



October 30, 2006

Consolidated earnings report for the 2006 fiscal year

Index Holdings
(Securities Code No. 4835, JASDAQ)

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US Accounting Standard: None

(note) The Index Holdings company name changed as of June 1, 2006 following a resolution from the extraordinary shareholders meeting of April 27, 2006.

1. Consolidated results for the 2006 fiscal year
(September 1, 2005 – August 30, 2006)

(1) Consolidated operating results

(*figures rounded to the lowest million)

	Sales		Operating Profit		Ordinary Profit	
	million yen	%	million yen	%	million yen	%
2006 FY	111,685	(51.6)	6,173	(-8.8)	6,651	(-4.8)
2005 FY	73,649	(88.2)	6,772	(89.3)	6,983	(95.0)

	Net Profit		EPS	EPS (diluted)	ROE	ROA	Ordinary Profit to Sales Ratio
	million yen	%	yen	yen	%	%	%
2006 FY	3,070	(-46.1)	1,481	1,422	4.6	4.6	6.0
2005 FY	5,696	(-)	6,618	6,002	17.4	7.8	9.5

(note) 1. Investment loss on equity method:
2006 FY -242 million yen
2005 FY 1 million yen

2. Average number of outstanding shares for the period:
2006 FY 2,072,856 shares
2005 FY 860,682 shares

3. Change in accounting methods:
Yes

<Translation>

(2) Consolidated financial standing

(*figures rounded to the lowest million)

	Total Assets	Net Assets	Capital Ratio	Net Assets Per Share
	million yen	million yen	%	yen
2006 FY	161,737	86,531	47.0	35,788
2005 FY	127,208	57,572	45.3	58,890

(note) 1. Outstanding shares as of term's end:

2006 FY	2,125,208 shares
2005 FY	977,624 shares

(3) Consolidated cash flow standing

(*figures rounded to the lowest million)

	Cash Flow from Operating Activities	Cash Flow from Investment Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at End of the Period
	million yen	million yen	million yen	million yen
2006 FY	-5,420	-25,202	26,138	24,066
2005 FY	-4,528	-36,794	50,619	27,506

(4) Consolidated company and equity method detail

Consolidated subsidiaries: 70 companies

Unconsolidated subsidiaries accounted for by the equity method: 0 companies

Affiliates accounted for by the equity method: 5 companies

(5) Changes in consolidated company and equity method detail

Consolidated (new): 20 companies

Excluded from consolidation: 5 companies

Accounted for by the equity method (new): 1 company

Excluded from equity method: 1 company

2. Consolidated performance forecast for the fiscal year ending August 2007

(September 1, 2006 – August 31, 2007)

	Sales	Ordinary Profit	Net Profit
	million yen	million yen	million yen
Interim	60,000~70,000	3,000~4,000	1,500~2,500
Full Year	135,000~140,000	7,000~9,000	3,500~6,000

(reference) Forecast EPS for the 2007 fiscal year: 1,646.90 – 2,823.25 yen

<Translation>

****Performance forecasts are based on information, future business prospects, and assumptions made at the time of this document's publication. Actual results may vary.**

<Translation>

	Previous Fiscal Year (FY August 2005)		Latest Fiscal Year (FY August 2006)		Change on Year (millions of yen)
	(millions of yen)	(%)	(millions of yen)	(%)	
Assets					
I Current Assets					
1. Cash & bank deposits	21,136		23,273		
2. Notes and accounts receivable - trade	21,109		27,279		
3. Marketable securities	6,514		1,061		
4. Inventories	4,650		8,762		
5. Deferred tax assets	463		1,286		
6. Other current assets	6,217		9,535		
7. Special account for returnable loans	△35		△38		
Allowance for doubtful receivables	△105		△246		
Total current assets	59,952	47.1	70,913	43.8	10,961
II Fixed assets					
1. Property, plant & equip.					
(1) Buildings & structures	290		1,662		
(2) Machinery & vehicles	69		262		
(3) Property	164		679		
(4) Other	1,255		2,021		
Total fixed assets	1,780	1.4	4,624	2.9	2,843
2. Intangible assets					
(1) Goodwill	102		253		
(2) Software	1,499		1,365		
(3) Software in progress	40		424		
(4) Consol. adjust goodwill	14,664		25,259		
(5) Other	698		1,648		
Total intangible assets	17,006	13.4	28,949	17.9	11,942
3. Investments & other assets					
(1) Investment securities	46,892		54,575		
(2) Long-term loans receivable	132		290		
(3) Deferred tax liabilities	253		302		
(4) Other assets	1,201		2,168		
Allowance for doubtful receivables	△37		△86		
Total investment & other assets	48,442	38.1	57,250	35.4	8,807
Total fixed assets	67,230	52.9	90,824	56.2	23,594
III Deferred assets					
1. Bond issue	25		—		
Total deferred charges	25	0.0	—	—	△25
Total assets	127,208	100.0	161,737	100.0	34,529

<Translation>

	Previous Fiscal Year (FY August 2005)		Latest Fiscal Year (FY August 2006)		Change on Year (millions of yen)
	(millions of yen)	(%)	(millions of yen)	(%)	
Liabilities					
I Current liabilities					
1. Notes and accounts payable	13,228		14,664		
2. Short-term bank loans	20,573		30,427		
3. Other accounts payable	—		10,070		
4. Income taxes payable	3,189		9,055		
5. Accrued bonuses	112		258		
6. Deferred tax liability	285		65		
7. Reserve for loss on returned goods	132		88		
8. Other current liabilities	4,131		3,814		
Total current liabilities	41,655	32.7	68,441	42.3	26,786
II Fixed liabilities					
1. Bonds	4,689		1,522		
2. Long-term debt	3,922		1,047		
3. Retirement benefits	52		552		
4. Directors' retirement allowance	21		24		
5. Deferred tax liabilities	7,632		1,472		
6. Other fixed liabilities	3,261		2,143		
Total fixed liabilities	19,580	15.4	6,764	4.2	△12,816
Total liabilities	61,235	48.1	75,205	46.5	13,970
Minority interests					
Minority interests	8,399	6.6	—	—	△8,399
Shareholders' equity					
I Capital	24,901	19.6	—	—	△24,901
II Additional paid-in-capital	25,248	19.8	—	—	△25,248
III Retained earnings	△4,007	△3.0	—	—	4,007
IV Balance on securities revaluation	11,369	8.9	—	—	△11,369
V Currency adjustment	169	0.1	—	—	△169
VI Treasury stock	△109	△0.1	—	—	109
Total shareholders' equity	57,572	45.3	—	—	△57,572
Total liabilities and shareholders' equity	127,208	100.0	—	—	127,208

<Translation>

	Previous Fiscal Year (FY August 2005)		Latest Fiscal Year (FY August 2006)		Change on Year
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)
Net assets					
I Shareholders' equity					
1. Capital	—	—	36,027	22.3	36,027
2. Capital surplus	—	—	36,374	22.5	36,374
3. Accumulated earnings	—	—	△1,714	△1.1	△1,714
4. Treasury stock	—	—	△110	△0.1	△110
Total shareholders' equity	—	—	70,575	43.6	70,575
II Exchange rate effect					
1. Other revaluation of securities	—	—	3,113	1.9	3,113
2. Currency adjustment account	—	—	2,369	1.5	2,369
Total exchange rate effect	—	—	5,482	3.4	5,482
III Minority shareholders' equity	—	—	10,473	6.5	10,473
Total net assets	—	—	86,531	53.5	86,531
Total liability & assets	—	—	161,737	100.0	161,737

<Translation>

	Previous Fiscal Year (FY August 2005)		Latest Fiscal Year (FY August 2006)		Change on Year (millions of yen)		
	(millions of yen)	(%)	(millions of yen)	(%)			
I Net sales		73,649	100.0		111,685	100.0	38,035
II Cost of sales		44,878	60.9		73,639	66.0	28,761
Gross profit		28,771	39.1		38,045	34.0	9,273
Provision for sales returns		5	0.0		30	0.0	24
Gross profit on sales balance		28,766	39.1		38,015	34.0	9,249
III Administrative and selling expenses							
1. Executive compensation	591			961			
2. Payroll benefits	3,893			6,101			
3. Allowance for bad debt	—			134			
4. Account for returned goods	62			—			
5. Provision for bonuses	84			153			
6. Sales promotion cost	8,227			11,881			
7. Retirement benefits	3			91			
8. Directors' retirement benefits	6			3			
9. Commission paid	799			991			
10. Other	8,324	21,993	29.9	11,526	31,841	28.5	9,848
Operating profit		6,772	9.2		6,173	5.5	△598
IV Nonoperating income							
1. Interest earned	107			120			
2. Dividends earned	48			158			
3. Equity method investment gain	1			—			
4. Foreign exchange profit	142			4			
5. Profit on securities sold	87			215			
6. Gain on sale of investments in securities	—			660			
7. Other	181	568	0.8	220	1,377	1.3	808
V. Nonoperating costs							
1. Interest paid	138			314			
2. Amortization of bond issue cost	25			28			
3. Issue of new shares	141			112			
4. Investment loss on equity method	—			242			
5. Other	51	357	0.5	203	899	0.8	541
Ordinary profit		6,983	9.5		6,651	6.0	△332

<Translation>

	Previous Fiscal Year (FY August 2005)		Latest Fiscal Year (FY August 2006)		Change on Year (millions of yen)	
	(millions of yen)	(%)	(millions of yen)	(%)		
VI Extraordinary profit						
1. Equity change	2,102		1,241			
2. Profit from sale of affiliate stock	3,316		508			
3. Profit from sale of investment securities	1,379		21,399			
4. Other	241	7,039	178	23,326	20.9	16,287
VII Extraordinary loss						
1. Loss from sale of fixed assets	0		4			
2. Loss on retired fixed assets	105		273			
3. Loss on depletion	—		5,988			
4. Loss on investment securities	—		2,474			
5. Loss on retired inventory	218		514			
6. Loss on business withdrawal	—		2,351			
7. Amortization of consolidation difference	1,866		2,655			
8. Other	538	2,730	3,731	17,990	16.1	15,260
Income before tax etc. (FY)		11,292		11,987	10.7	694
Corporate, municipal and business tax	4,671		10,513			
Corporate tax adjustments etc.	△21	4,649	△2,072	8,441	7.5	3,791
Minority interests		945		474	0.4	△471
Net income for the year		5,696		3,070	2.8	△2,625

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