# **Consolidated Earning Results for Fiscal 2005**



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President :	Futoshi Hattori		
Contact :	Masafumi Yamanaka		
	Director &		

General Manager of Finance Department

# 1. Consolidated Results for Fiscal 2005 (April 1, 2005 – March 31, 2006)

(1) Consolidated	Operating Results		(millions of yen)
	Operating revenues	Operating income	Recurring profit
Year ended March 31, 2006	60,243	23,103	23,544
Year ended March 31, 2005	50,484	20,673	21,096

$\smallsetminus$	Net	Net income	Diluted net	Return	Recurring	Recurring
	income	per share	income per share	on equity	profit on equity	profit margin
	(millions of yen)	( yen )	( yen )	(%)	(%)	(%)
Year ended March 31, 2006	13,203	407.08	406.03	14.5	19.0	39.1
Year ended March 31, 2005	11,814	377.69	366.03	15.5	20.3	41.8

#### (2) Consolidated Financial Position

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	Total assets	Shareholders' equity	Equity ratio (%)	Shareholders' equity per share ( yen )
As of March 31, 2006	131,908	97,391	73.8	3,008.92
As of March 31, 2005	115,704	84,877	73.4	2,652.32

#### (3) Consolidated Cash Flows

(3) Consolidated	Cash Flows			(millions of yen)
	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the period
Year ended March 31, 2006	20,868	( 12,147)	(4,897)	19,495
Year ended March 31, 2005	16,296	( 18,596)	2,382	15,672

May 16, 2006

## (4) Information Regarding Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 16 Non-consolidated subsidiaries accounted for by the equity method: 0 Affiliates accounted for by the equity method: 0

#### (5) Change in Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries

New: 2 Excluded: 1

Subsidiaries and Affiliates accounted for by the equity method

New: 0

Excluded: 0

#### 2. Consolidated Outlook for Fiscal 2006 (April 1, 2006 – March 31, 2007)

(millions of yen)

	Operating revenues	Recurring profit	Net income
Interim	31,350	11,900	6,400
For the year	65,100	25,000	13,900

Reference: Projected net income per share for the year: ¥429.76

# Consolidated Financial Statements

## 1. Consolidated Balance Sheets

	As of Mar	rch 31,	(millions As of Mar	
A	2006	0/	2005	0/
Assets Current assets: Cash and cash equivalents	19,995	%	15,818	%
Receivables due from member dealers at auction	10,844		8,847	
Trade notes and accounts receivable	713		296	
Inventories	762		722	
Prepaid expenses	357		324	
Deferred tax assets	709		656	
Other current assets	992		867	
Allowance for doubtful accounts	(37)		(50)	
Total current assets	34,338	26.0	27,483	23.8
<b>Fixed assets:</b> Property and equipment				
Buildings and structures	33,975		26,803	
Machinery, vehicles and other transport equipment	1,862		494	
Fixtures and equipment	3,791		1,611	
Land	45,032		43,188	
Construction in progress	200		3,390	
Total property and equipment	84,862	64.3	75,488	65.2
Intangible assets Excess of cost of investments in consolidated subsidiaries over the fair value of net assets	3,090		3,100	
Other intangible assets	930		709	
Total intangible assets	4,020	3.1	3,809	3.3
Investments and other assets Investment securities	1,808		1,962	
Long-term loans	9		10	
Prepaid pension expenses	13		-	
Long-term prepaid expenses	244		166	

	As of March 31, As of M			rch 31,
	2006		2005	
Deferred tax assets	557	%	699	%
Deferred tax assets for revaluation	3,350		3,351	
Investment property	1,722		1,726	
Other investments and assets	1,369		1,315	
Allowance for doubtful accounts	(388)		(307)	
Total investments and other assets	8,687	6.6	8,923	7.7
Total fixed assets	97,569	74.0	88,221	76.2
Total assets	131,908	100.0	115,704	100.0

	As of Ma 2006	urch 31,	As of Mar 2005	rch 31,
Liabilities, Minority Interests and Shareholders' Equity Current liabilities:				%
Payables due to member dealers at auction	12,422		9,573	
Bonds payable due within one year	-		200	
Short-term borrowings	2,200		3,659	
Income taxes payable	5,389		4,517	
Deposits received	2,813		1,400	
Allowance for bonus	337		302	
Other current liabilities	3,329		3,033	
Total current liabilities	26,491	20.1	22,687	19.6
Long-term debt:				
Convertible bond	-		631	
Long-term borrowings	3,000		3,000	
Employee retirement benefit liability	95		76	
Accrued severance indemnities for officers	382		349	
Guarantee deposits received from member dealers	3,401		3,157	
Deferred tax liabilities for revaluation	470		-	
Total long-term debt	7,349	5.6	7,214	6.2
Total liabilities	33,841	25.7	29,901	25.8
<b>Minority interests in consolidated subsidiaries:</b> Minority interests in consolidated subsidiaries	675	0.5	925	0.8

(millions of year)				of yen)
	As of Mar 2006	rch 31,	As of March 32 2005	
Shareholders' equity:		%		%
Common stock	18,249	13.8	17,580	15.1
Additional paid-in capital	27,360	20.7	24,755	21.4
Retained earnings	58,140	44.1	47,167	40.8
Land revaluation decrement	(4,979)	(3.8)	(4,915)	(4.2)
Net unrealized gains on available-for-sale securities	389	0.3	300	0.3
Treasury stock	(1,768)	(1.3)	(11)	(0.0)
Total shareholders' equity	97,391	73.8	84,877	73.4
Total liabilities, minority interests and shareholders' equity	131,908	100.0	115,704	100.0

Year Ended March 31, 2006Year Ended March 31, 2008Year Ended March 31, 2008Operating revenues Costs of revenues Gross profit $60,243$ $25,794$ $100,0$ $25,794$ $50,428$ $42.8$ $19,888$ $39,66$ $60,4$ Selling, general and administrative expenses: $11,345$ $34,448$ $18.8$ $9,823$ $9,823$ $19.5$ Advertising $12,669$ $1.551$ $1.551$ Sales promotion expenses: $14,669$ $1.263$ $1.263$ Provision for doubtful accounts $22$ $16$ $1.263$ Provision for directors and statutory auditors $335$ $319$ $1.263$ Provision for bonues $31,186$ $2.864$ $1.57$ Depreciation $386$ $305$ $2.874$ Provision for bonues $178$ $1.57$ Depreciation $386$ $305$ $2.874$ Taxation $330$ $2.57$ $1.51$ Operating income $23,103$ $38.4$ $20,673$ Operating income $23,103$ $38.4$ $20,673$ Operating income $23,103$ $38.4$ $20,673$ Interest and dividend income $111$ $14$ $15$ Compensation received $22$ $16$ $15$ Comperating Expenses: $292$ $2.536$ $1.11$ Interest expenses $56$ $59$ $50$ Other income $325$ $4.24$ $155$ Comperating Expenses: $56$ $59$ $50$ Comperating Expenses: $56$ $59$ $50$ Other income<	2. Consolitated Statements of Income (millions of y					
Operating revenues Costs of revenues Gross profit $60,243$ (25,794) $90,042,3$ (42,8) $50,484$ (100,0 (42,8) $19,988$ (39,66) $39,66$ (60,4)Selling, general and administrative expenses: $11,345$ $18.8$ $9,823$ $19,53$ Advertising $1,269$ $1,551$ $11,345$ $18.8$ $9,823$ $19,53$ Sales promotion expenses $1,469$ $1,263$ $12,633$ $19,533$ Provision for doubtful accounts $22$ $16$ $11,345$ $18,8$ $2,864$ Provision for doubtful accounts $335$ $319$ $157$ Employce salaries and bonuses $3,186$ $2,864$ $157$ Depreciation $386$ $305$ $157$ Taxation $330$ $257$ $81$ Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets $188$ $168$ Others $3,359$ $2,836$ $1.11$ $81$ Unterest and dividend income $11$ $8$ $1.11$ Interest and dividend income $11$ $8$ $1.11$ Interest and dividend income $11$ $8$ Lease of real estate $146$ $78$ $1.11$ Compensation received $22$ $18$ $1.11$ Compensation received $22$ $3.68$ $50$ Other income $325$ $3.68$ $50$ Interest expenses: $92$ $0.2$ $115$ $0.2$ Interest expenses $56$ $59$ $50$			March		March	
administrative expenses:IIIIIIIAdvertising1,2691,5511,2631,2631,2631,2631,2631,263Sales promotion expenses1,4692161,2631,2631,2631,2631,263Provision for doubtful accounts3353353392,8641,263	Costs of revenues	60,243 25,794	100.0 42.8	50,484 19,988	100.0 39.6	
Sales promotion expenses1.4691.263Provision for doubtful accounts2216Remuneration for directors and statutory auditors335319Employee salaries and bonuses3.1862.864Provision for bonuses178157Depreciation386305Taxation330257Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets62681Others3.3592.836Operating income23,10338.420,673Non-operating Income:5320.95381.1Interest and dividend income118168Lease of real estate146781.1Compensation received22181.1Commission earned23503.64Non-operating Expenses:920.21.15Other income3253.683.05		11,345	18.8	9,823	19.5	
Provision for doubtful accounts2216Remuneration for directors and statutory auditors335319Employee salaries and bonuses3,1862,864Provision for bonuses178157Depreciation386305Taxation330257Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets62681Others18016840.9Operating income23,10338.420,673Non-operating Income:5320.9538Lease of real estate11618168Compensation received221811Compensation received2218168Compensation earned2133.592.836Compensation genered230.95381.12Interest and dividend income11816Compensation received2218168Compensation earned235056Other income32536850Non-operating Expenses:920.2115Other income55565950	Advertising	1,269		1,551		
Remuneration for directors and statutory auditors335318319Employee salaries and bonuses3,1862,864Provision for bonuses178157Depreciation386305Taxation330257Amorization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets180168Others1802,836Operating income23,10338.420,673Non-operating Income:5320.9538Interest and dividend income1118Lease of real estate14678Compensation received2218Commission earned325368Non-operating Expenses:920.2Other income325368Non-operating Expenses:920.2Interest expenses920.2	Sales promotion expenses	1,469		1,263		
Employee salaries and bonuses3,1862,864Provision for bonuses178157Depreciation386305Taxation330257Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets62681Corporate enterprise taxes180168Others3,3592,836Operating income23,10338.420,673Non-operating Income:5320.9538Lease of real estate1168Compensation received2218Compensation received2350Other income325368Non-operating Expenses:920.2Other income325368Non-operating Expenses:920.2Other income325368Non-operating Expenses:920.2Other income53250Non-operating Expenses:920.2Interest expenses5659	Provision for doubtful accounts	22		16		
Provision for bonuses178187Provision for bonuses178157Depreciation386305Taxation330257Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets62681Corporate enterprise taxes180168Others3,3592,836Operating income23,10338.420,673Non-operating Income:5320.9538Interest and dividend income1118Lease of real estate14678Compensation received2218Compensation received2350Other income325368Non-operating Expenses:920.2Interest expenses5659	Remuneration for directors and statutory auditors	335		319		
Depreciation386305Taxation330257Amorbization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets62681Corporate enterprise taxes180168Others3,3592,836Operating income23,10338.420,673Non-operating Income:5320.9538Interest and dividend income1118Lease of real estate14678Compensation received222118Compensation received325368Murent income325368Compensation received223109Murent income325368Compensation received325368Non-operating Expenses:920.2Interest expenses920.2Interest expenses5559	Employee salaries and bonuses	3,186		2,864		
Taxation330257Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets62681Corporate enterprise taxes180168Others3,3592,836Operating income23,10338.420,673Non-operating Income:5320.9538Interest and dividend income118Lease of real estate14678Compensation received2218Commission earned2350Other income325368Non-operating Expenses:920.2Interest expenses5659	Provision for bonuses	178		157		
Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets6268181Corporate enterprise taxes180168168Others3,3592,8362,836Operating income23,10338.420,67340.9Non-operating Income:5320.95381.1Interest and dividend income1118168168Lease of real estate1467815168Compensation received2218150168Commission earned325368368168Non-operating Expenses:920.21150.2Interest expenses565959168168	Depreciation	386		305		
consolidated subsidiaries over the fair value of net assetsImage: Network in the second seco	Taxation	330		257		
Others       3,359       2,836         Operating income       23,103       38.4       20,673       40.9         Non-operating Income:       532       0.9       538       1.1         Interest and dividend income       11       8       11       8       11         Lease of real estate       146       78       15       15       15         Cancellation of insurance contract       4       15       18       15       18       16         Compensation received       223       325       368       368       16 <td< td=""><td>consolidated subsidiaries over the fair value of net</td><td>626</td><td></td><td>81</td><td></td></td<>	consolidated subsidiaries over the fair value of net	626		81		
Operating income23,10338.420,67340.9Non-operating Income:5320.95381.1Interest and dividend income11188Lease of real estate1467878Cancellation of insurance contract41515Compensation received2211850Other income325368368Non-operating Expenses:920.21150.2Interest expenses56595915	Corporate enterprise taxes	180		168		
Non-operating Income:5320.95381.1Interest and dividend income11181Lease of real estate1467811Cancellation of insurance contract41511Compensation received221811Commission earned235036811Non-operating Expenses:920.21150.2Interest expenses56595911	Others	3,359		2,836		
Interest and dividend income118Lease of real estate14678Cancellation of insurance contract415Compensation received2218Commission earned2350Other income325368Non-operating Expenses:920.2115Interest expenses5659	Operating income	23,103	38.4	20,673	40.9	
Lease of real estate14678Cancellation of insurance contract415Compensation received2218Commission earned2350Other income325368Non-operating Expenses:920.2Interest expenses5659	Non-operating Income:	532	0.9	538	1.1	
Cancellation of insurance contract415Compensation received2218Commission earned2350Other income325368Non-operating Expenses:920.2Interest expenses5659	Interest and dividend income	11		8		
Compensation received2218Commission earned2350Other income325368Non-operating Expenses:920.2Interest expenses5659	Lease of real estate	146		78		
Commission earned2350Other income325368Non-operating Expenses:920.2Interest expenses5659	Cancellation of insurance contract	4		15		
Other income325368Non-operating Expenses:920.2Interest expenses5659	Compensation received	22		18		
Non-operating Expenses:920.21150.2Interest expenses565959	Commission earned	23		50		
Interest expenses 56 59	Other income	325		368		
	Non-operating Expenses:	92	0.2	115	0.2	
Fees on syndicated loans323	Interest expenses	56		59		
	Fees on syndicated loans	3		23		

## 2. Consolidated Statements of Income

	Year Ended 31, 2006	March	Year Ended Marc 31, 2005	
Other expenses	32	%	32	%
Recurring profit	23,544	39.1	21,096	41.8
Extraordinary gains:	771	1.3	366	0.7
Gain on sales of property and equipment	158		205	
Reversal of allowance for doubtful accounts	38		59	
Gain on sales of investment securities	569		54	
Gain on prior year adjustments	-		46	
Other extraordinary gains	4		-	
Extraordinary losses:	1,264	2.1	850	1.7
Loss on sales of property and equipment	26		35	
Loss on disposal of property and equipment	753		89	
Severance pay for directors and statutory auditors	12		15	
Loss on write-down of investment securities	22		-	
Loss on liquidation of subsidiaries	-		41	
Impairment loss	27		556	
Loss on equity share fluctuation in consolidated subsidiary	-		98	
Loss on legal settlement	408		-	
Other extraordinary losses	13		15	
Income before income taxes and minority interests	23,051	38.3	20,612	40.8
Income taxes	9,567	15.9	8,492	16.8
Deferred tax	75	0.1	110	0.2
Minority interest in net income of consolidated subsidiaries	204	0.4	194	0.4
Net income	13,203	21.9	11,814	23.4

# 3. Statements of Consolidated Retained Earnings

	Year Ended March 31, 2006		Year Ended March 31, 2005	
Balance at beginning of period		47,167		37,264
Appropriations				
Cash dividends	2,172		1,700	
Bonuses to directors and statutory auditors	55		45	
Decrease in retained earnings through scope change of equity method	-		0	
Reversal of land revaluation increment	1	2,230	164	1,911
Net income	13,203	13,203	11,814	11,814
Balance at end of period		58,140		47,167

# 4. Consolidated Statements of Cash Flows

	Year Ended March 31, 2006	Year Ended March 31, 2005
<b>Cash flows from operating activities:</b> Income before income taxes and minority interests	23,051	20,612
Adjustments for: Depreciation and amortization	4,198	2,968
Impairment loss	27	556
Amortization of excess of cost of investments in consolidated subsidiaries over the fair value of net assets	626	81
Loss on equity share fluctuation in consolidated subsidiary	-	98
Decrease in allowance for doubtful accounts	(104)	(190)
Increase in allowance for bonus	19	24
Decrease in employee retirement benefit liability	(44)	(21)
Decrease in allowance for loss on contingency	-	(52)
Increase in accrued severance indemnities for officers	26	28
Interest and dividend income	(17)	(12)
Interest expenses	56	59
Gain on sales of investment securities	(569)	(54)
Loss on write-down of investment securities	22	-
Loss on liquidation of subsidiaries	-	41
Gain (loss) on sale and disposal of property and equipment	525	(84)
Loss on sale and disposal of intangible assets	3	0
Loss on legal settlement	408	-
Net change in due from/to member dealers at auction	852	1,247
Increase (decrease) in trade notes and accounts receivable	(73)	154
Increase in deposits received	1,411	112
Bonuses paid to directors and statutory auditors	(58)	(48)

(millions of yen)

(millions of yen)			
	Year Ended March 31, 2006	Year Ended March 31, 2005	
Other, net	(418)	(425)	
Sub-total	29,941	25,095	
Interest and dividend received	15	12	
Interest paid	(56)	(59)	
Legal settlement paid	(408)	-	
Income taxes paid	(8,624)	(8,752)	
Net cash provided by operating activities	20,868	16,296	
<b>Cash flows from investing activities</b> Net increase (decrease) in time deposits	(353)	(96)	
Acquisition of property and equipment	(12,739)	(18,766)	
Proceeds from sale of property and equipment	197	589	
Purchase of intangible assets	(371)	(140)	
Proceeds from sale of intangible assets	-	3	
Payments for purchase of investment securities	-	(21)	
Proceeds from sale of investment securities	991	104	
Increase in long-term prepaid expenses	(150)	(45)	
Purchase of shares of consolidated subsidiary	(0)	(225)	
Proceeds from purchase of shares of subsidiary excluded from the consolidation scope	122	-	
Other, net	156	1	
Net cash used in investing activities	(12,147)	(18,596)	

	(millions of yen)		
	Year Ended March 31, 2006	Year Ended March 31, 2005	
<b>Cash flows from financing activities</b> Net increase (decrease) in short-term borrowings	(624)	628	
Proceeds from long-term debt	2,000	4,000	
Repayments of long-term debt	(3,009)	(1,727)	
Proceeds from guarantee deposits received from member dealers	510	306	
Repayment of guarantee deposits received from member dealers	(266)	(77)	
Redemption of bonds	(200)	(100)	
Issuance of new shares	707	901	
Contribution from minority shareholders	176	-	
Proceeds from issuance of shares of consolidated subsidiary	-	155	
Purchase of treasury stock of consolidated subsidiaries	(260)	-	
Payments for the purchases of treasury stock	(1,757)	(2)	
Dividends paid	(2,172)	(1,700)	
Dividends paid for minority shareholders	(2)	(2)	
Net cash provided by (used in) financing activities	(4,897)	2,382	
Increase in cash and cash equivalents	3,822	82	
Cash and cash equivalents at beginning of period	15,672	15,119	
Increase in cash and cash equivalents upon inclusion of new consolidated subsidiary resulting from stock exchange transaction	-	470	
Cash and cash equivalents at end of period	19,495	15,672	