

<Translation>



**Interim Earnings Report for the Fiscal Year Ending August 2006  
(Consolidated)**

April 28, 2006

Index Corporation  
(Securities Code No. 4835, JASDAQ)

Representative: Yoshimi Ogawa, President  
Contact: Atsushi Hori, Director: Administration Division  
Phone: +81-(0)3-5779-5706

Adoption of US Accounting Standards: None

1. Consolidated operating results for the 1<sup>st</sup> half of the fiscal year ending August 2006 (September 1, 2005 to February 28, 2006)

(1) Consolidated Operating Results

	Net sales	Operating income	Ordinary income
	(Millions of yen)(%)	(Millions of yen)(%)	(Millions of yen)(%)
1 <sup>st</sup> half of the fiscal year ending August 2006	50,233 (45.3)	3,045 (Δ16.7)	2,805 (Δ27.6)
1 <sup>st</sup> half of the fiscal year ended August 2005	34,567 (144.0)	3,656 (131.0)	3,875 (153.1)
2005 fiscal year	73,649	6,772	6,983

	Net profit (1 <sup>st</sup> Half)	Earnings per share (1 <sup>st</sup> Half)	Earnings per share fully diluted (1 <sup>st</sup> Half)
	(Millions of yen)(%)	(yen)	(yen)
1 <sup>st</sup> half of the fiscal year ending August 2006	3,160 (Δ8.6)	1,564.09	1,502.95
1 <sup>st</sup> half of the fiscal year ended August 2005	3,457 (341.5)	4,184.69	3,740.24
2005 fiscal year	5,696	6,618.70	6,002.53

(Note)

1. Equity method investment loss:  
Interim FY2006 (Feb. 2006): Δ237 million yen  
Interim FY2005 (Feb. 2006): Δ3 million yen  
FY2005 (Aug. 2005): Δ1 million yen

<Translation>

2. Average numbers of shares outstanding for the period (consolidated)

1 <sup>st</sup> half of the fiscal year ending August 2006:	2,020,660 shares
1 <sup>st</sup> half of the fiscal year ended August 2005:	826,125 shares
FY2005:	860,682 shares

3. Changes in accounting method: Yes

4. Net sales, operating income, ordinary income and net income show the percentage of increase or decrease compared with the prior year's 1<sup>st</sup> half results.

5. On October 20, 2005 a 2 for 1 stock split of common stock took place.

(2) Consolidated Financials

	Total assets	Shareholders' equity	Shareholders' equity as a percentage of total assets	Shareholders' equity per share
	(Millions of yen)		%	(yen)
1 <sup>st</sup> half of the fiscal year ending August 2006	155,087	84,905	54.7	40,014.47
1 <sup>st</sup> half of the fiscal year ended August 2005	70,492	13,741	19.5	16,470.77
2005 fiscal year	127,208	57,572	45.3	58,890.63

(Note)

1. Outstanding shares at end of the 1<sup>st</sup> half (consolidated):

1 <sup>st</sup> half of the fiscal year ending August 2006:	2,121,874 shares
1 <sup>st</sup> half of the fiscal year ended August 2005:	834,304 shares
FY2005:	977,624 shares

(3) Consolidated Cash Flow

	Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	(millions of yen)			
1 <sup>st</sup> half FY2006	△3,094	△10,219	16,417	31,399
1 <sup>st</sup> half FY2005	△5,318	△12,158	20,970	21,959
FY2005	△4,528	△36,794	50,619	27,506

<Translation>

(4) Scope of consolidation and adoption of equity method

Consolidated subsidiaries:	63 companies
Unconsolidated subsidiaries accounted for by the equity method:	none
Affiliates accounted for by the equity method:	6 companies

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

Initially included in consolidation:	11 companies
Excluded from consolidation:	3 companies
Initially accounted for by the equity method:	1 company
Excluded from equity method:	none

2. Consolidated performance forecast for the fiscal year ending August 2006  
(Period from September 1, 2005 to August 31, 2006)

	Net sales	Ordinary profit	Net profit
	(millions of yen)		
Full Term	110,000	8,155	6,100

(Note\*) Forecast EPS for the full term: 2,874.82 yen

(Note\*\*) EPS forecast is calculated based on the total number of outstanding shares at the end of the 1<sup>st</sup> half: 2,121,874 shares.

The above performance forecast is dependent upon the information, future business prospects, and projections available on the day of this document's publication. Actual results may be affected by a variety of factors.

<Translation>

## 1. Interim Consolidated Financial Statements

### (1) Interim Consolidated Balance Sheet

	Previous 1 <sup>st</sup> Half (February 28, 2005)		Current 1 <sup>st</sup> Half (February 28, 2006)		Previous fiscal year's balance sheet summary (FY2005)	
	(thousands of yen)	(%)	(thousands of yen)	(%)	(thousands of yen)	(%)
Assets						
I Current Assets						
1. Cash and bank deposits	15,499,813		28,471,041		21,136,481	
2. Notes and accounts receivable - trade	19,013,538		24,025,997		21,109,852	
3. Marketable securities	6,589,716		3,092,298		6,514,341	
4. Inventories	4,268,069		8,335,291		4,650,838	
5. Deferred tax assets	128,591		522,479		463,803	
6. Other current assets	3,087,861		7,680,398		6,217,577	
7. Special account for returnable loans	△34,028		△35,185		△35,065	
Allowance for doubtful receivables	△160,833		△113,271		△105,270	
Total current assets	48,392,730	68.6	71,979,050	46.4	59,952,561	47.1
II Fixed assets						
1. Property, plant and equip.						
(1) Buildings and structures	263,467		1,953,808		290,980	
(2) Machinery and vehicles	15,588		375,163		69,732	
(3) Other	994,453		2,928,623		1,420,037	
Total fixed assets	1,273,509	1.8	5,257,595	3.4	1,780,750	1.4
2. Intangible assets						
(1) Goodwill	140,830		75,095		102,939	
(2) Software	1,169,230		1,817,066		1,499,766	
(3) Software in progress	48,373		699,625		40,726	
(4) Consol. adjust. for goodwill	3,361,052		19,356,275		14,664,686	
(5) Other	110,515		496,741		698,714	
Total intangible assets	4,830,002	6.9	22,444,804	14.5	17,006,833	13.4
3. Investments and other assets						
(1) Investment securities	14,955,816		53,175,826		46,892,585	
(2) Long-term loans receivable	107,151		112,526		132,315	
(3) Deferred tax liabilities	63,821		265,438		253,407	
(4) Other assets	869,388		1,897,253		1,201,788	
Allowance for doubtful receivables	△37,585		△60,267		△37,165	
Total investment & other asset	15,958,592	22.6	55,390,777	35.7	48,442,932	38.1
Total fixed assets	22,062,105	31.3	83,093,176	53.6	67,230,516	52.9
III Deferred assets	37,870	0.1	14,850	0.0	25,247	0.0
Total assets	70,492,706	100.0	155,087,077	100.0	127,208,324	100.0

<Translation>

	Previous 1 <sup>st</sup> Half (February 28, 2005)		Current 1 <sup>st</sup> Half (February 28, 2006)		Previous fiscal year's balance sheet summary (FY2005)	
	(thousands of yen)	(%)	(thousands of yen)	(%)	(thousands of yen)	(%)
<b>Liabilities</b>						
I Current liabilities						
1. Notes and accounts payable - trade	9,582,169		13,700,242		13,228,888	
2. Short-term bank loans	14,264,416		18,896,955		20,573,581	
3. Income taxes payable	1,840,426		4,224,710		3,189,883	
4. Accrued bonuses	108,020		139,946		112,466	
5. Reserve for loss on returned goods	134,926		76,359		132,775	
6. Other current liabilities	4,424,596		5,360,531		4,417,482	
Total current liabilities	30,354,556	43.0	42,398,747	27.4	41,655,078	32.7
II Fixed liabilities						
1. Bonds	12,260,000		1,604,900		4,689,900	
2. Long-term debt	4,592,030		2,916,603		3,922,949	
3. Retirement benefits	66,023		506,389		52,430	
4. Directors' retirement allowance	19,992		69,690		21,092	
5. Deferred tax liabilities	—		8,474,797		7,632,490	
6. Other fixed liabilities	1,947,104		3,079,597		3,261,895	
Total fixed liabilities	18,885,149	26.8	16,651,977	10.7	19,580,757	15.4
Total liabilities	49,239,705	69.8	59,050,724	38.1	61,235,836	48.1
<b>Minority Interests</b>						
Minority Interests	7,511,368	10.7	11,130,689	7.2	8,399,563	6.6
<b>Shareholders' equity</b>						
I Capital	9,050,542	12.8	35,889,654	23.1	24,901,682	19.6
II Additional paid-in capital	9,397,361	13.3	36,236,415	23.4	25,248,461	19.8
III Retained earnings	△6,246,639	△8.8	△1,697,978	△1.1	△4,007,123	△3.0
IV Balance on securities revaluation	1,523,909	2.2	12,969,923	8.4	11,369,723	8.9
V Translation adjustment	122,979	0.2	1,618,392	1.0	169,783	0.1
VI Treasury stock	△106,521	△0.2	△110,743	△0.1	△109,602	△0.1
Total shareholders' equity	13,741,632	19.5	84,905,663	54.7	57,572,924	45.3
Total liabilities and shareholders' equity	70,492,706	100.0	155,087,077	100.0	127,208,324	100.0

<Translation>

(2) Consolidated Interim Statement of Income

		Prior 1 <sup>st</sup> Half (September 1, 2004 – February 28, 2005)		Current 1 <sup>st</sup> Half (September 1, 2005 - February 28, 2006)		Previous fiscal year summary (FY2005)	
		(thousands of yen)	(%)	(thousands of yen)	(%)	(thousands of yen)	Change (%)
I	Net sales	34,567,015	100.0	50,233,648	100.0	73,649,237	100.0
II	Cost of sales	21,001,437	60.8	31,951,553	63.6	44,878,130	60.9
	Gross profit	13,565,578	39.2	18,282,095	36.4	28,771,107	39.1
	Provision for allowance for sales returns	14,826	0.0	57,990	0.1	5,067	0.0
	Gross profit on sales balance	13,550,751	39.2	18,224,104	36.3	28,766,040	39.1
III	Selling, general and administrative expenses	9,894,185	28.6	15,178,929	30.2	21,993,924	29.9
	Operating income	3,656,565	10.6	3,045,175	6.1	6,772,116	9.2
IV	Other income						
	1. Interest earned	21,578		42,638		107,187	
	2. Dividend income	7,068		23,728		48,050	
	3. Foreign exchange profit	109,155		—		142,701	
	4. Profit on securities sold	59,881		95,312		87,545	
	5. Other	104,952		162,586		183,416	
	Total other income	302,635	0.8	324,265	0.6	568,902	0.8
V	Other expenses						
	1. Interest Expense	54,927		121,628		138,882	
	2. Stock issuance cost	399		99,393		141,765	
	3. Equity method investment loss	3,494		237,463		—	
	4. Foreign exchange loss	—		65,902		—	
	5. Amortization of bond issue costs	12,623		12,623		25,247	
	6. Other	12,676		27,363		51,424	
	Total other expenses	84,120	0.2	564,375	1.1	357,319	0.5
	Ordinary profit	3,875,080	11.2	2,805,064	5.6	6,983,699	9.5
VI	Extraordinary profit						
	1. Profit from sale of affiliate company	325,440		15,005		3,316,190	
	2. Profit from sale of investment securities	1,261,843		8,536,513		1,379,255	
	3. Equity shift	1,564,863		647,365		2,102,567	
	4. Other	143,731		64,164		241,233	
	Total Extraordinary profit	3,295,879	9.6	9,263,048	18.4	7,039,247	9.6

<Translation>

	Prior 1 <sup>st</sup> Half (September 1, 2004 – February 28, 2005)		Current 1 <sup>st</sup> Half (September 1, 2005 - February 28, 2006)		Previous fiscal year summary (FY2005)	
	(thousands of yen)	(%)	(thousands of yen)	(%)	(thousands of yen)	Change (%)
VII Extraordinary loss						
1. Loss from sale of fixed assets	25		403		25	
2. Loss from sale of fixed assets	38,439		42,163		105,987	
3. Loss on sale of affiliate's stock	—		821,850		22,379	
4. Loss from investment securities revaluation	—		1,116,740		—	
5. Office relocation cost	32,883		—		45,342	
6. Amortization of consolidation difference	745,533		1,829,454		1,866,979	
7. Other	171,797		879,205		689,701	
Total extraordinary loss	988,679	2.9	4,689,817	9.3	2,730,417	3.7
Income before tax etc. (1 <sup>st</sup> Half)	6,182,281	17.9	7,378,295	14.7	11,292,528	15.4
Corporate, municipal, and business tax	1,923,350		4,103,076		4,671,108	
Corporate tax adjustments etc.	341,420		△503,391		△21,135	
Total	2,264,771	6.6	3,599,685	7.2	4,649,972	6.4
Minority interests	460,431	1.3	618,109	1.2	945,961	1.3
Net income/loss (1 <sup>st</sup> Half)	3,457,078	10.0	3,160,500	6.3	5,696,594	7.7

<Translation>

(3) Consolidated Statement of Retained Earnings

	Prior 1 <sup>st</sup> Half (September 1, 2004 – February 28, 2005)	Current 1 <sup>st</sup> Half (September 1, 2005 - February 28, 2006)	Previous fiscal year summary (FY2005)
	(thousands of yen)	(thousands of yen)	(thousands of yen)
<b>Additional paid-in capital</b>			
I Opening paid-in capital	7,990,091	25,248,461	7,990,091
II Increase in additional paid-in capital			
1. Capital raised through 3 <sup>rd</sup> party allocation of shares	—	9,323,412	11,883,674
2. New shares issued through the exercise of options	16,725	76,074	117,018
3. New shares issued through the exercise of bonds	1,390,544	1,588,466	5,257,676
Total new paid-in capital	1,407,269	10,987,953	17,258,370
III Closing interim additional paid-in capital	9,397,361	36,236,415	25,248,461
<b>Retained earnings</b>			
I Opening balance	△9,375,255	△4,007,123	△9,375,255
II Increase in retained earnings			
1. Net income (1 <sup>st</sup> half)	3,457,078	3,160,500	5,696,594
2. Increase from new consolidation	—	1,380	—
Total increase	3,457,078	3,161,881	5,696,594
III Decrease in retained earnings			
1. Dividends paid	328,462	586,574	328,462
2. Decrease from increase in consolidated subsidiaries	—	260,096	—
3. Decrease from increase in equity method companies	—	6,064	—
Total decrease	328,462	852,735	328,462
IV Closing balance	△6,246,639	△1,697,978	△4,007,123

<Translation>

(4) Segment Information

a. Business Segment Information

1<sup>st</sup> half of the fiscal year ending August 2005  
(September 1, 2004 – February 28, 2005)

	Content Business	Solutions Business	Commerce Business	Publishing Business	Total	Eliminations or Corporate	Consolidated
Sales	(Thousands of yen)						
(1) Sales from external clients	18,445,619	7,831,691	6,415,149	1,874,555	34,567,015	—	34,567,015
(2) Internal sales or transfer between segments	50,980	163,991	6,449	2,160	223,580	(223,580)	—
Total	18,496,599	7,995,682	6,421,598	1,876,715	34,790,596	(223,580)	34,567,015
Operating cost	16,266,290	6,199,504	6,099,035	1,812,165	30,376,996	533,453	30,910,450
Operating profit	2,230,309	1,796,178	322,562	64,549	4,413,599	(757,034)	3,656,565

(Note) \*Each business category is based on internal administration, market, and business structure considerations.

\*\*Primary business of each category

Category of Business	Content of Business
Contents Business	Planning, production and distribution of network contents for mobile and broadband
Solutions Business	Providing broadband system services and outsourcing system development
Commerce Business	Sales through mobile and websites
Publishing Business	Publishing of magazines and books

\*\*\*Included among operating costs is 758,935 thousand yen of elimination expenses and costs that could not be allocated. The main portion of this expense may be attributed to management costs.

1<sup>st</sup> half of the fiscal year ending August 2006  
(September 1, 2005 – February 28, 2006)

	Content Business	Solutions Business	Commerce Business	Publishing Business	Total	Eliminations or Corporate	Consolidated
Sales	(Thousands of yen)						
(1) Sales from external clients	29,073,714	13,130,944	6,720,052	1,308,937	50,233,648	—	50,233,648
(2) Internal sales or transfer between segments	40,640	198,964	26,862	1,795	268,262	(268,262)	—
Total	29,114,355	13,329,908	6,746,914	1,310,732	50,501,911	(268,262)	50,233,648
Operating cost	28,005,580	10,289,181	6,673,668	1,376,134	46,344,564	843,908	47,188,473
Operating profit	1,108,775	3,040,726	73,245	△65,401	4,157,346	(1,112,170)	3,045,175

(Note) \*Each business category is based on internal administration, market, and business structure considerations.

<Translation>

**\*\*Primary business of each category**

Category of Business	Content of Business
Contents Business	Planning, production and distribution of network contents for mobile and broadband
Solutions Business	Providing broadband system services and outsourcing system development
Commerce Business	Sales through mobile and websites
Publishing Business	Publishing of magazines and books

\*\*\*Included among operating costs is 1,104,725 thousand yen of elimination expenses and costs that could not be allocated. The main portion of this expense may be attributed to management costs.

**FY2005  
(September 1, 2004 – August 31, 2005)**

	Content Business	Solutions Business	Commerce Business	Publishing Business	Total	Eliminations or Corporate	Consolidated
(Thousands of yen)							
Sales							
(1) Sales from external clients	39,748,819	17,837,720	12,113,575	3,949,122	73,649,237	—	73,649,237
(2) Internal sales or transfer between segments	100,581	373,614	6,728	2,560	483,483	(483,483)	—
Total	39,849,400	18,211,334	12,120,304	3,951,682	74,132,721	(483,483)	73,649,237
Operating cost	37,007,705	13,492,833	11,583,959	3,837,853	65,922,351	954,770	66,877,121
Operating profit	2,841,694	4,718,501	536,344	113,828	8,210,370	(1,438,254)	6,772,116

(Note) \*Each business category is based on internal administration, market, and business structure considerations.

**\*\*Primary business of each category**

Category of Business	Content of Business
Contents Business	Planning, production and distribution of network contents for mobile and broadband
Solutions Business	Providing broadband system services and outsourcing system development
Commerce Business	Sales through mobile and websites
Publishing Business	Publishing of magazines and books

\*\*\*Included among operating costs is 1,522,669 thousand yen of elimination expenses and costs that could not be allocated. The main portion of this expense may be attributed to management costs.

<Translation>

## b. Geographical Segment Information

1<sup>st</sup> half of the fiscal year ending August 2005  
(September 1, 2004 – February 28, 2005)

	Japan	North America	Europe	Other	Total	Elimination or corporate	Consolidated
Sales	(thousands of yen)						
(1) Sales from external clients	24,117,374	444,877	9,691,666	313,096	34,567,015	–	34,567,015
(2) Internal sales or transfer between segments	1,071	–	479	–	1,550	(1,550)	–
Total	24,118,445	444,877	9,692,146	313,096	34,568,566	(1,550)	34,567,015
Operating cost	20,756,703	718,501	8,421,443	275,784	30,172,432	738,017	30,910,450
Operating profit or loss (△)	3,361,742	△273,623	1,270,702	37,312	4,396,134	(739,568)	3,656,565

(Note) 1) Regions have been categorized based on their geographic location.

2) Regions outside of Japan:

North America: America

Europe: France, England, Germany, Spain, Italy

Other: Morocco, Thailand, South Korea

3) Included among operating costs is 758,935 thousand yen of elimination expenses and costs that could not be allocated. The main portion of this expense may be attributed to management costs.

1<sup>st</sup> half of the fiscal year ending August 2006  
(September 1, 2005 – February 28, 2006)

	Japan	North America	Europe	Asia	Other	Total	Elimination or corporate	Consolidate
Sales	(thousands of yen)							
(1) Sales from external clients	37,143,911	543,902	10,511,053	2,011,607	23,174	50,233,648	–	50,233,648
(2) Internal sales or transfer between segments	316	–	15,737	–	–	16,053	(16,053)	–
Total	37,144,227	543,902	10,526,791	2,011,607	23,174	50,249,702	(16,053)	50,233,648
Operating cost	33,329,833	863,574	10,076,703	1,802,245	27,528	46,099,885	1,088,588	47,188,473
Operating profit or loss (△)	3,814,394	△319,671	450,087	209,361	△4,354	4,149,817	△1,104,642	3,045,175

(Note) 1) Regions have been categorized based on their geographic location.

2) Regions outside of Japan:

North America: America, Canada

Europe: France, England, Germany, Spain, Portugal, Italy

Asia: China, South Korea, Thailand, Indonesia

Other: Morocco

3) Included among operating costs is 1,104,725 thousand yen of elimination expenses and costs that could not be allocated. The main portion of this expense may be attributed to management costs.

<Translation>

FY2005

(September 1, 2004 – August 31, 2005)

	Japan	North America	Europe	Asia	Other	Total	Elimination or corporate	Consolidated
Sales	(thousands of yen)							
(1) Sales from external clients	51,429,845	1,090,584	19,948,203	1,124,755	55,848	73,649,237	—	73,649,237
(2) Internal sales or transfer between segments	10,432	—	22,763	—	—	33,196	(33,196)	—
Total	51,440,278	1,090,484	19,970,966	1,124,755	55,848	73,682,434	(33,196)	73,649,237
Operating cost	44,161,115	1,814,070	18,223,098	1,091,725	97,007	65,387,017	1,490,104	66,877,121
Operating profit or loss	7,279,163	△723,485	1,747,868	33,030	△41,159	8,295,416	(1,523,300)	6,772,116

(Note) 1) Regions have been categorized based on their geographic location.

2) Regions outside of Japan:

North America: America

Europe: France, England, Germany, Spain, Luxembourg, Italy

Asia: China, South Korea, Thailand

Other: Morocco

3) Included among operating costs is 1,522,669 thousand yen of elimination expenses and costs that could not be allocated. The main portion of this expense may be attributed to management costs.

<Translation>

c. International Sales

1<sup>st</sup> half of the fiscal year ending August 2005  
(September 1, 2004 – February 28, 2005)

	Europe	Other	Total
I. International sales (Thousands of yen)	9,755,429	2,058,796	11,814,225
II. Consolidated sales (Thousands of yen)			34,567,015
III. International sales as a percentage of consolidated sales (%)	28.22	5.96	34.18

(Note) 1) Regions have been categorized based on their geographic location.

1<sup>st</sup> half of the fiscal year ending August 2006  
(September 1, 2005 – August 31, 2006)

	Europe	Other	Total
I. International sales (Thousands of yen)	9,896,206	5,935,651	15,831,858
II. Consolidated sales (Thousands of yen)			50,233,648
III. International sales as a percentage of consolidated sales (%)	19.7	11.8	31.5

(Note) 1) Regions have been categorized based on their geographic location.

FY 2005  
(September 1, 2004 – August 31, 2005)

	Europe	Other	Total
I. International sales (Thousands of yen)	20,048,641	2,358,879	22,407,520
II. Consolidated sales (Thousands of yen)			73,649,237
III. International sales as a percentage of consolidated sales (%)	27.22	3.20	30.42

(Note) 1) Regions have been categorized based on their geographic location.

(End of document)