

Consolidated Financial Report ----- The Period Ended March 31, 2006

May 29, 2006

Company Name: HIKARI TSUSHIN, INC.
 Code No.: 9435 Tokyo Stock Exchange – First Section
 Corporate Headquarters: 1-16-15 Minami-Ikebukuro, Toshima-ku, Tokyo, Japan
 Investor Relations: Tel: +81 3 5951-3718 Fax: +81 5951-3709

1. Consolidated Financial Statement (Fiscal Year 2006.3: April 1, 2005 ~ March 31, 2006)

(1) Consolidated Operating Results (Millions of yen, Except Per Share Data)

	Sales		Operating Profit		Ordinary Profit	
	Millions of yen	%: Change over previous year	Millions of yen	%: Change over previous year	Millions of yen	%: Change over previous year
FY 2006.3	192,837	12.8%	27,344	26.0%	29,908	1.1%
FY 2005.3	171,009	17.1%	21,702	27.2%	29,596	50.8%

	Net Income (% Change)		Net Income Per Share	Diluted Net Income Per Share	Return on Equity	Ordinary Income/ Total Assets	Ordinary Income/ Net Sales
	Millions of yen	%	Yen	Yen	%	%	%
FY 2006.3	20,569	5.7%	349.80	346.52	20.1	18.1	15.5
FY 2005.3	19,466	83.2%	333.40	329.66	24.3	23.9	17.3

- ① Equity in net losses of affiliates: FY2006.03: (234) million yen FY2005.03: 209 million yen
 ② Weighted-Average Number of Common Shares Outstanding: FY2006.3: 57,745,634 FY2005.3: 57,487,864
 ③ Changes in accounting procedure: None

(2) Consolidated Financial Conditions

	Total Assets	Shareholders' Equity	Shareholders' Equity /Total Assets	Shareholders' Equity Per Share
	Millions of yen	Millions of yen	%	Yen
FY 2006.3	183,612	116,424	63.4	2,000.46
FY 2005.3	147,005	88,530	60.2	1,532.48

(Note) Number of consolidated outstanding shares at the end of fiscal year:
 FY2006.3: 58,014,063 FY2005.3: 57,573,740

(3) Consolidated Statement of Cash Flows (Millions of Yen)

	Cash Flows in Ordinary Operations	Cash Flows in Investment Activities	Cash Flows in Financial Activities	Cash and its Equivalent Balance at the End of Period
	FY 2006.3	17,278	(43,522)	(12,031)
FY 2005.3	48,081	(26,360)	(3,989)	28,111

(4) Regarding the Applicability of Consolidated Accounting and Equity Method

Consolidated Subsidiaries: 104 Non-consolidated subsidiaries applied on equity method: 10
 Affiliates applied on equity method: 24

(5) Transfer in the Applicability of Consolidated Accounting and Equity Method

Consolidated: new 40 exception 6 Equity Method: new 19 exception 3

2. Estimates of Consolidated Business Performance (Fiscal Year 2007.3: April 1, 2006 ~ March 31, 2007)

(Millions of Yen)

	Sales	Operating Income	Ordinary Income	Net Income
Interim	85,000	5,000	5,500	4,400
Annual	195,000	20,000	21,000	17,000

(Reference) Estimated net income per share (Annual): 293.03 yen

Forward-looking statements are based on Hikari Tsushin's current expectations, which have been deprived from information that is available to it currently, and involve a number of risks and uncertainties. Actual results may differ significantly from these "forward-looking" statements.

1. Consolidated Financial Statements

1-1. Consolidated Balance Sheet

(Millions of Yen)

	FY 2005.3 (As of March 31, 2005)		FY 2006.3 (As of March 31, 2006)	
	A m o u n t	Comp. Ratio	A m o u n t	Comp. Ratio
ASSETS		%		%
I Current Assets				
1. Cash and Bank Deposits	29,763		14,807	
2. Notes and Accounts Receivable–Trade	20,618		22,346	
3. Marketable Securities	75		449	
4. Inventories	2,972		3,955	
5. Accounts Receivable-Other	3,405		2,971	
6. Deferred Income Tax	5,871		4,387	
7. Other Current Assets	2,369		1,382	
8. Allowance for Doubtful Accounts	(453)		(365)	
Total Current Assets	64,623	44.0	53,559	29.2
II Fixed Assets				
1. Property and Equipments				
(1)Buildings and Structures	4,182		4,270	
Accumulated Depreciation	1,183	2,998	1,072	3,198
(2)Machinery and Vehicles	37		39	
Accumulated Depreciation	23	13	30	9
(3)Tools and Equipments	4,722		5,065	
Accumulated Depreciation	1,987	2,734	2,110	2,954
(4)Land		2,275		2,275
Total Property and Equipments		8,021		8,438
		5.4		4.6
2. Intangible Assets				
(1)Consolidated Adjustment Accounts		278		834
(2)Other intangible Assets		1,159		1,016
Total Intangible Assets		1,438		1,850
		1.0		1.0
3. Investments and Other Assets				
(1)Investment Securities		57,965		112,884
(2)Long-term Loans		1,309		1,730
(3)Investments in Capital		34		—
(4)Lease Deposits		4,522		4,315
(5)Bankrupt credits		806		1,387
(6)Differed Income Taxes		7,578		464
(7)Other Investments		3,093		1,740
(8)Allowance for Loss on Investments		(590)		—
(9)Allowance for Doubtful Accounts		(1,797)		(2,758)
Total Investments and Other Assets		72,921		119,763
		49.6		65.2
Total Fixed Assets		82,381		130,052
		56.0		70.8
TOTAL ASSETS		147,005		183,612
		100.0		100.0

(Millions of Yen)

	FY 2005.3 (As of March 31, 2005)		FY 2006.3 (As of March 31, 2006)	
	A m o u n t	Comp. Ratio	Amount	Comp. Ratio
LIABILITIES		%		%
I Current Liabilities				
1. Notes and Accounts Payable-Trade	12,587		14,298	
2. Short-term Borrowings	3		5,000	
3. Current Portion of Bonds	—		1,600	
4. Accounts Payable-Others	11,066		10,124	
5. Income Tax Payable	1,397		1,312	
6. Advance (current)	3,207		3,340	
7. Accrued Bonuses	626		604	
8. Other Current Liabilities	1,790		2,963	
Total Current Liabilities	30,677	20.9	39,243	21.4
II Long-term Liabilities				
1. Bonds	1,700		10,000	
2. Long-term Borrowings	10		47	
3. Advance	24,278		6,653	
3. Retirement Benefits for Directors and Auditors	97		108	
4. Other Long-term Liabilities	121		942	
Total Long-term Liabilities	26,207	17.8	18,900	10.3
TOTAL LIABILITIES	56,885	38.7	58,143	31.7
MINORITY INTERESTS	1,589	1.1	9,043	4.9
SHAREHOLDERS' EQUITY				
I Common Stock	53,489	36.4	54,016	29.4
II Additional Paid-in Capital	24,507	16.7	25,050	13.7
III Retained Earnings (Accumulated Losses)	7,310	5.0	25,521	13.9
IV Net Unrealized Holding Gains on Securities	3,890	2.6	12,508	6.8
V Foreign Currency Translation Adjustments	—	—	(0)	(0.0)
VI Treasury Stock, at cost	(668)	(0.5)	(670)	(0.4)
TOTAL SHAREHOLDERS' EQUITY	88,530	60.2	116,424	63.4
TOTAL LIABILITIES, MINORITY INTERESTS, AND SHAREHOLDERS' EQUITY	147,005	100.0	183,612	100.0

1-2. Consolidated Profit and Loss Statement

(Millions of Yen)

	FY 2005.3 (April 2004 ~ March 2005)		FY 2006.3 (April 2005 ~ March 2006)	
	Amount	Comp. Ratio	A m o u n t	Comp. Ratio
I Net Sales	171,009	100.0	192,837	100.0
II Cost of Sales	80,373	47.0	83,289	43.2
Gross Profit	90,636	53.0	109,547	56.8
III Selling, General and Administrative Expenses	68,933	40.1	82,203	42.6
Operating Income	21,702	12.7	27,344	14.2
IV Non-operating Income				
1. Interest Income	42		50	
2. Dividends Income	173		435	
3. Gain on Sales of Investment Securities	7,553		1,931	
4. Gain on Investments in VC funds	258		263	
5. Amortization of consolidation account adjustment	360		373	
6. Equity in Net Gain of Affiliates	209		—	
7. Other Non-operating Income	482	9,080	715	3,768
V Non-operating Expenses				
1. Interest Expense	66		125	
2. Equity in Net Loss of Affiliates	—		—	
3. Loss on Investments in Capital	—		234	
4. Provision for Loss on Doubtful Accounts	67		331	
5. Bad Debt Loss	156		—	
6. Fee Payments	220		63	
7. Others Non-operating Income	675	1,186	449	1,204
Ordinary Income		29,596		29,908
		17.3		15.5

	FY 2005.3 (April 2004 ~ March 2005)		FY 2006.3 (April 2005 ~ March 2006)		
	Amount	Comp. Ratio	A m o u n t	Comp. Ratio	
VI Extra-ordinary Income					
1. Gain on Sales of Fixed Asset	—		—		
2. Gain on Sales of Investment Securities	898		76		
3. Gain Resulting from Change of Interest on Investments in Subsidiaries and Affiliates	1,200		370		
4. Gain on Redemption of Bonds	—		759		
5. Reversal of Doubtful Account	214		214		
6. Other Extra-ordinary Income	27	2,341	—	1,420	0.7
VII Extra-ordinary Losses					
1. Loss on Disposal and Sale of Fixed Asset	70		434		
2. Devaluation of Investment Securities	1,201		65		
3. Loss on Sale of Investment Securities	1,583		4		
4. Provision for Loss on Investments	—		90		
5. Impairment Loss on Goodwill	250		233		
6. Litigation Settlement	—		—		
7. Other Extra-ordinary Losses	130	3,237	47	875	0.4
Net Income (Loss) Before Income Taxes		28,700		30,452	15.8
Income and Enterprise Taxes	1,388		1,936		
Deferred Income Taxes	7,484	8,872	3,671	5,608	2,.9
Minority Interests (Loss)		362		4,274	2.2
Net Income (Loss)		19,466		20,569	10.7

1-3. Consolidated Statements of Retained Earnings

(Millions of Yen)

	FY 2005.3 (April 2004 ~ March 2005)		FY 2006.3 (April 2005 ~ March 2006)	
	A m o u n t		A m o u n t	
(Additional Paid-in Capital)				
I	Balance of APIC at the beginning of the period		24,353	24,507
II	Increase			
1.	Increase due to issuance of common stock	154	542	
	Increase due to exercise of convertible debentures	—	—	
2.	Increase due to disposal of treasury stock	—	—	542
III	Decrease			
1.	Allocation of APIC to offset accumulated losses	—	—	
IV	Balance of APIC at the end of the period		24,507	25,050
(Retained Earnings)				
I	Balance of Retained Earnings (Accumulated Losses) at the beginning of the period		(10,431)	7,310
II	Increase			
1.	Net Income	19,466	20,569	
2.	Allocation of APIC to offset accumulated losses	—	243	20,813
III	Decrease			
1.	Dividends	—	—	2,302
IV	Balance of Retained Earnings (Accumulated Losses) at the end of the period		7,310	25,521

1-4. Consolidated Statements of Cash Flows

(Millions of Yen)

Consolidated Accounting Period Subject	FY 2005.3 (April 2004 ~ March 2005)	FY 2006.3 (April 2005 ~ March 2006)
	A m o u n t	A m o u n t
I Operating Activities		
Income (Loss) before income taxes and minority interests	28,700	30,452
Depreciation and amortization	1,246	1,283
Amortization of consolidated account adjustment	587	331
Allowance for doubtful accounts	427	690
Allowance for loss in investment	41	(118)
Interest and dividends income	(216)	(485)
Interest expense	66	125
Loss on sales of investments in securities	(6,868)	(2,002)
Loss on devaluation of investments in securities	1,201	65
Loss on investments in capital	(258)	(263)
Equity in net loss of affiliates	(209)	(234)
Loss on sale and disposal of property and Equipment, net	70	434
Gain on redemption of bonds	61	—
Litigation Settlement	—	—
Notes and accounts receivable	(384)	102
Inventories	(944)	61
Accounts receivable – other	(664)	(2,435)
Accounts payable – trade	(1,576)	(578)
Accounts payable – other	2,881	5,048
Advance	26,324	(17,847)
Other current assets	(4)	3,656
Other current liabilities	206	(1,803)
Other cash-flow from operating activities	(64)	(1,353)
Subtotal	50,622	18,130
Interest and dividend received	213	481
Interest paid	(83)	(103)
Income tax paid	(2,670)	(2,837)
Tax refund	—	1,607
Litigation Settlement	—	—
Net cash provided by Operating Activities	48,081	17,278

Consolidated Accounting Period	FY 2005.3 (April 2004 ~ March 2005)	FY 2006.3 (April 2005 ~ March 2006)
	A m o u n t	A m o u n t
II Investing Activities		
Purchases of property, equipment and intangible assets	(3,747)	(2,288)
Proceeds from sale of property, equipment and intangible assts	28	110
Purchases of investment securities	(47,233)	(48,540)
Proceeds from sale of investment securities	25,425	6,106
Purchases of shares in subsidiaries	(16)	(71)
Sale of shares in subsidiaries	117	652
Proceeds from purchases of shares in subsidiaries resulting in change of consolidation	(18)	(204)
Expenditure from sales of shares in subsidiaries resulting in change of consolidation.	144	(891)
Increase in investments in capital	—	—
Decrease in investments in capital	—	—
Increase in loans receivable	(1,143)	(743)
Decrease in loans receivable	426	1,504
Increase in lease deposits	(848)	(466)
Decrease in lease deposits	167	676
Other investing activities	338	1,512
Net cash provided by investment activities	(26,360)	(43,522)
III Financing Activities		
Proceeds from short-term borrowings	300	—
Payment of short-term borrowings	(300)	—
Payment of long-term debt	(1,725)	(13)
Redemption of bonds	(1,861)	(103)
Proceeds from issuance of common stock	1,971	1,052
Proceeds from sale of common stock of subsidiaries to minority shareholders	—	3,798
Purchases of treasury stock	(657)	(2)
Retirement of treasury stock	(1,715)	(2,298)
Net cash used in financing activities	(3,989)	(12,065)
IV Effect of exchange rate changes on cash and cash equivalents	32	(6)
V Net Decrease in cash and its equivalents	17,764	(14,121)
VI Cash and cash equivalents at beginning of the year	10,337	28,111
VII Increase in cash and cash equivalents arising from increase in consolidated subsidiaries	10	925
VIII Cash and cash equivalents at end of the year	28,111	14,915

2. Segment information

Segment Information by the type of Business

Segment	Main Line of Business
Corporate Business	Sales of copiers, Internet related services, My-Line and other services for corporate users
Insurance Business	Sales of medical insurance
SHOP Business	Sales of mobile phones through sales outlets mainly for consumers
Venture Fund Business	Management of venture capital funds

2-1. Segment Information by the Type of Business

FY 2006.3 (April 1, 2005 – March 31, 2006)

(Millions of yen)

	Corporate Business	Insurance Business	SHOP Business	Venture Fund Business	Total	Elimination or Corporate	Consolidated
Sales							
(1)Customers	82,228	14,527	84,723	11,358	192,837	—	192,837
(2)Inter-segment	1,988	10	2,118	0	4,118	(4,118)	—
	84,217	14,537	86,842	11,358	196,956	(4,118)	192,837
Operating expense	71,054	11,625	83,081	5,000	170,761	(5,268)	165,493
Operating profit	13,162	2,912	3,760	6,359	26,194	1,149	27,344

FY 2005.3 (April 1, 2004 – March 31, 2005)

(Millions of yen)

	Corporate Business	Insurance Business	SHOP Business	Venture Fund Business	Total	Elimination or Corporate	Consolidated
Sales							
(1)Customers	88,894	7,864	73,726	524	171,009	—	171,009
(2)Inter-segment	1,195	—	1,733	—	2,928	(2,928)	—
	90,089	7,864	75,459	524	173,938	(2,928)	171,009
Operating expense	79,254	5,450	70,603	422	155,729	(6,423)	149,306
Operating profit	10,835	2,414	4,856	102	18,208	3,494	21,702

2-2. Segment Information by Region

Segment information by region is omitted because the domestic sales and assets exceed 90% of the total sales of all segments and assets.

2-3. Foreign Sales

Foreign sales resulted less than 10% of the consolidated sales, and it is excluded.

Non-Consolidated Financial Report ----- The Period Ended March 31, 2006

Company Name: HIKARI TSUSHIN, INC.
 Code No.: 9435 Tokyo Stock Exchange – First Section
 Corporate Headquarters: 1-16-15 Minami-Ikebukuro, Toshima-ku, Tokyo, Japan
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1. Non-Consolidated Financial Statement (Fiscal Year 2006.3: April 1, 2005~March 31, 2006)

(1) Non-Consolidated Operating Results (Millions of yen, Except Per Share Data)

	Sales		Operating Profit		Ordinary Profit	
	Millions of yen	%: Change over previous year	Millions of yen	%: Change over previous year	Millions of yen	%: Change over previous year
FY 2006.3	26,204	(51.0)%	4,334	(71.5)%	11,938	(49.4)%
FY 2005.3	53,490	55.1%	15,184	152.6%	23,588	135.6%

	Net Income	Net Income	Diluted Net	Return on	Ordinary	Ordinary
	(% Change)	Per Share	Income Per Share	Equity	Income/ Total Assets	Income/ Net Sales
	Millions of yen	Yen	Yen	%	%	%
FY 2006.3	6,390 (43.9)%	104.26	103.28	6.8	8.4	45.6
FY 2005.3	4,440 82.6%	72.02	71.21	5.2	20.6	44.1

(Note)

- ① Weighted-Average Number of Common Shares Outstanding : FY2006.3: 57,745,634 FY2005.3: 57,487,864
 ② Change in Accounting Procedure: None

(2) Dividends

	Dividends Per Share			Total Dividends	Dividends Payout Ratio	Dividends Payment/ Shareholders' Equity
	Interim	Annual	Annual			
	Yen	Yen	Yen	Millions of Yen	%	%
FY 2006.3	40.00	0.00	40.00	2,320	36.3	2.3
FY 2005.3	40.00	0.00	40.00	2,302	55.5	2.7

(3) Non-Consolidated Financial Conditions

	Total Assets	Shareholders' Equity	Shareholders' Equity /Total Assets	Shareholders' Equity Per Share
		Millions of Yen	Millions of Yen	%
FY 2006.3	161,141	100,171	62.2	1,720.31
FY 2005.3	123,561	86,636	70.1	1,499.58

(Note)

- ① Common Stock Issued and Outstanding: March 31, 2006: 58,014,063 March 31, 2005: 57,573,740
 ② Treasury Stock: March 31, 2006: 146,279 March 31, 2005: 146,002

2. Estimates of Non-Consolidated Business Performance (FY 2007.3: April 1, 2006~March 31, 2007)

	Sales	Operating Profit	Ordinary Income	Net Income	Dividends Per Share		
					Interim	Annual	Annual
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen	Yen	Yen
Interim	10,000	2,000	2,500	1,500	0.00	-. -	-. -
Annual	20,000	4,000	5,000	3,000	-. -	40.00	40.00

(Reference) Estimated net income per share (Annual): 51.71 yen

Forward-looking statements are based on Hikari Tsushin's current expectations, which have been deprived from information that is available to it currently, and involve a number of risks and uncertainties. Actual results may differ significantly from these "forward-looking" statements.

Non-Consolidated Financial Statements

1-1. Non-Consolidated Balance Sheet

(Millions of Yen)

	FY 2005.3 (As of March 31, 2005)			FY 2006.3 (As of March 31, 2006)		
		Amount	Comp. Ratio		Amount	Comp. Ratio
ASSETS			%			%
I. Current Assets						
1. Cash and Bank Deposits		669			715	
2. Accounts Receivable-Trade		3,277			1,089	
3. Inventories		132			—	
4. Stored goods		4			5	
5. Advance		248			45	
6. Prepaid Expense		409			332	
7. Deferred Income Tax		4,045			1,800	
8. Short-term Loans Receivable		120			46	
9. Short-term Loans to Affiliates		6,452			9,613	
10. Accounts Receivable-Other		13,065			5,640	
11. Other Current Assets		119			73	
12. Allowance for Doubtful Accounts		(156)			(94)	
Total Current Assets		28,388	23.0		19,268	12.0
II. Fixed Assets						
(1) Property, Plants and Equipments						
1. Buildings	2,006			1,864		
Accumulated Depreciation	482	1,524		420	1,444	
2. Structures	19			18		
Accumulated Depreciation	13	6		13	4	
3. Vehicles	12			11		
Accumulated Depreciation	9	2		10	1	
4. Tools and Equipments	2,094			1,917		
Accumulated Depreciation	1,020	1,073		840	1,076	
5. Land		2,180			2,180	
Total Property, Plants and Equipments		4,787	3.9		4,708	2.9
(2) Intangible Assets						
1. Goodwill		5			101	
2. Software		611			515	
3. Telephone Subscription Rights		121			121	
Total Intangible Assets		738	0.6		737	0.5

	FY 2005.3 (As of March 31, 2005)		FY 2006.3 (As of March 31, 2006)			
		Amount	Comp. Ratio		Amount	Comp. Ratio
(3) Investments and Other Assets						
1. Investments Securities		55,030			110,001	
2. Investments in Affiliates-Stocks		26,351			11,265	
3. Investments in Affiliates-Bonds		900			90	
4. Investments in Capital		—			134	
5. Long-term Loans		72			153	
6. Long-term Loans-Employees		326			258	
7. Long-term Loans to Affiliates		6,007			9,079	
8. Bankrupt credits		201			106	
9. Long-term Prepaid Expense		20			52	
10. Deferred Income Taxes		7,334			—	
11. Trade Deposits		463			463	
14. Lease Deposits		3,678			3,102	
15. Other Investments		164			113	
16. Allowance for Loss on Investments		(8,507)			—	
17. Allowance for Doubtful Accounts		(2,395)			(481)	
Total Investments and Other Assets		89,647	72.5		136,426	84.6
Total Fixed Assets		95,173	77.0		141,872	88.0
TOTAL ASSETS		123,561	100.0		161,141	100.0

	FY 2005.3 (As of March 31, 2005)		FY 2006.3 (As of March 31, 2006)	
	Amount	Comp. Ratio	Amount	Comp. Ratio
LIABILITIES		%		%
I. Current Liabilities				
1. Accounts Payable-Trade	1,433		396	
2. Short-term Loans	—		5,000	
3. Short-term Loans to Affiliates	11,090		23,916	
4. Current Portion of Long-term Debt	—		—	
5. Current Portion of Bonds	448		1,600	
6. Accounts Payable-Others	8,276		5,979	
7. Accrued Expenses	67		55	
8. Income Tax Payable	204		122	
9. Advance	2,848		2,677	
10. Deposits Received	531		450	
11. Accrued Bonuses	142		116	
12. Stock Purchase Warrants	22		—	
13. Other Current Liabilities	185		788	
Total Current Liabilities	25,250	20.4	41,102	25.5
II. Long-term Liabilities				
1. Bonds	1,700		10,000	
2. Convertible Debentures	9,278		6,653	
3. Retirement Benefits for Directors and Officers	97		108	
4. Other Long-term Liabilities	598		1,616	
Total Long-term Liabilities	11,675	9.5	19,866	12.3
TOTAL LIABILITIES	36,925	29.9	60,969	37.8
SHAREHOLDERS' EQUITY				
I. Common Stock	53,489	43.3	54,016	33.5
II. Additional Paid-In Capital	25,061	20.3	25,604	15.9
III. Retained Earnings				
(1) Unappropriated Earnings (Losses)	5,147		8,935	
Total Retained Earnings (Losses)	5,147	4.2	8,935	5.6
IV. Net Unrealized Holding Gains on Securities	3,605	2.9	12,287	7.6
V. Treasury Stock, at cost	(688)	(0.6)	(670)	(0.4)
TOTAL SHAREHOLDERS' EQUITY	86,636	70.1	100,171	62.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	123,561	100.0	161,141	100.0

1-2. Non-Consolidated Profit and Loss Statement

(Millions of Yen)

	FY 2005.3 (April 2004 ~ March 2005)			FY 2006.3 (April 2005 ~ March 2006)		
		Amount	Comp. Ratio		Amount	Comp. Ratio
I Sales			%			%
1. Sales Commissions	17,261			8,683		
2. Service Commissions	14,974			4,566		
3. Merchandise Sales	21,254	53,490	100.0	12,953	26,204	100.0
II Cost of Sales						
(1) Costs of Merchandise Sales						
1. Merchandise-Opening Balance	1			132		
2. Purchases	16,231			6,063		
Total	16,232			6,196		
3. Merchandise-Closing Balance	132	16,099	30.1	—	6,196	23.6
Gross Profit		37,391	69.9		20,007	76.4
III Selling, General and Administrative Expenses						
1. Sales Commissions	14,496			8,487		
2. Provision for Doubtful Accounts	12			1		
3. Directors' and Auditors' Remuneration	75			71		
4. Salaries	1,656			2,119		
5. Bonuses	162			194		
6. Provision for Accrued Bonuses	142			116		
7. Provision for Retirement Benefits for Directors and Auditors	13			14		
8. Welfare Expenses	200			262		
9. Traveling Expenses	320			326		
10. Communication Expenses	69			116		
11. Rental Expenses	1,587			1,483		
12. Advertising Expenses	5			40		
13. Tax and Public Charge	226			240		
14. Depreciation Expenses	508			475		
15. Outsourcing Fees	862			108		
16. Other Expenses	1,877	22,206	41.5	1,614	15,673	59.9
Operating Income		15,184	28.4		4,334	16.5
IV Non-Operating Income						
1. Interest Income	177			164		
2. Interest Income from Securities	4			22		
3. Dividends Income	2,175			3,188		
4. Gain on Sale of Investment Securities	7,654			1,910		
5. Gain on Investments in VC funds	256			2,739		
6. Rent Receivable	1,347			1,551		
7. Miscellaneous Revenue	201	11,818	22.1	190	9,768	37.3
V Non-Operating Expenses						
1. Interest Expenses	55			198		
2. Interest Expense-Bonds	62			68		
3. Provision for Doubtful Accounts	1,659			325		
4. Loss on Investments in Capital	—			—		
5. Rental Expenses	1,100			1,329		
6. Miscellaneous Losses	537	3,415	6.4	242	2,164	8.2
Ordinary Income		23,588	44.1		11,938	45.6

	FY 2005.3 (April 2004 ~ March 2005)			FY 2006.3 (April 2005 ~ March 2006)		
		Amount	Comp. Ratio		Amount	Comp. Ratio
VI Extra-ordinary Income						
1. Gain on Sales of Fixed Assets	3,829			—		
2. Gain on Sales of Investment Securities	570			2		
3. Gain on Sales of Investments in Affiliates-Stocks	159			461		
4. Gain on Redemption of Bonds	—			—		
5. Reversal of Allowance for Doubtful Accounts	92			1,603		
6. Reversal of Doubtful Account	—	4,652	8.7	523	2,591	9.9
VII Extra-ordinary Losses						
1. Loss on Disposal and Sale of Fixed Asset	2			112		
2. Loss on Sales of Investment Securities	1,583			—		
3. Loss on Sales of Stocks-Affiliates	1,094			23		
4. Devaluation of Investment Securities	872			5		
5. Devaluation of Investments in Affiliates	8,296			2,105		
6. Provision for Loss on Investment Securities	5,100			—		
7. Settlement of Lawsuit	—			—		
8. Other Extra-ordinary Losses	122	17,071	31.9	—	2,246	8.6
Net Income (Loss) Before Income Taxes		11,168	20.9		12,284	46.9
Income and Enterprise Taxes	(921)			898		
Deferred Income Taxes	7,649	6,728	12.6	4,994	5,893	22.5
Net Income (Loss)		4,440	8.3		6,390	24.4
Retained Earnings at beginning of the period		707			2,544	
Retained Earnings at end of the period		5,147			8,935	

1-3. Statement of Profit Appropriations

(Millions of Yen)

	FY 2005.3 (April 2004 ~ March 2005)		FY 2006.3 (April 2005 ~ March 2006)	
		Amount		Amount
I Unappropriated Earnings (Losses)		5,147		8,935
II Appropriation of Earnings (Losses)				
1. Dividends	2,302		2,320	
2. Bonus to Directors	300	2,602	370	2,690
III Surplus Profit Carried Forward to The Following Term		2,544		6,244