

Summary of Consolidated Financial Results
for the Six Months ended February 2006

SOTSU AGENCY CO., LTD.

April 12, 2006

Summary of Consolidated Financial Results for the Six Months ended February 2006

Company Name: SOTSU AGENCY CO., LTD.
 Listed: JASDAQ
 Code Number: 3711
 Location of Head Office: Tokyo, Japan
 (URL <http://www.sotsu-ag.co.jp>)
 Representative: Akihiro Yuasa, President & CEO
 Contact: Takashi Izuhara, Director & General Manager, Administration Group
 Tel. 03-3248-0311

Date of Board of Directors' Meeting for Account Settlement: April 12, 2006
 Adoption of U.S. Accounting Standards: Not applicable

1. Consolidated operating results for interim period ended February 2006 (September 1, 2005 to February 28, 2006)

(1) Consolidated financial results (Amounts less than 1 million yen omitted)

Millions of yen	Net sales	%	Operating income	%	Ordinary income	%
Interim period ended February 2006	6,846	9.1	983	17.7	991	16.9
Interim period ended February 2005	6,278	8.6	835	(6.9)	848	(6.2)
Year ended August 2005	12,004		1,567		1,602	

	Net income (Millions of yen)	%	Net income per share (Yen)	Diluted net income per share (Yen)
Interim period ended February 2006	465	8.2	10,411.32	-
Interim period ended February 2005	430	(6.1)	9,758.14	-
Year ended August 2005	861		18,878.13	-

(Notes)

1. Profit and loss on equity-method investments:
 - Interim period ended February 2006: -2 million yen
 - Interim period ended February 2005: 8 million yen
 - Year ended August 2005: 15 million yen
2. Average number of shares during period (consolidated):
 - Interim period ended February 2006: 44,000 shares
 - Interim period ended February 2005: 44,000 shares
 - Year ended August 2005: 44,000 shares
3. Change in methods of accounting treatment: None
4. The percentage figures for net sales, operating income, ordinary income and net income represent respective changes from those of the previous interim period.

(2) Consolidated financial conditions (Amounts less than 1 million yen omitted)

	Total assets (Millions of yen)	Shareholders' equity (Millions of yen)	Equity ratio (%)	Shareholders' equity per share (Yen)
Interim period ended February 2006	12,749	9,586	75.2	217,868.79
Interim period ended February 2005	11,733	8,731	74.4	198,444.80
Year ended August 2005	12,276	9,245	75.3	209,451.14

(Notes)

- Number of shares issued and outstanding as of term-end (consolidated):
- Interim period ended February 2006: 44,000 shares
 - Interim period ended February 2005: 44,000 shares
 - Year ended August 2005: 44,000 shares

(3) State of consolidated cash flows

(Amounts less than 1 million yen omitted)

Millions of yen	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at term-end
Interim period ended February 2006	34	(428)	(134)	5,307
Interim period ended February 2005	1,171	(20)	(89)	5,279
Year ended August 2005	1,712	(4)	(89)	5,837

(4) Matters relating to scope consolidation and application of equity method

Number of consolidated subsidiaries: 2

Number of nonconsolidated equity-method subsidiaries: -

Number of equity-method affiliates: 2

(5) Changes in scope of consolidation and application of equity method

Consolidation (new) - (exclusion) - Equity method (new) 1 (exclusion) -

2. Consolidated forecasts for the year ending August 2006 (September 1, 2005 to August 31, 2006)

Millions of yen	Net sales	Ordinary income	Net income
Full term	12,300	1,620	875

(Reference) Estimated net income per share (full term): 19,119.95 yen

* The forward-looking statements contained in this material are based on judgment acquired from information available to the Company and its group as of the date of announcement of this material and, as such, contain risks and uncertainties. Therefore, please note that actual operating results may differ materially from the forecasts contained herein for reasons of a variety of factors, including the economic environment surrounding the Company and its group, market conditions, foreign exchange rate fluctuations, etc.

Consolidated interim financial statements

(1) Consolidated interim balance sheet

Thousands of yen	As of February 28, 2005	%	As of February 28, 2006	%	As of August 31, 2005	%
Current assets						
Cash and deposits	5,379,585		5,407,831		5,937,439	
Notes and accounts receivable - trade	2,499,568		2,296,572		2,301,020	
Marketable securities	5,000		-		-	
Inventories	14,785		19,554		25,584	
Advance money	-		694,106		-	
Deferred tax assets	40,682		50,402		33,358	
Other current assets	22,452		31,821		120,241	
Allowance for doubtful accounts	(5,224)		(5,983)		(3,803)	
Total current assets	7,956,850	67.8	8,494,305	66.6	8,413,840	68.5
Fixed assets						
Tangible fixed assets						
Buildings	135,969		116,469		134,209	
Vehicles and transportation equipments	1,484		1,010		1,202	
Tools, furniture and fixtures	10,050		17,277		11,061	
Land	376,194		363,009		376,194	
Total tangible fixed assets	523,699	4.5	497,767	3.9	522,668	4.3
Intangible fixed assets	21,248	0.2	60,041	0.5	28,808	0.2
Investments and other assets						
Investments in securities	2,586,433		3,024,367		2,719,042	
Deferred tax assets	116,829		89,253		74,371	
Other investments and other assets	529,383		607,830		545,651	
Allowance for doubtful accounts	(1,400)		(24,150)		(27,400)	
Total investments and other assets	3,231,246	27.5	3,697,301	29.0	3,311,665	27.0
Total fixed assets	3,776,194	32.2	4,255,110	33.4	3,863,141	31.5
Total assets	11,733,044	100.0	12,749,416	100.0	12,276,982	100.0

Thousands of yen	As of February 28, 2005	%	As of February 28, 2006	%	As of August 31, 2005	%
Current liabilities						
Accounts payable	1,472,728		1,285,880		1,591,739	
Income taxes payable	343,064		482,330		318,956	
Reserve for bonus payment	34,349		30,936		25,156	
Other current liabilities	315,357		535,602		261,599	
Total current liabilities	2,165,500	18.5	2,334,751	18.3	2,197,452	17.9
Long-term liabilities						
Allowance for employees' retirement benefits	58,272		56,261		61,124	
Allowance for directors' retirement benefits	318,495		339,910		321,920	
Other long-term liabilities	296,327		271,532		286,262	
Total long-term liabilities	673,094	5.7	667,705	5.2	669,307	5.5
Total liabilities	2,838,595	24.2	3,002,457	23.5	2,866,759	23.4
Minority interest						
Minority interest	162,877	1.4	160,732	1.3	164,372	1.3
Shareholders' equity						
Common stock	414,750	3.5	414,750	3.3	414,750	3.4
Capital surplus	498,747	4.3	498,747	3.9	498,747	4.0
Retained earnings	7,667,522	65.3	8,394,899	65.8	8,098,801	66.0
Unrealized gains on available-for-sale securities	150,551	1.3	277,829	2.2	233,551	1.9
Total shareholders' equity	8,731,571	74.4	9,586,226	75.2	9,245,850	75.3
Total liabilities, minority interest and shareholders' equity	11,733,044	100.0	12,749,416	100.0	12,276,982	100.0

(2) Consolidated interim statement of income

Thousands of yen	Six months ended		Six months ended		Year ended	
	February 28, 2005	%	February 28, 2006	%	August 31, 2005	%
Net sales	6,278,527	100.0	6,846,926	100.0	12,004,314	100.0
Cost of sales	5,000,988	79.7	5,312,193	77.6	9,547,369	79.5
Gross income	1,277,538	20.3	1,534,733	22.4	2,456,944	20.5
Selling, general and administrative expenses	442,027	7.0	551,115	8.0	889,175	7.4
Operating income	835,511	13.3	983,617	14.4	1,567,768	13.1
Non-operating income						
Interest received	327		307		639	
Dividend received	4,373		5,732		13,696	
Profit from investment in minority interest	8,324		-		15,734	
Gain on investment in anonymous associations	4,728		14,729		14,793	
Other non-operating income	736		716		860	
	18,491	0.3	21,486	0.3	45,724	0.4
Non-operating expenses						
Loss on investment in anonymous associations	-		2,918		-	
Listing related expenses	5,653		8,340		10,805	
Other non-operating expenses	36		2,408		45	
	5,689	0.1	13,667	0.2	10,850	0.1
Ordinary income	848,312	13.5	991,436	14.5	1,602,641	13.4
Extraordinary profits						
Gain on contribution of shares by affiliated companies	-		39,825		-	
Gain on reversal of allowance for doubtful accounts	-		1,070		-	
Gain from sale of investments in securities	-		-		18,272	
Gain on redemption of marketable accounts	-		-		1,115	
	-	-	40,895	0.6	19,387	0.2
Extraordinary losses						
Loss on sale of fixed assets	263		-		263	
Loss on disposal of fixed assets	2,281		528		2,475	
Loss on valuation of investments in securities	-		79,277		11,327	
Impairment loss	-		28,465		-	
Provision of retirement benefits for directors and corporate auditors retroactive years	-		14,141		-	
Provision of allowance for doubtful accounts	-		-		26,000	
	2,545	0.0	122,412	1.8	40,066	0.4
Net income before tax and other adjustments	845,767	13.5	909,919	13.3	1,581,961	13.2
Corporation, inhabitant and enterprise taxes	334,162	5.3	471,096	6.9	645,625	5.4
Deferred income taxes	39,228	0.6	(64,049)	(0.9)	31,695	0.2
Minority interest	42,062	0.7	37,194	0.5	43,047	0.4
Net income	430,313	6.9	465,677	6.8	861,592	7.2

(3) Consolidated interim statement of cash flows

Thousands of yen	Six months ended February 28, 2005	Six months ended February 28, 2006	Year ended August 31, 2005
Cash flows from operating activities			
Interim net income before tax and other adjustments	845,767	909,919	1,581,961
Depreciation expenses	8,417	13,893	18,571
Impairment loss	-	28,465	-
Increase (decrease) in reserve for bonus payment	6,150	5,780	(3,043)
Increase (decrease) in allowance for employees' retirement benefits	(1,084)	(4,862)	1,767
Increase (decrease) in allowance for directors' retirement bonuses	(3,600)	17,990	(175)
Increase (decrease) in allowance for doubtful accounts	(7,399)	(1,070)	17,179
Interest and dividend received	(4,701)	(6,039)	(14,336)
Gain on investments in minority interest	(8,324)	-	(15,734)
Loss on investments in minority interest	-	2,918	-
Loss on sale of fixed assets	263	-	263
Loss on disposal of fixed assets	2,281	528	2,475
Gain on contribution of shares by affiliated companies	-	(39,825)	-
Gain from sales of investments in securities	-	-	(18,272)
Gain on redemption of marketable securities	-	-	(1,115)
Loss on valuation of investments in securities	-	79,277	11,327
Gain on investment of anonymous associations	(4,728)	(14,729)	(14,793)
Decrease (increase) in accounts receivable	(337,384)	4,447	(138,835)
Decrease (increase) in inventories	(4,714)	6,029	(15,513)
Decrease (increase) in advance money	155,900	(604,583)	67,740
Decrease (increase) in purchase liabilities	630,387	(305,858)	749,398
Decrease (increase) in consumption tax payable	(16,707)	17,437	(19,082)
Directors' bonuses paid	(34,600)	(41,000)	(34,600)
Others	213,101	274,686	134,694
Sub-total	1,439,023	343,406	2,309,877
Interest and dividend received	4,606	5,980	22,165
Income taxes paid	(272,625)	(315,092)	(619,658)
Net cash provided by operating activities	1,171,004	34,295	1,712,383

Thousands of yen	Previous term (Six months ended February 28, 2005)	Current term (Six months ended February 28, 2006)	Previous fiscal year (Year ended August 31, 2005)
Cash flows from investing activities			
Purchases of tangible fixed assets	(553)	(10,883)	(6,780)
Proceeds from sales of tangible fixed assets	166	-	166
Purchases of intangible fixed assets	(11,513)	(38,226)	(19,663)
Purchases of investments in securities	(600)	(609,174)	(1,556)
Proceeds from sales of investments in securities	-	300,090	25,832
Proceeds from redemption of marketable securities	-	-	5,000
Others	(8,083)	(70,715)	(7,107)
Net cash used in investing activities	(20,582)	(428,909)	(4,108)
Cash flows from financing activities			
Dividend paid	(87,958)	(131,940)	(87,958)
Dividend paid to minority shareholders	(1,385)	(3,054)	(1,385)
Net cash used in financing activities	(89,343)	(134,994)	(89,343)
Increase (decrease) in cash and cash equivalents	1,061,078	(529,608)	1,618,932
Cash and cash equivalents at beginning of interim period	4,218,507	5,837,439	4,218,507
Cash and cash equivalents at end of interim period	5,279,585	5,307,831	5,837,439

(Segment information)

[Segment information by type of business]

Six months ended February 28, 2005

Thousands of yen	Media business	Rights business	Sports business	Total	Elimination or intra-company transactions	Consolidation
Sales						
Sales to external customers	5,060,039	1,075,800	142,688	6,278,527	-	6,278,527
Internal sales or transfers among segments	-	-	-	-	-	-
Total	5,060,039	1,075,800	142,688	6,278,527	-	6,278,527
Operating expenses	4,717,786	518,836	152,810	5,389,433	53,582	5,443,016
Operating income (loss)	342,252	556,963	(10,121)	889,093	(53,582)	835,511

Six months ended February 28, 2006

Thousands of yen	Media business	Rights business	Sports business	Total	Elimination or intra-company transactions	Consolidation
Sales						
Sales to external customers	5,360,019	1,436,701	50,206	6,846,926	-	6,846,926
Internal sales or transfers among segments	-	-	-	-	-	-
Total	5,360,019	1,436,701	50,206	6,846,926	-	6,846,926
Operating expenses	4,987,685	753,759	71,600	5,813,045	50,262	5,863,308
Operating income (loss)	372,333	682,941	(21,394)	1,033,880	(50,262)	983,617

Year ended August 31, 2005

Thousands of yen	Media business	Rights business	Sports business	Total	Elimination or intra-company transactions	Consolidation
Sales						
Sales to external customers	9,120,462	2,386,892	496,958	12,004,314	-	12,004,314
Internal sales or transfers among segments	-	-	-	-	-	-
Total	9,120,462	2,386,892	496,958	12,004,314	-	12,004,314
Operating expenses	8,579,720	1,294,525	462,377	10,336,623	99,921	10,436,545
Operating income	540,741	1,092,367	34,581	1,667,690	(99,921)	1,567,768

(Notes)

1. Business segments are classified according to those adopted for internal control purposes.
2. Principal operations of each business segment
 - (1) Media business: Sponsoring TV programs, advertising on TV, creation of animated films
 - (2) Rights business: Merchandising right, videoization right, program-selling right
 - (3) Sports business: Sale of baseball club goods, baseball club-sponsored, billboard display advertising of ballpark
3. The main portions of unapportionable operating expenses included in the “elimination” or “intracompany transactions” section relates to administrative units of the Company, and their amounts for previous and current interim periods were 53,582 thousand yen and 50,262 thousand yen, respectively, and 99,921 thousand yen for the previous year.

[Segment information by region]

Not applicable due to the absence of consolidated subsidiaries or branches located in a country or region outside Japan.

[Overseas sales]

Description of overseas sales is omitted as they represent less than 10% of consolidated sales.

Summary of Nonconsolidated Financial Results
for the Six Months ended February 2006

SOTSU AGENCY CO., LTD.

April 12, 2006

Summary of Nonconsolidated Financial Results for the Six Months ended February 2006

Company Name: SOTSU AGENCY CO., LTD.
 Listed: JASDAQ
 Code Number: 3711
 Location of Head Office: Tokyo, Japan
 (URL - <http://www.sotsu-ag.co.jp>)
 Representative: Akihiro Yuasa, President & CEO
 Contact: Takashi Izuhara, Director & General Manager, Administration Group
 Tel. 03-3248-0311

Date of Board of Directors' Meeting for Account Settlement: April 12, 2006

Interim dividend policy: Applicable

Date of Commencement of Payment of Interim Dividend: -

Adoption of stock trade unit policy: Not applicable

1. Operating results for interim period ended February 2006 (September 1, 2005 to February 28, 2006)

(1) Financial results (Amounts less than 1 million yen omitted)

Millions of yen	Net sales	%	Operating income	%	Ordinary income	%
Interim period ended February 2006	5,569	5.6	749	18.0	776	19.2
Interim period ended February 2005	5,276	5.2	635	(24.0)	651	(23.1)
Year ended August 2005	10,362		1,341		1,391	

	Net income (Millions of yen)	%	Net income per share (Yen)
Interim period ended February 2006	390	9.9	8,885.89
Interim period ended February 2005	355	(18.7)	8,085.11
Year ended August 2005	786		17,198.66

(Notes)

1. Average number of shares during period:

Interim period ended February 2006: 44,000 shares

Interim period ended February 2005: 44,000 shares

Year ended August 2005: 44,000 shares

2. Change in methods of accounting treatment: None

3. The percentage figures for net sales, operating income, ordinary income and net income represent respective changes from those of the previous interim period.

(2) Dividends

Yen	Interim dividend per share	Annual dividend per share
Interim period ended February 2006	-	-
Interim period ended February 2005	-	-
Year ended August 2005	-	3,000

(3) Financial conditions

(Amounts less than 1 million yen omitted)

	Total assets (Millions of yen)	Shareholders' equity (Millions of yen)	Equity ratio (%)	Shareholders' equity per share (Yen)
Interim period ended February 2006	11,773	9,163	77.8	208,258.34
Interim period ended February 2005	10,919	8,386	76.8	190,597.60
Year ended August 2005	11,536	8,899	77.1	201,580.32

(Notes)

1. Number of shares issued and outstanding as of term-end
 - Interim period ended February 2006: 44,000 shares
 - Interim period ended February 2005: 44,000 shares
 - Year ended August 2005: 44,000 shares
2. Number of treasury shares as of term-end
 - Interim period ended February 2006: - shares
 - Interim period ended February 2005: - shares
 - Year ended August 2005: - shares

2. Forecasts for the year ending August 2006 (September 1, 2005 to August 31, 2006)

	Net sales (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Annual dividend per share (Yen)	
				Term-end	
Full term	10,500	1,410	795	3,000	3,000

(Reference) Estimated net income per share (full term): 17,386.36 yen

* The forward-looking statements contained in this material are based on judgment acquired from information available to the Company and its group as of the date of announcement of this material and, as such, contain risks and uncertainties. Therefore, please note that actual operating results may differ materially from the forecasts contained herein for reasons of a variety of factors, including the economic environment surrounding the Company and its group, market conditions, foreign exchange rate fluctuations, etc.

Nonconsolidated interim financial statements

(1) Interim balance sheet

Thousands of yen	As of February 28, 2005	%	As of February 28, 2006	%	As of August 31, 2005	%
Current assets						
Cash and deposits	4,853,781		4,893,257		5,373,863	
Notes receivable - trade	317,924		160,819		261,299	
Accounts receivable - trade	1,882,626		1,720,998		1,897,285	
Marketable securities	5,000		-		-	
Inventories	2,609		1,460		1,457	
Advance money	-		681,401		68,523	
Deferred tax assets	28,114		33,344		20,833	
Other current assets	15,186		27,539		15,419	
Allowance for doubtful accounts	(2,200)		(1,880)		(2,200)	
Total current assets	<u>7,103,043</u>	65.1	<u>7,516,940</u>	63.8	<u>7,636,482</u>	66.2
Fixed assets						
Tangible fixed assets						
Buildings	131,518		112,566		129,869	
Vehicles and transportation equipments	1,484		1,010		1,202	
Tools, furniture and fixtures	7,127		6,516		7,204	
Land	376,194		363,009		376,194	
Total tangible fixed assets	<u>516,325</u>	4.7	<u>483,103</u>	4.1	<u>514,471</u>	4.5
Intangible fixed assets	947	0.0	1,617	0.0	947	0.0
Investments and other assets						
Investments in securities	2,256,240		2,627,674		2,389,525	
Shares of affiliated companies	444,940		509,265		444,940	
Deferred tax assets	97,729		70,739		51,010	
Other investments and other assets	501,190		588,529		526,604	
Allowance for doubtful accounts	(1,400)		(24,150)		(27,400)	
Total investments and other assets	<u>3,298,701</u>	30.2	<u>3,772,058</u>	32.1	<u>3,384,680</u>	29.3
Total fixed assets	<u>3,815,974</u>	34.9	<u>4,256,779</u>	36.2	<u>3,900,099</u>	33.8
Total assets	<u>10,919,017</u>	100.0	<u>11,773,719</u>	100.0	<u>11,536,581</u>	100.0

Thousands of yen	As of February 28, 2005	%	As of February 28, 2006	%	As of August 31, 2005	%
Current liabilities						
Accounts payable - trade	1,322,217		1,107,797		1,528,845	
Income taxes payable	255,360		379,052		228,526	
Reserve for bonus payment	22,815		13,376		15,156	
Other current liabilities	287,008		482,049		223,659	
Total current liabilities	1,887,401	17.3	1,982,276	16.9	1,996,187	17.3
Long-term liabilities						
Allowance for employees' retirement benefits	21,759		22,251		23,937	
Allowance for directors' retirement benefits	318,495		325,552		321,920	
Other long-term liabilities	305,067		280,272		295,002	
Total long-term liabilities	645,321	5.9	628,076	5.3	640,859	5.6
Total liabilities	2,532,723	23.2	2,610,352	22.2	2,637,047	22.9
Shareholders' equity						
Common stock	414,750	3.8	414,750	3.5	414,750	3.6
Capital surplus						
Additional paid-in capital	391,240		391,240		391,240	
Capital surplus - other	107,507		107,507		107,507	
Total capital surplus	498,747	4.6	498,747	4.2	498,747	4.3
Retained earnings						
Legal reserve	30,000		30,000		30,000	
Voluntary reserve	6,850,000		7,500,000		6,850,000	
Unappropriated profit	446,233		456,209		877,229	
Total retained earnings	7,326,233	67.1	7,986,209	67.9	7,757,229	67.2
Unrealized gains on available-for-sale securities	146,563	1.3	263,660	2.2	228,806	2.0
Total shareholders' equity	8,386,294	76.8	9,163,367	77.8	8,899,534	77.1
Total liabilities and shareholders' equity	10,919,017	100.0	11,773,719	100.0	11,536,581	100.0

(2) Interim statement of income

Thousands of yen	Six months ended		Six months ended		Year ended	
	February 28, 2005	%	February 28, 2006	%	August 31, 2005	%
Net sales	5,276,334	100.0	5,569,790	100.0	10,362,336	100.0
Cost of sales	4,443,847	84.2	4,608,336	82.7	8,620,273	83.2
Gross income	832,487	15.8	961,453	17.3	1,742,063	16.8
Selling, general and administrative expenses	196,977	3.8	211,797	3.8	400,200	3.9
Operating income	635,509	12.0	749,656	13.5	1,341,862	12.9
Non-operating income	22,091	0.5	37,968	0.6	60,493	0.6
Non-operating expenses	5,689	0.1	10,735	0.2	10,850	0.1
Ordinary income	651,911	12.4	776,890	13.9	1,391,505	13.4
Extraordinary profits	-	-	43,395	0.8	19,387	0.2
Extraordinary losses	-	-	108,233	1.9	26,109	0.2
Net income before taxes	651,911	12.4	712,051	12.8	1,384,783	13.4
Corporation, inhabitant and enterprise taxes	252,344	4.8	377,234	6.8	556,667	5.4
Deferred income taxes	43,822	0.9	(56,161)	(1.0)	41,375	0.4
Net income	355,744	6.7	390,979	7.0	786,740	7.6
Retained earnings brought forward from previous term	90,488		65,229		90,488	
Unappropriated retained earnings	446,233		456,209		877,229	