



April 27, 2007

Consolidated Interim Financial Results

Index Holdings

(Securities Code No. 4835, JASDAQ)

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*Not conducted under North American accounting standards

1. Consolidated Operating Results for the Interim Period for the 2007 Fiscal Year
(September 1, 2006 - February 28, 2007)

(1) Consolidated Operating Results (*figures rounded to the lowest million yen)

	Sales	Operating profit	Ordinary profit
	(Millions of yen) %	(Millions of yen) %	(Millions of yen) %
1 st half FY2007	63,524 (26.5)	881 (Δ71.1)	2,720 (Δ3.0)
1 st half FY2006	50,233 (45.3)	3,045 (Δ16.7)	2,805 (Δ27.6)
FY2006	111,685	6,173	6,651

	Net income (1 st half)	Earnings per share (1 st half)	Earnings per share fully diluted (1 st half)
	(Millions of yen) %	(yen)	(yen)
1 st half FY2007	Δ6,240 (-)	Δ2,934.77	-
1 st half FY2006	3,160 (Δ8.6)	1,564.09	1,502.95
FY2006	3,070	1,481.49	1,422.92

(*note)

1) Loss on investments in non-consolidated subsidiaries and affiliates accounted for by equity method:

Interim 2007:	Δ64 million yen
Interim 2006:	Δ237 million yen
FY2006:	Δ242 million yen

2) Average number of outstanding shares at midterm (consolidated)

Interim 2007:	2,126,470 shares
Interim 2006:	2,020,660 shares
FY2006:	2,072,856 shares

<Translation>

(2) Consolidated Financial Positions

	Total assets	Shareholders' equity	Shareholders' equity as a % of total assets	Shareholders' equity per share
	(Millions of yen)	(Millions of yen)	%	(yen)
1 st half FY2007	183,837	88,421	38.8	33,565.33
1 st half FY2006	155,087	84,905	54.7	40,014.47
FY2006	161,737	86,531	47.0	35,788.84

(*note)

1) Number of outstanding shares at term's end (consolidated)

Interim 2007: 2,127,592 shares

Interim 2006: 2,121,874 shares

FY2006: 2,125,208 shares

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
1 st half FY2007	Δ7,868	Δ5,997	21,580	32,333
1 st half FY2006	Δ3,094	Δ10,219	16,417	31,399
FY2006	Δ5,420	Δ25,202	26,138	24,066

(4) Scope of consolidation and adoption of equity method of accounting

1) Consolidated subsidiaries: 84 companies

2) Unconsolidated subsidiaries accounted

for by the equity method: 1 company

3) Affiliates accounted for by the equity method: 7 companies

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

Initially included in consolidation: 20 companies

Excluded from consolidation: 6 companies

Initially accounted for by the equity method: 4 companies

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 Loss
	(Millions of yen)	(Millions of yen)	(Millions of yen)
FY2007 (forecast)	135,000~140,000	7,000~9,000	Δ8,000~Δ4,500

(*note) Forecast EPS for the full term: Δ3,760.12~Δ2,115.07

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>

3. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets

(unit: millions of yen)

	Prior Interim Period (February 28, 2006)		Current Interim Period (February 28, 2007)		Prior Fiscal Year (August 31, 2006)	
	millions of yen	%	millions of yen	%	millions of yen	%
(Assets)						
I Current Assets						
1. Cash & bank deposits	28,471		30,536		23,273	
2. Notes & accounts receivable - trade	24,025		27,943		27,279	
3. Marketable securities	3,092		1,985		1,061	
4. Inventories	8,335		18,063		8,762	
5. Deferred tax assets	522		710		1,286	
6. Other	7,680		5,555		9,535	
7. Special account for returnable loans	△35		△45		△38	
Allowance for doubtful receivables	△113		△363		△246	
Total current assets	71,979	46.4	84,385	45.9	70,913	43.8
II Fixed assets						
1. Tangible fixed assets						
a) Buildings/Structures	1,953		3,450		1,662	
b) Machinery & Vehicle	375		249		262	
c) Other	2,928	5,257	3,602	7,302	2,699	4,624
2. Intangible fixed assets						
a) Goodwill	-		26,661		-	
b) Trade rights	75		353		253	
c) Software	1,817		1,617		1,365	
d) Software in progress	699		174		424	
e) Consolidation goodwill	19,356		-		25,259	
f) Other	496	22,444	1,334	30,140	1,646	28,949
3. Investment/other assets						
a) Investment securities	53,175		50,817		54,575	
b) Long term loans receivable	112		4,545		290	
c) Deferred tax assets	265		435		302	
d) Other	1,897		8,032		2,168	
Allowance for doubtful receivables	△60	55,390	△1,821	62,009	△86	57,250
Total fixed assets		83,093		99,451		90,824
III Deferred assets		14		-		-
Total assets		155,087		183,837		161,737
		100.0		100.0		100.0

<Translation>

	Prior Interim Period (February 28, 2006)		Current Interim Period (February 28, 2007)		Prior Fiscal Year (August 31, 2006)	
	millions of yen	%	millions of yen	%	millions of yen	%
Liabilities						
I Current Liabilities						
1. Notes & accounts payable	13,700		16,859		14,664	
2. Short-term bank loans	18,896		49,707		30,427	
3. Income tax payable, etc.	4,224		1,231		9,055	
4. Accrued bonuses	139		298		258	
5. Allowance for sales returns	76		178		88	
6. Other	5,360		13,544		13,947	
Total current liabilities	42,398	27.4	81,819	44.5	68,441	42.3
II Non-current liabilities						
1. Bonds	1,604		1,516		1,522	
2. Long-term debt	2,916		5,709		1,047	
3. Deferred tax liabilities	8,474		2,632		1,472	
4. Retirement benefits	506		575		552	
5. Directors' retirement allowance	69		137		24	
6. Other	3,079		3,026		2,143	
Total non-current liabilities	16,651	10.7	13,597	7.4	6,764	4.2
Total liabilities	59,050	38.1	95,416	51.9	75,205	46.5
Minority interests						
Minority interests	11,130	7.2	—	—	—	—
Shareholders' equity						
I Common Stocks	35,889	23.1	—	—	—	—
II Additional paid-in-capital	36,236	23.4	—	—	—	—
III Accumulated deficit	△1,697	△1.1	—	—	—	—
IV Other - security revaluation	12,969	8.4	—	—	—	—
V Translation adjustments	1,618	1.0	—	—	—	—
VI Treasury stock	△110	△0.1	—	—	—	—
Total Shareholders' equity	84,905	54.7	—	—	—	—
Total liabilities minority interests and shareholders' equity	155,087	100.0	—	—	—	—

<Translation>

	Prior Interim Period (February 28, 2006)		Current Interim Period (February 28, 2007)		Prior Fiscal Year (August 31, 2006)	
	millions of yen	%	millions of yen	%	millions of yen	%
Net Assets						
I Shareholders' equity						
1. Common stock	—	—	36,071	19.6	36,027	22.3
2. Additional paid in capital	—	—	36,418	19.8	36,374	22.5
3. Accumulated deficit	—	—	△8,874	△4.7	△1,714	△1.1
4. Treasury stock	—	—	△110	△0.1	△110	△0.1
Total shareholders' equity	—	—	63,504	34.6	70,575	43.6
II Valuation, translation adjustments and other						
1. Net unrealized holding gain on other securities	—	—	2,433	1.3	3,113	1.9
2. Translation adjustment s	—	—	5,475	3.0	2,369	1.5
Total exchange rate effect	—	—	7,908	4.3	5,482	3.4
III Warrants	—	—	25	0.0	—	—
IV Minority interests	—	—	16,982	9.2	10,473	6.5
Total net assets	—	—	88,421	48.1	86,531	53.5
Total liabilities & net assets	—	—	183,837	100.0	161,737	100.0

<Translation>

(2) Interim Consolidated Statement of Operations

	Prior Interim Period (For the six months ended February 28, 2006)		Current Interim Period (For the six months ended February 28, 2007)		Prior Fiscal Year (For the year ended August 31, 2006)				
	millions of yen	%	millions of yen	%	millions of yen	%			
I Net Sales		50,233	100.0		63,524	100.0		111,685	100.0
II Cost of sales		31,951	63.6		44,816	70.6		73,639	66.0
Gross profit on sales		18,282	36.4		18,707	29.4		38,045	34.0
Provision for allowance for sales returns		57	0.1		109	0.2		30	0.0
Gross profit on sales less allowances		18,224	36.3		18,598	29.2		38,015	34.0
III Selling, general and administrative expenses		15,178	30.2		17,717	27.8		31,841	28.5
Operating income		3,045	6.1		881	1.4		6,173	5.5
IV Non-operating income									
1. Interest earned	42			85			120		
2. Dividends income	23			186			158		
3. Gain on sale of securities	95			—			215		
4. Gain on sale of investments in securities	—			1,659			660		
5. Other	162	324	0.6	399	2,331	3.7	223	1,377	1.3
V Non-operating expenses									
1. Interest expense	121			282			315		
2. Stock issuance cost	99			—			—		
3. Loss on sale of investments in securities	—			63			—		
4. Equity in loss of non-consolidated subsidiaries and affiliates	237			64			242		
5. Exchange loss	65			14			—		
6. Amortization of bond issuance costs	12			—			28		
7. Other	27	564	1.1	67	492	0.8	313	899	0.8
Ordinary income		2,805	5.6		2,720	4.3		6,651	6.0
VI Extraordinary profit									
1. Gain on sale of investments in affiliates	15			387			508		
2. Gain on sale of investments in securities	8,536			26			21,399		
3. Gain on changes in equity interest of affiliates	647			21			1,241		
4. Gain on office transfer	—			200			—		
5. Other	64	9,263	18.4	173	808	1.3	176	23,326	20.8

<Translation>

	Prior Interim Period (For the six months ended February 28, 2006)		Current Interim Period (For the six months ended February 28, 2007)			Prior Fiscal Year (For the year ended August 31, 2006)			
	millions of yen	%	millions of yen	%	millions of yen	%			
VII Extraordinary loss									
1. Loss on sale of fixed assets	0		23		4				
2. Loss on disposal of fixed assets	42		84		273				
3. Provision for allowance for bad debt	—		1,691		—				
4. Loss on sale of investments in associates	821		2		863				
5. Loss on revaluation of investments in securities	1,116		2,700		2,474				
6. Loss on revaluation of inventories	—		1,768		134				
7. Amortization of consolidation adjustments	1,829		—		2,655				
8. Other	879	4,689	9.3	896	7,167	11.3	11,584	17,990	16.1
Income before income taxes, etc.		7,378	14.7		Δ3,638	Δ5.7		11,987	10.7
Corporate, municipal and business tax	4,103		705		10,513				
Income tax - deferred	Δ503	3,599	7.2	1,763	2,469	3.9	Δ2,072	8,441	7.5
Minority interests		618	1.2		132	0.2		474	0.4
Net income (loss)		3,160	6.3		Δ6,240	Δ9.8		3,070	2.8

<Translation>

(3) Prior Interim Consolidated Statement of Retained Earnings(Deficit)

	Prior Interim period (Sept. 1, 2005 - February 28, 2006)	
	Million of yen	
Additional paid-in capital		
I Additional paid-in capital at beginning of period		25,248
II Increase in additional paid-in capital		
1. Allotment of shares of common stock to a third party	9,323	
2. Exercise of stock options	76	
3. Exercise of warrants with bonds	1,588	10,987
III Additional paid-in capital at end of period		36,236
Accumulated deficit		
A) Accumulated deficit at beginning of period		△4,007
B) Decrease in accumulated deficit		
1. Net income	3,160	
2. Increase due to newly consolidated subsidiary	1	3,161
C) Increase in accumulated deficit		
1. Cash dividend	586	
2. Increase due to newly consolidated subsidiaries	260	
3. Increase due to inclusion of affiliates accounted for by the equity method	6	852
IV Accumulated deficit at end of period		△1,697

<Translation>

Consolidated Statement of Changes In Net Assets
Six-months period ended February 28, 2007 and Year ended August 31, 2006

	Common stock	Additional paid-in capital	Retained earnings or Accumulated deficit	Treasury stock	Net unrealized holding gain on other securities	Translation Adjustments	Warrants	Minority interests	Total Net assets
Balance at August 31, 2006	24,901	25,248	△4,007	△109	11,369	169	—	8,399	65,972
New share issued	11,125	11,125							22,251
Surplus dividend			△586						△586
Net income			3,070						3,070
Increase resulting from inclusion of subsidiaries			156						156
Decrease resulting from inclusion of subsidiaries			△260						△260
Decrease resulting from inclusion of affiliates			△6						△6
Decrease resulting from exclusion of affiliates			△82						△82
Acquisition of treasury stock				△1					△1
Net change during the period					△8,256	2,199		2,073	△3,982
Balance at August 31, 2007	36,027	36,374	△1,714	△110	3,113	2,369	—	10,473	86,531
New share issued	43	43							87
Surplus dividend			△637						△637
Net loss			6,240						△6,240
Increase resulting from inclusion of subsidiaries			17						17
Decrease resulting from inclusion of subsidiaries			△100						△100
Increase resulting from exclusion of subsidiaries			9						9
Decrease resulting from merger of subsidiaries			△78						△78
Decrease resulting from inclusion of affiliates			△128						△128
Net change during the period					△680	3,106	25	6,509	8,960
Balance at February 28, 2008	36,071	36,418	△8,874	△110	2,433	5,475	25	16,982	88,421

<Translation>

(4) Consolidated Statements of Cash Flows

Six-months ended February 28, 2006 and 2007, and Year ended August 31, 2006

(millions of yen)

	Feb 28,2006	Feb 28, 2007	Aug 31, 2006
Cash flows from operating activities			
Income(Loss) before income taxes, etc.	7,378	△3,638	11,987
Depreciation	1,494	1,873	2,378
Impairment	—	127	5,988
Interest and dividend income	△66	△272	△278
Interest expenses	121	282	315
Changes in operating assets and liabilities			
Notes and accounts receivable - trade	△379	4,340	△2,913
Inventories	△1,658	△4,811	△2,694
Notes and accounts payable - trade	△1,228	113	△717
Other, net	△5,602	2,718	△14,603
Sub total	60	732	△542
Interest and dividend received	65	263	282
Interest paid	△124	△300	△321
Income taxes paid	△3,096	△8,563	△4,839
Net cash used in operating activities	△3,094	△7,868	△5,420
Cash flows from investing activities			
Purchases of tangible fixed assets	△1,428	△429	△1,520
Proceeds from tangible fixed assets	13	1,048	566
Purchases of software	△1,514	△247	△1,937
Proceeds from software	—	0	—
Purchases of investment securities	△10,872	△9,180	△32,287
Proceeds from investment securities	14,121	11,850	29,585
Purchases of affiliated companies	△6,558	△1,979	△8,119
Proceeds from affiliated companies	1,511	20	2,846
Increase(decrease) due to initial consolidation of subsidiaries	△5,902	△1,901	△14,098
Proceeds from sale of investments in subsidiaries with changes in the scope of consolidation	11	135	11
Payments on loan receivable	△250	△4,461	△626
Receipt on loan receivable	723	98	1,032
Increase in time deposits	△69	△556	△157
Proceeds from time deposits	118	200	118
Other	△122	△596	△614
Net cash used in investing activities	△10,219	△5,997	△25,202

<Translation>

Cash flows from financing activities

Increase in short-term loan payable, net	△258	15,036	10,334
Proceeds from long-term loan payable	94	8,700	145
Payments of long-term loan payable	△3,280	△2,026	△4,004
Issuance of bond	97	—	349
Payments for redemption of bond	△5	△5	△144
Issuance of common stock	18,707	87	18,712
Issuance of common stock to minority shareholders	1,771	416	1,980
Increase in treasury stock	△1	—	△1
Purchases of treasury stock by subsidiaries	—	△48	△520
Cash dividend paid	△579	△622	△581
Cash dividend paid to minority shareholders	△129	△0	△130
Other	—	42	—
Net cash provided by financing activities	16,417	21,580	26,138
Effect of exchange rate changes on cash and cash equivalents	444	506	476
Net increase(decrease) in cash and cash equivalents	3,548	8,221	△4,008
Cash and cash equivalents at beginning of the year	27,506	24,066	27,506
Increase resulting from inclusion of subsidiaries in consolidation	344	—	568
Decrease resulting from exclusion of subsidiaries from consolidation	—	△122	—
Increase resulting from merger	—	168	—
Cash and cash equivalents at the end of the period	31,399	32,333	24,066

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