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October 31, 2008

Consolidated Financial Results: FY2008

Index Holdings

(Securities Code No.4835, JASDAQ)

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(*figures rounded to the lowest million yen)

1. Consolidated Operating Results for 2008 Fiscal Year

(September 1, 2007 – August 31, 2008)

(1) Consolidated operating results (% = compared to prior year)

	Net Sales	Operating profit	Ordinary profit	Net Income
	(million yen) %	(million yen) %	(million yen) %	(million yen) %
FY2008	123,535 Δ 4.8	2,142 +627.4	Δ 11,066 –	Δ 30,177 –
FY2007	129,820 +16.2	294 Δ 95.2	3,901 Δ 41.3	Δ 15,840 –

	Earnings per share	Earnings per share fully diluted	Net Profit/	Ordinary Profit/	Operating profit
	(yen)		Net assets%	Total assets%	Ratio%
FY2008	Δ 13,459.43	–	Δ 67.7	Δ 7.9	1.7
FY2007	Δ 7,448.51	–	Δ 23.5	2.4	0.2

Reference: Loss on investment in non-consolidated subsidiaries and affiliates accounted for by equity method

FY2008 Δ 776 FY2007 Δ 525 (million yen)

(2) Consolidated financial positions

	Total assets	Shareholders' equity	Shareholders' equity as of a % of total assets	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
FY2008	121,316	43,992	24.8	12,954.11
FY2007	160,142	74,547	36.8	27,766.22

Reference: Shareholders' equity FY2008 30,136 FY2007 58,986 (million yen)

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from Investing activities	Cash flow from Financing activities	Cash and cash equivalents at the end of FY
	(million yen)	(million yen)	(million yen)	(million yen)
FY2008	1,058	△9,112	△5,085	13,075
FY2007	△7,842	△13,946	22,469	25,081

2. Dividend position

	1 st quarter	2 nd quarter	3 rd quarter	FY end	FY total	Payout ratio (consolidated)	Dividend/Net assets
	(yen)	(yen)	(yen)	(yen)	million yen	%	%
FY2007	—	—	—	200.00	424	—	0.6
FY2008	—	—	—	—	—	—	—
FY2009	—	—	—	200.00	—	89.7	—

Note: Additional paid-in capital is included in the dividend resources for pay out in FY2007

3. Consolidated performance forecast for the fiscal year ending August 2009
(September 1, 2008– August 31, 2009)

	Net Sales	Operating profit	Ordinary profit	Net Income
	(million yen) %	(million yen) %	(million yen) %	(million yen) %
2 quarters	60,000 Δ 0.9	500 Δ 36.2	Δ 1,000 –	Δ 2,000 –
FY end	110,000 Δ 11.0	2,500 16.7	Δ 500 –	500 –

	EPS (yen)
2 quarters	Δ 892.03
FY end	223.01

4. Other

(1) Alterations among primary subsidiaries (consolidated status etc.): None

New: 0 company Exception: 0 company

(2) Changes in accounting practices, procedures, display etc. of the consolidated financial statement (significant changes in the principles of the consolidated financial statement)

① Changes in accordance with revised accounting standards: None

② Changes except ①: None

(3) Number of outstanding shares (common shares)

① Number of outstanding shares at term's end (including treasury stock)

FY2008: 2,334,450 shares FY2007: 2,132,442 shares

② Number of treasury stock at term's end

FY2008: 8,034 shares FY2007: 8,034 shares

Reference: Summary of Non-consolidated Financial results

1. Non-consolidated Operating Results for 2008 Fiscal Year

(September 1, 2007 – August 31, 2008)

(1) Non-consolidated operating results (% = compared to prior year)

	Net Sales	Operating profit	Ordinary profit	Net Income
	(million yen) %	(million yen) %	(million yen) %	(million yen) %
FY2008	41 Δ 95.4	Δ 1,759 –	Δ 13,344 –	Δ 36,962 –
FY2007	910 Δ 89.7	Δ 1,496 –	2,339 Δ 21.6	Δ 19,330 –

	EPS	EPS (fully)
	(yen)	(diluted)
FY2008	Δ 16,486.04	–
FY2007	Δ 9,089.69	–

(2) Non-consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	BPS
	(million yen)	(million yen)	(%)	(yen)
FY2008	69,981	31,184	44.6	13,404.34
FY2007	112,409	64,312	57.2	30,273.15

Reference: Shareholders' equity FY2008 31,184 FY2007 64,312 (million yen)

Note: 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.

Consolidated Balance Sheets

	Previous Fiscal Year (FY August 2007)		Latest Fiscal Year (FY August 2008)	
	millions of yen	(%)	millions of yen	(%)
Assets				
I. Current Assets				
1. Cash & bank deposits	21,579		13,483	
2. Notes and accounts receivable - trade	20,775		22,622	
3. Marketable securities	4,189		540	
4. Inventories	9,733		10,781	
5. Deferred tax assets	1,137		1,195	
6. Other current assets	15,860		14,411	
7. Special account for returnable loans	△44		△46	
8. Allowance For doubtful accounts	△5,014		△3,480	
Total current assets	68,217	42.6	59,508	49.1
II. Fixed assets				
1. Property, plant & equip				
(1) Building & structures	3,453		3,006	
(2) Machinery & vehicles	230		263	
(3) Land	796		796	
(4) Other	3,225		3,781	
Total fixed assets	7,706	4.8	7,848	6.5
2. Intangible assets				
(1) Goodwill	32,142		17,911	
(2) Business right	303		44	
(3) Software	1,448		2,446	
(4) Software in progress	463		922	
(5) other	2,194		1,413	
Total intangible assets	36,551	22.8	22,738	18.7
3. Investments & other assets				
(1) Investment securities	40,521		25,103	
(2) Long-term-loans receivable	3,047		9,114	
(3) Deferred tax assets	463		430	
(4) Other assets	8,846		8,590	
Allowance for doubtful accounts	△5,210		△12,017	
Total investment & other assets	47,667	29.8	31,221	25.7
Total fixed assets	91,925	57.4	61,808	50.9
Total assets	160,142	100.0	121,316	100.0

	Previous Fiscal Year (FY August 2007)		Latest Fiscal Year (FY August 2008)	
	millions of yen	(%)	millions of yen	(%)
(Liabilities)				
I. Current liabilities				
1. Notes and accounts payable -trade	13,560		14,591	
2. Short-term loans	49,123		41,256	
3. Accounts payable -non trade	5,389		5,822	
4. Income tax payable	1,440		950	
5. Accrued bonuses	391		366	
6. Deferred tax liabilities	68		52	
7. Allowance for loss on returned goods	180		160	
8. Other current liabilities	5,283		6,650	
Total current liabilities	75,438	47.1	69,850	57.6
II. Fixed liabilities				
1. Bonds	1,514		-	
2. Long-term loans	3,935		4,086	
3. Retirement benefits	570		600	
4. Directors' retirement allowances	147		63	
5. Allowance for litigation losses	-		645	
6. Deferred tax liabilities	1,063		447	
7. Other fixed liabilities	2,925		1,630	
Total fixed liabilities	10,156	6.3	7,473	6.1
Total liabilities	85,595	53.4	77,324	63.7
(Net assets)				
I. Shareholders' equity				
1. Capital	36,071	22.5	37,338	30.8
2. Additional paid-in capital	36,418	22.7	31,449	25.9
3. Retained earnings	△18,901	△11.8	△43,081	△35.5
4. Treasury stock	△236	△0.1	△236	△0.2
Total shareholders' equity	53,350	33.3	25,469	21.0

	Previous Fiscal Year (FY August 2007)		Latest Fiscal Year (FY August 2008)	
	millions of yen	(%)	millions of yen	(%)
II. Valuation and translation adjustment				
1. Other investments revaluation reserve	△2,225	△1.4	△514	△0.4
2. Translation adjustment	7,861	4.9	5,181	4.3
Total valuation and translation adjustment	5,635	3.5	4,666	3.9
III. New share subscription rights	146	0.1	146	0.1
IV. Minority interest	15,414	9.7	13,709	11.3
Total net assets	74,547	46.6	43,992	36.3
Total liabilities and net assets	160,142	100.0	121,316	100.0

Consolidated Statements of Income

	Previous Fiscal Year (FY August 2007)		Latest Fiscal Year (FY August 2008)		
	millions of yen	(%)	millions of yen	(%)	
I. Net Sales		129,820	100.0	123,535	100.0
II. Cost of sales		91,282	70.3	81,327	65.8
Gross profit		38,538	29.7	42,208	34.2
Provision for allowance for sales returns		125	0.1	-	-
Reverse of allowance for sales returns		-	-	9	0.0
Gross Profit on sales, net		38,413	29.6	42,217	34.2
III. Administration and selling expenses					
1. Directors' remuneration	1,105			1,191	
2. Payroll benefits	8,911			10,945	
3. Allowance for bad debt	443			312	
4. Provision for bonuses	334			287	
5. Sales promotion cost	12,848			11,432	
6. Retirement benefits	133			118	
7. Directors' retirement benefits	25			12	
8. Commission paid	660			1,363	
9. Other	13,655	38,118	29.4	14,412	40,075
Operating Profit		294	0.2	2,142	1.7
IV. Non-operating income					
1. Interest earned	403			615	
2. Dividend earned	393			257	
3. Equity method investment gain	6,160			255	
4. Amortization of negative goodwill	-			775	
5. Other	1,037	7,995	6.2	971	2,875
V. Non-operating expenses					
1. Interest paid	650			1,109	
2. Cost for issue of new shares	12			21	
3. Loss on valuation of investment securities	1,597			6,543	
4. Investment loss by equity method	525			776	
5. Provision for allowance for bad debt	1,069			5,913	
6. Other	532	4,388	3.4	1,720	16,084
Ordinary profit or loss		3,901	3.0	△11,066	△9.0

	Previous Fiscal Year (FY August 2007)			Latest Fiscal Year (FY August 2008)		
	millions of yen		(%)	millions of yen		(%)
VI. Extraordinary profit						
1. Gain on changes in equity interest of affiliates	330			522		
2. Gain on sale of affiliated stock	399			272		
3. Gain on sale of investment securities	79			18		
4. Compensation for forced removal of office	205			-		
5. Profit from sale of business	-			150		
6. Other	874	1,889	1.4	464	1,429	1.2
VII. Extraordinary loss						
1. Loss on sale of fixed assets	31			115		
2. Loss on disposal of fixed assets	246			511		
3. Impairment loss	130			13,797		
4. Loss on revaluation of investment securities	3,608			794		
5. Loss on sale of affiliated stock	2,424			683		
6. Loss on disposal of inventories	104			401		
7. Loss on revaluation of inventories	7,885			900		
8. Loss on withdrawal of business	1,362			595		
9. Other	3,724	19,519	15.0	3,110	20,910	16.9
Loss before tax		13,727	△10.6		30,547	△24.7
business tax	1,496			1,084		
Income tax - deferred	1,497	2,994	2.3	△142	941	0.8
Minority interest		881	△0.7		1,312	△1.1
Net loss		15,840	△12.2		30,177	△24.4