

11. NONCONSOLIDATED FINANCIAL STATEMENTS

(1) Statements of Income

[Millions of yen]

	Six months ended September 30, 2007		Six months ended September 30, 2006		Fiscal year ended March 31, 2007	
	Amount	% of operating revenue	Amount	% of operating revenue	Amount	% of operating revenue
Operating revenue	40,258	100.0	50,077	100.0	58,201	100.0
Operating expenses	15,550	38.6	14,884	29.7	28,507	49.0
Operating income	24,707	61.4	35,193	70.3	29,693	51.0
Non-operating income	[1,865]	4.6	[1,959]	3.9	[3,630]	6.3
Interest income	1,483		1,441		2,990	
Dividends earned	194		171		247	
Other	187		347		392	
Non-operating expenses	[888]	2.2	[1,249]	2.5	[2,325]	4.0
Interest expense	647		730		1,378	
Cooperate bond interest	71		145		233	
Other	170		373		713	
Recurring profit	25,684	63.8	35,904	71.7	30,999	53.3
Extraordinary profit	[2,261]	5.6	[2,335]	4.6	[8,908]	15.3
Gain on sales of fixed assets	123		63		4,096	
Gain on sales of investment securities	-		742		965	
Gain on reversal of allowance for doubtful receivables	2,137		159		2,477	
Gain on reversal of allowance for loss on exit from operation	-		1,370		1,370	
Extraordinary losses	[387]	0.9	[456]	0.9	[1,257]	2.2
Loss on disposal and sale of fixed assets	290		456		997	
Loss due to impairment	-		-		9	
Loss on abandonment of bonds of affiliates	97		-		250	
Income before income taxes	27,558	68.5	37,782	75.4	38,650	66.4
Income taxes	(2,187)		(2,211)		(3,317)	
Deferred income taxes	(149)		373		983	
Net income	29,895	74.3	39,620	79.1	40,984	70.4

Notes:

	As of September 30, 2007	As of September 30, 2006	As of March 31, 2007
Actual depreciation and amortization amount			
Tangible fixed assets [millions of yen]	1,865	1,823	3,660
Intangible fixed assets [millions of yen]	535	702	1,381

(2) Balance Sheets

[Millions of yen]

	As of September 30, 2007		As of September 30, 2006		As of March 31, 2007	
	Amount	% of total	Amount	% of total	Amount	% of total
Current assets	[221,117]	[48.8]	[182,409]	[42.6]	[215,768]	[48.1]
Cash and deposits	38,736		13,077		32,186	
Accrued revenue	1,588		1,597		1,457	
Prepaid expenses	1,184		1,327		353	
Deferred tax assets	320		391		290	
Short-term loans	217,331		210,688		212,756	
Other receivables	17,361		12,292		26,943	
Tax receivable	-		3,235		-	
Other current assets	1,214		714		538	
Allowance for doubtful accounts	(56,619)		(60,915)		(58,757)	
Fixed assets	[231,879]	[51.2]	[246,032]	[57.4]	[232,603]	[51.9]
<i>Tangible fixed assets</i>	[72,239]	16.0	[72,707]	17.0	[71,136]	15.9
Buildings	38,616		37,260		36,923	
Structures	2,954		2,996		2,770	
Machinery and Equipments	1,238		1,087		1,180	
Vehicles	0		0		0	
Equipment	481		531		487	
Land	28,872		30,818		28,926	
Construction in progress	75		11		847	
<i>Intangible fixed assets</i>	[2,339]	0.5	[3,053]	0.7	[2,404]	0.5
Software	1,932		2,729		2,229	
Other intangible fixed assets	407		323		175	
<i>Investments and others</i>	[157,301]	34.7	[170,272]	39.7	[159,063]	35.5
Investment securities	24,582		23,276		26,187	
Shares in affiliates	126,632		126,632		126,632	
Company concerned investment	3,794		3,794		3,794	
Long-term loan to employees	2		-		-	
Company concerned long-term loans	-		14,100		-	
Long-term prepaid expenses	626		671		785	
Other investments	1,749		1,885		1,750	
Allowance for doubtful accounts	(86)		(86)		(86)	
Total assets	452,997	100.0	428,442	100.0	448,372	100.0

[Millions of yen]

	As of September 30, 2007		As of September 30, 2006		As of March 31, 2007	
	Amount	% of total	Amount	% of total	Amount	% of total
Current liabilities	[62,160]	13.7	[118,002]	27.6	[71,896]	16.0
Trade notes payable	80		127		61	
Short-term loans	30,665		85,305		33,772	
Long-term loans due within one year	10,062		15,763		16,763	
Bonds due within one year	5,000		5,000		-	
Account payable - other	8,921		8,552		18,476	
Accrued expenses	1,008		2,990		967	
Accrued income taxes	6,026		63		1,468	
Advanced received	-		6		2	
Allowance for bonus	277		157		194	
Allowance for directors' bonuses	65		-		144	
Other current liabilities	52		34		44	
Long-term liabilities	[138,145]	30.5	[82,322]	19.2	[147,103]	32.8
Bonds	70,216		5,000		75,266	
Long-term loans	52,800		62,863		56,981	
Deferred tax liabilities	797		1,265		1,732	
Deferred tax liabilities related to revaluation	5,567		5,591		5,567	
Reserve for retirement benefits and pension plans	8,338		7,111		7,118	
Other long-term liabilities	425		490		436	
Total liabilities	200,306	[44.2]	200,324	[46.8]	218,999	[48.8]

	As of September 30, 2007		As of September 30, 2006		As of March 31, 2007	
	Amount	% of total	Amount	% of total	Amount	% of total
Shareholder's equity	[237,467]	[52.4]	[211,743]	[49.4]	[213,036]	[47.5]
Capital stock	37,519	8.3	37,519	8.8	37,519	8.3
Additional paid-in capital	[135,592]	29.9	[135,594]	31.6	[135,594]	30.2
Capital reserve	135,592		135,592		135,592	
Other additional paid-in capital	-		1		2	
Retained earnings	[65,576]	14.5	[39,620]	9.2	[41,019]	9.2
Other retained earnings	[65,576]		[39,620]		[41,019]	
Advanced depreciation reserve	33		-		33	
Retained earnings carried forward	65,542		39,620		40,985	
Treasury stock	(1,221)	(0.3)	(990)	(0.2)	(1,097)	(0.2)
Revaluation and translation adjustment	[15,039]	[3.3]	[16,358]	[3.8]	[16,228]	[3.7]
Unrealized gain on securities	7,177	1.6	8,463	2.0	8,366	1.9
Gain (loss) on deferred hedges	-	-	(1)	(0.0)	-	-
Unrealized gain on land	7,861	1.7	7,896	1.8	7,861	1.8
Share warrant	184	0.1	15	0.0	108	0.0
Net assets	252,691	[55.8]	228,117	[53.2]	229,372	[51.2]
Total liabilities and net assets	452,997	100.0	428,442	100.0	448,372	100.0

Note:	As of September 30, 2007	As of September 30, 2006	As of March 31, 2007
1. Accumulated depreciation on tangible fixed assets [millions of yen]	70,511	75,324	69,362
2. Balance of guaranteed obligations <including guarantee> [millions of yen]	2,821 < - >	10,100 <3,000>	10,660 < - >

Joint liability between the Company and its affiliates included ¥1,386 million for interim period ended September 30, 2007, ¥989 million for interim period ended September 30, 2006, and ¥566 million for fiscal year ended March 31, 2007. In the event that the Company fulfills those obligations, it retains the right to recover payment in full from its affiliates.

(3) Statements of Changes in Shareholders' Equity

Interim period ended September 30, 2007 (from April 1, 2007 to September 30, 2007)

[Millions of yen]

	Shareholder's equity			
	Capital stock	Additional paid-in capital		Total
		Capital surplus	Other capital surplus	
Balance at March 31, 2007	37,519	135,592	2	135,594
<i>Changes during the period</i>				
Dividend on retained earnings				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(2)	(2)
Changes, net, in items other than shareholders' equity				
Total changes during the period	-	-	(2)	(2)
Balance at September 30, 2007	37,519	135,592	-	135,592

	Shareholder's equity					
	Retained earnings			Total	Treasury stock	Total
	Other retained earnings		Advanced depreciation reserve			
	Increase in retained earnings					
Balance at March 31, 2007	33	40,985	41,019	(1,097)	213,036	
<i>Changes during the period</i>						
Dividend on retained earnings		(5,307)	(5,307)		(5,307)	
Net income		29,895	29,895		29,895	
Purchase of treasury stock				(161)	(161)	
Disposal of treasury stock		(31)	(31)	37	4	
Changes, net, in items other than shareholders' equity						
Total changes during the period	-	24,556	24,556	(123)	24,431	
Balance at September 30, 2007	33	65,542	65,576	(1,221)	237,467	

	Revaluation and translation adjustments			Subscription warrant	Total net assets
	Unrealized gains on securities	Change in land value	Total		
Balance at March 31, 2007	8,366	7,861	16,228	108	229,372
<i>Changes during the period</i>					
Dividend on retained earnings					(5,307)
Net income					29,895
Purchase of treasury stock					(161)
Disposal of treasury stock					4
Changes, net, in items other than shareholders' equity	(1,189)	-	(1,189)	76	(1,112)
Total changes during the period	(1,189)	-	(1,189)	76	23,318
Balance at September 30, 2007	7,177	7,861	15,039	184	252,691

Interim period ended September 30, 2006 (from April 1, 2006 to September 30, 2006)

[Millions of yen]

	Shareholders' Equity								
	Capital stock	Additional paid-in capital			Retained earning			Treasury stock	Total
		Capital reserve	Other additional paid-in capital	Total	Profit reserve	Other retained earnings Retained earnings carried forward	Total		
Balance at March 31, 2006	37,519	157,501	19	157,521	7,760	(29,688)	(21,928)	(915)	172,196
<i>Changes during the period</i>									
Reversal of other additional paid-in capital (to compensate for losses)			(19)	(19)		19	19		-
Reversal of profit reserve (to compensate for losses)					(7,760)	7,760	-		-
Reversal of capital reserve (to compensate for losses)		(21,908)		(21,908)		21,908	21,908		-
Net income for the period						39,620	39,620		39,620
Purchases of treasury stock								(80)	(80)
Disposal of treasury stock			1	1				5	7
Changes, net, in items other than shareholders' equity									
Total changes during the period	-	(21,908)	(18)	(21,926)	(7,760)	69,309	61,549	(75)	39,547
Balance at September 30, 2006	37,519	135,592	1	135,594	-	39,620	39,620	(990)	211,743

	Revaluation and Translation Adjustments				Share Warrants	Total net assets
	Unrealized gains on securities	Gain (loss) on deferred hedges	Unrealized gain on land	Total		
Balance at March 31, 2006	9,636	-	7,896	17,532	-	189,729
<i>Changes during the period</i>						
Reversal of other additional paid-in capital (to compensate for losses)						-
Reversal of profit reserve (to compensate for losses)						-
Reversal of capital reserve (to compensate for losses)						-
Net income for the period						39,620
Purchases of treasury stock						(80)
Disposal of treasury stock						7
Changes, net, in items other than shareholders' equity	(1,173)	(1)	-	(1,174)	15	(1,159)
Total changes during the period	(1,173)	(1)	-	(1,174)	15	38,387
Balance at September 30, 2006	8,463	(1)	7,896	16,358	15	228,117

Fiscal year ended September 30, 2006 (from April 1, 2006 to December 31, 2006)

[Million of yen]

	Shareholder's equity			
	Capital stock	Additional paid-in capital		Total
		Capital surplus	Other capital surplus	
Balance at March 31, 2006	37,519	157,501	19	157,521
<i>Changes during the period</i>				
Reversal of other capital surplus (deficit coverage)			(19)	(19)
Reversal of earned reserve (deficit coverage)				
Reversal of legal capital surplus (deficit coverage)		(21,908)		(21,908)
Provision for reserve for advanced depreciation (period under review)				
Reversal of reserve for advanced depreciation (period under review)				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			2	2
Reversal of change in land value				
Changes, net, in items other than shareholders' equity				
Total changes during the period	—	(21,908)	(17)	(21,926)
Balance at March 31, 2007	37,519	135,592	2	135,594

	Shareholder's equity					
	Legal earned reserve	Retained earnings		Total	Treasury stock	Total
		Other retained earnings				
		Advanced depreciation reserve	Increase in retained earnings			
Balance at March 31, 2006	7,760	—	(29,688)	(21,928)	(915)	172,196
<i>Changes during the period</i>						
Reversal of other capital surplus (deficit coverage)			19	19		—
Reversal of earned reserve (deficit coverage)	(7,760)		7,760	—		—
Reversal of legal capital surplus (deficit coverage)			21,908	21,908		—
Provision for reserve for advanced depreciation (period under review)		38	(38)	—		—
Reversal of reserve for advanced depreciation (period under review)		(4)	4	—		—
Net income			40,984	40,984		40,984
Purchase of treasury stock					(190)	(190)
Disposal of treasury stock					7	9
Reversal of change in land value			35	35		35
Changes, net, in items other than shareholders' equity						
Total changes during the period	(7,760)	33	70,674	62,948	(182)	40,839
Balance at March 31, 2007	—	33	40,985	41,019	(1,097)	213,036

	Revaluation and translation adjustments			Subscription warrant	Total net assets
	Unrealized gains on securities	Change in land value	Total		
Balance at March 31, 2006	9,636	7,896	17,532	—	189,729
<i>Changes during the period</i>					
Reversal of other capital surplus (deficit coverage)					—
Reversal of earned reserve (deficit coverage)					—
Reversal of legal capital surplus (deficit coverage)					—
Provision for reserve for advanced depreciation (period under review)					—
Reversal of reserve for advanced depreciation (period under review)					—
Net income					40,984
Purchase of treasury stock					(190)
Disposal of treasury stock					9
Reversal of change in land value		(35)	(35)		—
Changes, net, in items other than shareholders' equity	(1,269)		(1,269)	108	(1,161)
Total changes during the period	(1,269)	(35)	(1,304)	108	39,642
Balance at March 31, 2007	8,366	7,861	16,228	108	229,372

BASIS OF PRESENTING INTERIM FINANCIAL STATEMENTS

1. Asset Valuation

(1) Marketable Securities

Shares of subsidiaries and affiliates:

Shares of subsidiaries and affiliates are stated at cost using the moving-average method.

Other securities:

Securities with fair market value are stated using the mark-to-market method based on the market price at the interim settlement date. (Total net unrealized gains or losses after tax effect adjustment are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market value are primarily stated at cost using the moving-average method.

(2) Derivatives

Derivatives are stated using the mark-to-market method.

2. Depreciation and amortization of depreciable assets

(1) Tangible fixed assets

The declining-balance method is used. However, the straight-line method is used for buildings (excluding annexed structures) acquired since April 1, 1998.

Change in Accounting Methods

Accompanying revisions in the corporate tax laws in Japan (as embodied in the Law Revising a Portion of the Corporation Tax Law, Etc., Law No. 6 of March 30, 2007, and the Government Ordinance Revising a Portion of Implementation Regulations for the Corporation Tax Law, Government Ordinance No. 83 of March 31, 2007), the Company has changed its methods for the calculation of the depreciation for tangible fixed assets acquired on or after April 1, 2007, in accordance with the revised corporate income tax regulations.

Accompanying this change, operating income, recurring profit, and income before income taxes for the interim period under review were each ¥16 million lower than they would have been under the accounting methods employed previously.

Supplementary Information

Accompanying the change in Japan's Corporate Tax Law, the Company has adopted the following method of depreciation for assets acquired on or before March 31, 2007. For those assets that have been depreciated to 5% of their acquisition value using the previous method of calculating depreciation, the difference between the remaining 5% of the acquisition cost and a memorandum price will be written off in equal amounts over the five-year period beginning with the year following the year when the book value is depreciated to 5% of the acquisition cost.

Accompanying this change, operating income for the interim period was ¥69 million lower than it would have been under the accounting methods employed previously, and recurring profit and income before income taxes for the interim period were each ¥70 million lower.

(2) Intangible fixed assets

We have adopted the straight-line method based on an estimated in-house working life of five years for the software we use.

3. Reserves

(1) Allowance for Doubtful Receivables

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

(2) Reserves for Bonus

To prepare for the payment of employee bonuses, an amount corresponding to the current interim portion of estimated bonus payments to employees is recorded.

(3) Reserve for Directors' Bonuses

To prepare for the payment of bonuses to directors, an amount corresponding to the current interim portion of estimated bonus payments to directors is recorded.

(4) Reserve for Retirement Benefits

To prepare for employee retirement benefits, the Company has calculated the amount recognized to have been incurred at the end of the interim period based on projected benefit obligations and pension assets at the end of the current fiscal year.

For treatment of expenses related to prior service obligations, we apply the straight-line method based on a fixed number of years (10) within the average remaining service period of the employee at the time of occurrence.

Regarding actuarial loss/gain, expenses are treated from the following fiscal year of business, based on the straight-line method based on a fixed number of years (10) within the average remaining service period of the employee at the time of occurrence.

4. Lease Transactions

Finance leases that do not transfer ownership rights of the leased property to the lessee are principally accounted for based on the usual methods for operating leases.

5. Principal Accounting Methods for Hedge Transactions

(1) Hedge accounting methods

The deferred hedge method is used. Special accounting methods are used for interest rate swaps that meet certain conditions.

(2) Hedging methods and hedge targets

The interest rate swaps are used as the hedge method.

The hedge targets are scheduled corporate bonds and borrowings.

(3) Hedge policy

The Company enter into interest rate swaps to make interest rates on bonds and borrowings stable or reduce the risk of costs fluctuations for future capital procurement, not for speculation purpose, within the limit of actual financial or operating transactions.

(4) Methods for evaluating the effectiveness of hedges

Verification is made to ascertain a high correlation among value fluctuations of hedged items and cash flows and hedging instruments.

6. Other important items regarding the preparation of consolidated financial statements

(1) Consumption tax

National and local consumption taxes are accounted for by the tax excluded method.

In addition, of consumption tax excluding the asset-related exempt portion, the deferred consumption tax value etc., stipulated by the tax law is accounted for as a long-term prepaid expense and amortized over five years based on the straight-line method.

(2) Consolidated tax payment system

Consolidated tax payment system is adopted

12. LEASE TRANSACTIONS

Notation has been omitted due to disclosure through EDINET.

13. MARKETABLE SECURITIES

In the current interim period under review as well as in the previous interim period and the previous full fiscal year, none of the Company's subsidiary or affiliate had listed shares.