estate market</p> <ul style="list-style-type: none"> • First half: Disposed of real estate ahead of schedule • Second half: Market weakened more than expected <p>2. Unprofitable group companies</p> <ul style="list-style-type: none"> • Posted loss reserves to prepare for decisive actions <p>3. Wind power business</p> <ul style="list-style-type: none"> • Large volume of new orders • Sales pushed back to next FY due to difficulty procuring parts | <p style="text-align: center;">FY2/09 goals</p> <p>● Prepare to return to growth</p> <p>1. Realign the business portfolio</p> <ul style="list-style-type: none"> • Prioritize earnings in real estate development business • Expand businesses that generate a steady revenue stream <p>2. Build a stronger base for the group</p> <ul style="list-style-type: none"> • Return to growth in consolidated revenue and earnings • Eliminate unprofitable group companies <p>3. Wind power business</p> <p>Take actions in response to short-term gaps between supply and demand</p> <ul style="list-style-type: none"> • Market will grow over the medium and long terms • Short-term outlook: Tight supply of parts (1-2 years) <p>→ Establish a framework for procuring parts (in China)</p> <p>Plan: Produce parts internally and coordination with large manufacturers</p> |

II. FY2/08 Financial Highlights

1-(1). Comparison of Consolidated Results

(Millions of yen)

| | FY2/07 | FY2/08 | Change |
|--|---------------|---------------|---------------|
| Revenue from operations | 52,841 | 55,338 | 2,496 |
| Real Estate & Condominium Business | 47,725 | 47,557 | -167 |
| Real Estate Rental & Property Management | 2,008 | 2,777 | 768 |
| Environmental Business | 3,107 | 5,003 | 1,895 |
| Gross profit | 7,165 | 6,989 | -176 |
| Real Estate & Condominium Business | 5,719 | 4,256 | -1,463 |
| Real Estate Rental & Property Management | 743 | 1,277 | 533 |
| Environmental Business | 702 | 1,455 | 752 |
| Operating income | 3,433 | 1,586 | -1,847 |
| Non-operating income | 426 | 247 | -178 |
| Non-operating expenses | 793 | 1,652 | 858 |
| Ordinary income | 3,065 | 181 | -2,884 |
| Extraordinary gains | 305 | 987 | 682 |
| Extraordinary losses | 81 | 1,470 | 1,388 |
| Net income (loss) before income taxes | 3,289 | -301 | -3,590 |
| Deferred income taxes | 1,330 | -385 | -1,715 |
| Net income | 1,959 | 83 | -1,875 |

- As part of decisive actions to deal with unprofitable group companies, HARAKOSAN wrote off 1,190 million yen of goodwill and recorded this expense as an extraordinary loss.

II. FY2/08 Financial Highlights

1-(2). Comparison of Non-consolidated Results

(Millions of yen)

| | FY2/07 | FY2/08 | Change |
|--|---------------|---------------|---------------|
| Revenue from operations | 48,694 | 45,135 | -3,558 |
| Real Estate & Condominium Business | 45,211 | 40,606 | -4,605 |
| Real Estate Rental & Property Management | 1,092 | 1,623 | 531 |
| Environmental Business | 2,390 | 2,905 | 514 |
| Gross profit | 5,847 | 4,594 | -1,252 |
| Real Estate & Condominium Business | 5,018 | 2,920 | -2,097 |
| Real Estate Rental & Property Management | 292 | 619 | 326 |
| Environmental Business | 536 | 1,055 | 518 |
| Operating income | 3,561 | 1,810 | -1,750 |
| Non-operating income | 270 | 1,391 | 1,121 |
| Non-operating expenses | 608 | 846 | 237 |
| Ordinary income | 3,222 | 2,355 | -866 |
| Extraordinary gains | 50 | 22 | -27 |
| Extraordinary losses | 18 | 1,056 | 1,038 |
| Net income before income taxes | 3,254 | 1,322 | -1,932 |
| Deferred income taxes | 1,305 | 466 | -838 |
| Net income | 1,948 | 855 | -1,093 |

II. FY2/08 Financial Highlights

1-(3). Consolidated Results Compared with Plan

(Millions of yen)

| | Revised plan | FY2/08 results | Difference |
|--|---------------|----------------|----------------|
| Revenue from operations | 66,000 | 55,338 | -10,661 |
| Real Estate & Condominium Business | 49,000 | 47,557 | -1,443 |
| Real Estate Rental & Property Management | 4,000 | 2,777 | -1,222 |
| Environmental Business | 13,000 | 5,003 | -7,996 |
| Gross profit | 8,200 | 6,989 | -1,210 |
| Real Estate & Condominium Business | | 4,256 | |
| Real Estate Rental & Property Management | | 1,277 | |
| Environmental Business | | 1,455 | |
| Operating income | 4,000 | 1,586 | -2,413 |
| Ordinary income | 3,800 | 181 | -3,618 |
| Net income (loss) before income taxes | | -301 | |
| Deferred income taxes | | -385 | |
| Net income | 2,650 | 83 | -2,566 |

- Delays in deliveries of overseas wind turbine generator systems (timing of posting sales) due to tight supplies of components were responsible for about 8 billion yen of the revenue shortfall relative to the plan.

II. FY2/08 Financial Highlights

1-(4). Non-consolidated Results Compared with Plan

(Millions of yen)

| | Revised plan | FY2/08 results | Difference |
|--|---------------|----------------|---------------|
| Revenue from operations | 52,000 | 45,135 | -6,864 |
| Real Estate & Condominium Business | 46,220 | 40,606 | -5,613 |
| Real Estate Rental & Property Management | 1,780 | 1,623 | -156 |
| Environmental Business | 4,000 | 2,905 | -1,094 |
| Gross profit | 5,600 | 4,594 | -1,005 |
| Real Estate & Condominium Business | 4,600 | 2,920 | -1,679 |
| Real Estate Rental & Property Management | 600 | 619 | 19 |
| Environmental Business | 400 | 1,055 | 655 |
| Operating income | 4,000 | 1,810 | -2,189 |
| Ordinary income | 3,400 | 2,355 | -1,044 |
| Net income before income taxes | | 1,322 | |
| Deferred income taxes | | 466 | |
| Net income | 2,000 | 855 | -1,144 |

- ❑ Condominium sales were below the plan because of the downturn in the real estate market.
- ❑ Wind turbine generator system sales were below the plan because some deliveries were pushed back to FY2/09.
- ❑ Wind power technology royalty payments from China and South Korea made a big contribution to gross profit.

II. FY2/08 Financial Highlights

1-(5). Non-consolidated Segment Results – Real Estate & Condominium Business

(Millions of yen)

| | FY2/07 | FY2/08 | | | | |
|--------------------------|-------------------|-------------------|-------------------|-------|------------|------------------------|
| | Full-year results | Six-month results | Full-year results | | | Full-year revised plan |
| | | | | YoY % | Vs. plan % | |
| Segment revenue | 45,211 | 14,592 | 40,607 | 89.8 | 87.9 | 46,220 |
| Condominiums | 14,969 | 2,847 | 12,385 | 82.7 | 68.8 | 18,000 |
| Real estate sales | 26,514 | 11,572 | 27,968 | 105.5 | 102.4 | 27,320 |
| Other | 22 | 23 | 40 | 181.8 | 8.0 | 500 |
| Construction | 3,706 | 66 | 214 | 5.8 | 53.5 | 400 |
| Gross profit | 5,019 | 860 | 2,921 | 58.2 | 63.5 | 4,600 |

- ❑ Condominium business revenue was down about 20% to 30% vs. FY2/07 revenue and the plan because of a rapid worsening in market conditions.
- ❑ Number of condominiums sold (ownership transferred to buyer)

| | FY2/07 | FY2/08 | Change |
|------------------|--------|--------|--------|
| Consolidated | 647 | 594 | -53 |
| Non-consolidated | 611 | 451 | -160 |

II. FY2/08 Financial Highlights

1-(6). Non-consolidated Segment Results – Real Estate Rental & Property Management

(Millions of yen)

| | FY2/07 | FY2/08 | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------|------------|------------------------|
| | Full-year results | Six-month results | Full-year results | | | Full-year revised plan |
| | | | | YoY % | Vs. plan % | |
| Segment revenue | 1,092 | 764 | 1,624 | 148.7 | 91.2 | 1,780 |
| Rent income | 535 | 381 | 882 | 164.9 | 135.1 | 655 |
| Management income | 255 | 122 | 221 | 86.7 | 63.1 | 350 |
| Other leasing business | 103 | 48 | 92 | 89.3 | 34.7 | 265 |
| Senior business | 199 | 213 | 429 | 215.6 | 84.1 | 510 |
| Gross profit | 292 | 266 | 619 | 212.0 | 103.2 | 600 |

- Gross profit was more than 100% higher than in FY2/07 and the plan.

II. FY2/08 Financial Highlights

1-(7). Non-consolidated Segment Results – Environmental Business

(Millions of yen)

| | FY2/07 | FY2/08 | | | | |
|--------------------------------|-------------------|-------------------|-------------------|---------|------------|------------------------|
| | Full-year results | Six-month results | Full-year results | | | Full-year revised plan |
| | | | | YoY % | Vs. plan % | |
| Segment revenue | 2,390 | 319 | 2,905 | 121.5 | 72.6 | 4,000 |
| Wind turbine generator systems | 2,384 | 319 | 2,842 | 119.2 | 71.0 | 4,000 |
| Other | 6 | 0 | 63 | 1,050.0 | - | 0 |
| Gross profit | 536 | 26 | 1,055 | 196.8 | 263.8 | 400 |

- Revenue increased about 20% but was below the plan because some sales were delayed until FY2/09.
- Gross profit was much higher than in FY2/07 and the plan because of technology royalty payments received from China and South Korea

II. FY2/08 Financial Highlights

1-(8). Financial Summary by Subsidiary

(Millions of yen)

* Figures are rounded down to the nearest million yen

| | Revenue from operation | | | | Ordinary income | | | |
|---|--------------------------------|------------------------------|--------------------------------|-------------------------------------|--------------------------------|------------------------------|--------------------------------|-------------------------------------|
| | FY2/07 Full-year results | FY2/08 6-month results | FY2/08 Full-year results | FY2/08 Full-year revised plan | FY2/07 Full-year results | FY2/08 6-month results | FY2/08 Full-year results | FY2/08 Full-year revised plan |
| S Trust Co., Ltd. | 2,002 | 1,920 | 4,214 | 3,080 | 47 | 48 | 71 | 100 |
| Harakosan Europe B.V. | 1,265 | 825 | 2,780 | 8,000 | 2 | -12 | -64 | 140 |
| Sumiyoshi Heavy Industries Co., Ltd. | 833 | 212 | 590 | 1,000 | -106 | -70 | -153 | 100 |
| Harakosan Life Service Co., Ltd. | 17 | 101 | 245 | 200 | -58 | -109 | -211 | -150 |
| Betsudai Co., Ltd. | 839 | 669 | 1,509 | 1,500 | 68 | 65 | 9 | 120 |
| Harakosan PFI Investment Co., Ltd. | 7 | 0 | 0 | 20 | -8 | -13 | -15 | 0 |
| Lerbec Co., Ltd. | 99 | 67 | 165 | 200 | -2 | -64 | -201 | 0 |
| Inoue Investment, Inc. | 0 | 0 | 0 | 0 | 431 | 61 | -76 | 90 |
| Harakosan Residence Co., Ltd. | - | 0 | 90 | 0 | - | -4 | -4 | 0 |

□ Performance was generally weak because of a delay in the recovery of earnings at subsidiaries.

II-2. Business Segment Initiatives, Performance

and Reasons for Shortfall vs. Plan

| | | Initiatives and performance | Reasons for shortfall vs. plan |
|--|---------------------|---|--|
| Overall | | | <ul style="list-style-type: none"> No progress in turning around performance of consolidated subsidiaries; posted extraordinary loss of 1,190 million yen for the amortization of goodwill Increase in selling, general and administrative expenses Increase in interest expense |
| Real Estate & Condominium Business | Cons./ Non-cons. | <ul style="list-style-type: none"> Took actions ahead of schedule in the first half Delayed start of some projects to FY2/09 due to further downturn in market conditions | <ul style="list-style-type: none"> Downturn in environment for condominium sales was greater than expected Finished properties are more than 20% of inventories Profit margins declined due to price-cutting to sell properties Monetary tightening. Unable to sell large properties scheduled for sale in second half |
| Real Estate Rental & Property Management | Cons./ Non-cons. | <ul style="list-style-type: none"> Took many actions in the senior business to raise occupancy rates | <ul style="list-style-type: none"> Senior housing occupancy rates increased somewhat, but there was no significant improvement |
| Environmental Business | Cons. | <ul style="list-style-type: none"> Delivered five wind turbine generator systems, three in Finland and two in Inner Mongolia Chinese joint venture conducted aggressive wind power sales activities (received orders for 73 systems) Received orders for two systems in South Korea Chinese joint venture completed a factory and started production activities | <ul style="list-style-type: none"> Sales delayed due to tight supply of parts Higher R&D expenses at subsidiaries No recovery in the performance of consolidated subsidiaries |
| | Non-cons. | <ul style="list-style-type: none"> Delivered two wind turbine generator systems, one in Muroran (Hokkaido) and one in Masuda (Shimane prefecture) Conducted extensive sales activities in Japan, capturing orders for 19 wind power systems | <ul style="list-style-type: none"> Sales delayed to FY2/09 |

II-3. Wind Turbine Generator System Orders and Deliveries

Aggressive sales activities in Japan and overseas produced new orders for 94 wind turbine generator systems.

Order backlog is now 140 systems, including existing orders for 46 systems.

| | Project | Type | No. of systems | | |
|-----------------------|--|------|----------------|----------------------------------|----------------------|
| Harakosan Europe B.V. | Finland HISP | Z-72 | 3 | Installed | Completed: 3 systems |
| | South Korea | Z-72 | 2 | Order received | |
| Chinese JV | Sample type for Datang Power, Inner Mongolia | Z-72 | 2 | Installed | Order: 73 systems |
| | Datang Power, Fujian | Z-72 | 13 | Already ordered | |
| | Datang International Power, Inner Mongolia | Z-72 | 22 | Already ordered | |
| | Shanxi International Electricity Group, Shanxi | Z-72 | 24 | Order received | |
| | Datang Power, Inner Mongolia (Chifeng) | Z-72 | 25 | Order received | |
| | FUJIAN INVESTMENT&DEVELOPMENT, Fujian | Z-72 | 24 | Order received | |
| Harakosan-JSW | JSW, Muroran | Z-82 | 1 | Installed | Completed: 2 systems |
| | Masuda WP, Shimane | Z-82 | 1 | Installed | |
| | Gotsu WP, Shimane | Z-82 | 11 | Already ordered | |
| | C-TECH, Mie | Z-82 | 19 | Order received | |
| | Total | | 147 | Installation completed: 7 | New order: 94 |

* FY2/09: Received order for seven systems (Z-82) for delivery in Eicho, Kagoshima Prefecture.

III-1. FY2/09 Business Plan

- ❑ Goal is to return to growth, raising consolidated revenue and earnings to more than FY2/07 level.
- ❑ Planning a larger contribution to consolidated earnings from the wind power business

(1) Consolidated

(Millions of yen)

| | FY2/07 Results | | FY2/08 Results | | FY2/09 (Plan) | |
|-------------------------|-------------------|-----------|-------------------|-----------|------------------|-----------|
| | | Ratio (%) | | Ratio (%) | | Ratio (%) |
| Revenue from operations | 52,841 | | 55,338 | | 62,000 | |
| Operating income | 3,433 | 6.5 | 1,586 | 2.9 | 3,500 | 5.6 |
| Ordinary income | 3,065 | 5.8 | 181 | 0.3 | 3,200 | 5.2 |
| Net income | 1,959 | 3.7 | 83 | 0.2 | 2,000 | 3.2 |

(2) Non-consolidated

| | FY2/07 Results | | FY2/08 Results | | FY2/09 (Plan) | |
|-------------------------|-------------------|-----------|-------------------|-----------|------------------|-----------|
| | | Ratio (%) | | Ratio (%) | | Ratio (%) |
| Revenue from operations | 48,694 | | 45,135 | | 37,500 | |
| Operating income | 3,561 | 7.3 | 1,810 | 4.0 | 2,000 | 5.3 |
| Ordinary income | 3,222 | 6.6 | 2,355 | 5.2 | 2,000 | 5.3 |
| Net income | 1,948 | 4.0 | 855 | 1.9 | 1,200 | 3.2 |

III-2. Major Objectives for FY2/09

- Priorities are building a more powerful group of companies and expanding businesses that generate a steady revenue stream.

| | Major objectives |
|---|---|
| Overall | <ul style="list-style-type: none"> • Build a stronger base for the group <ol style="list-style-type: none"> 1. Return to growth in consolidated revenue and earnings 2. Eliminate unprofitable group companies |
| Real Estate & Condominium Business | <ul style="list-style-type: none"> • Realign the business portfolio <ol style="list-style-type: none"> 1. Prioritize earnings in real estate development business 2. Expand businesses that generate a steady revenue stream • Successfully complete the condominium project in China – sell all 900 units |
| Environmental Business | <ul style="list-style-type: none"> • Wind power business <ul style="list-style-type: none"> • Will continue to focus on capturing more orders because this is a market with excellent medium- to long-term growth prospects • Short-term priority is establishing reliable sources of parts to overcome the current tight supply of wind turbine generator system parts <ul style="list-style-type: none"> Plan: Use joint venture in China to manufacture parts Procure parts by forming agreements with large manufacturers |

III-3. Operating Highlights

a. Condominium Project in China



1. Profile of project

- Location: Center of the City of Xiang Tan, Hunan Province, China
- Site : 13,903 sq.m.
- Building space: 100,000 sq.m.
- Property outline: Three 32-story buildings
 - 1st-2nd floors: Commercial facilities
 - 3rd-32nd floors: Condominiums (approx. 900 units)

2. Plan for FY2/09

- Plan to begin sales in June and sell all 900 units by the end of December 2008.
- The project is expected to generate revenue of about 3,300 million yen and operating income of about 200 million yen.



URL: <http://www.harakosan.co.jp>

The forward-looking statements in this presentation contains risks and uncertainties resulting from the changes in the operating environment and other factors. Consequently, these forward-looking statements are not guarantees concerning future performance.