
Financial Result Summary

For FY Nov 2007

January 9, 2008



Star Mica Co., Ltd.

1. Executive Summary

2. Business Outline and Results

3. Market Overview

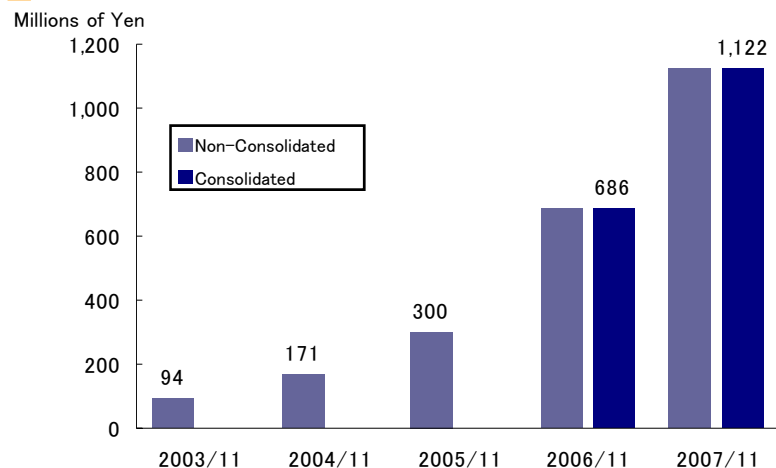
4. Corporate Strategy and Earnings Outlook

5. Company Profile

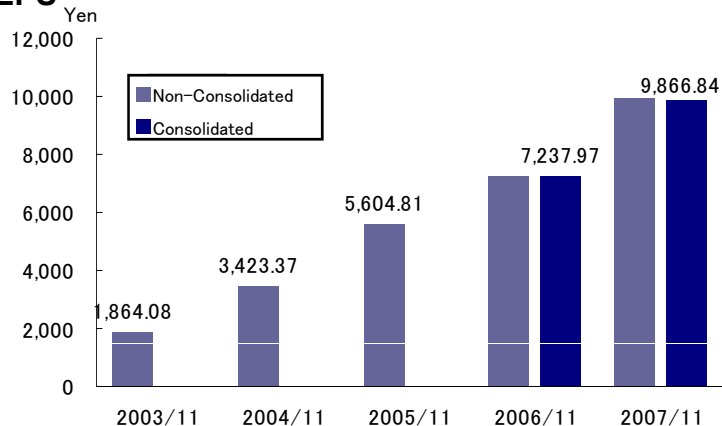
-PL- 『Profit growth of +163% year-on-year』

- IPO and associated scale expansion resulted in this year's profit growth
- Redemption of fund reduced profit distributions to fund investors / increased interest payment

Net Income before Income Taxes



EPS



PL

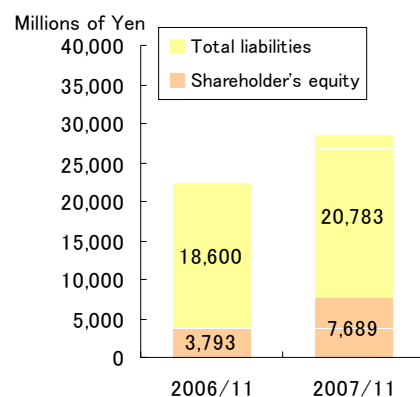
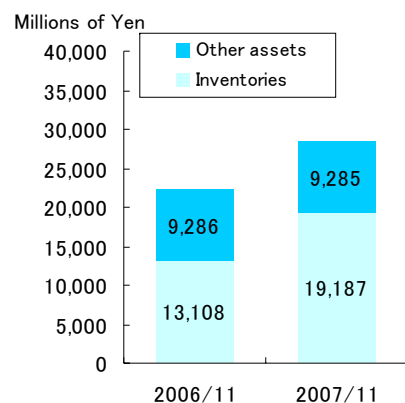
Unit: ¥million

	FY Nov 2006		FY Nov 2007		
	Amount	%	Amount	%	YoY Change
Sales	8,095	100.0%	12,809	100.0%	158.2%
Gross profit	2,063	25.5%	2,665	20.8%	129.2%
Selling, general and administrative expenses	532	6.6%	798	6.2%	150.1%
Operating income	1,531	18.9%	1,866	14.6%	121.9%
Non-operating income	2	0.1%	5	0.0%	224.3%
Non-operating expenses	208	2.6%	636	5.0%	305.7%
Recurring profit	1,325	16.4%	1,235	9.6%	93.2%
Special gain or loss	0	0.0%	△ 3	0.0%	651.8%
Profit distributions to fund investors	△ 638	7.9%	△ 109	0.8%	17.1%
Net income before income taxes	686	8.5%	1,122	8.8%	163.6%
Income taxes	282	3.5%	468	3.7%	165.5%
Net income	403	5.0%	656	5.1%	162.7%
EPS (¥)	7,237.97		9,866.84		136.3%

-BS- 『Constructed a solid balance sheet as a basis for future growth』

- Acquisition of condominiums contributes to rent income & sales gain.
- Redemption of fund dissolved deposits from fund investors , replaced by interest-bearing debt.
- Increased capital for future expansion through 3rd-party equity allocation.

BS



Unit: ¥million

	FY Nov 2006		FY Nov 2007			FY Nov 2006		FY Nov 2007	
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)
Current assets	17,864	79.8%	23,090	81.1%	Short-term liabilities	2,373	10.6%	9,564	33.6%
Cash and deposits	4,602	20.6%	3,673	12.9%	Debt	1,669	7.5%	8,600	30.2%
Inventories	13,108	58.5%	19,187	67.4%	other	703	3.1%	964	3.4%
Other	154	0.7%	229	0.8%	Long-term liabilities	16,227	72.5%	11,219	39.4%
Fixed assets	4,500	20.1%	5,364	18.8%	Debt	9,015	40.3%	11,147	39.1%
Properties	3,817	17.1%	4,190	14.7%	Deposits from fund investors	7,117	31.8%	-	-
Intangible assets	4	0.0%	9	0.0%	other	94	0.4%	71	0.3%
Other	678	3.0%	1,164	4.1%	Total liabilities	18,600	83.1%	20,783	73.0%
Deferred assets	29	0.1%	18	0.1%	Shareholder's equity	3,793	16.9%	7,689	27.0%
Total assets	22,394	100.0%	28,472	100.0%	Total Liabilities and shareholder's equity	22,394	100.0%	28,472	100.0%

※Most of the inventories are condos from condominium trading business

※Most of the fixed assets are properties from investment business

Recent events

■ Feb,2007 Financing via Syndicated Loans(Total of ¥18 billion)

- Shift from asset finance to corporate finance(uncollateralized loan)
- Arranger:Mitsubishi-Tokyo UFJ Bank , Co-arranger:Aozora Bank
- Term loan ¥12 billion(3 years), Commitment line ¥6 billion(1 year)

■ Feb,2007 Fund Redemption

- Responded to recent changes in social environment surrounding funds
- Discontinuation of profit distributions to fund investors will be a contributing factor to increase net profits

■ May,2007 Equity Commitment Line contract (Canceled in Nov,2007)

- Allocation of new shares to third party at market value
- Expeditious access to necessary capital for business development

■ Jun,2007 Moved head office

- Moved head office in June 2007 to accomodate growth. Floor space tripled

■ Aug,2007 Installation of information management system (MIOS)

- Developed a system customized for our operations
- Contributes to productivity by augmented appraisal database and improved information sharing

■ Nov,2007 3rd-party Allocation of new shares to Goldman Sachs Group

- Acquired capital of ¥2 billion will enhance financial capability for asset acquisition

1. Executive Summary

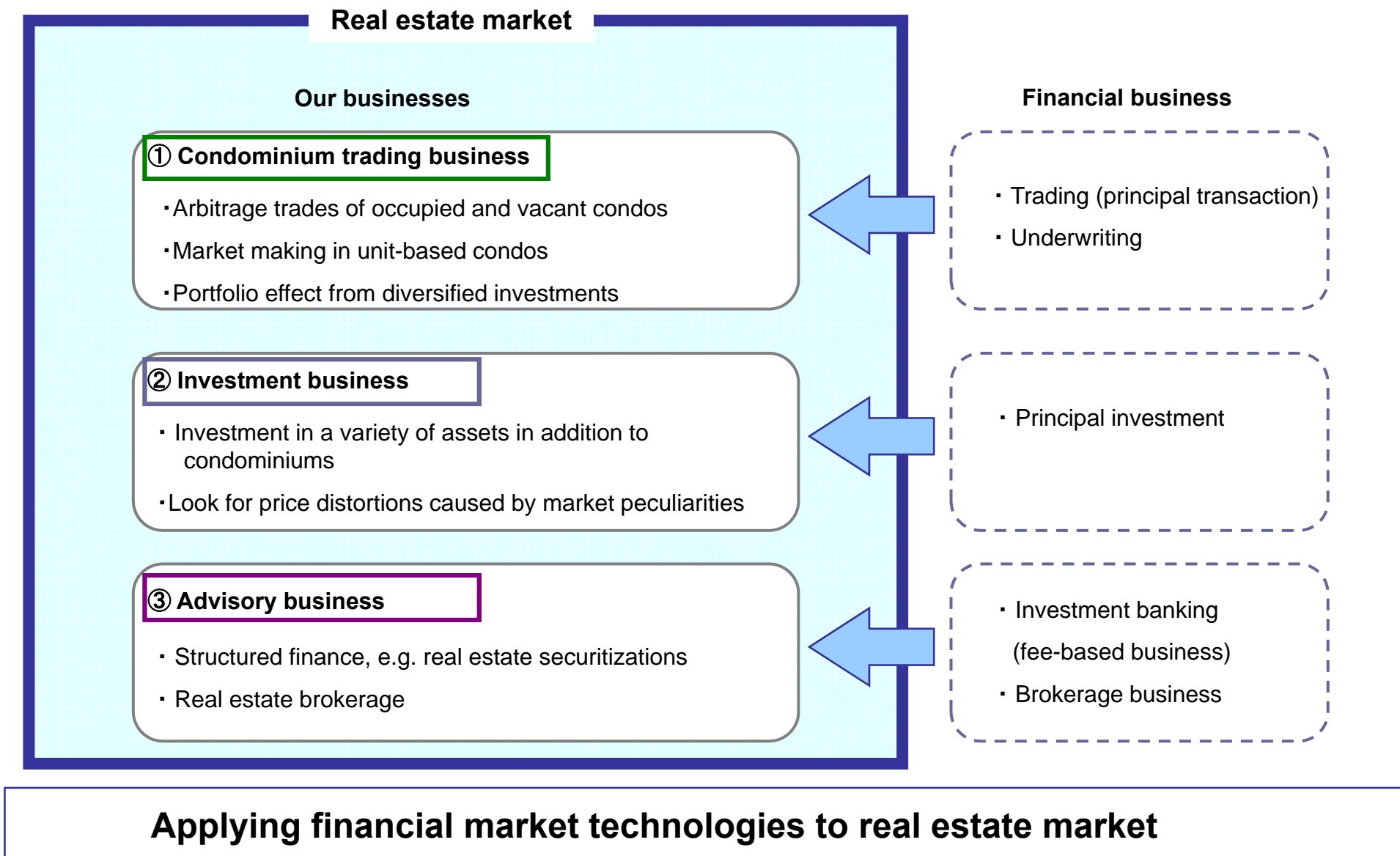
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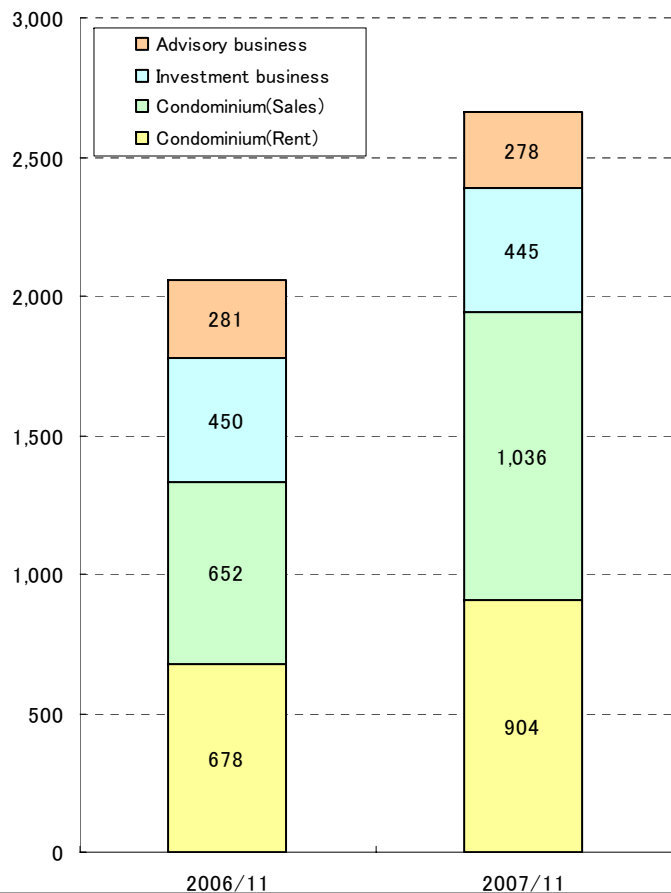
Star Mica's Business Domains



Business Domains

- 72.8% of gross profit comes from condominium trading business.
- Total profit margin of condominium trading business declined by 3.7% ,as there was a higher increase (+158.9%) in sales revenue relative to rent revenue(+133.3%)

■ Composition of Gross profit Unit :¥million



Business Domains	FY Nov 2006		FY Nov 2007		
	Amount		Amount	(%)	YoY Change
Sales	8,095		12,809	100.0%	158.2%
Condominium trading business	5,736		9,965	77.8%	173.7%
Investment business	2,077		2,565	20.0%	123.5%
Advisory business	281		278	2.2%	98.7%

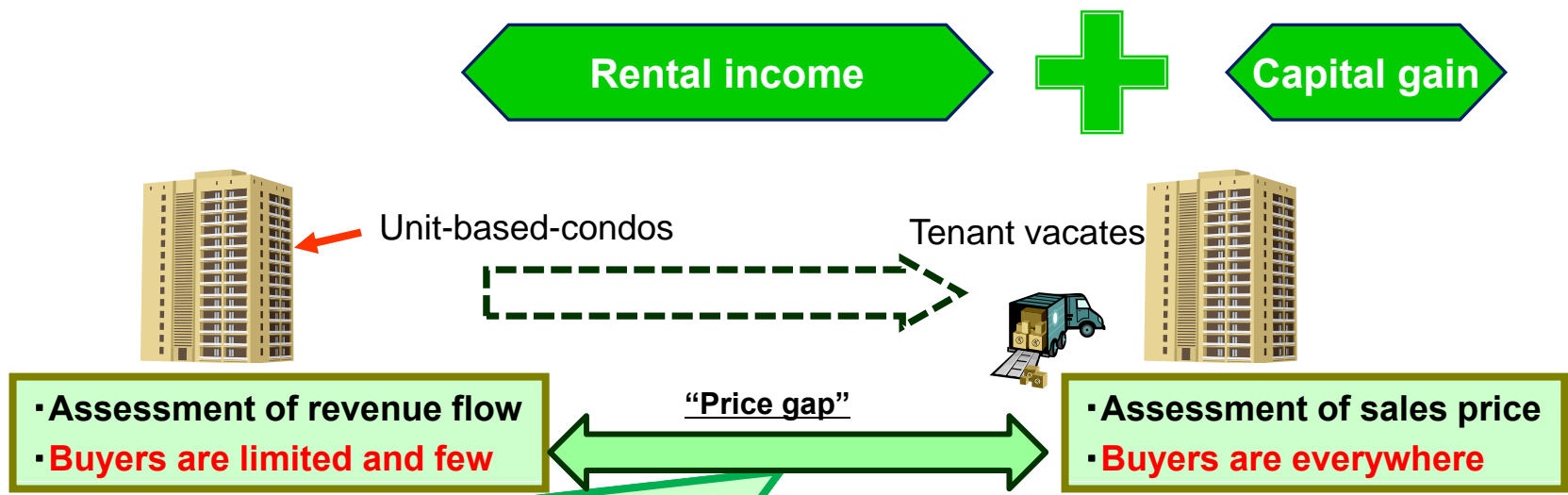
Business Domains	FY Nov 2006		FY Nov 2007			
	Amount	Profit margin	Amount	(%)	YoY Change	Profit margin
Gross profit	2,063	25.5%	2,665	100.0%	129.2%	20.8%
Condominium trading business	1,331	23.2%	1,941	72.8%	145.8%	19.5%
Rent	678	69.9%	904	33.9%	133.3%	68.0%
Sales revenue	652	13.7%	1,036	38.9%	158.9%	12.0%
Investment business	450	21.7%	445	16.7%	98.9%	17.4%
Advisory business	281	100.0%	278	10.4%	98.7%	100.0%

Condominium Trading Business

- We buy leased unit-based family-oriented condominiums.
- We lease to the existing tenant and then sell when tenant vacates, thereby creating steady revenue flow from rental income and capital gain.
- We limit risk and generate strong returns through diversified investments (portfolio effect).

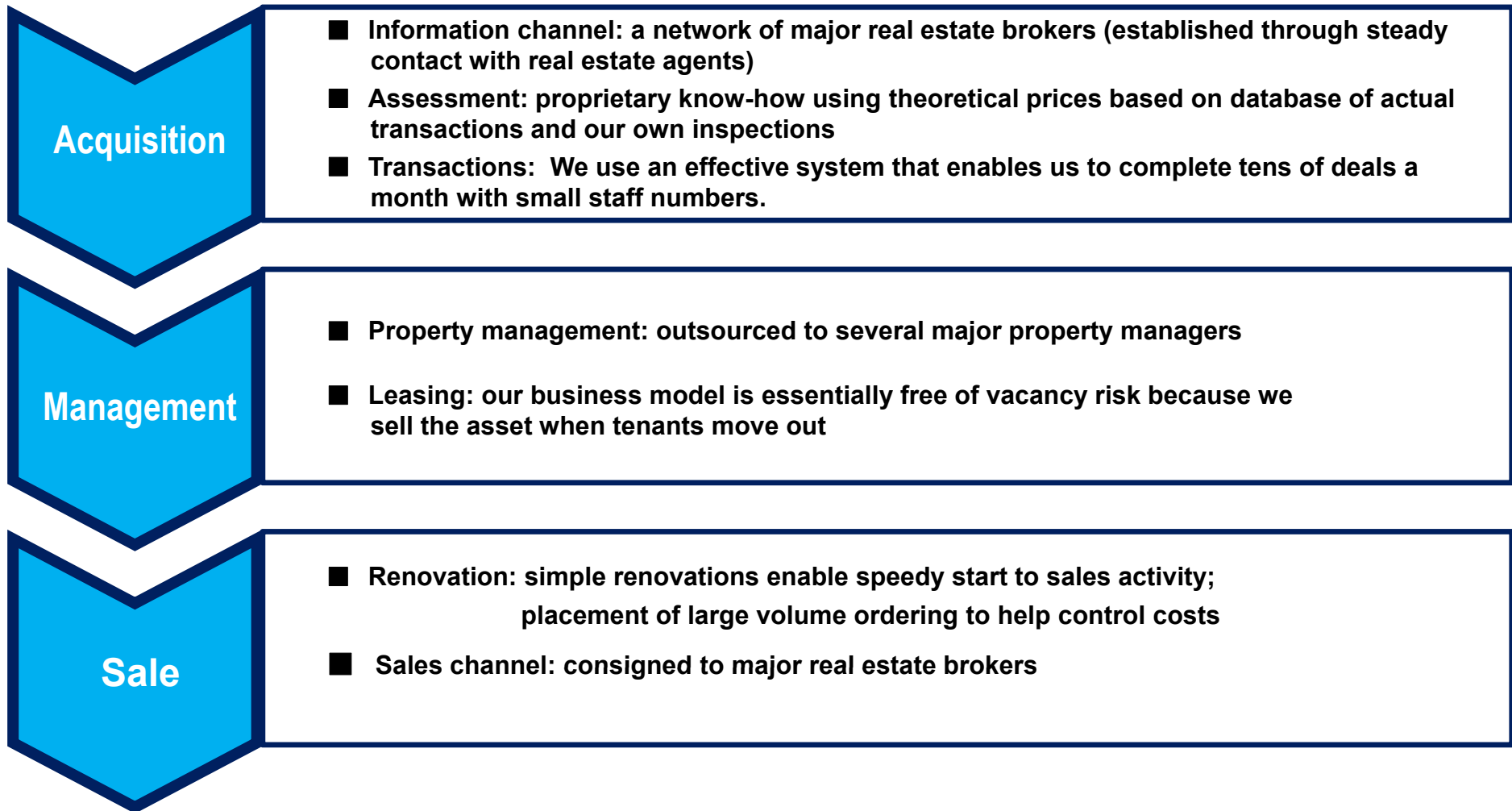
■ Acquisition of leased condo

■ Sale after tenant vacates



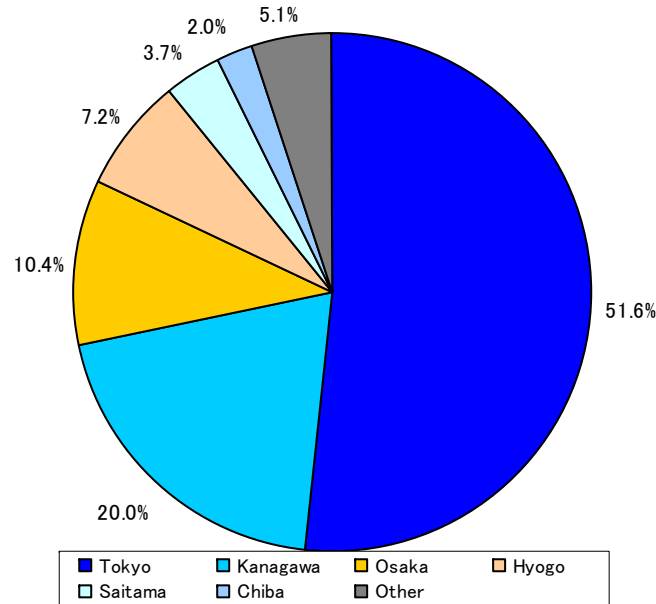
- We seek **arbitrage trades** that profit from **price gaps** in the used condo market.
- We serve as market maker for secondary-market condos by constantly displaying bid and offer prices.

Condominium Trading Business: Operating Model

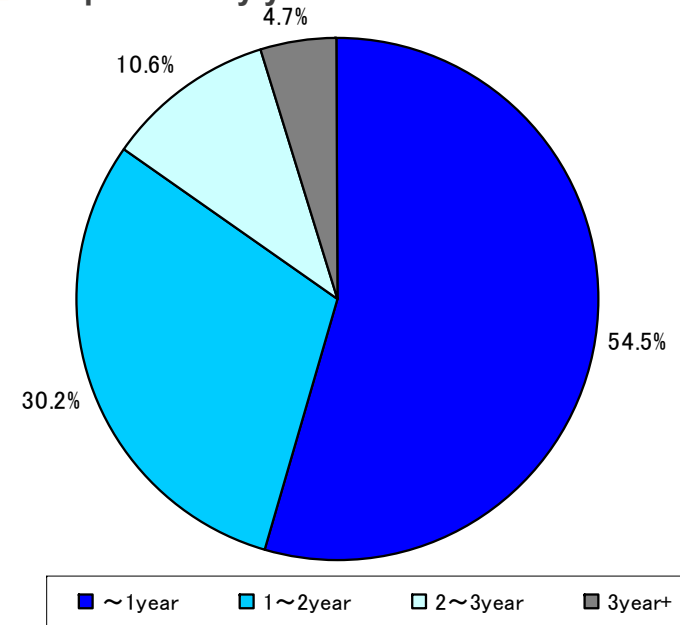


Condominium Trading Business: Summary of acquired assets

■ Composition by region



■ Composition by years held



Asset portfolio	2007/11
Avg size	71.2 m ²
Avg age	17.2 year
Avg acquisition price	18 million yen

※Asset portfolio is calculated based on number of units.(all condos)

Ave acquisition price is based on purchase agreement and dose not include associated fees.

※By region ,by years held (composition) are based on purchase agreement.

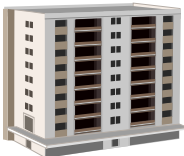
- We buy and sell Avg ¥20 million, family-type(70m²)condominium.
- By region,70% of assets are in Tokyo/Kanagawa, 20% in Osaka/Hyogo.

Investment Business

- Real estate investment in properties (mostly residential other than condominium trading)
- We invest in properties with high potential for profit-earning opportunity



Special features
of real estate market
From a financial
market's viewpoint



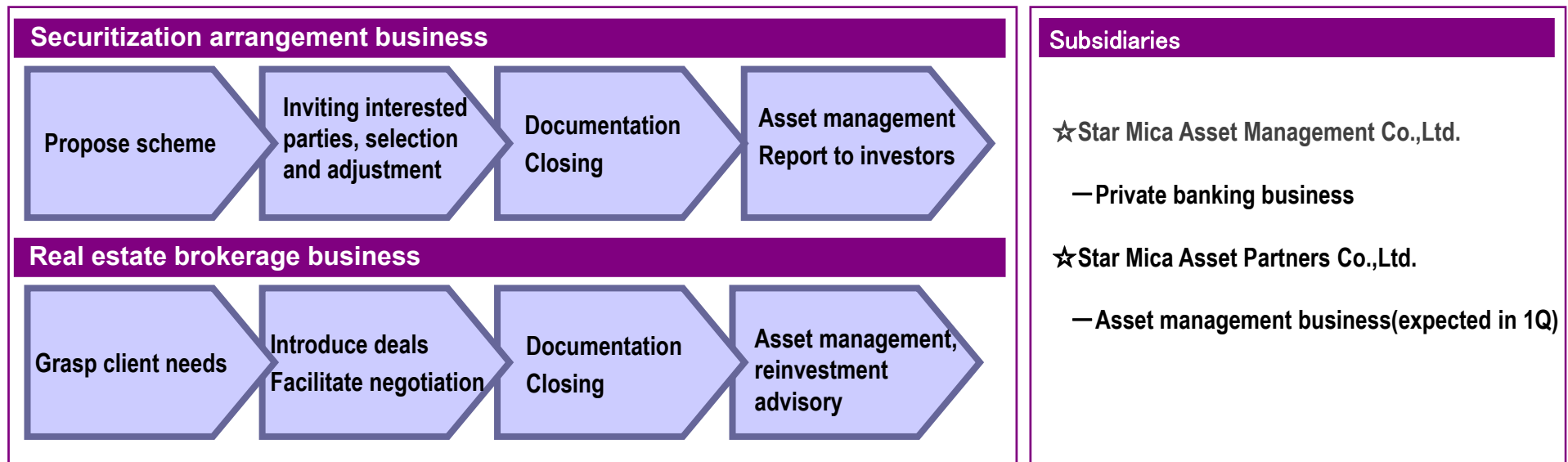
- ✓ Lack of standard product, without an exchange, closed market dominated by real estate brokers
- ✓ High transaction costs (broker commissions, taxes, etc), low liquidity
- ✓ No derivatives market, difficult to narrow the gap between theoretical and actual prices

Positioning

- Leverage “investment opportunities “ that develop from other business activities
- Seek ”strategic investments” that will lead to future expansion of our business model

Advisory Business

- Securitization arrangement and asset management business.
- Real estate brokerage business.
- Private banking business.



Positioning

- Using not just our capital assets but also our information and networking resources to provide services that capitalize on the **fusion of our real estate and financial markets expertise.**
- Diversification of revenue sources creates synergies with our other businesses

Selling, General and Administrative Expenses

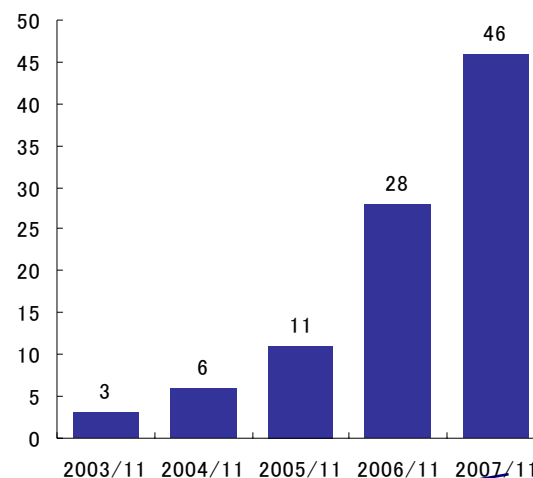
- Successful in recruiting and training for growth
- Moved head office in June 2007 to meet business expansion
- S,G and A is controlled to a minimum level including entertainment expenses

Details

Unit: ¥million

	FY Nov 2006		FY Nov 2007		
	Amount	(%)	Amount	(%)	YoY Change
Selling, general and administrative expenses	532	100.0%	798	100.0%	150.1%
Directors' remuneration	54	10.3%	46	5.8%	84.8%
Salary and bonus	126	23.7%	265	33.3%	210.5%
Recruiting cost	10	1.9%	18	2.3%	182.0%
Tax (exclude income taxes)	140	26.4%	169	21.2%	120.3%
Rent	32	6.2%	76	9.6%	232.3%
Entertainment cost	4	0.8%	3	0.4%	76.2%
Other	163	30.7%	219	27.4%	134.4%

Number of employees



Disaggregated data

Real estate business development dept.	16
Osaka branch	7
Investment banking dept.	6
Property management dept.	5
Corporate planning and management dept.	11
SAM	1
	<u>46</u>

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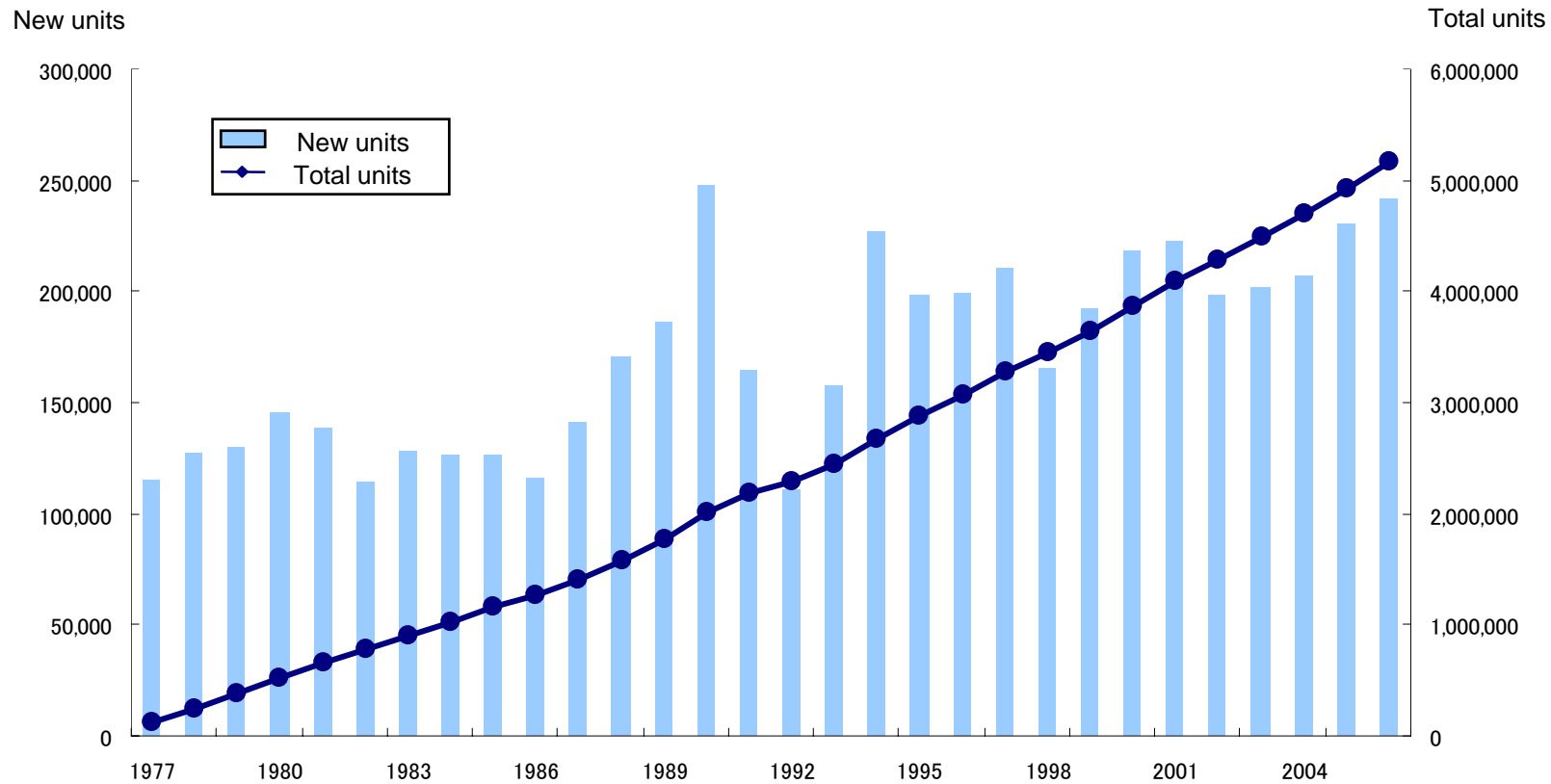
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Japan's Condominium Stock Now Above 5 Million Units

- Steady expansion in condo stock
- Good prospects for continued growth in used condo market

Japan's condominium market

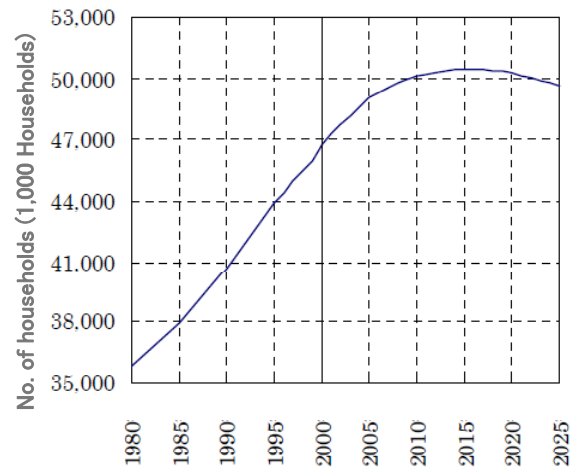


Source: Star Mica, based on Ministry of Infrastructure, Land and Transport data

Outlook for Used Condominium Market

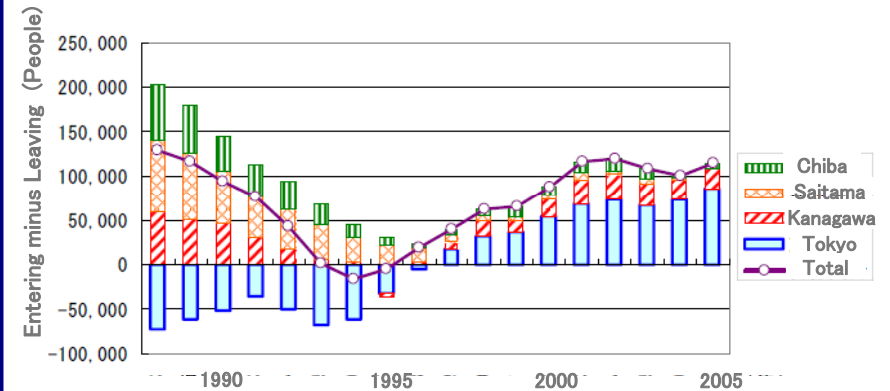
Growth in condo stock, increasing number of households, and continued inflow of population to major urban/metropolitan areas
should accelerate growth in the used condominium markets of Japan's major cities.

■ Rise of nuclear family increases household numbers



Source: National Institute of Population and Social Security Research
 Projections of number of households in Japan (as of October 2003)

■ Flow of population to Greater Tokyo area

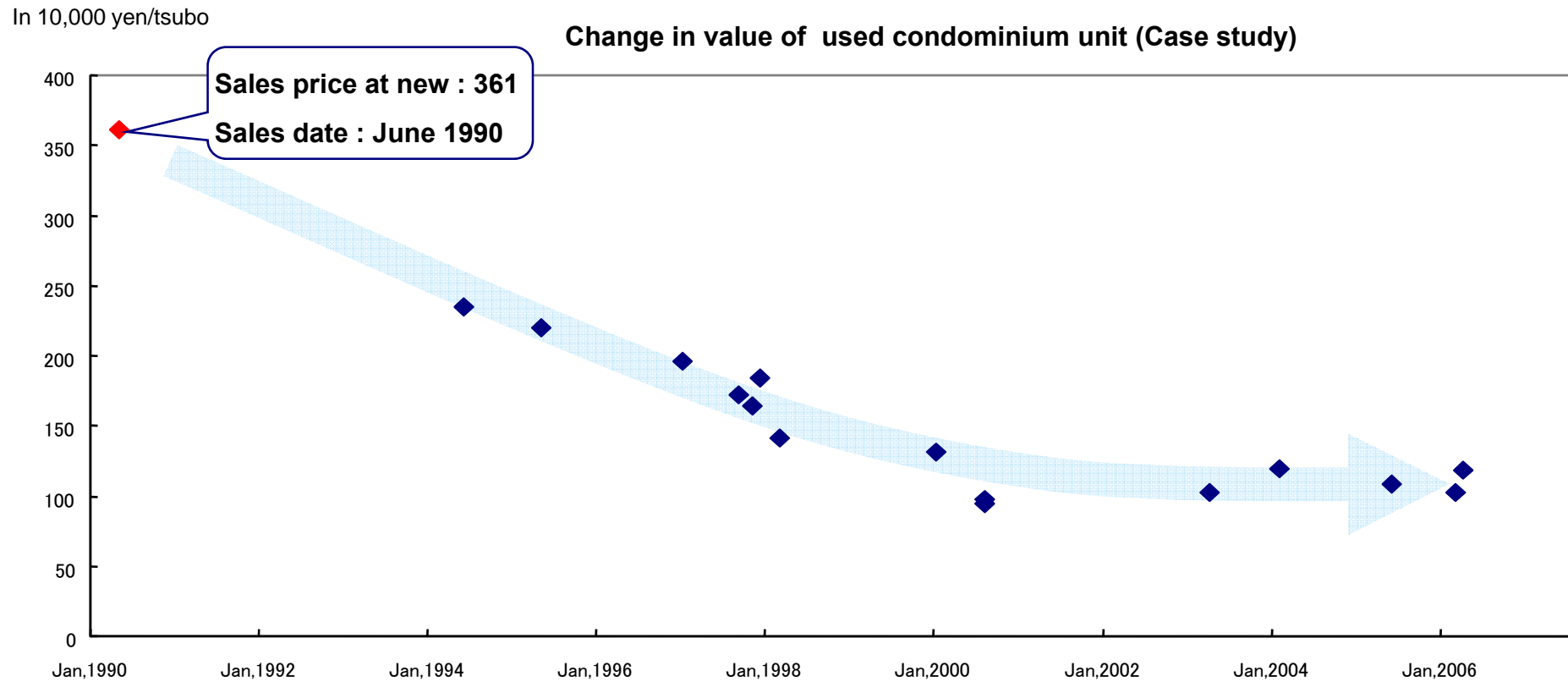


Source: Ministry of Land, Infrastructure and Transport monthly statistics, June 2006
 "Concerning the trend in condominium starts in the Tokyo area"



Change in value of used condominium unit by age (from new construction)

Used condominium usually depreciate with age and bottom out after 10 years.



Case: Isogo-ku, Yokohama-shi, Kanagawa- pref. : 72units, Avg size 109.58m², Construction date Sept,1991.
Data from Tokyo kantei , Higashinohon REINS ,compiled by Star Mica.

Residential property market -Secondary market is left unpaved-

New construction

- Condo : Condo developers
- House : House developers

Impact of new construction standards by law

Home-buyers prefer new properties, thus business are concentrated in “New construction” development market.

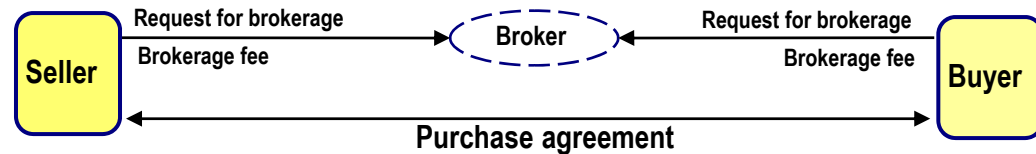
Secondary Market

Among individuals, home purchase and sale are made through brokers

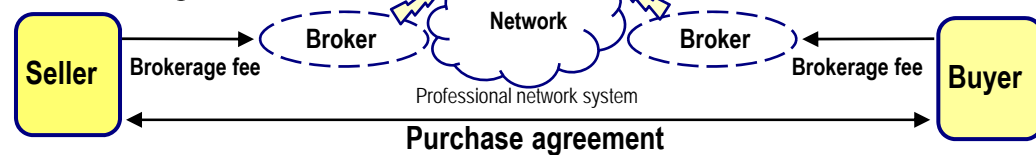
Distribution channel

- ①one broker matches buyer and seller
- ②multiple brokers match their clients

<Distribution channel ①>



<Distribution channel ②>



Main issues with secondary condos market

- Asymmetrical information** – among amateur buyers & sellers, no guarantee of sufficient disclosure, mistrust for quality
- Difficult to guarantee** – limitation of responsibility in case of defect as sellers are individuals
- Unstable transactions** – uncertainties with mortgage screening of buyers, transactions
- Lack of liquidity** – lack of exchange or market maker, left up to “luck” to find the other side of the trade

Toward Stimulation of the Used Home Market

In Europe and US, used homes form the core (70-90%) of the housing market.

In Japan, used homes account for only about 10% of the housing market.

Ministry of Land, Infrastructure, and Transport

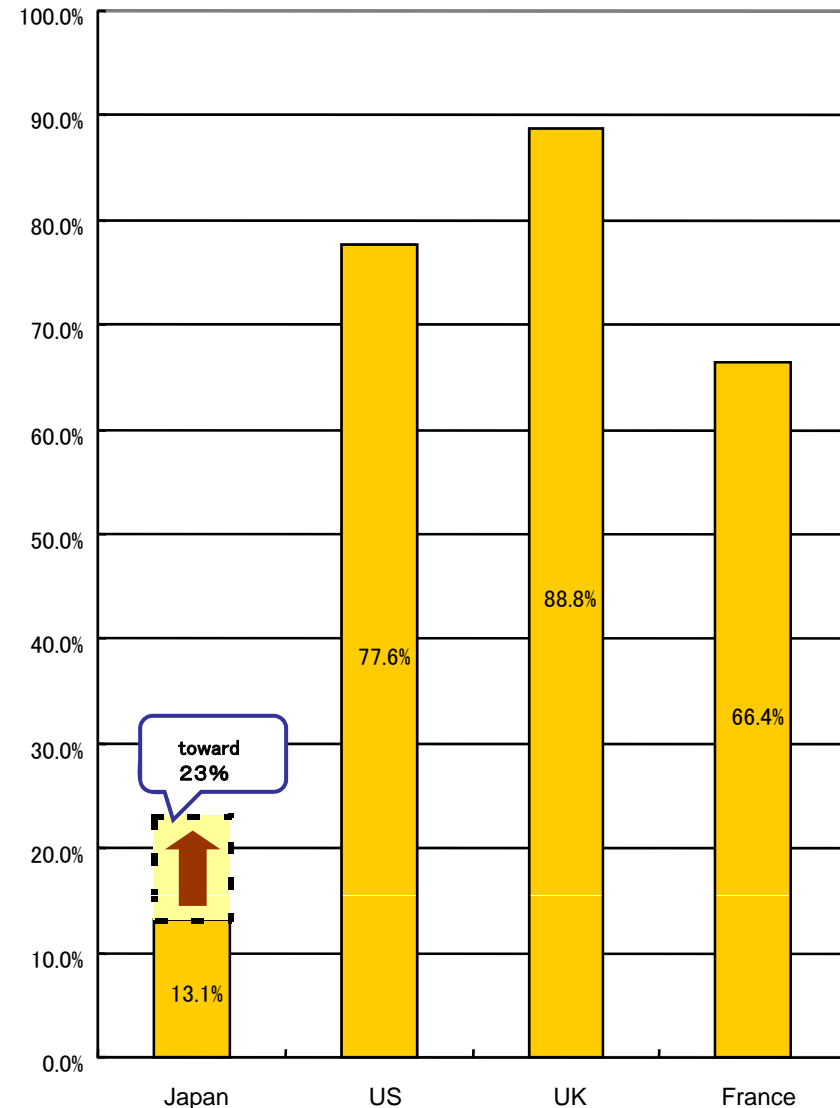
“Numerical targets for stimulation of used housing market”

- June 8, 2006 Implementation of the Basic Housing Act
- July 3, 2006 Announcement of draft of “Basic Plan for Housing” based on above law
- September 19, 2006 Cabinet approves “Basic Plan for Housing (National Plan)”

Used homes’ targeted share of housing market

2003: 13% → 2015: 23%

Used homes’ share of housing market



Source: Star Mica, based on Ministry of Land, Infrastructure and Transport materials

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Future Growth Strategy

- Enhance “**Presence**” in used condominium market.
- Promote securitization arrangement and asset management business(advisory) to **#2 revenue source**.
- Reinforce **corporate structure** to meet responsibility of a listed company.

Corporate Strategy

Condominium trading business

- Focus on Tokyo Met., Osaka Area , where demand is high. Add human capital.
- Strengthen data analysis for vacant condos to meet demand and supply in this area.
- Establish various exit channels to maintain asset portfolio diversification.

Investment business

- Consider investment opportunities including securitization solutions.
- Maintain current level of asset size to utilize financial capacity to condo business.

Advisory business

- Experiencing slowdown in business activities due to new regulation from summer 2007.
→Prioritized organizational “enhancement” to meet requirement of regulation
- Maximize credibility by delivering results to prospective clients, businesses. Gain greater recognition and trust in the industry.

Corporate structure

- Plan to add 20 employees this fiscal year on a consolidated basis.
- Complete transition of asset management , securitization business to newly formed subsidiary. Add human capital.

Full-Year Projections and Dividend Policy

We project +40% in profit growth (before tax)

Unit :¥million					Unit :¥million				
	FY 2006	FY 2007	FY 2008 Projections		Business Domains	FY 2006	FY 2007	FY 2008 Projections	
	Amount	Amount	Amount	YoY Change		Amount	Amount	Amount	YoY Change
Sales	8,095	12,809	15,317	119.6%	Sales	8,095	12,809	15,317	119.6%
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Operating income	1,531	1,866	2,213	118.6%	Investment business	2,077	2,565	2,893	112.8%
Recurring profit	1,325	1,235	1,584	128.2%	Advisory business	281	278	568	204.2%
Net income before income taxes	686	1,122	1,584	141.2%	Gross profit	2,063	2,665	3,252	122.1%
Net income	403	656	920	140.3%	Condominium trading business	1,331	1,941	2,182	112.4%
					Rent	678	904	1,030	113.9%
EPS (Yen)	7,237.97	9,866.84	11,284.49		Sales revenue	652	1,036	1,152	111.1%
					Investment business	450	445	502	112.7%
Annual dividends per share (Yen)	-	1,000	1,000		Advisory business	281	278	568	204.2%

※EPS estimate is based on number of shares issued (81,581) as at Nov.30,2007

※Profit distributions to fund investors in FY2007 is no longer existent in FY 2008

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Company Profile

as of Nov. 30, 2007

Company name	Star Mica Co., Ltd.
Representative	President & representative director Masashi Mizunaga
Date of incorporation	May 1, 2001
Listing date	October 2, 2006 Osaka Stock Exchanges Hercules Market (stock code: 3230)
Capital	¥ 2,915 million
Offices	Tokyo head office (Minato Ward) Osaka Branch Office (Kita Ward)
Main Bank	Bank of Tokyo-Mitsubishi UFJ, Aozora Bank, Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd. Resona Bank, Limited.
Auditor	KPMG Azsa & Co.
Employees	52(46 staff-level)
Businesses	Condominium trading business, investment business, advisory business

Management Team

Name		Brief resume
Masashi Mizunaga	President & Representative Director (MBA)	<ul style="list-style-type: none"> •Mitsui & Co., Ltd. •MBA (University of California, Los Angeles) •The Boston Consulting Group •Goldman Sachs Japan Ltd. •Founder of P.I. Technologies(present Asset Managers:OSE Hercules Market 2337) •Founder of Star Mica Co., Ltd.
Takuya kato	COO, Executive Director	<ul style="list-style-type: none"> •Industrial Bank of Japan (present Mizuho Corporate Bank) •Cendant Japan Inc. •Marketing Excellence Co., Ltd.
Kenji Horiuchi	Executive Director	<ul style="list-style-type: none"> •Citibank N.A. •Mizuho Trust Real Estate Sales
Takayuki Takahashi	Executive Director (Real estate appraiser license)	<ul style="list-style-type: none"> •Nikko Securities •Urban Corporation
Masaki Hiura	Managing Director (Certified Public Accountant)	<ul style="list-style-type: none"> •KPMG Azsa & Co.
Susumu Uehara	Managing Director	<ul style="list-style-type: none"> •NCR Japan Ltd. •Fusion Communications Corporation
Tatsuya Yashima	Managing Director	<ul style="list-style-type: none"> •Haseko Corporation (Subsidiary)
【Subsidiaries】		
Yutaka Kobayashi	Star Mica Asset Management Co.,Ltd. CIO, Director (MBA)	<ul style="list-style-type: none"> •MBA (Northwestern University, Kellogg School of Management) •Goldman Sachs Japan Ltd. •Goldman Sachs Asset Management Co.,Ltd. •SG Private Banking (Japan) Ltd.
Ataru Kawachi	Star Mica Asset Partners Co.,Ltd. President & Representative Director (MBA)	<ul style="list-style-type: none"> •Mitsui Fudosan Co., Ltd. •MBA (University of California, Berkeley) •A.T. Kearney
Kazuhiro Matsuura	Star Mica Asset Partners Co.,Ltd. Director	<ul style="list-style-type: none"> •Industrial Bank of Japan (present Mizuho Corporate Bank) •Ground Financial Advisory Co.,Ltd. Director
Tomoyuki Ishizumi	Star Mica Asset Partners Co.,Ltd. Director	<ul style="list-style-type: none"> •Mizuho Bank,Ltd. •Apamanshop Holdings Co.,Ltd.

History

Net income before income taxes(¥million)	History
-16 2001/11	May Star mica founded
15 2002/11	Aug First condominium unit fund launched (current condominium trading business)
94 2003/11	Jul Moved head office
171 2004/11	Apr Additional investment made to fund from international institutional investor
300 2005/11	Mar Non-recourse loan from Aozora bank to fund (¥3 billion) Jun Moved head office Aug Mandate of securitization arrangement from Don Quijote (commercial property ¥9 billion)
686 2006/11	Jan Moved head office Mar Non-recourse loan from Mizuho bank to fund (¥7 billion) Oct IPO to OSE hercules capital increase by ¥1.5billion Nov Opening of Osaka office
1,122 2007/11	Feb Syndicated loan from Bank of Tokyo-Mitsubishi UFJ(¥12 billion) redeemed fund Jun Moved head office Aug Star Mica Asset Management started operation Nov Allocation of new shares to Goldman Sachs Group(¥2 billion)

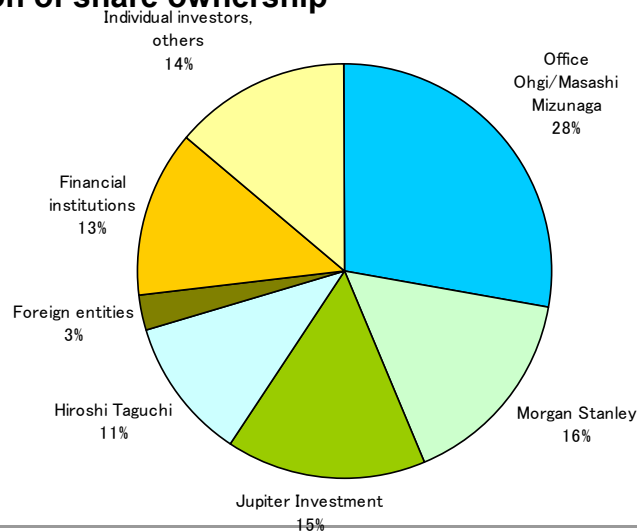
Consolidated information since FY2006

Major shareholders (as of 30 Nov 2007)

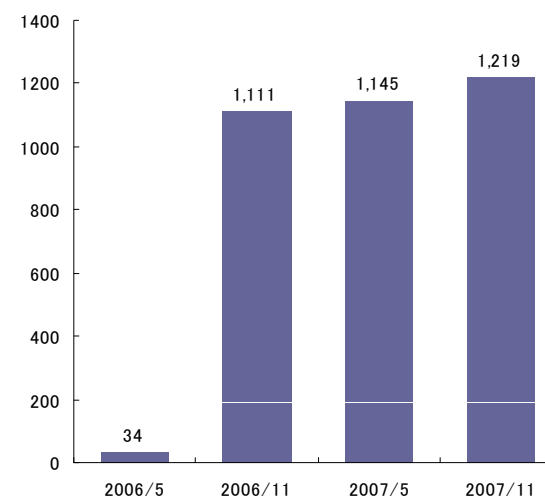
Major shareholders

Shareholder	No. of shares	Percentage	
Office Ohgi	16,450	20.16%	Private Company of Masashi Mizunaga
Morgan Stanley and Company Inc.	13,000	15.94%	
Jupiter Investment	12,600	15.44%	Goldman Sachs Group
Hiroshi Taguchi	9,000	11.03%	
Masashi Mizunaga	6,178	7.57%	President & Representative Director
Japan Trustee Services Bank, Ltd. (Account in trust)	4,416	5.41%	
The Master Trust Bank of Japan, Ltd. (Account in trust)	3,697	4.53%	
Trust & Custody Services Bank, Ltd. (Account in trust for securities investment)	999	1.22%	
Deutsche Bank AG London 610	664	0.81%	
Takao Yasuda	622	0.76%	
Shinnihon Jitsugyo	610	0.75%	
Others	13,345	16.36%	
Total	81,581	100.00%	

Distribution of share ownership



Number of shareholders



Reference: Origin of Our Company Name



Our company name, Star Mica, is composed of the English word for the heavenly bodies shining in the night sky (star) and the mineral known as “mica.”

The combination of these two words in our company name is symbolic of our hopes that the company displays the brilliance of a shiny star and the permanency of a mineral like mica.

We also hope to receive illumination from our stakeholders in the hope that we may continue to shine brightly as we quietly and diligently go about our business.

Cautionary Statement / Contact Information

スター・マイカ株式会社



- This presentation contains forward-looking statements, including forecasts of business performance and operation plans and targets. These statements are based on information available to the company's management when this material was prepared and on current assumptions for uncertain factors affecting future earnings. Actual results may differ from the information presented in this report due to a host of factors that are unforeseeable and/or beyond the control of the company.
- The information in this presentation includes data believed by the company to be reliable and has been obtained from public sources believed to be reliable. However, the company makes no representation as to the accuracy or completeness of such information.
- This presentation is not to be construed as a solicitation to invest in the company. Investors must make their own investment decisions.

For further information please contact:
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