

HARAKOSAN CO., LTD.  
QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)  
At February 28 and for the six months ended August 31, 2009

**HARAKOSAN CO., LTD.**

**Quarterly Consolidated Financial Statements  
(Unaudited)**

*At February 28, 2009 and  
For the Six Months Ended August 31, 2009  
With Quarterly Review Report of Independent Accountants*

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

Consolidated Balance Sheets (Unaudited)  
As of August 31, 2009 and February 28, 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	August 31, 2009	February 28, 2009	August 31, 2009
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and deposits (Notes 6 and 7)	¥ 1,129	¥ 2,635	\$ 12,174
Notes and accounts receivable – trade	171	526	1,844
Allowance for doubtful accounts	(3,168)	(2,552)	(34,160)
Short-term investment securities	21	16	226
Inventories (Notes 5 and 7)	16,602	33,340	179,017
Short-term loans receivable (Note 7)	3,023	2,452	32,597
Other	1,774	654	19,128
Total current assets	<b>19,552</b>	<b>37,071</b>	<b>210,826</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Land (Note 7)	1,423	1,702	15,344
Buildings and structures (Note 7)	2,590	3,324	27,928
Machinery, equipment and vehicles	250	724	2,696
Other	101	228	1,088
	<b>4,364</b>	<b>5,978</b>	<b>47,056</b>
Accumulated depreciation	(691)	(1,652)	(7,451)
Net property, plant and equipment	<b>3,673</b>	<b>4,326</b>	<b>39,605</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investments in unconsolidated subsidiaries and affiliated companies	20	20	216
Investment securities	562	626	6,060
Other intangible assets	396	566	4,270
Other	678	749	7,310
Allowance for doubtful accounts	(279)	(279)	(3,008)
Total investments and other assets	<b>1,377</b>	<b>1,682</b>	<b>14,848</b>
	<b>¥ 24,602</b>	<b>¥ 43,079</b>	<b>\$ 265,279</b>

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

	Millions of yen		Thousands of U.S. dollars (Note 2)
	August 31, 2009	February 28, 2009	August 31, 2009
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Short-term loans payable (Note 7)	¥ 12,094	¥ 16,966	\$ 130,408
Current portion of long-term debt (Note 7)	3,506	11,150	37,805
Notes and accounts payable – trade	2,109	1,644	22,741
Provision for bonuses	8	16	86
Other	767	834	8,270
Total current liabilities	<u>18,484</u>	<u>30,610</u>	<u>199,310</u>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt (Note 7)	6,706	7,305	72,310
Allowances for retirement benefits for employees	15	107	162
Allowances for retirement benefits for directors and corporate auditors	53	70	571
Allowance for loss on guarantees	1,152	–	12,422
Other	179	385	1,929
Total long-term liabilities	<u>8,105</u>	<u>7,867</u>	<u>87,394</u>
<b>CONTINGENT LIABILITIES (Note 9)</b>			
<b>NET ASSETS</b>			
<b>SHAREHOLDERS' EQUITY:</b>			
Common stock			
Authorized – 51,300,000 shares			
Issued – 12,829,849 shares in August 31 and February 28, 2009	7,659	7,659	82,586
Capital surplus	3,380	3,380	36,446
Retained earnings	(13,041)	(6,340)	(140,619)
Less: treasury stock, at cost – 1,109 shares in August 31, 2009 and 1,089 shares in February 28, 2009	(2)	(2)	(22)
Total shareholders' equity	<u>(2,004)</u>	<u>4,697</u>	<u>(21,609)</u>
<b>VALUATION AND TRANSLATION ADJUSTMENTS:</b>			
Net unrealized holding gains (losses) on securities	14	(50)	151
Foreign currency translation adjustment	(74)	(137)	(798)
Total valuation and translation adjustments	<u>(60)</u>	<u>(187)</u>	<u>(647)</u>
Minority interests	77	92	831
Total net assets	<u>(1,987)</u>	<u>4,602</u>	<u>(21,425)</u>
	<u>¥ 24,602</u>	<u>¥ 43,079</u>	<u>\$ 265,279</u>

See accompanying notes to consolidated financial statements.

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

Consolidated Statements of Operations (Unaudited)  
For the six months ended August 31, 2009

	Millions of yen	Thousands of U.S. dollars (Note 2)
	<u>Six months ended August 31, 2009</u>	
<b>OPERATING REVENUE</b> (Note 10)	¥ 9,229	\$ 99,515
<b>OPERATING COST</b>	<u>11,389</u>	<u>122,806</u>
Gross loss	(2,160)	(23,291)
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 8)	<u>911</u>	<u>9,823</u>
Operating loss	(3,071)	(33,114)
<b>OTHER INCOME (EXPENSES):</b>		
Interest income	7	75
Dividend income	2	22
Gain on sales of securities	1	11
Foreign exchange gains	59	636
Interest expense	(251)	(2,706)
Commission fees	(85)	(917)
Gain on sales of property, plant and equipment, net	798	8,605
Impairment loss	(12)	(129)
Gain on sales of investment securities, net	244	2,631
Gain on redemption of bonds	5,070	54,669
Loss on valuation of inventories	(7,928)	(85,486)
Provision of allowance for doubtful accounts	(678)	(7,311)
Provision for loss on guarantees	(1,211)	(13,058)
Loss on valuation of investments in capital	(19)	(205)
Gain on forgiveness of debts	446	4,809
Other, net	(59)	(637)
Total other expenses	<u>(3,616)</u>	<u>(38,991)</u>
<b>LOSS BEFORE INCOME TAXES AND MINORITY INTERESTS</b>	<u>(6,687)</u>	<u>(72,105)</u>
<b>INCOME TAXES</b>	4	43
<b>MINORITY INTERESTS</b>	<u>(5)</u>	<u>(54)</u>
<b>NET LOSS</b>	<u>¥ (6,686)</u>	<u>\$ (72,094)</u>

HARAKOSAN CO., LTD.  
 QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)  
 At February 28 and for the six months ended August 31, 2009

Per common share information (*Note 11*)

	Yen	U.S. dollars ( <i>Note 2</i> )
	<b>Six months ended August 31, 2009</b>	
Net assets per share	¥ (160.89)	\$ (1.73)
Net loss per share		
Basic	(521.18)	(5.62)
Diluted	-	-
Cash dividends	¥ -	\$ -

*See accompanying notes to consolidated financial statements.*

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

Consolidated Statements of Cash Flows (Unaudited)  
For the six months ended August 31, 2009

	Millions of yen	Thousands of U.S. dollars (Note 2)
	<u>Six months ended August 31, 2009</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income taxes and minority interests	¥ (6,687)	\$ (72,105)
Depreciation and amortization	96	1,035
Increase in allowance for doubtful accounts	616	6,642
Decrease in provision for bonuses	(9)	(97)
Decrease in allowance for retirement benefits for employees	(92)	(992)
Decrease in allowance for retirement benefits for directors and corporate auditors	(17)	(183)
Increase in allowance for loss on guarantees	1,152	12,422
Interest and dividend income	(9)	(97)
Interest expense	251	2,706
Gain on redemption of bonds	(5,070)	(54,669)
Gain on sale of investment securities, net	(244)	(2,631)
Gain on sale of property, plant and equipment, net	(798)	(8,605)
Increase in notes and accounts receivable	(355)	(3,828)
Decrease in inventories	15,273	164,686
Increase in notes and accounts payable	465	5,014
Other, net	784	8,455
Sub-total	<u>5,356</u>	<u>57,753</u>
Interests and dividends received	9	97
Interest paid	(197)	(2,124)
Income taxes paid	(24)	(259)
Net cash provided by operating activities	<u>5,144</u>	<u>55,467</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in time deposits	(6)	(65)
Decrease in time deposits	90	970
Purchase of property, plant and equipment	(1)	(11)
Proceeds from sale of property, plant and equipment	4	43
Proceeds from sales of intangible assets	416	4,486
Purchase of investment securities	(1)	(11)
Proceeds from sale of investment securities	122	1,316
Proceeds from collection of loan receivable	27	291
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(58)	(625)
Other, net	52	561
Net cash provided by investing activities	<u>645</u>	<u>6,955</u>

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

**CASH FLOWS FROM FINANCING ACTIVITIES**

Decrease in short-term loans payable	(5,116)	(55,165)
Proceeds from long-term debt	10	108
Repayments of long-term debt	(1,224)	(13,198)
Payments for redemption of bonds	(895)	(9,651)
Other, net	(0)	(0)
Net cash used in financing activities	<u>(7,225)</u>	<u>(77,906)</u>
Effect of exchange rate changes on cash and cash equivalents	15	162
Net decrease in cash and cash equivalents	<u>(1,421)</u>	<u>(15,322)</u>
Cash and cash equivalents at beginning of the period	2,409	25,976
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1)	(11)
Cash and cash equivalents at end of the period ( <i>Note 6</i> )	<u>¥ 987</u>	<u>\$ 10,643</u>

*See accompanying notes to quarterly consolidated financial statements.*

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

Notes to Consolidated Financial Statements (Unaudited)  
August 31, 2009 and February 28, 2009

**1. Notes to the Companies' Ability to Continue as a Going Concern**

HARAKOSAN CO., LTD. (the "Company") and consolidated subsidiaries (together, the "Group") was in a net capital deficiency of ¥1,987 million (\$21,425 thousand) for the second quarter of the fiscal year ended August 31, 2009. The Group recognized operating loss of ¥3,537 million and net loss of ¥9,135 million for the year ended February 28, 2009. In addition, the Group recognized operating loss of ¥3,071 million (\$33,114 thousand) and net loss of ¥6,686 million (\$72,094 thousand) for the six months ended August 31, 2009. These facts raise substantial doubt about the Group's ability to continue as a going concern.

In order to improve the situation, the Group developed "New Interim Business Plan" on August 29, 2008. Its five basic elements include the following principles: 1) selecting areas of investment of management resources carefully to streamline operations, 2) with regard to wind power generation business, cooperating with business partners and reviewing the business contents besides the Groups' single operation to keep up with the pace of market expansion and to improve efficient use and collection of invested capital, 3) reviewing and restructuring the Group's management, organization, structure, and strategy, 4) cutting costs, including selling, general, and administrative costs, and 5) restructuring the Group itself.

Based on the above principles, all orders for the wind power generation business project that the Group received in the previous consolidated fiscal year from domestic customers were transferred. For overseas, the Group sold all of HARAKOSAN's investment in Hunan Hara XEMC Windpower Co., Ltd., an equity-method affiliate. Our patent regarding the windmill and all the shares we held in Harakosan Europe B.V. were sold. To squeeze liabilities, the Group retired by purchase Zero coupon JPY convertible notes with stock acquisition rights due 2012 for 15% of its face value, ¥5,965 million (\$64,320 thousand), which was originally issued on February 22, 2007. The Company has been reducing fixed costs, such as labor costs by voluntarily early retirement program for 13 employees and directors' remuneration.

Regarding the Zero coupon EUR-JPY (type A) convertible notes with stock acquisition rights due 2012 amount to ¥2,500 million (\$26,957 thousand), (term of maturity redemption: December 21, 2012, term of prematurely redemption: December 21 2009), which was originally issued on December 21, 2007, the Group plans to have a negotiation with the Notes holders in the same way of Zero coupon JPY convertible notes with stock acquisition rights due 2012. However, it has not been finalized yet.

Continuously Following the aforementioned principles, the Group will aggressively sell inventories and improve its financial position by reducing interest-bearing debts with early repayments. However, these action plans are still in progress, and the Group considers that there is the substantial doubt about its ability to continue as a going concern at this time. Accordingly, the accompanying consolidated financial statements for the six months ended August 31, 2009 of the Group have been prepared on the basis of the Group's

## HARAKOSAN CO., LTD.

### QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

ability to continue as a going concern, and such impact arising from the substantial doubt has not been reflected in the accompanying consolidated financial statements.

#### **2. Basis of presenting consolidated financial statements**

The accompanying quarterly consolidated financial statements of the Company has been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying quarterly consolidated financial statements have been restructured and translated into English with some expanded descriptions from the quarterly consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at August 31, 2009, which was ¥92.74 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

#### **3. Summary of significant accounting policies**

Significant accounting policies for the six months ended August 31, 2009 are consistent with those applied in the consolidated financial statements for the year ended February 28, 2009, except for the following:

##### **(a) Scope of Consolidation**

SUMIYOSHI HEAVY INDUSTRIES CO., LTD and Harakosan Europe B.V. were excluded from the scope of consolidation because their shares were sold, however, they are included in the statements of consolidated income from January 1, 2009 to June 30, 2009. TSM Fifty-one General Incorporated Association and TSM Fifty-one Limited Liability Company are in liquidation and were excluded from the scope of consolidation due to immateriality. However they are included in the consolidated statements of operations from March 1st 2009 to August 31, 2009.

##### **(b) Evaluation of Inventories**

Effective from the first quarter of the fiscal year ended May 31, 2009, due to the adoption of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, issued on July 5, 2006),

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

inventories are primarily stated at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. As a result, operating loss and loss before income taxes and minority interests increased ¥598 million (\$6,448 thousand), and ¥8,526 million (\$91,934 thousand) respectively for the six months ended August 31, 2009. The effects of this change in specific segments are described in Segment information section (Note 10).

**4. Application of simplified accounting methods**

Evaluation of Inventories

Only inventories with remarkably low profitability are written down to their net realizable value.

**5. Inventories**

Inventories at August 31 and February 28, 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	August 31, 2009	February 28, 2009	August 31, 2009
Merchandise	¥ 43	¥ 493	\$ 464
Real property for sale	16,559	32,222	178,553
Work in process	-	534	-
Raw materials	-	91	-
Supplies	0	0	0
Total	¥ 16,602	¥ 33,340	\$ 179,017

**6. Cash and cash equivalents**

Cash and cash equivalents at August 31, 2009 consisted of the following:

	Millions of yen	Thousands of U.S. dollars
	August 31, 2009	
Cash and deposits	¥ 1,129	\$ 12,174
Time deposits due over three months	(142)	(1,531)
Cash and cash equivalents	¥ 987	\$ 10,643

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

7. Pledged assets

Assets pledged as collateral and corresponding liabilities at August 31 and February 28, 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	<u>August 31, 2009</u>	<u>February 28, 2009</u>	<u>August 31, 2009</u>
Pledged assets			
Cash and deposits	¥ 121	¥ 211	\$ 1,305
Inventories	14,611	29,400	157,548
Short-term loans receivable	1,760	1,760	18,978
Buildings and structures	2,007	2,093	21,641
Land	1,306	1,474	14,082
Total	<u>¥ 19,805</u>	<u>¥ 34,938</u>	<u>\$ 213,554</u>

	Millions of yen		Thousands of U.S. dollars
	<u>August 31, 2009</u>	<u>February 28, 2009</u>	<u>August 31, 2009</u>
Corresponding liabilities			
Short-term loans payable	¥ 10,593	¥ 16,802	\$ 114,223
Long-term debt	4,897	6,502	52,803
Total	<u>¥ 15,490</u>	<u>¥ 23,304</u>	<u>\$ 167,026</u>

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

8. Selling, General and Administrative Expenses

Major components of selling, general and administrative expenses for the six months ended August 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
	<u>Six months ended August 31, 2009</u>	
Commission fee	¥ 122	\$ 1,316
Advertising expenses	15	162
Promotion expenses	48	518
Directors' remuneration	51	550
Salaries and allowances	165	1,779
Provision of allowance for doubtful accounts	28	302
Provision for bonuses	5	54
Retirement benefit expenses	10	108
Welfare expenses	30	323
Taxes and dues	116	1,251
Depreciation	34	367
Amortization of goodwill	15	162
Rents	26	280
Research and development expenses	42	453
Travel and transportation expenses	34	367
Other	170	1,831
Total	<u>¥ 911</u>	<u>\$ 9,823</u>

9. Contingent liabilities

Contingent liabilities at August 31 and February 28, 2009 were as follows:

	Millions of Yen		Thousands of U.S. dollars
	<u>August 31, 2009</u>	February 28, 2009	<u>August 31, 2009</u>
Notes discounted	¥ -	¥ 220	\$ -
Notes endorsed	-	47	-
Loans guaranteed	1,801	3,198	19,420
Accounts receivable assigned	-	759	-
Total	<u>¥ 1,801</u>	<u>¥ 4,224</u>	<u>\$ 19,420</u>

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

**10. Segment information**

(1) Business segments

The Group operates in the following three reportable segments:

(1) Sales of Housing and Apartment

Sales of condominiums, detached housing including planning and designing, mediation for real estate

(2) Leasing and Property Management

Leasing of residence, maintenance of residence for the elderly, and placement

(3) Environmental Business

Sales of wind power system, solar power system, and other environmental systems

On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". Effective March 1, 2009, the Company and its consolidated domestic subsidiaries adopted this new accounting standard for measurement of inventories. The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. As a result of the adoption of ASBJ Statement No. 9, operating loss of Sales of Housing and Apartment, and Environmental Business increased by ¥155 million (\$1,671 thousand), and ¥443 million (\$4,777 thousand) respectively for the six months ended August 31, 2009.

Segment information by business of the Group for the six months ended August 31, 2009 was follows:

	Millions of yen					
	Six months ended August 31, 2009					
	Sales of Housing and Apartment	Leasing and Property Management	Environmental Business	Total	Elimination /Corporate	Consolidated
Operating revenue:						
Outside customers	¥ 7,187	¥ 570	¥ 1,472	¥ 9,229	¥ -	¥ 9,229
Inter-segment	-	6	-	6	(6)	-
Total	7,187	576	1,472	9,235	(6)	9,229
Operating loss	¥ (2,474)	¥ 153	¥ (545)	¥ (2,866)	¥ (205)	¥ (3,071)

HARAKOSAN CO., LTD.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)

At February 28 and for the six months ended August 31, 2009

Thousands of U.S. dollars						
Six months ended August 31, 2009						
	Sales of Housing and Apartment	Leasing and Property Management	Environmental Business	Total	Elimination / Corporate	Consolidated
Operating revenue:						
Outside customers	\$ 77,497	\$ 6,146	\$ 15,872	\$99,515	\$ -	\$ 99,515
Inter-segment	-	65	-	65	(65)	-
Total	77,497	6,211	15,872	99,580	(65)	99,515
Operating loss	\$ (26,677)	\$ 1,650	\$ (5,877)	\$ (30,904)	\$ (2,210)	\$ (33,114)

(2) Geographical segments

Segment information by geographical areas for the six months ended August 31, 2009 was as follows:

Millions of yen					
Six months ended August 31, 2009					
	Japan	Europe	Total	Elimination /Corporate	Consolidated
Operating revenue:					
Outside customers	¥ 8,115	¥ 1,114	¥ 9,229	¥ -	¥ 9,229
Inter-segment	-	54	54	(54)	-
Total	8,115	1,168	9,283	(54)	9,229
Operating loss	¥ (3,070)	¥ (1)	¥ (3,071)	¥ -	¥ (3,071)

Thousands of U.S. dollars					
Six months ended August 31, 2009					
	Japan	Europe	Total	Elimination /Corporate	Consolidated
Operating revenue:					
Outside customers	\$ 87,503	\$ 12,012	\$ 99,515	\$ -	\$ 99,515
Inter-segment	-	582	582	(582)	-
Total	87,503	12,594	100,097	(582)	99,515
Operating loss	\$ (33,103)	\$ (11)	\$ (33,114)	\$ -	\$ (33,114)

Main country included in Europe segment is Netherlands.

HARAKOSAN CO., LTD.  
 QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)  
 At February 28 and for the six months ended August 31, 2009

(3) Overseas operating revenue

Overseas operating revenue information for the six months ended August 31, 2009 was as follows:

	Millions of yen	
	Six months ended August 31, 2009	
	Asia	Total
Overseas operating revenue	¥ 1,040	¥ 1,040
Consolidated operating revenue	-	9,229
Percentage of overseas operating revenue in proportion to consolidated operating revenue	11.3%	11.3%

  

	Thousands of U.S. dollars	
	Six months ended August 31, 2009	
	Asia	Total
Overseas operating revenue	\$ 11,214	\$ 11,214
Consolidated operating revenue	-	99,515

A Main country included in Asia is China.

**11. Amount Per Share**

	Yen	U.S. dollars
	Six months ended August 31, 2009	
Net loss		
Basic	¥ (521.18)	\$ (5.62)
Diluted	-	-

For six months ended August 31 and for the year ended February 28, 2009 diluted net income per share is not shown due to net loss.

	Yen		U.S. dollars
	August 31, 2009	February 28, 2009	August 31, 2009
Net assets	¥ (160.89)	¥ 351.60	\$ 1.73

HARAKOSAN CO., LTD.  
 QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES (UNAUDITED)  
 At February 28 and for the six months ended August 31, 2009

Basis for calculation of net loss per share was as follows:

	Millions of yen	Thousands of U.S. dollars
	<b>Six months ended August 31, 2009</b>	
Net loss	<b>¥ 6,686</b>	<b>\$ 72,094</b>
Amount not attributable to common stock	-	-
Net loss attributable to common stock	<b>¥ 6,686</b>	<b>\$ 72,094</b>

	Thousands of shares
	<b>Six months ended August 31, 2009</b>
Weighted-average number of shares outstanding for the year	<b>12,829</b>