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Report for the Third Quarter of the Fiscal Year Ending August 2006 (Consolidated)

July 18, 2006

Company Name: Index Holdings
(formerly Index Corporation)

URL: www.index-hd.com

Securities Code: No. 4835, JASDAQ

Representative: Yoshimi Ogawa, President

Contact: Atsushi Hori, Director: Administration Division

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(Note) On June 1, 2006 Index Holdings' name was changed in accordance with a decision made at the April 27, 2006 extraordinary shareholders' meeting.

1. 3rd Quarter Financial Information Facts

- ① No accounting methods have changed from recent fiscal year consolidations
- ② Changes in the scope of consolidation and adoption of equity method:
Consolidated Subsidiaries: 13 companies (deselected: 3 companies)
Equity method affiliates: 1 company (deselected: 1 company)

2. 3rd Quarter Earnings Performance Overview

(3rd Quarter FY2006: September 1, 2005 – May 31, 2006)

(note) Amounts shown in this report for the 3rd Quarter are not audited

(1) Consolidated Operating Results

	Sales	Operating Income	Ordinary Income
	(millions of yen) (%)	(millions of yen) (%)	(millions of yen) (%)
3 rd Quarter of the fiscal year ending August 2006	79,335 (50.5)	4,674 (△14.4)	4,410 (△21.5)
3 rd Quarter of the fiscal year ended August 2005	52,721 (125.0)	5,460 (120.5)	5,618 (124.3)
(note) FY2005	73,649	6,772	6,983

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	3 rd Quarter Net Profit	3 rd Quarter Net Profit Per Share	3 rd Quarter Earnings Per Share After Adjustment
	millions of yen (%)	yen	yen
3 rd Quarter of the fiscal year ending August 2006	2,872 (△43.8)	1,397 66	1,345 35
3 rd Quarter of the fiscal year ended August 2005	5,112 (—)	6,137 90	5,508 26
(note) FY2005	5,696	6,618 70	6,002 53

(2) Consolidated Financials

	Total assets	Shareholders' equity	Shareholders' equity as a percentage of total assets	Shareholders' equity per share
	(millions of yen)		%	(Yen)
3 rd Quarter of the fiscal year ending August 2006	159,033	93,417	51.6	43,976.44
3 rd Quarter of the fiscal year ended August 2005	108,286	30,205	27.9	35,644.70
(note) FY2005	127,208	57,572	45.3	58,890.63

3. Consolidated performance forecast for the fiscal year ending August 2006
(FY2006: September 1, 2005 - August 31, 2006)

	Sales	Ordinary profit	Net profit
	(Millions of yen)		
Full term	110,000	8,155	6,100

(note)

The above performance forecast is contingent upon the information, future business prospects, and assumptions available on the day of this document's publication. Actual results may be influenced by various factors.

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1. Background Information

Consolidated Management Performance Update

① 3rd Quarter Consolidated Background

The Japanese economy has been impacted by concerns over rising oil prices during the 3rd Quarter of Index Holdings' 2006 fiscal year (September 1, 2005 - August 31, 2006), yet nationally, capital investment and consumer spending are on the rise, and the continued economic recovery is reflected in the overall improvement of corporate earnings.

Index Holdings is closely tied to services in the mobile phone industry. At the end of May 2005, approximately 92.2 million mobile phone and PHS contracts were active in Japan. At the close of May 2006, this figure had undergone stable growth to reach 97.31 million contracts, an increase of 5.5%. At the end of May 2005, the number of contracts connecting to mobile IP stood at 75.9 million. This figure climbed to 80.47 million at the end of May 2006, for a considerable increase of 6.0%. (source: Telecommunications Carriers Association)

Mobile phone and PHS contract figures are now entering a period of slower growth. However, as the diversification of handset functions and upgrades to existing functions (Java, GPS, video, memory-cards, data transmission speed, short distance wireless technologies, etc.) continue to advance, mobile is beginning to occupy a more central role in day to day life.

The Index Group's business scope has also experienced significant growth, and undergone reinforcement through a series of business acquisitions. Today, the Group not only distributes mobile content, but also drives the expansion of a range of mobile connected industries, including Solutions and Commerce businesses. In order to successfully navigate these industry changes, further stimulate the Index Group's competitive strength, and fortify Group management, the extraordinary shareholders' meeting held on April 27, 2006 approved a resolution to reorganize the Index Group into a holding company structure. These business conditions yielded consolidated 3rd Quarter sales of 79,335 million yen (an increase of 50.5% over the same period the previous year), ordinary profit of 4,410 million yen (a decrease of 21.5% compared to the same period the previous year), and net profit of 2,872 million yen (a decrease of 43.8% compared to the same period the previous year).

2. Performance Background

Please see below for recent business performance by segment.

① Content Business

The profitability of developing client content and original content geared for domestic mobile terminals continued to improve. Sales contributions from subsidiary companies like Nikkatsu and Madhouse, which develop content for platforms outside of mobile, also continued to grow. Collectively, content sales of 45,391 million yen represent a 61.7% increase over the same period the previous year.

② Solutions Business

The number of clients and the industries demanding system development solutions and broadband related services also grew at a steady pace. Complemented by the strengthening of internal organization, the Solutions business experienced further

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growth. Sales of 21,016 million yen represent a 68.3% increase over the same period the previous year.

③ Commerce Business

Mobile commerce sales have continued to steadily grow and are forecast for greater expansion. Furthermore, the unification of business elements within the Index Group's Commerce segment will result in greater business efficiency. Sales of 10,832 million yen represent a 13.3% increase over the same period the previous year.

④ Publishing Business

Business in partnership with the advertising and commerce fields performed well, but the poor performance of a series of new magazines and publications resulted in a significant number of returned goods. Sales of 2,546 million yen represent a 12% decline over the same period the previous year.

Please see below for recent business performance by region:

① Japan

The Content and Solutions businesses each underwent growth behind the success of both client and consumer markets. Sales of 59,323 million yen represent a 63.3% increase over the same period the previous year.

② North America

North America's Content market has been undergoing expansion, while the Index Group has been focused on strengthening the market's game applications for carriers and messaging linked with broadcasting. Sales have now reached 815 million yen, an increase of 7.3% over the previous year.

③ Europe

The scale of business expansion in the European market has been sluggish due in part to the slow conversion of users to 3G handsets, which has also lead to a revision of sales promotion techniques. In these evolving circumstances, Index Multimedia SA strengthened its market position with the acquisition of Wonderphone TV SA, a mobile video production and distribution company with exclusive contracts with two of France's largest mobile phone carriers. Sales increased by 4.8% over the previous year to reach 15,868 million yen.

④ Asia

Skyinfo Telecom Technology Co., Ltd. and WAM CHINA, two China based mobile content provider subsidiaries, are making contributions to the Index Group's performance. Sales of 3,318 million yen represent a 597.2% increase over the same period the previous year.

Consolidated Financial Information

Index Holdings' total assets at the end of the 2006 fiscal year's 3rd Quarter stood at 159,033 million yen, an increase of 31,824 million yen over the end of the 2005 fiscal year. A large part

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of the increase is attributable to the first time consolidation of several new subsidiary companies (15,432 million yen increase over the end of the 2005 fiscal year). Also largely attributable to the newly consolidated subsidiaries is an increase of 3,133 million yen in notes and accounts receivable over the end of the 2005 fiscal year, a 5,108 million yen increase in inventory assets over the end of the 2005 fiscal year, an increase of 3,062 million yen in fixed assets over the end of the 2005 fiscal year.

Consolidated net assets increased by 27,443 million yen over the end of the 2005 fiscal year to 93,417 million yen. The increase can be traced primarily to a third party allocation of shares carried out in October 2005 and the exercise of subscription rights to new shares. Additional paid-in-capital increased by 11,125 million yen over the end of the 2005 fiscal year.

Performance Forecast

3rd Quarter performance was roughly in line with the consolidated forecast adjustment for the 2006 fiscal year issued on April 19, 2006, and the forecast issued in the consolidated interim performance announcement of April 28, 2006. No new forecast adjustment will be made at this time.

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Attachment:

1. Consolidated Financial Statement

① Consolidated Balance Sheet

(unit: thousands of yen)

	Previous 3 rd Quarter (May 31, 2005)	Current 3 rd Quarter (May 31, 2006)	Change Over Previous 3 rd Quarter		(note) Previous Fiscal Year (August 31, 2005)
	amount	amount	amount	(%)	amount
Assets					
I Current assets					
1. Cash & bank deposits	19,867,038	22,301,540	2,434,502		21,136,481
2. Notes & accounts receivable	19,615,962	24,243,457	4,627,495		21,109,852
3. Marketable securities	7,366,194	169,004	△7,197,190		6,514,341
4. Inventories	4,225,685	9,759,409	5,533,724		4,650,838
5. Deferred income taxes	162,867	1,059,820	896,953		463,803
6. Other	3,000,089	9,486,690	6,486,601		6,217,577
7. Special account for receivables on goods returned	△34,028	△35,185	△1,156		△35,065
Allowance for doubtful receivables	△52,955	△67,908	△14,952		△105,270
Total current assets	54,150,851	66,916,829	12,765,977	23.6	59,952,561
II Fixed assets:					
1. Property, plant & equipment:					
(1)Buildings & Structures	270,535	1,555,034	1,284,499		290,980
(2)Machinery & vehicles	27,298	254,619	227,320		69,732
(3)Land	229,565	701,572	472,007		164,821
(4)Other	831,446	2,331,843	1,500,396		1,255,216
Total property, plant and equipment	1,358,846	4,843,070	3,484,224	256.4	1,780,750
2. Intangible assets:					
(1)Goodwill	121,571	283,923	162,352		102,939
(2)Software	1,306,990	1,680,699	373,708		1,499,766
(3)Software temp. account	51,180	93,788	42,607		40,726
(4)Consolidation goodwill	3,361,052	30,097,191	26,736,138		14,664,686
(5)Other	82,832	1,478,892	1,396,060		698,714
Total intangible assets	4,923,627	33,634,496	28,710,868	583.1	17,006,833
3. Investments & other assets					
(1)Investment securities	46,448,171	51,137,980	4,689,809		46,892,585
(2)Long-term loans receivable	146,870	206,958	60,088		132,315
(3)Deferred income taxes	71,278	301,104	229,825		253,407
(4)Other assets	1,191,965	2,045,956	853,990		1,201,788
Allowance for doubtful receivables	△37,165	△61,273	△24,108		△37,165
Total investments & other assets	47,821,119	53,630,726	5,809,606	12.2	48,442,932

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Total fixed assets	54,103,593	92,108,292	38,004,699	70.2	67,230,516
III Deferred assets:					
1. Bond issuance cost	31,558	8,186	△23,372		25,247
Total deferred assets	31,558	8,186	△23,372	△74.1	25,247
Total assets	108,286,003	159,033,308	50,747,304	46.9	127,208,324

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(unit: thousands of yen)

	Previous 3 rd Quarter (May 31, 2005)	Current 3 rd Quarter (May 31, 2006)	Change Over Previous 3 rd Quarter		(note) Previous Fiscal Year (August 31, 2005)
	amount	amount	amount	(%)	amount
Liabilities					
I Current liabilities					
1. Notes and accounts payable	9,190,226	14,759,486	5,569,259		13,228,888
2. Short-term bank loans	17,279,579	23,089,921	5,810,341		20,573,581
3. Income taxes payable	2,725,578	2,768,971	43,392		3,189,883
4. Deferred income taxes	110,717	67,420	△43,297		285,804
5. Accrued bonuses	41,138	253,965	212,826		112,466
6. Reserve for loss on returned goods	147,689	70,306	△77,383		132,775
7. Other current liabilities	4,209,310	11,095,460	6,886,150		4,131,677
Total current liabilities	33,704,242	52,105,531	18,401,289	54.6	41,655,078
II Fixed liabilities					
1. Bonds	22,160,000	1,349,900	△20,810,100		4,689,900
2. Long-term debt	4,305,743	1,753,578	△2,552,164		3,922,949
3. Deferred income taxes	8,657,647	6,344,794	△2,312,852		7,632,490
4. Retirement benefits	73,371	518,170	444,798		52,430
5. Executive retirement allowance	22,304	73,730	51,426		21,092
6. Other fixed liabilities	1,000,615	3,470,072	2,469,456		3,261,895
Total fixed liabilities	36,219,682	13,510,247	△22,709,435	△62.7	19,580,757
Total liabilities	69,923,924	65,615,778	△4,308,146	△6.2	61,235,836
(Minority interests)					
Minority interests	8,156,546	—	—	—	8,399,563
(Shareholders' equity)					
I Capital stock	10,734,095	—	—	—	24,901,682
II Additional paid-in capital	11,080,913	—	—	—	25,248,461
III Retained earnings	△4,590,823	—	—	—	△4,007,123
IV Net unrealized holding (loss)gain on securities	12,808,573	—	—	—	11,369,723
V Translation adjustments	279,387	—	—	—	169,783
VI Treasury stock	△106,613	—	—	—	△109,602
Total shareholders' equity	30,205,532	—	—	—	57,572,924
Total liabilities and shareholders' equity	108,286,003	—	—	—	127,208,324

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(unit: thousands of yen)

	Previous 3 rd Quarter (May 31, 2005)	Current 3 rd Quarter (May 31, 2006)	Change Over Previous 3 rd Quarter		(note) Previous Fiscal Year (August 31, 2005)
	amount	amount	amount	(%)	amount
(Net assets)				%	
I Shareholders' equity					
1. Capital stock	—	36,027,000	—	—	—
2. Capital surplus	—	36,373,760	—	—	—
3. Retained earnings	—	△1,574,732	—	—	—
4. Treasury stock	—	△110,832	—	—	—
Total shareholders' equity	—	70,715,196	—	—	—
II Account • Balance exchange etc.					
1. Net unrealized holding (loss)gain on securities	—	9,466,553	—	—	—
2. Translation adjustments	—	1,835,102	—	—	—
Account • Total balance exchange etc.	—	11,301,656	—	—	—
III Share warrant	—	993	—	—	—
IV Minority interests	—	11,399,683	—	—	—
Total net assets	—	93,417,529	—	—	—
Total Liabilities - Assets	—	159,033,308	—	—	—

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② 3rd Quarter Consolidated Earnings Statement

(unit: thousands of yen)

	Previous 3 rd Quarter (May 31, 2005)	Current 3 rd Quarter (May 31, 2006)	Change Over Previous 3 rd Quarter		(note) Previous Fiscal Year (August 31, 2005)
	amount	amount	amount	(%)	amount
I Sales	52,721,152	79,335,793	26,614,640	50.5	73,649,237
II Cost of sales	31,684,957	51,213,675	19,528,717	61.6	44,883,197
Gross profit	21,036,195	28,122,117	7,085,922	33.7	28,766,040
III Selling, general and administrative expenses	15,575,673	23,448,101	7,872,428	50.5	21,993,924
Operating income	5,460,521	4,674,015	△786,505	△14.4	6,772,116
IV Other income	300,789	437,299	136,509	45.4	568,902
V Other expenses	142,582	701,282	558,700	391.8	357,319
Ordinary income	5,618,728	4,410,032	△1,208,696	△21.5	6,983,699
VI Extraordinary profit	6,601,787	9,774,530	3,172,743	48.1	7,039,247
VII Extraordinary loss	2,010,660	7,526,101	5,515,440	274.3	2,730,417
Net profit before income taxes and minority interests	10,209,855	6,658,461	△3,551,393	△34.8	11,292,528
Income taxes – current	4,089,708	4,247,360	157,651	3.9	4,671,108
Income taxes - deferred	346,911	△1,190,232	△1,537,144	—	△21,135
Minority interests	660,341	728,507	68,166	10.3	945,961
3 rd Quarter net profit	5,112,894	2,872,826	△2,240,067	△43.8	5,696,594

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③ Statement of consolidated shareholders' equity

3rd Quarter consolidated accounts (September 1, 2005 – May 31, 2006)

(unit: thousands of yen)

	Shareholders' equity				
	Capital	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance - August 31, 2005	24,901,682	25,248,461	△4,007,123	△109,602	46,033,418
3 rd Quarter changes					
New shares issued	11,125,318	11,125,298	—	—	22,250,616
Surplus dividend	—	—	△586,574	—	△586,574
Current net profit	—	—	2,872,826	—	2,872,826
Consolidated subsidiary increase	—	—	△109,764	—	△109,764
Equity method affiliate increase	—	—	△6,064	—	△6,064
Equity method affiliate decrease	—	—	261,969	—	261,969
Treasury stock acquisition	—	—	—	△1,230	△1,230
Total consolidated changes besides shareholders' equity items	—	—	—	—	—
Total 3 rd Quarter amount change	11,125,318	11,125,298	2,432,391	△1,230	24,681,778
Balance - May 31, 2006	36,027,000	36,373,760	△1,574,732	△110,832	70,715,196

3rd Quarter consolidated accounts (September 1, 2005 – May 31, 2006)

(unit: thousands of yen)

	Assessment • Exchange difference etc.			Share warrant	Minority interests	Total net assets
	Variance on other stocks & bonds	Exchange conversion adjustment account	Total Assessment • Exchange difference			
Balance - August 31, 2005	11,369,723	169,783	11,539,506	1,688	8,399,563	65,974,176
3 rd Quarter changes						
New shares issued	—	—	—	—	—	22,250,616
Surplus dividend	—	—	—	—	—	△586,574
Current net profit	—	—	—	—	—	2,872,826

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Consolidated subsidiary increase	—	—	—	—	—	△109,764
Equity method affiliate increase	—	—	—	—	—	△6,064
Equity method affiliate decrease	—	—	—	—	—	261,969
Treasury stock acquisition	—	—	—	—	—	△1,230
Total consolidated changes besides shareholders' equity items	△1,903,169	1,665,319	△237,850	△694	3,000,120	2,761,575
Total 3 rd Quarter amount change	△1,903,169	1,665,319	△237,850	△694	3,000,120	27,443,353
Balance - May 31, 2006	9,466,553	1,835,102	11,301,656	993	11,399,683	93,417,529

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2. Segment Information

1) Business segment information

FY2005: 3rd Quarter consolidated accounts (September 1, 2004 – May 31, 2005)

(unit: thousands of yen)

	Content	Solutions	Commerce	Publishing	Total	Elimination	Consolidated
Sales							
(1)Sales from external clients	28,012,962	12,264,368	9,554,342	2,889,479	52,721,152	—	52,721,152
(2)Internal sales or transfer between segments	57,838	224,287	6,518	2,560	291,203	(291,203)	—
Total	28,070,800	12,488,656	9,560,860	2,892,039	53,012,356	(291,203)	52,721,152

FY2006: 3rd Quarter consolidated accounts (September 1, 2005 – May 31, 2006)

(unit: thousands of yen)

	Content	Solutions	Commerce	Publishing	Total	Elimination	Consolidated
Sales							
(1)Sales from external clients	45,295,474	20,702,670	10,792,950	2,544,698	79,335,793	—	79,335,793
(2)Internal sales or transfer between segments	96,393	313,878	39,393	1,795	451,460	(451,460)	—
Total	45,391,867	21,016,548	10,832,344	2,546,493	79,787,254	(451,460)	79,335,793

(note) FY2005: (September 1, 2004 – August 31, 2005)

(unit: thousands of yen)

	Content	Solutions	Commerce	Publishing	Total	Elimination	Consolidated
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

(note)

1. Each business category is based on internal administration, market, and business structure considerations.
2. 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

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2) Geographical Segment Information

FY2005: 3rd Quarter consolidated accounts (September 1, 2004 – May 31, 2005)

(unit: thousands of yen)

	Japan	North America	Europe	Asia	Other	Total	Elimination	Consolidated
Sales								
(1)Sales from external clients	36,320,153	760,064	15,117,536	475,978	47,419	52,721,152	—	52,721,152
(2)Internal sales or transfer between segments	1,071	—	19,133	—	—	20,204	(20,204)	—
Total	36,321,224	760,064	15,136,669	475,978	47,419	52,741,357	(20,204)	52,721,152

FY2006: 3rd Quarter consolidated accounts (September 1, 2005 – May 31, 2006)

(unit: thousands of yen)

	Japan	North America	Europe	Asia	Other	Total	Elimination	Consolidated
Sales								
(1)Sales from external clients	59,320,719	815,846	15,851,920	3,318,521	28,785	79,335,793	—	79,335,793
(2)Internal sales or transfer between segments	2,511	—	16,601	—	—	19,112	(19,112)	—
Total	59,323,230	815,846	15,868,522	3,318,521	28,785	79,354,906	(19,112)	79,335,793

(note) FY2005: (September 1, 2004 – August 31, 2005)

(unit: thousands of yen)

	Japan	North America	Europe	Asia	Other	Total	Elimination	Consolidated
Sales								
(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	1,090,584	19,970,966	1,124,755	55,848	73,682,434	(33,196)	73,649,237

(note) Business regions outside of Japan have been categorized as follows:

North America: America, Canada

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

Asia: China, South Korea, Thailand, Indonesia, others

Other: Morocco

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3) Overseas Sales

FY2005 3rd Quarter consolidated accounts (September 1, 2004 – May 31, 2005)

(unit: thousands of yen)

	Europe	Other	Total
I Overseas Sales	15,214,255	3,110,426	18,324,681
II Consolidated Sales	—	—	52,721,152
III Overseas sales as a percentage of consolidated sales (%)	28.9	5.9	34.8

FY2006: 3rd Quarter consolidated accounts (September 1, 2005 – May 31, 2006)

(unit: thousands of yen)

	Europe	Other	Total
I Overseas Sales	15,911,872	7,961,909	23,873,782
II Consolidated Sales	—	—	79,335,793
III Overseas sales as a percentage of consolidated sales (%)	20.1	10.0	30.1

(note) FY2005: (September 1, 2004 – August 31, 2005)

(unit: thousands of yen)

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