## 11. NONCONSOLIDATED FINANCIAL STATEMENTS

## (1) Statements of Income and Retained Earnings

Amount         operating revenue         Amount         operating revenue         Amount revenue         operating revenue           Operating expenses         14,884         29.7         14,275         63.7         28,445         50.9           Operating income         33,193         70.3         8,147         36.3         27,409         49.7           Non-operating income         [1,959]         3.9         [1,467]         6.6         [2,875]         5.7           Interest income         1,441         1,126         2,284         2.281         3.69         2.283         3.69         2.283         3.69         2.284         2.281         3.69         2.281         3.69         2.283         3.61         2.284         2.55         3.88         2.51         3.68         2.51         3.68         2.51         3.66         3.61         2.51         2.55         3.66         5.61         5.64 <th>-</th> <th></th> <th></th> <th colspan="3">[Millions of yen]</th>	-			[Millions of yen]			
Anount         % of operating revenue         % of reve						-	
Amount         0% of revenue		September	30, 2006	September	30, 2005	March 37	
Operating expenses         14,884         29.7         14,275         63.7         28,445         50.65           Operating income         35,193         70.3         8,147         36.3         27,409         49.7           Non-operating income         [1,959]         3.9         [1,467]         6.6         [2,875]         5.7           Interest income         1,441         1,126         2.284         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.69         3.65         3.66         3.65         3.66         3.66         3.66         3.66         3.66         3.66         3.66         3.66         3.66         3.66         3.66         3.66         3.66         3.66         3.66		Amount	operating	Amount	operating	Amount	operatin
Operating income         35,193         70.3         8,147         36.3         27,409         49.1           Non-operating income         [1,959]         3.9         [1,467]         6.6         [2,875]         5.1           Interest income         1,441         1,126         2,284         2,284         137         221           Non-operating expenses         [1,249]         2.5         [979]         4.4         [2,001]         3.6           Other         347         137         221         1082         388         388           Other         373         189         531         531         531         531           Recurring profit         35,904         71.7         8,636         38.5         28,83         50.6           Gain on sales of fixed assets         63         98 </td <td>Operating revenue</td> <td>50,077</td> <td>100.0</td> <td>22,423</td> <td>100.0</td> <td>55,854</td> <td>100.0</td>	Operating revenue	50,077	100.0	22,423	100.0	55,854	100.0
In-operating income         [1,159]         3.9         [1,467]         6.6         [2,875]         5.1           Interest income         1,441         1,126         2,284         369         369           Other         347         137         221         369         369         367         369         369         369         369         369         369         364         1,022         369         369         369         369         364         1,022         369         369         365         44         1,022         369         369         369         365         44         1,022         369         369         369         368         365         28,283         50.0         531         1,545         2.5         388         360         369         98         98         368         365         28,283         50.0         2.6         364         1,057         1,447         1,057         1,447         1,057         1,447         1,057         1,447         1,057         1,447         1,057         1,447         1,057         1,447         1,057         1,447         1,057         1,047         1,057         1,047         1,057         1,047         1,058         1,047 <td>Operating expenses</td> <td>14,884</td> <td>29.7</td> <td>14,275</td> <td>63.7</td> <td>28,445</td> <td>50.9</td>	Operating expenses	14,884	29.7	14,275	63.7	28,445	50.9
Interest income         1,441         1,126         2,284           Dividends earned         347         137         221           Non-operating expenses         [1,249]         2.5         [979]         4.4         [2,001]         3.6           Interest expense         730         554         1,082         388         1,082         388         385         388         385         388         385         388         385         388         385         388         385         388         385         388         385         388         385         388         385         388         501         1,1545         5.1         [1,545]         2.4         1,057         1,447         1,545         2.4         1,057         1,447         1,545         2.4         1,057         1,447         1,447         1,447         1,545         2.4         1,057         1,447         1,447         1,545         2.4         1,057         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,447         1,446         1,456         0,90         1,61,33	Operating income	35,193	70.3	8,147	36.3	27,409	49.1
Dividends earned         171         203         369           Other         347         137         221           Non-operating expenses         [1.249]         2.5         [979]         4.4         [2.01]         3.6           Cooperate bond interest         145         235         388	Non-operating income	[ 1,959 ]	3.9	[ 1,467 ]	6.6	[ 2,875 ]	5.1
Other         347         137         221           Non-operating expenses         [1,249]         2.5         [979]         4.4         [2,001]         3.6           Interest expense         730         554         1,082         388           Other         373         189         551         1,082           Recurring profit         35,904         71.7         8,636         38.5         28.283         50.0           Extraordinary profit         [2,335]         4.6         [1,155]         5.1         [1,545]         2.6           Gain on sales of investment securities         742         1,057         1,447         1,447           Reversal of allowance for loss on withdrawal from operation         1,370         -         -         -           Extraordinary losses         [456]         0.9         [17.203]         76.7         [68,846]         123.5           Loss on disposal and sale of fixed assets         456         306         1,047         -           receivables         75.4         (7.412)         (33.1)         (39,017)         (69.9           Deferred allowance for loss on withdrawal from operations         -         -         1,170         -           Nate of income taxes	Interest income	1,441		1,126		2,284	
Non-operating expenses         [ 1.249 ]         2.5         [ 979 ]         4.4         [ 2.01 ]         3.6           Interest expense         730         554         1,082         388           Cooperate bond interest         145         235         388         554         1,082           Cooperate bond interest         145         235         388         554         388           Other         373         189         551         511         511         513         516         513         504           Recurring profit         [ 2.335 ]         4.6         [ 1,155 ]         5.1         [ 1,545 ]         2.6           Gain on sales of fixed assets         63         98         98         98         63         63         63         63         63         1,047         1,445         1,456         1,456 </td <td>Dividends earned</td> <td>171</td> <td></td> <td>203</td> <td></td> <td>369</td> <td></td>	Dividends earned	171		203		369	
Interest expense         730         554         1,082           Cooperate bond interest         145         235         388           Other         373         189         531           Recurring profit         35,904         71.7         8,636         38.5         28,283         50.0           Extraordinary profit         [2,335]         4.6         [1,155]         5.1         [1,545]         2.6           Gain on sales of fixed assets         63         98         123.3         10	Other	347		137		221	
Cooperate bond interest Other         145         235         388           Other         373         189         531           Recurring profit         36,904         71.7         8,636         38.5         28,283         50.6           Extraordinary profit         [2,335]         4.6         [1,155]         5.1         [1,545]         2.6           Gain on sales of investment securities Reversal of allowance for doubtful receivables         742         1,057         1,447           Reversal of allowance for loss on withdrawal from operation         1,370         -         -         -           Extraordinary losses         [456]         0.9         [17,203]         76.7         [68,846]         123.3           Loss on disposal and sale of fixed assets         456         306         1,047         -         -           Provision to the reserve for doubtful receivables         -         -         1,370         -	Non-operating expenses	[ 1,249 ]	2.5	[ 979 ]	4.4	[ 2,001 ]	3.6
Other         373         189         531           Recurring profit         35,904         71.7         8,636         38.5         28,283         50.0           Extraordinary profit         [2,335]         4.6         [1,155]         5.1         [1,545]         2.8           Gain on sales of fixed assets         63         98         98         98         98           Gain on sales of investment securities         742         1,057         1,447         1447           Reversal of allowance for doubtful receivables         Reversal of allowance for loss on withdrawal from operation         1,370         -	Interest expense	730		554		1,082	
Recurring profit         35,904         71.7         8,636         38.5         28,283         50.0           Extraordinary profit         [2,335]         4.6         [1,155]         5.1         [1,545]         2.6           Gain on sales of fixed assets         63         98         98         98         98         98           Gain on sales of investment securities         742         1,057         1,447         98         98           Reversal of allowance for doubtful receivables         Reversal of allowance for loss on withdrawal from operation         1,370         - <td>Cooperate bond interest</td> <td>145</td> <td></td> <td>235</td> <td></td> <td>388</td> <td></td>	Cooperate bond interest	145		235		388	
Extraordinary profit[ 2,335 ]4.6[ 1,155 ]5.1[ 1,545 ]2.6Gain on sales of fixed assets63989898989898Gain on sales of investment securities7421,0571,4479898Reversal of allowance for doubtful159receivables[ 456 ]0.9[ 17,203 ]76.7[ 68,846 ]123.3Loss on disposal and sale of fixed assets4563061,047Loss due to impairment-5665,240-1,370Provision to the reserve for doubtful-16,33161,071receivables1,3701,370Deferred allowance for loss on withdrawal from operations1,370Valuation loss on stocks on associated companies1,177Income taxes(2,211)(5,338)(6,568)Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3Actual depreciation and amortization amount3,8863,886 <tr<tr>Interim et inc</tr<tr>	Other	373		189		531	
Gain on sales of fixed assets639898Gain on sales of investment securities7421,0571,447Reversal of allowance for doubtful receivables159Reversal of allowance for loss on withdrawal from operation1,370Extraordinary losses[456]0.9[17,203]76.7[68,846]123.3Loss on disposal and sale of fixed assets4563061,047Loss due to impairment-5665,2401,370Provision to the reserve for doubtful receivables-16,33161,071-Deferred allowance for loss on withdrawal from operations1,370-Valuation loss on stocks on associated companies1117-Income barse(2,211)(5,338)(6,568)Deferred income taxes3733,7971,792Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3Retained earnings (loss) at beginning of the period Actual depreciation and amortization amount-3,8863,8863,886Notes: Catual depreciation and amortization amount Tangible fixed assets (millions of yen)4,006	Recurring profit	35,904	71.7	8,636	38.5	28,283	50.6
Gain on sales of fixed assets639898Gain on sales of investment securities7421,0571,447Reversal of allowance for doubtful receivables159Reversal of allowance for loss on withdrawal from operation1,370Extraordinary losses[456]0.9[17,203]76.7[68,846]123.3Loss on disposal and sale of fixed assets4563061,047-Loss on disposal and sale of fixed assets4563061,047-Loss due to impairment-5665,240Provision to the reserve for doubtful receivables-16,33161,071-Deferred allowance for loss on withdrawal from operations1,370-Valuation loss on stocks on associated companies1117-Income taxes(2,211)(5,338)(6,568)Deferred income taxes3733,7971,792Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3)Retained earnings (loss) at beginning of the period Actual depreciation and amortization amount3,8863,886-Notes: Tangible fixed assets (millions of yen)Notes: Tangible fixed assets (millions of yen)Notes: Tangible fixed assets (millions of yen)<	Extraordinary profit	[ 2,335 ]	4.6	[ 1,155 ]	5.1	[ 1,545 ]	2.8
Gain on sales of investment securities Reversal of allowance for doubtful receivables7421,0571,447Reversal of allowance for loss on withdrawal from operation1,370Extraordinary losses[456]0.9[17,203]76.7[68,846]123.3Loss on disposal and sale of fixed assets4563061,047-Loss on disposal and sale of fixed assets4563065,240-Provision to the reserve for doubtful receivables-16,33161,071-Deferred allowance for loss on withdrawal from operations1177-Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)(69.9)Income taxes(2,211)(5,338)(6,568)Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3)Retained earnings (loss) at beginning of the period3,8863,886Amount lost through land reappraisal differential3,8863,886Notes: Tangible fixed assets (nullions of yen)Notes: Tangible fixed assets (nullions of yen)Notes: Tangible fixed assets (nullions of yen)	Gain on sales of fixed assets						
Reversal of allowance for doubtful receivables159Reversal of allowance for loss on withdrawal from operation1,370Extraordinary losses[456]0.9[17,203]76.7[68,846]123.3Loss on disposal and sale of fixed assets4563061,047Loss due to impairment-5665,240-Provision to the reserve for doubtful receivables-16,33161,071Deferred allowance for loss on withdrawal from operations1177Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)Income taxes(2,211)(5,338)(6,568)Deferred income taxes3733,7971,792Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3)Retained earnings (loss) at beginning of the period3,8863,8863,886Amount lost through land reappraisal differential-As of September 30, 2006As of September 30, 2005As of March 31, 2006Notes: Tangible fixed assets (millions of yen)1,8231,9524,006							
Reversal of allowance for loss on withdrawal from operation1,370Extraordinary losses[456]0.9[17,203]76.7[68,846]123.3Loss on disposal and sale of fixed assets4563061,047Loss due to impairment-5665,240Provision to the reserve for doubtful receivables-16,33161,071Deferred allowance for loss on withdrawal from operations1,370Valuation loss on stocks on associated companies1117Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)Income taxes(2,211)(5,338)66,568)Deferred income taxes3733,7971,792Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)Retained earnings (loss) at beginning of the period-3,8863,8863,886Amount lost through land reappraisal differential-As of September 30, 2006As of September 30, 2005As of 	Reversal of allowance for doubtful			-		-	
Loss on disposal and sale of fixed assets4563061,047Loss due to impairment-5665,240Provision to the reserve for doubtful receivables-16,33161,071Deferred allowance for loss on withdrawal from operations1,370Valuation loss on stocks on associated companies117Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)(69.9)Income taxes(2,211)(5,338)(6,568)Income taxes3733,7971,792 <t< td=""><td>Reversal of allowance for loss on withdrawal</td><td>1,370</td><td></td><td>-</td><td></td><td>-</td><td></td></t<>	Reversal of allowance for loss on withdrawal	1,370		-		-	
Loss due to impairment Provision to the reserve for doubtful receivables Deferred allowance for loss on withdrawal from operations-5665,24016,33116,33161,071Judetion loss on stocks on associated companies-1,370Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)(69.9)Income taxes(2,211)(5,338)(6,568)Deferred income taxes3733,7971,792(61.3)Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3)Retained earnings (loss) at beginning of the period Amount lost through land reappraisal differential-3,8863,8863,886Notes: Actual depreciation and amortization amount Tangible fixed assets (millions of yen)As of September 30, 2006As of September 30, 2005As of March 31, 2006As of March 31, 2006	Extraordinary losses	[ 456 ]	0.9	[ 17,203 ]	76.7	[ 68,846 ]	123.3
Provision to the reserve for doubtful receivables Deferred allowance for loss on withdrawal from operations16,331161,071Deferred allowance for loss on withdrawal from operations1,370Valuation loss on stocks on associated companies117Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)(69.9)Income taxes(2,211)(5,338)(6,568) <td>Loss on disposal and sale of fixed assets</td> <td>456</td> <td></td> <td>306</td> <td></td> <td>1,047</td> <td></td>	Loss on disposal and sale of fixed assets	456		306		1,047	
receivables-16,33161,071Deferred allowance for loss on withdrawal from operations1,370Valuation loss on stocks on associated companies117Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)(69.9)Income taxes(2,211)(5,338)(6,568)Deferred income taxes3733,7971,792Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3)Retained earnings (loss) at beginning of the period Amount lost through land reappraisal differential-3,8863,8863,886Undistributed income for interim period (loss)-(1,947)(29,688)0Notes:As of September 30, 2006As of September 30, 2005As of March 31, 2006As of March 31, 2006Tangible fixed assets (millions of yen)1,8231,9524,006	Loss due to impairment	-		566		5,240	
from operationsIIIIIValuation loss on stocks on associated companies117Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)(69.9Income taxes(2,211)(5,338)(6,568) </td <td></td> <td>-</td> <td></td> <td>16,331</td> <td></td> <td>61,071</td> <td></td>		-		16,331		61,071	
companies117Income before income taxes for the period under review (loss)37,78275.4(7,412)(33.1)(39,017)(69.9Income taxes(2,211)(5,338)(6,568)<		-		-		1,370	
under review (loss)37,8275.4(7,412)(33.1)(39,017)(69.9Income taxes(2,211)(5,338)(6,568)Deferred income taxes3733,7971,792Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3)Retained earnings (loss) at beginning of the period-3,8863,8863,8863,886Amount lost through land reappraisal differential-37666666666Undistributed income for interim period (loss)-(1,947)(29,688)666Notes:As of September 30, 2006As of September 30, 2005As of March 31, 2006As of March 31, 20064,006		-		-		117	
Deferred income taxes3733,7971,792Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3Retained earnings (loss) at beginning of the period-3,8863,8863,8863,886Amount lost through land reappraisal differential-37666666Undistributed income for interim period (loss)-(1,947)(29,688)Notes:As of September 30, 2006As of September 30, 2005As of March 31, 2006Tangible fixed assets (millions of yen)1,8231,9524,006		37,782	75.4	(7,412)	(33.1)	(39,017)	(69.9)
Interim net income (loss)39,62079.1(5,872)(26.2)(34,240)(61.3Retained earnings (loss) at beginning of the period-3,8863,8863,8863,886Amount lost through land reappraisal differential-37666666Undistributed income for interim period (loss)-(1,947)(29,688)Notes:As of September 30, 2006As of September 30, 2005As of March 31, 2006Tangible fixed assets (millions of yen)1,8231,9524,006	Income taxes	(2,211)		(5,338)		(6,568)	
Retained earnings (loss) at beginning of the period-3,8863,886Amount lost through land reappraisal differential-37666Undistributed income for interim period (loss)-(1,947)(29,688)Notes:As of September 30, 2006As of September 30, 2005As of March 31, 2006Tangible fixed assets (millions of yen)1,8231,9524,006	Deferred income taxes	373		3,797		1,792	
period-3,8863,886Amount lost through land reappraisal differential-37666Undistributed income for interim period (loss)-(1,947)(29,688)Notes:As ofAs ofAs ofActual depreciation and amortization amount Tangible fixed assets (millions of yen)1,8231,9524,006	Interim net income (loss)	39,620	79.1	(5,872)	(26.2)	(34,240)	(61.3)
differential-37666Undistributed income for interim period (loss)-(1,947)(29,688)Notes:As ofAs ofAs ofActual depreciation and amortization amountSeptember 30, 2006September 30, 2005March 31, 2006Tangible fixed assets (millions of yen)1,8231,9524,006		-		3,886		3,886	
Notes:As ofAs ofAs ofActual depreciation and amortization amountSeptember 30, 2006September 30, 2005March 31, 2006Tangible fixed assets (millions of yen)1,8231,9524,006	÷	-		37		666	
Actual depreciation and amortization amountSeptember 30, 2006September 30, 2005March 31, 2006Tangible fixed assets (millions of yen)1,8231,9524,006	Undistributed income for interim period (loss)	-		(1,947)		(29,688)	
Tangible fixed assets (millions of yen)1,8231,9524,006							
		September					

### (2) Balance Sheets

[Millions of yen]

	As of Septemb	per 30, 2006	As of Septemb	oer 30, 2005	As of March 31, 2006	
	Amount	% of total	Amount	% of total	Amount	% of total
Current assets	[ 182,409 ]	[ 42.6 ]	[ 151,948 ]	[ 38.0 ]	[ 136,391 ]	[ 35.4 ]
Cash and deposits	13,077		12,068		27,902	
Accrued revenue	1,597		1,741		1,448	
Prepaid expenses	1,327		1,206		934	
Deferred tax assets	391		179		354	
Short-term loans	210,688		139,482		143,521	
Other receivables	12,292		11,418		21,784	
Tax receivable	3,235		_		_	
Other current assets	714		2,309		1,667	
Allowance for doubtful accounts	(60,915)		(16,458)		(61,221)	
Fixed assets	[ 246,032 ]	[ 57.4 ]	[ 247,463 ]	[ 62.0 ]	[ 248,792 ]	[ 64.6 ]
Tangible fixed assets	[ 72,707 ]	17.0	[ 75,905 ]	19.0	[ 73,095 ]	19.0
Buildings	37,260		39,522		37,475	
Structures	2,996		3,094		3,086	
Machinery and Equipments	1,087		1,406		1,228	
Vehicles	0		0		0	
Equipment	531		667		579	
Land	30,818		30,952		30,669	
Construction in progress	11		261		56	
Intangible fixed assets	[ 3,053 ]	0.7	[ 4,199 ]	1.1	[ 3,623 ]	0.9
Software	2,729		3,701		3,214	
Other intangible fixed assets	323		498		409	
Investments and others	[ 170,272 ]	39.7	[ 167,358 ]	41.9	[ 172,073 ]	44.7
Investment securities	23,276		20,788		24,978	
Shares in affiliates	126,632		126,658		126,632	
Company concerned investment	3,794		3,794		3,794	
Company concerned long-term loans	14,100		14,100		14,100	
Long-term prepaid expenses	671		157		732	
Other investments	1,885		1,967		1,932	
Allowance for doubtful accounts	(86)		(108)		(96)	
Total assets	428,442	100.0	399,412	100.0	385,184	100.0

[Millions of yen]

					[Millions of yen]		
	As of Septem		As of Septemb		As of March		
	Amount	% of total	Amount	% of total	Amount	% of total	
Current liabilities	[ 118,002 ]	27.6	[ 108,186 ]	27.1	[ 101,402 ]	26.3	
Trade notes payable	127		134		54		
Short-term loans	85,305		87,085		71,585		
Long-term loans due within one year	15,763		6,412		8,085		
Bonds due within one year	5,000		5,000		5,000		
Account payable - other	8,552		4,532		9,660		
Accrued expenses	2,990		4,790		5,135		
Accrued income taxes	63		80		450		
Advanced received	6		12		17		
Allowance for bonus	157		-		-		
Allowance for loss on withdrawal from operation	-				1,370		
Other current liabilities	34		138		42		
Long-term liabilities	[ 82,322 ]	19.2	[ 76,195 ]	19.1	[ 94,052 ]	24.4	
Bonds	5,000		10,000		5,000		
Long-term loans	62,863		51,137		73,752		
Deferred tax liabilities	1,265		861		1,660		
Deferred tax liabilities related to revaluation	5,591		6,059		5,591		
Reserve for retirement benefits and pension plans	7,111		7,113		7,033		
Other long-term liabilities	490		1,023		1,014		
Total liabilities	200,324	[ 46.8 ]	184,381	[ 46.2 ]	195,454	[ 50.7 ]	
Capital stock	-	-	37,519	9.4	37,519	9.7	
Additional paid-in capital	[-]	-	[ 157,521 ]	39.4	[ 157,521]	40.9	
Capital reserve	-		157,501		157,501		
Other additional paid-in capital	-		19		19		
Retained earnings	[-]	-	[ 5,812 ]	1.5	[ (21,928)]	(5.7)	
Legal reserves	-		7,760		7,760		
Undistributed income for interim period (loss)	-		(1,947)		(29,688)		
[Includes interim net income (loss)]	[-]		[(5,872)]		[(34,240)]		
Gain on revaluation of land	-	-	8,524	2.1	7,896	2.1	
Revaluation difference of other marketable securities	-	-	6,485	1.6	9,636	2.5	
Treasury stock	-	-	(832)	(0.2)	(915)	(0.2)	
Total shareholders' equity	-	[-]	215,030	[ 53.8 ]	189,729	[ 49.3 ]	
Total liabilities and shareholders' equity	-	-	399,412	100.0	385,184	100.0	

	As of September 30, 2006		As of Septem	ber 30, 2005	As of March 31, 2006		
	Amount	% of total	Amount	% of total	Amount	% of total	
Shareholder's equity	[ 211,743 ]	49.4	[-]	-	[-]	-	
Capital stock	37,519	8.8	-	-	-	-	
Additional paid-in capital	[ 135,594 ]	31.6	[-]	-	[-]	-	
Capital reserve	135,592		-		-		
Other additional paid-in capital	1		-		-		
Retained earnings	[ 39,620 ]	9.2	[-]	-	[-]	-	
Other retained earnings	[ 39,620 ]		[-]		[-]		
Retained earnings carried forward	39,620		-		-		
Treasury stock	(990)	(0.2)	-	-	-	-	
Revaluation and translation adjustment	[ 16,358 ]	3.8	[-]	-	[-]	-	
Unrealized gain on securities	8,463	2.0	-	-	-	-	
Gain (loss) on deferred hedges	(1)	(0.0)	-	-	-	-	
Unrealized gain on land	7,896	1.8	-	-	-	-	
Share warrant	15	0.0	-	-	-	-	
Total shareholder's equity	228,117	[ 53.2 ]	-	[-]	-	[-]	
Total liabilities and shareholder's equity	428,442	100.0	-	-	-	-	
Note: As of S		September 30,20	ptember 30,2006 As of September 30, 2		D5 As of March 31, 2006		
<ol> <li>Accumulated depreciation on tangible fixed assets (millions of yen)</li> </ol>		75,32	75,324 72,906		74,425		
<ol> <li>Balance of guaranteed obligations <including guarantee=""> (millions of yen)</including></li> </ol>		10,10 <3,00			23,844 <9,000>		

Joint liability between the Company and its affiliates included ¥8,989 million for interim period ended September 30, 2006, ¥8,949 million for interim period ended September 30, 2005, and ¥6,575 million for fiscal year ended March 31, 2006. In the event that the Company fulfills those obligations, it retains the right to recover payment in full from its subsidiaries.

## (3) STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

[ Millions of yen ]

	Shareholders' Equity									
		Additio	onal paid-in	capital	R	etained earn	ing			
	Capital	Canital	Other	Total	Drofit	Other retained earnings	Total	Treasury	Total share-	
	stock	Capital reserve	addition- al paid-in capital	Additional paid-in capital	Profit reserve	Retained earnings carried forward	Retained earnings	stock	holders' equity	
Balance at March 31, 2006	37,519	157,501	19	157,521	7,760	(29,688)	(21,928)	(915)	172,196	
Changes during the period										
Reversal of other additional paid-in capital (to compensate for losses)			(19)	(19)		19	19		-	
Reversal of profit reserve (to compensate for losses)					(7,760)	7,760	-		-	
Reversal of capital reserve (to compensate for losses)		(21,,908)		(21,908)		21,908	21,908		-	
Net income for the period						39,620	39,620		39,620	
Purchases of treasury stock								(80)	(80)	
Disposal of treasury stock			1	1				5	7	
Changes, net, in items other than shareholders' equity										
Total changes during the period	-	(21,908)	(18)	(21,926)	(7,760)	69,309	61,549	(75)	39,547	
Balance at September 30, 2006	37,519	135,592	1	135,594	-	39,620	39,620	(990)	211,743	

		Revaluation a				
	Unrealized gains on securities	Gain (loss) on deferred hedges	Unrealized gain on land	Total revalua- tions and transla- tion adjust- ments	Share Warrants	Total net assets
Balance at March 31, 2006	9,636	-	7,896	17,532	-	189,729
Changes during the period						
Reversal of other additional						
paid-in capital (to compensate						-
for losses)						
Reversal of profit reserve (to						-
compensate for losses)						
Reversal of capital reserve (to						-
compensate for losses)						20,020
Net income for the period						39,620
Purchases of treasury stock						(80)
Disposal of treasury stock						7
Changes, net, in items other	(1,173)	(1)	-	(1,174)	15	(1,159)
than shareholders' equity	(( (==)			. ,		
Total changes during the period	(1,173)	(1)	-	(1,174)	15	38,387
Balance at September 30, 2006	8,463	(1)	7,896	16,358	15	228,117

## **BASIS OF PRESENTING INTERIM FINANCIAL STATEMENTS**

#### 1. Asset Valuation

(1) Marketable Securities

Shares of subsidiaries and affiliates

Shares of subsidiaries and affiliates are stated at cost using the moving-average method.

#### Other securities

Securities with fair market value are stated using the mark-to-market method based on the market price at the interim settlement date. (Total net unrealized gains or losses after tax effect adjustment are directly recorded in shareholders' equity, and the cost of securities sold is computed based on the moving-average method.) Other securities that do not have fair market value are primarily stated at cost using the moving-average method.

#### (2) Derivatives

Derivatives are stated using the mark-to-market method.

#### 2. Depreciation and amortization of major depreciable assets

#### (1) Tangible fixed assets

The declining-balance method is used. However, the straight-line method is used for buildings (excluding annexed structures) acquired since April 1, 1998.

#### (2) Intangible fixed assets

The straight-line method is used. For software for internal use, the straight-line method is adopted based on a licensing period of five years.

#### 3. Reserves

#### (1) Allowance for Doubtful Receivables

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided according to the historical percentage of uncollectables. For specific receivables for which there is some concern regarding collectability, an amount is recorded by investigating the possibility of collection for each individual account.

#### (2) Reserves for Bonus

To prepare for the payment of employee bonuses, an amount corresponding to the current interim portion of estimated bonus payments to employees is recorded.

#### (3) Reserve for Retirement Benefits

To prepare for employee retirement benefits, the Company has calculated the amount recognized to have been incurred at the end of the interim consolidated accounting period based on projected benefit obligations and pension assets at the end of the current fiscal year.

For treatment of expenses related to prior service obligations, we apply the straight-line method based on a fixed number of years (10) within the average remaining service period of the employee at the time of occurrence.

Regarding actuarial loss/gain, expenses are treated from the following fiscal year of business, based on the straight-line method based on a fixed number of years (10) within the average remaining service period of the employee at the time of occurrence.

#### 4. Lease Transactions

Finance leases that do not transfer ownership rights of the leased property to the lessee are principally accounted for based on the usual methods for operating leases.

#### 5. Principal Accounting Methods for Hedge Transactions

(1) Hedge accounting methods

The deferred hedge method is used. Special accounting methods are used for interest rate swaps that meet certain conditions.

#### (2) Hedging instruments and targets

The interest rate swaps are used as the hedge method. The hedge targets are scheduled corporate bonds and borrowings.

#### (3) Hedge policy

The Company and consolidated subsidiaries enter into interest rate swaps to make interest rates on bonds and borrowings stable or reduce the risk of costs fluctuations for future capital procurement, not for speculation purpose, within the limit of actual financial or operating transactions.

#### (4) Methods for evaluating the effectiveness of hedges

Verification is made to ascertain a high correlation between value fluctuations of hedged items and cash flows and hedging instruments.

#### 6. Other important items regarding the preparation of consolidated financial statements

(1) Consumption tax

National and local consumption taxes are accounted for by the tax excluded method.

(2) Consolidated tax payment system

From the subject interim fiscal period, consolidated tax payment system was applied.

# Changes between methods recognized in the most recent consolidated fiscal accounting year and accounting procedures for the interim period under review.

(Accounting standard for stock options)

As of the interim period under review, the Company adopted the "Accounting Standard for Stock Options" (Corporate Accounting Standard No.8, issued by the Accounting Standards Board of Japan on December 27, 2005) and the "Guidelines for Application of the Accounting Standard for Stock Options" (Corporate Accounting Standard Guidelines No.11, issued by the Accounting Standards Board of Japan on May 31, 2006). As a result, operating income, recurring income, and income before income taxes for the interim period under review declined ¥15 million.

#### (Accounting standard for presentation of net assets in the balance sheet)

As of the interim period under review, the Company adopted the "Accounting Standard for Presentation of New Assets in the Balance Sheet" (Corporate Accounting Standard No. 5, issued by the Accounting Standards Board of Japan on December 9, 2005) and the "Guidelines for Application of the Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Corporate Accounting Standard Guidelines No.8, issued by the Accounting Standards Board of Japan on December 9, 2005). Total assets as presented previously would amount to approximately ¥228,103 million. In addition, as of the interim period under review, net assets in financial statements for interim periods have been presented according to the revised rules pertaining to financial statements for interim periods.

#### (Changes in presentation methods)

Heretofore, outstanding expenses have been presented as "accrued expenses;" however, as of the interim period under review, the portion of these expenses determined to be liabilities have been presented as "accounts payable" to ensure more appropriate presentation. In addition, "accrued expenses," including outstanding expenses determined to be liabilities, amounted to ¥1,649 million for the interim period of the previous fiscal year.

Estimated bonus payments to employees were previously included in "accrued expenses" under current liabilities; however, as of the interim period under review, this figure is presented as "reserve for bonuses." In addition, estimated bonus payments to employees included in "accrued expenses" amounted to ¥167 million for the interim period of the previous fiscal year.

## **12. LEASE TRANSACTIONS**

Notation has been omitted due to disclosure through EDINET.

## **13. MARKETABLE SECURITIES**

In the current interim period under review as well as in the previous interim period and the previous full fiscal year, no subsidiary nor affiliate recorded any market value for its stock.