

Summary of Consolidated Financial Results
for the Year Ended August 2006

SOTSU AGENCY CO., LTD.

Summary of Consolidated Financial Results for the Year Ended August 2006

Corporate 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: October 12, 2006

Adoption of U.S. Accounting Standards: Not applicable

1. Consolidated operating results for the year ended August 2006 (September 1, 2005 to August 31, 2006)

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

	Net sales (Millions of yen)	%	Operating income (Millions of yen)	%	Ordinary income (Millions of yen)	%
Year ended August 2006	12,857	7.1	1,626	3.8	1,640	2.4
Year ended August 2005	12,004	8.9	1,567	10.0	1,602	11.4

	Net income (Millions of yen)	%	Net income per share (Yen)	Diluted net income per share (Yen)
Year ended August 2006	889	3.2	20,041.19	-
Year ended August 2005	861	12.6	18,878.13	-

	Return on shareholders' equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
Year ended August 2006	9.2	13.0	12.8
Year ended August 2005	9.7	14.0	13.4

(Notes)

1. Profit and loss on equity-method investments:

Year ended August 2006: 12 million yen

Year ended August 2005: 15 million yen

2. Average number of shares during period (consolidated):

Year ended August 2006: 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 changes from the previous fiscal year.

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

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity ratio (%)	Net assets per share (Yen)
Year ended August 2006	12,936	10,121	77.2	227,146.86
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):

Year ended August 2006: 44,000 shares

Year ended August 2005: 44,000 shares

(3) Consolidated cash flows (Amounts less than 1 million yen omitted)

	Cash flows from operating activities (Millions of yen)	Cash flows from investing activities (Millions of yen)	Cash flows from financing activities (Millions of yen)	Cash and cash equivalents at term-end (Millions of yen)
Year ended August 2006	471	(730)	(134)	5,443
Year ended August 2005	1,712	(4)	(89)	5,837

(4) Matters relating to scope of 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 2007 (September 1, 2006 to August 31, 2007)

	Net sales (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)
Interim term	6,000	870	410
Full term	13,000	1,660	900

(Reference) Estimated net income per share (full term): 20,454.55 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 financial statements

(1) Consolidated balance sheet

Thousands of yen	As of August 31, 2005	%	As of August 31, 2006	%	Y-o-Y changes
Current assets					
Cash and deposits	5,937,439		5,443,634		(493,805)
Notes and accounts receivable - trade	2,301,020		2,135,548		(165,471)
Inventories	25,584		25,600		16
Deferred tax assets	33,358		51,421		18,063
Other current assets	120,241		536,264		416,023
Allowance for doubtful accounts	(3,803)		(4,476)		(672)
Total current assets	8,413,840	68.5	8,187,992	63.3	(225,847)
Fixed assets					
Tangible fixed assets					
Buildings	325,070		312,212		
Accumulated depreciation	190,861		198,996		
	134,209		113,215		(20,993)
Vehicles and transportation equipments	6,449		6,449		
Accumulated depreciation	5,246		5,630		
	1,202		819		(383)
Tools, furniture and fixtures	38,761		48,922		
Accumulated depreciation	27,699		29,188		
	11,061		19,733		8,671
Land	376,194		363,009		(13,185)
Total tangible fixed assets	522,668	4.3	496,776	3.8	(25,891)
Intangible fixed assets	28,808	0.2	75,369	0.6	46,561
Investments and other assets					
Investments in securities	2,719,042		3,481,725		762,682
Deferred tax assets	74,371		113,590		39,218
Other investments and other assets	545,651		597,734		52,082
Allowance for doubtful accounts	(27,400)		(16,250)		11,150
Total investments and other assets	3,311,665	27.0	4,176,799	32.3	865,134
Total fixed assets	3,863,141	31.5	4,748,946	36.7	885,804
Total assets	12,276,982	100.0	12,936,939	100.0	659,956

Thousands of yen	As of August 31, 2005	%	As of August 31, 2006	%	Y-o-Y changes
Current liabilities					
Accounts payable	1,591,739		1,290,761		(300,978)
Income taxes payable	318,956		539,589		220,633
Reserve for bonus payment	25,156		28,198		3,042
Reserve for directors' bonus payment	-		36,500		36,500
Other current liabilities	261,599		271,451		9,851
Total current liabilities	2,197,452	17.9	2,166,501	16.8	(30,950)
Long-term liabilities					
Allowance for employees' retirement benefits	61,124		54,541		(6,583)
Allowance for directors' retirement benefits	321,920		341,834		19,914
Other long-term liabilities	286,262		252,404		(33,858)
Total long-term liabilities	669,307	5.5	648,780	5.0	(20,526)
Total liabilities	2,866,759	23.4	2,815,281	21.8	(51,477)
Minority interest					
Minority interest	164,372	1.3	-	-	(164,372)
Shareholders' equity					
Common stock	414,750	3.4	-	-	(414,750)
Capital surplus	498,747	4.0	-	-	(498,747)
Retained earnings	8,098,801	66.0	-	-	(8,098,801)
Unrealized gains on available-for-sale securities	233,551	1.9	-	-	(233,551)
Total shareholders' equity	9,245,850	75.3	-	-	(9,245,850)
Total liabilities, minority interest and shareholders' equity	12,276,982	100.0	-	-	(12,276,982)
Net assets					
Shareholders' equity					
Common stock	-	-	414,750	3.2	414,750
Capital surplus	-	-	498,747	3.8	498,747
Retained earnings	-	-	8,818,614	68.2	8,818,614
Total shareholders' equity	-	-	9,732,111	75.2	9,732,111
Valuation and translation adjustments					
Unrealized gains on available-for-sale securities	-	-	262,350	2.0	262,350
Total valuation and translation adjustments	-	-	262,350	2.0	262,350
Minority interest	-	-	127,195	1.0	127,195
Total net assets	-	-	10,121,657	78.2	10,121,657
Total liabilities and net assets	-	-	12,936,939	100.0	12,936,939

(2) Consolidated statement of income

Thousands of yen	Year ended August 31, 2005	%	Year ended August 31, 2006	%	Y-o-Y changes
Net sales	12,004,314	100.0	12,857,359	100.0	853,045
Cost of sales	9,547,369	79.5	10,142,344	78.9	594,975
Gross income	2,456,944	20.5	2,715,014	21.1	258,070
Selling, general and administrative expenses	889,175	7.4	1,088,085	8.4	198,910
Operating income	1,567,768	13.1	1,626,928	12.7	59,160
Non-operating income					
Interest income	639		1,101		
Dividend received	13,696		12,467		
Profit from investment in minority interest	15,734		12,245		
Gain on investment in anonymous associations	14,793		5,042		
Other non-operating income	860		751		
	45,724	0.4	31,608	0.2	(14,115)
Non-operating expenses					
Depreciation expenses	-		2,802		
Listing related expenses	10,805		13,918		
Other non-operating expenses	45		1,332		
	10,850	0.1	18,052	0.1	7,201
Ordinary income	1,602,641	13.4	1,640,484	12.8	37,843
Extraordinary profits					
Gain on sales of investments in securities	18,272		161,584		
Gain on redemption of marketable securities	1,115		-		
Gain on donation of stock of affiliated company	-		39,825		
Gain on reversal of allowance for doubtful accounts	-		10,477		
Gain on sale of membership rights	-		1,428		
	19,387	0.2	213,314	1.6	193,927
Extraordinary losses					
Loss on sale of fixed assets	263		-		
Loss on disposal of fixed assets	2,475		3,022		
Loss on valuation of investments in securities	11,327		118,261		
Impairment loss	-		28,465		
Provision for directors' retirement benefits for prior periods	-		14,141		
Provision for allowance for doubtful accounts	26,000		-		
	40,066	0.4	163,891	1.3	123,824
Net income before tax and other adjustments	1,581,961	13.2	1,689,908	13.1	107,946
Corporation, inhabitant and enterprise taxes	645,625	5.6	850,173	6.0	94,536
Deferred income taxes	31,695		(78,316)		
Minority interest	43,047	0.4	28,659	0.2	(14,388)
Net income	861,592	7.2	889,391	6.9	27,798

(3) Consolidated statement of capital surplus and retained earnings

Thousands of yen	Year ended August 31, 2005
Capital surplus	
Balance of capital surplus at beginning of year	498,747
Balance of capital surplus at end of year	498,747
Retained earnings	
Balance of retained earnings at beginning of year	7,359,164
Increase in retained earnings	
Net income	861,592
	861,592
Decrease in retained earnings	
Dividends	88,000
Directors' bonuses	33,955
	121,955
Balance of retained earnings at end of year	8,098,801

Consolidated statement of changes in net assets (September 1, 2005 to August 31, 2006)

Thousands of yen

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance as of August 31, 2005	414,750	498,747	8,098,801	9,012,299
Changes during the term				
Dividends			(132,000)	(132,000)
Directors' bonuses from appropriation			(37,579)	(37,579)
Net income			889,391	889,391
Net changes of items other than shareholders' equity				
Total changes during the term	-	-	719,812	719,812
Balance as of August 31, 2006	414,750	498,747	8,818,614	9,732,111

	Valuation and translation adjustment		Minority interest	Total net assets
	Unrealized gains on available-for-sale securities	Total valuation and translation adjustments		
Balance as of August 31, 2005	233,551	233,551	164,372	9,410,222
Changes during the term				
Dividends				(132,000)
Directors' bonuses from appropriation				(37,579)
Net income				889,391
Net changes of items other than shareholders' equity	28,799	28,799	(37,176)	(8,377)
Total changes during the term	28,799	28,799	(37,176)	711,434
Balance as of August 31, 2006	262,350	262,350	127,195	10,121,657

(4) Consolidated statement of cash flows

Thousands of yen	Year ended August 31, 2005	Year ended August 31, 2006	Y-o-Y changes
Cash flows from operating activities			
Net income before tax and other adjustments	1,581,961	1,689,908	107,946
Depreciation expenses	18,571	29,945	11,373
Impairment loss	-	28,465	28,465
Increase (decrease) in reserve for bonus payment	(3,043)	3,042	6,085
Increase in reserve for directors' bonuses	-	36,500	36,500
Increase (decrease) in allowance for employees' retirement benefits	1,767	(6,583)	(8,350)
Increase (decrease) in allowance for directors' retirement bonuses	(175)	19,914	20,089
Increase (decrease) in allowance for doubtful accounts	17,179	(10,477)	(27,656)
Interest and dividend received	(14,336)	(13,569)	766
Gain on investments in minority interest	(15,734)	(12,245)	3,488
Loss on sale of fixed assets	263	-	(263)
Loss on disposal of fixed assets	2,475	3,022	547
Gain on sales of investments in securities	(18,272)	(161,584)	(143,312)
Gain on redemption of marketable securities	(1,115)	-	1,115
Gain on donation of stock of affiliated company	-	(39,825)	(39,825)
Gain on sale of membership rights	-	(1,428)	(1,428)
Loss on valuation of investments in securities	11,327	118,261	106,933
Gain on investment in anonymous associations	(14,793)	(5,042)	9,750
Increase in accounts receivable	(138,835)	165,471	304,307
Increase in inventories	(15,513)	(16)	15,496
Decrease in advances made	67,740	(416,288)	(484,028)
Increase (decrease) in purchase liabilities	749,398	(300,978)	(1,050,376)
Decrease in consumption tax payable	(19,082)	13,685	32,768
Directors' bonuses paid	(34,600)	(41,000)	(6,400)
Others	134,694	(22,295)	(156,989)
Sub-total	2,309,877	1,076,883	(1,232,994)
Interest and dividend received	22,165	21,054	(1,110)
Income taxes paid	(619,658)	(626,049)	(6,390)
Net cash provided by operating activities	1,712,383	471,889	(1,240,494)

Thousands of yen	Year ended August 31, 2005	Year ended August 31, 2006	Y-o-Y changes
Cash flows from investing activities			
Increase in time deposits	-	100,000	100,000
Purchases of tangible fixed assets	(6,780)	(19,360)	(12,580)
Proceeds from sales of tangible fixed assets	166	-	(166)
Purchases of intangible fixed assets	(19,663)	(53,243)	(33,580)
Purchases of investments in securities	(1,556)	(1,171,122)	(1,169,565)
Proceeds from sales of investments in securities	25,832	507,090	481,258
Proceeds from redemption of marketable securities	5,000	-	(5,000)
Additional purchase of shares of consolidated subsidiaries	-	(22,500)	(22,500)
Others	(7,107)	(71,565)	(64,458)
Net cash provided by (used in) investing activities	(4,108)	(730,701)	(726,592)
Cash flows from financing activities			
Dividend paid	(87,958)	(131,940)	(43,982)
Dividend paid to minority shareholders	(1,385)	(3,054)	(1,668)
Net cash used in financing activities	(89,343)	(134,994)	(45,650)
Increase (decrease) in cash and cash equivalents	1,618,932	(393,805)	(2,012,737)
Cash and cash equivalents at beginning of year	4,218,507	5,837,439	1,618,932
Cash and cash equivalents at end of year	5,837,439	5,443,634	(393,805)

(Segment information)

[Segment information by type of business]

Year ended August 31, 2005

Thousands of yen	Media business	Rights business	Sports business	Total	Elimination or intra-company transactions	Consolidation
Sales and operating income						
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
Assets, depreciation expenses and capital expenditures						
Assets	2,993,217	506,975	61,895	3,562,089	8,714,893	12,276,982
Depreciation expenses	11,681	1,122	572	13,376	5,194	18,571
Capital expenditures	27,185	541	405	28,131	811	28,943

Year ended August 31, 2006

Thousands of yen	Media business	Rights business	Sports business	Total	Elimination or intra-company transactions	Consolidation
Sales and operating income						
Sales						
Sales to external customers	9,639,146	2,735,177	483,035	12,857,359	-	12,857,359
Internal sales or transfers among segments	-	-	-	-	-	-
Total	9,639,146	2,735,177	483,035	12,857,359	-	12,857,359
Operating expenses	9,236,674	1,432,302	467,551	11,136,529	93,901	11,230,430
Operating income	402,471	1,302,874	15,484	1,720,830	(93,901)	1,626,928
Assets, depreciation expenses and capital expenditures						
Assets	3,453,545	408,352	69,383	3,931,281	9,005,657	12,936,939
Depreciation expenses	22,788	803	408	24,000	5,945	29,945
Impairment loss	-	-	-	-	28,465	28,465
Capital expenditures	82,693	186	186	83,065	1,538	84,603

(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, magazine advertising
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 the year ended August 31, 2005 and 2006 were 99,921 thousand yen and 93,901 thousand yen, respectively.
4. The main portions of the Company’s total assets included in the “elimination” or “intracompany transactions” section are assets, etc. related to the administrative units of the Company, “management of surplus funds (cash and marketable securities),” “long term investment funds (investment securities),” and their amounts for the year ended August 31, 2005 and 2006 were 8,714,893 thousand yen and 9,005,657 thousand yen, respectively.
5. Due to the change in accounting policy from the year ended August 31, 2006, directors’ bonuses are accounted as selling, general and administrative expenses when incurred. As a result, operating expenses increased by 15,333 thousand yen in the media business, 9,333 thousand yen in the rights business, 9,333 thousand yen in the sports business and 2,500 thousand yen in the “elimination” or “intracompany transactions,” with the same amounts decreasing from operating income.

[Segment information by region]

Year ended August 31, 2005

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

Year ended August 31, 2006

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

[Overseas sales]

Year ended August 31, 2005

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

Year ended August 31, 2006

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

Summary of Nonconsolidated Financial Results
for the Year Ended August 2006

SOTSU AGENCY CO., LTD.

Summary of Nonconsolidated Financial Results for the Year Ended August 2006

Corporate 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: October 12, 2006

Date of Commencement of Payment of Annual Dividend: November 29, 2006

Date of General Meeting of Shareholders: November 28, 2006

Adoption of stock trade unit policy: Not applicable

1. Operating results for the year ended August 2006 (September 1, 2005 to August 31, 2006)

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

	Net sales (Millions of yen)	%	Operating income (Millions of yen)	%	Ordinary income (Millions of yen)	%
Year ended August 2006	10,914	5.3	1,410	5.1	1,448	4.1
Year ended August 2005	10,362	6.4	1,341	(3.0)	1,391	(1.3)

	Net income (Millions of yen)	%	Net income per share (Yen)	Diluted net income per share (Yen)
Year ended August 2006	820	4.3	18,642.91	-
Year ended August 2005	786	4.3	17,198.66	-

	Return on shareholders' equity (%)	Ordinary income to total assets (%)	Ordinary income to net sales (%)
Year ended August 2006	8.9	12.2	13.3
Year ended August 2005	9.2	12.9	13.4

(Notes)

1. Average number of shares during period:

Year ended August 2006: 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 changes from the previous fiscal year.

(2) Financial conditions (Amounts less than 1 million yen omitted)

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity ratio (%)	Net assets per share (Yen)
Year ended August 2006	12,202	9,571	78.4	217,526.05
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

Year ended August 2006: 44,000 shares

Year ended August 2005: 44,000 shares

2. Number of treasury shares as of term-end

Year ended August 2006: - shares

Year ended August 2005: - shares

2. Forecasts for the year ending August 2007 (September 1, 2006 to August 31, 2007)

	Net sales (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)
Interim term	4,800	670	360
Full term	11,000	1,470	830

(Reference) Estimated net income per share (full term): 18,863.64 yen

(3) Dividends

Yen	Annual dividend per share			Dividend payment (Millions of yen)	Dividend payout ratio (%)	Dividend to net assets ratio (%)
	First half	Term-end	Annual			
Year ended August 2005	-	3,000	3,000	132	17.4	1.5
Year ended August 2006	-	4,000	4,000	176	21.5	1.9
Year ended August 2007 (Forecasts)	-	4,000	4,000	-	-	-

* 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 financial statements

(1) Balance sheet

Thousands of yen	As of August 31, 2005	%	As of August 31, 2006	%	Y-o-Y changes
Current assets					
Cash and deposits	5,373,863		4,959,277		(414,586)
Notes receivable - trade	261,299		165,559		(95,739)
Accounts receivable - trade	1,897,285		1,838,075		(59,210)
Merchandise	1,457		270		(1,186)
Advances	68,523		505,811		437,288
Prepaid expenses	6,516		6,547		30
Deferred tax assets	20,833		42,965		22,131
Other current assets	8,902		2,942		(5,960)
Allowance for doubtful accounts	(2,200)		(2,525)		(325)
Total current assets	7,636,482	66.2	7,518,924	61.6	(117,557)
Fixed assets					
Tangible fixed assets					
Buildings	318,189		304,459		
Accumulated depreciation	188,320		195,522		
	129,869		108,936		(20,932)
Vehicles and transportation equipments	6,449		6,449		
Accumulated depreciation	5,246		5,630		
	1,202		819		(383)
Tools, furniture and fixtures	24,154		19,930		
Accumulated depreciation	16,950		14,376		
	7,204		5,553		(1,651)
Land	376,194		363,009		(13,185)
Total tangible fixed assets	514,471	4.5	478,318	3.9	(36,152)
Intangible fixed assets					
Software	-		595		595
Telephone subscription rights	947		947		-
Total intangible fixed assets	947	0.0	1,542	0.0	595
Investments and other assets					
Investments in securities	2,389,525		3,017,380		627,855
Shares of affiliated companies	444,940		531,765		86,825
Investments in capital	300,512		300,512		-
Long term prepaid expenses	6,831		65,603		58,771
Deferred tax liabilities	51,010		98,525		47,515
Other investments and other assets	219,260		206,453		(12,806)
Allowance for doubtful accounts	(27,400)		(16,250)		11,150
Total investments and other assets	3,384,680	29.3	4,203,991	34.5	819,310
Total fixed assets	3,900,099	33.8	4,683,852	38.4	783,752
Total assets	11,536,581	100.0	12,202,776	100.0	666,195

Thousands of yen	As of August 31, 2005	%	As of August 31, 2006	%	Y-o-Y changes
Current liabilities					
Accounts payable - trade	1,528,845		1,231,873		(296,971)
Accounts payable	8,861		9,994		1,132
Other accounts payable	4,454		6,706		2,252
Income taxes payable	228,526		496,758		268,232
Advances received	-		153,845		153,845
Deposits received	206,011		44,261		(161,750)
Profit on advances received	1,680		2,016		336
Reserve for bonus payment	15,156		16,531		1,375
Reserve for directors' bonus payment	-		36,500		36,500
Other current liabilities	2,652		19,773		17,121
Total current liabilities	1,996,187	17.3	2,018,261	16.5	22,074
Long-term liabilities					
Long term accounts payable	286,262		252,404		(33,858)
Allowance for employees' retirement benefits	23,937		22,832		(1,105)
Allowance for directors' retirement benefits	321,920		329,392		7,472
Other long-term liabilities	8,739		8,739		-
Total long-term liabilities	640,859	5.6	613,368	5.0	(27,491)
Total liabilities	2,637,047	22.9	2,631,630	21.6	(5,416)
Shareholders' equity					
Common stock	414,750	3.6	-	-	(414,750)
Capital surplus					
Additional paid-in capital	391,240		-		
Capital surplus - other					
Gain on sales of treasury stock	107,507		-		
Total capital surplus	498,747	4.3	-	-	(498,747)
Retained earnings					
Legal reserve	30,000		-		
Voluntary reserve					
Special reserves	6,850,000		-		
Unappropriated profit	877,229		-		
Total retained earnings	7,757,229	67.2	-	-	(7,757,229)
Unrealized gains on available-for-sale securities	228,806	2.0	-	-	(228,806)
Total shareholders' equity	8,899,534	77.1	-	-	(8,899,534)
Total liabilities and shareholders' equity	11,536,581	100.0	-	-	(11,536,581)

Thousands of yen	As of August 31, 2005	%	As of August 31, 2006	%	Y-o-Y changes
Net assets					
Shareholders' equity					
Common stock	-	-	414,750	3.4	414,750
Capital surplus					
Additional paid-in capital	-		391,240		
Other capital surplus	-		107,507		
Total capital surplus	-	-	498,747	4.1	498,747
Retained earnings					
Legal reserve	-		30,000		
Other retained earnings					
General reserve	-		7,500,000		
Retained earnings carried forward	-		885,517		
Total retained earnings	-	-	8,415,517	68.9	8,415,517
Total shareholders' equity	-	-	9,329,015	76.4	9,329,015
Valuation and translation adjustments					
Unrealized gains on available-for-sale securities	-	-	242,131	2.0	242,131
Total valuation and translation adjustment	-	-	242,131	2.0	242,131
Total net assets	-	-	9,571,146	78.4	9,571,146
Total liabilities and net assets	-	-	12,202,776	100.0	12,202,776

(2) Statement of income

Thousands of yen	Year ended August 31, 2005	%	Year ended August 31, 2006	%	Y-o-Y changes
Net sales	10,362,336	100.0	10,914,845	100.0	552,509
Cost of sales	8,620,273	83.2	9,040,463	82.8	420,190
Gross income	1,742,063	16.8	1,874,381	17.2	132,318
Selling, general and administrative expenses	400,200	3.9	463,989	4.3	63,789
Operating income	1,341,862	12.9	1,410,392	12.9	68,529
Non-operating income					
Interest income	365		401		
Interest on securities received	249		673		
Dividend received	23,277		26,113		
Rent received	21,505		22,986		
Gain on investment in anonymous association	14,793		5,042		
Other non-operating income	301		717		
	60,493	0.6	55,936	0.5	(4,556)
Non-operating expenses					
Depreciation expenses	-		2,802		
Listing related expenses	10,805		13,918		
Other non-operating expenses	45		1,000		
	10,850	0.1	17,720	0.1	6,869
Ordinary income	1,391,505	13.4	1,448,609	13.3	57,103
Extraordinary profit					
Gain on sales of investments in securities	18,272		161,584		
Gain on redemption of marketable securities	1,115		-		
Gain on donation of stock of affiliated company	-		39,825		
Gain on reversal of allowance for doubtful accounts	-		10,825		
Gain on sales of membership rights	-		1,428		
	19,387	0.2	213,662	2.0	194,275
Extraordinary losses					
Loss on disposal of fixed assets	109		491		
Transfer to doubtful account reserve	26,000		-		
Loss on valuation of investments in securities	-		118,261		
Impairment loss	-		28,465		
	26,109	0.2	147,217	1.4	121,108
Net income before taxes	1,384,783	13.4	1,515,054	13.9	130,270
Corporation, inhabitant and enterprise taxes	556,667	5.8	773,558	6.4	96,723
Deferred income taxes	41,375		(78,792)		
Net income	786,740	7.6	820,287	7.5	33,546
Retained earnings brought forward from previous term	90,488		-		-
Unappropriated retained earnings	877,229		-		-

(3) Proposed appropriation of profit

Thousands of yen	Year ended August 31, 2005
Unappropriated profit	877,229
Disposition of profit	
Dividends	132,000
Directors' bonuses	30,000
Voluntary reserve	
Special reserve	650,000
	<hr/>
	812,000
Retained earnings carried forward	<hr/> 65,229 <hr/>

Nonconsolidated statement of changes in net assets (September 1, 2005 to August 31, 2006)

Thousands of yen

	Shareholder's equity								
	Common stock	Capital surplus			Retained earnings				Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings		Total retained earnings	
						General reserve	Retained earnings carried forward		
Balance as of August 31, 2005	414,750	391,240	107,507	498,747	30,000	6,850,000	877,229	7,757,229	8,670,727
Changes during the term									
Dividends							(132,000)	(132,000)	(132,000)
Directors' bonuses from appropriation							(30,000)	(30,000)	(30,000)
Net income							820,287	820,287	820,287
Provision for general reserve						650,000	(650,000)		
Net changes of items other than shareholders' equity									
Total changes during the term	-	-	-	-	-	650,000	8,287	658,287	658,287
Balance as of August 31, 2006	414,750	391,240	107,507	498,747	30,000	7,500,000	885,517	8,415,517	9,329,015

	Valuation and translation adjustments		Total net assets
	Unrealized gains on available-for-sale securities	Total valuation and translation adjustments	
Balance as of August 31, 2005	228,806	228,806	8,899,534
Changes during the term			
Dividends			(132,000)
Directors' bonuses from appropriation			(30,000)
Net income			820,287
Provision for general reserve			
Net changes of items other than shareholders' equity	13,324	13,324	13,324
Total changes during the term	13,324	13,324	671,611
Balance as of August 31, 2006	242,131	242,131	9,571,146