

**BRIEF STATEMENT OF ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED  
MARCH 2007 AND FORECASTS FOR THE YEAR ENDING MARCH 2008**

May 11, 2007

Faith, Inc. (Stock code 4295, Listed on TSE 1st section)

(URL <http://www.faith.co.jp/>)

Place of headquarters; Kyoto Pref.

Representative; Hajime Hirasawa, CEO/President

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Date of General Meeting of Shareholders: June 28, 2007

Date of Submission of Securities Report: June 29, 2007

Starting date of the dividend payment: June 29, 2007

Amounts are rounded down to the nearest JPY 1 million.

1. Results for the fiscal year (From April 1, 2006 to March 31, 2007)

(1) Consolidated financial results

Those figures in “%” show increased/decreased ratio compared with the previous fiscal term

| Year ended | Net Sales              |      | Operating Income       |       | Recurring Profit       |       | Net Income             |       |
|------------|------------------------|------|------------------------|-------|------------------------|-------|------------------------|-------|
|            | <i>Millions of yen</i> | %    | <i>Millions of yen</i> | %     | <i>Millions of yen</i> | %     | <i>Millions of yen</i> | %     |
| March 2007 | 44,152                 | 47.0 | 1,060                  | △68.7 | 853                    | △75.3 | △1,883                 | —     |
| March 2006 | 30,040                 | 27.1 | 3,391                  | △15.6 | 3,455                  | △14.6 | 1,438                  | 355.1 |

| Years ended | Net Income per Share |    | Diluted Net Income per Share |    | Return on Equity Capital |      | Recurring Profit on Total Assets |      | Operating Income on Net Sales |      |
|-------------|----------------------|----|------------------------------|----|--------------------------|------|----------------------------------|------|-------------------------------|------|
|             | <i>Yen</i>           | %  | <i>Yen</i>                   | %  | %                        | %    | %                                | %    | %                             | %    |
| March 2007  | △1,581               | 81 | —                            | —  | △10.8                    | 2.4  | 2.4                              | 2.4  | 2.4                           | 2.4  |
| March 2006  | 1,174                | 67 | 1,174                        | 53 | 8.3                      | 12.8 | 12.8                             | 11.3 | 11.3                          | 11.3 |

Reference: Equity in earnings of associated companies: the fiscal year ended March 2007: 136million yen/ the fiscal year ended March 2006: 140 million yen

(2) Consolidated financial position

| Year ended | Total Assets           |      | Net Assets             |      | Ratio of Equity Capital |      | Net Assets per Share |    |
|------------|------------------------|------|------------------------|------|-------------------------|------|----------------------|----|
|            | <i>Millions of yen</i> | %    | <i>Millions of yen</i> | %    | %                       | %    | <i>Yen</i>           | %  |
| March 2007 | 39,442                 | 38.6 | 15,914                 | 38.6 | 38.6                    | 38.6 | 12,797               | 62 |
| March 2006 | 31,595                 | 62.1 | 19,625                 | 62.1 | 62.1                    | 62.1 | 16,453               | 84 |

Reference: Equity Capital: the fiscal year ended March 2007: 15,234million yen/ the fiscal year ended March 2006: 19,625million yen.

(3) Cash flow results

| Year ended | Cash Flow from Operating Activities |         | Cash Flow from Investing Activities |       | Cash Flow from Financing Activities |       | Cash and Cash Equivalents, End of the year |       |
|------------|-------------------------------------|---------|-------------------------------------|-------|-------------------------------------|-------|--|-------|
|            | <i>Millions of yen</i>              | %       | <i>Millions of yen</i>              | %     | <i>Millions of yen</i>              | %     | <i>Millions of yen</i>                     | %     |
| March 2007 | 1,371                               | △13,978 | 12,739                              | 8,065 | 8,065                               | 8,065 | 8,065                                      | 8,065 |
| March 2006 | 2,970                               | △2,041  | △236                                | 7,679 | 7,679                               | 7,679 | 7,679                                      | 7,679 |

## 2. Dividends

| (Record dates)                    |            |          |               | Total Dividend Payment (Annual) | Payout Ratio (Consolidated) | Dividend on Net Assets (Consolidated) |
|-----------------------------------|------------|----------|---------------|---------------------------------|-----------------------------|---------------------------------------|
|                                   | Interim    | Year-end | Total(Annual) |                                 |                             |                                       |
| Year ended                        | <i>yen</i> |          | <i>yen</i>    | <i>yen</i>                      | <i>Millions of yen</i>      | %                                     |
| March 2006                        | 50 00      | 50 00    | 100 00        | 119                             | 8.5                         | 0.7                                   |
| March 2007                        | 50 00      | 50 00    | 100 00        | 119                             | -                           | 0.7                                   |
| Year ending March 2008 (Forecast) | 50 00      | 50 00    | 100 00        | -                               | 9.2                         | -                                     |

## 3. Forecasts for the business results for the year ending March 2008 (from April 1, 2007 to March 31, 2008)

The figures in “%” show increased/decreased ratio compared with the previous fiscal year and the previous interim result.

|                        | Net Sales              |      | Operating Income       |      | Recurring Profit       |      | Net Income             |   | Net Income per Share |    |
|------------------------|------------------------|------|------------------------|------|------------------------|------|------------------------|---|----------------------|----|
|                        | <i>Millions of yen</i> | %    | <i>Millions of yen</i> | %    | <i>Millions of yen</i> | %    | <i>Millions of yen</i> | % | <i>Yen</i>           |    |
| Interim results 2008   | 23,500                 | 16.4 | 850                    | 31.9 | 700                    | 24.2 | 800                    | — | 672                  | 03 |
| Year ending March 2008 | 50,000                 | 13.2 | 2,100                  | 98.0 | 1,700                  | 99.1 | 1,300                  | — | 1,092                | 05 |

## 4. Others

(1) Changes in the significant subsidiaries (Accompanying changes in scope of the consolidation): Applicable

(2) Changes in accounting policy, procedure, and presentation in preparation of the consolidated financial reports: (Described in the “Basis of consolidated financial statements and summary of significant accounting polices”)

(2)-1. Changes accompanying revisions of accounting standards, etc.:Applicable

(2)-2. Changes other than the above: None

(3)Outstanding shares (common shares)

(3)-1. Outstanding shares at the end of the fiscal years (including treasury shares):

The fiscal year ended March 2007: 1,196,000 shares, the fiscal year ended March 2006: 1,196,000shares

(3)-2. Treasury shares at the end of the fiscal years:

The fiscal year ended March 2007: 5,580 shares, the fiscal year ended March 2006: 5,580 shares

# Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Unit: thousands of yen)

|   | Note | FY2005<br>(As of March 31, 2006) |                         | FY 2006<br>(As of March 31, 2007) |                         |
|---|------|----------------------------------|-------------------------|-----------------------------------|-------------------------|
|   |      | Amount                           | Component<br>percentage | Amount                            | Component<br>percentage |
| (Assets)  |      |                                  |                         |                                   |                         |
| I. Current assets                                   |      |                                  |                         |                                   |                         |
| 1. Cash and deposits                                |      | 7,534,815                        |                         | 8,217,827                         |                         |
| 2. Accounts and notes<br>receivable                 |      | 4,768,010                        |                         | 6,929,263                         |                         |
| 3. Marketable securities                            |      | 364,619                          |                         | 347,644                           |                         |
| 4. Inventories                                      |      | 39,905                           |                         | 636,880                           |                         |
| 5. Accrued refund income<br>tax                     |      | —                                |                         | 865,236                           |                         |
| 6. Deferred tax assets                              |      | 808,951                          |                         | 1,350,004                         |                         |
| 7. Others   |      | 571,683                          |                         | 1,889,891                         |                         |
| Allowance for doubtful<br>accounts                  |      | △82,229                          |                         | △206,234                          |                         |
| Total current assets                                |      | 14,005,756                       | 44.3                    | 20,030,513                        | 50.8                    |
| II. Fixed assets                                    |      |                                  |                         |                                   |                         |
| 1. Tangible fixed assets                            |      |                                  |                         |                                   |                         |
| (1) Buildings and<br>structures                     |      | 256,659                          |                         | 243,861                           |                         |
| Accumulated depreciation                            |      | 44,618                           | 212,041                 | 24,307                            | 219,553                 |
| (2) Machinery, equipment<br>and vehicles            |      | 33,403                           |                         | 26,305                            |                         |
| Accumulated depreciation                            |      | 20,083                           | 13,319                  | 7,848                             | 18,457                  |
| (3) Tools   |      | 1,917,608                        |                         | 1,747,897                         |                         |
| Accumulated depreciation                            |      | 1,131,299                        | 786,209                 | 1,171,123                         | 576,773                 |
| (4) Land  |      |                                  | 216,510                 |                                   | 216,602                 |
| Total tangible fixed assets                         |      |                                  | 1,228,080               |                                   | 1,031,386               |
| 2. Intangible fixed assets                          |      |                                  |                         |                                   |                         |
| (1) Consolidated<br>adjustment account              |      |                                  | 3,656,824               |                                   | —                       |
| (2) Goodwill  |      |                                  | —                       |                                   | 10,293,255              |
| (3) Soft ware                                       |      |                                  | 457,318                 |                                   | 781,620                 |
| (4) Others  |      |                                  | 483,401                 |                                   | 105,399                 |
| Total intangible fixed<br>assets                    |      |                                  | 4,597,545               | 14.6                              | 11,180,274              |
| 3. Investment and other<br>assets                   |      |                                  |                         |                                   |                         |
| (1) Investment securities                           |      | *1                               | 9,560,144               |                                   | 5,273,058               |
| (2) Long-term loans                                 |      |                                  | 1,560                   |                                   | 180,045                 |
| (3) Deposits with landlords                         |      |                                  | 1,144,546               |                                   | 1,440,442               |
| (4) Others  |      |                                  | 1,178,102               |                                   | 1,037,395               |
| Allowance for doubtful<br>receivable                |      |                                  | △119,956                |                                   | △719,823                |
| Total investments and other<br>assets               |      |                                  | 11,764,397              | 37.2                              | 7,047,700               |
| Total fixed assets                                  |      |                                  | 17,590,023              | 55.7                              | 19,403,485              |
| III. Deferred charges                               |      |                                  |                         |                                   |                         |
| 1. Expenditure for stock<br>delivering prescription |      |                                  | —                       |                                   | 8,161                   |
| Total deferred charges                              |      |                                  | —                       |                                   | 8,161                   |
| Total assets  |      |                                  | 31,595,780              | 100.0                             | 39,442,160              |

|  |      | FY2005 (As of March 31, 2006) |                      | FY2006 (As of March 31, 2007) |                      |
|--|------|-------------------------------|----------------------|-------------------------------|----------------------|
| Account name   | note | Amount                        | Component percentage | Amount                        | Component percentage |
| (Liabilities)  |      |                               |                      |                               |                      |
| I. Current liabilities   |      |                               |                      |                               |                      |
| 1. Trade notes and Accounts payable                                |      | 3,349,235                     |                      | 4,648,274                     |                      |
| 2. Short-term loans  |      | 86,969                        |                      | 5,215,768                     |                      |
| 3. Income taxes payable  |      | 826,587                       |                      | 580,242                       |                      |
| 4. Allowance for costs of card use                                 |      | 2,323,140                     |                      | 2,511,846                     |                      |
| 5. Allowance for points  |      | 697,582                       |                      | 553,247                       |                      |
| 6. Allowance for bonus payments                                    |      | 77,316                        |                      | 129,177                       |                      |
| 7. Others  |      | 1,844,745                     |                      | 1,844,707                     |                      |
| Total current liabilities  |      | 9,205,576                     | 29.1                 | 15,483,265                    | 39.3                 |
| II. Fixed liabilities  |      |                               |                      |                               |                      |
| 1. Long-term liabilities   |      | -                             |                      | 6,119,854                     |                      |
| 2. Deferred tax liabilities  |      | 2,235,777                     |                      | 535,501                       |                      |
| 3. Allowance for retirement benefits                               |      | 27,252                        |                      | 35,535                        |                      |
| 4. Allowance for directors and statutory auditors retirement bonus |      | 121,134                       |                      | -                             |                      |
| 5. Reserve for guarantee losses                                    |      | -                             |                      | 1,298,550                     |                      |
| 6. Others  |      | 37,532                        |                      | 54,611                        |                      |
| Total fixed liabilities  |      | 2,421,697                     | 7.7                  | 8,044,052                     | 20.4                 |
| Total liabilities  |      | 11,627,274                    | 36.8                 | 23,527,318                    | 59.7                 |
| (Minority interests)   |      |                               |                      |                               |                      |
| Minority interests   |      | 342,525                       | 1.1                  | -                             | -                    |
| (Shareholders' equity)   |      |                               |                      |                               |                      |
| I. Capital stock   | *2   | 3,218,000                     | 10.2                 | -                             | -                    |
| II. Additional paid-in capital                                     |      | 3,708,355                     | 11.7                 | -                             | -                    |
| III. Retained earnings   |      | 9,408,748                     | 29.8                 | -                             | -                    |
| IV. Unrealized gain on available-for-sale securities               |      | 3,401,193                     | 10.7                 | -                             | -                    |
| V. Foreign currency translation adjustments                        |      | 243,952                       | 0.8                  | -                             | -                    |
| VI. Treasury stock   | *3   | △354,269                      | △1.1                 | -                             | -                    |
| Total shareholders' equity   |      | 19,625,979                    | 62.1                 | -                             | -                    |
| Total liabilities, minority interests and shareholders' equity     |      | 31,595,780                    | 100.0                | -                             | -                    |

| Account name   | note | FY2005 (As of March 31, 2006) |                      | FY2006 (As of March 31, 2007) |                      |
|--|------|-------------------------------|----------------------|-------------------------------|----------------------|
|  |      | Amount                        | Component percentage | Amount                        | Component percentage |
| (Net assets)   |      |                               |                      |                               |                      |
| I. Shareholder's equity  |      |                               | -                    |                               |                      |
| 1. Common stock  | *2   |                               | -                    | 3,218,000                     | 8.2                  |
| 2. Capital surplus   |      |                               | -                    | 3,708,355                     | 9.4                  |
| 3. Retained earning  |      |                               | -                    | 7,276,602                     | 18.4                 |
| 4. Treasury stock  | *3   |                               | -                    | △354,269                      | △0.9                 |
| Total shareholder's equity                                     |      |                               |                      | 13,848,687                    | 35.1                 |
| <input type="checkbox"/> Valuation and translation adjustments |      |                               |                      |                               |                      |
| 1. Net unrealized gains on investment securities               |      |                               | -                    | 1,195,867                     | 3.0                  |
| 2. Foreign currency translation adjustments                    |      |                               | -                    | 189,991                       | 0.5                  |
|  |      |                               | -                    | 1,385,858                     | 3.5                  |
| <input type="checkbox"/> Share warrant                         |      |                               |                      |                               |                      |
| 1. subscription right  |      |                               | -                    | 487                           | 0.0                  |
| Total share warrant  |      |                               | -                    | 487                           | 0.0                  |
| <input type="checkbox"/> Minority interests                    |      |                               | -                    | 679,808                       | 1.7                  |
| Total net assets   |      |                               | -                    | 15,914,842                    | 40.3                 |
| Total liability and net assets                                 |      |                               | -                    | 39,442,160                    | 100.0                |

## (2) Consolidated Income statement

(Thousands of yen)

| Account name  | note | FY2005 (As of March 31, 2006) |            |                      | FY2006 (As of March 31, 2007) |            |                      |
|---|------|-------------------------------|------------|----------------------|-------------------------------|------------|----------------------|
|   |      | Amount                        |            | Component percentage | Amount                        |            | Component percentage |
| I Net sales   |      |                               | 30,040,166 | 100.0                |                               | 44,152,751 | 100.0                |
| II Cost of Sales  | *2   |                               | 20,308,957 | 67.6                 |                               | 31,215,018 | 70.7                 |
| Gross profit  |      |                               | 9,731,209  | 32.4                 |                               | 12,937,733 | 29.3                 |
| III. Selling, general and administrative expenses               | *1,2 |                               | 6,339,781  | 21.1                 |                               | 11,877,157 | 26.9                 |
| Operating income  |      |                               | 3,391,428  | 11.3                 |                               | 1,060,576  | 2.4                  |
| IV. Other income  |      |                               |            |                      |                               |            |                      |
| 1. Dividend income  |      | 38,292                        |            |                      | 41,070                        |            |                      |
| 2. Interest income  |      | 43,736                        |            |                      | 42,575                        |            |                      |
| 3. Foreign exchange gain  |      | 116,908                       |            |                      | 7,886                         |            |                      |
| 4. Miscellaneous income   |      | 22,498                        | 221,436    | 0.7                  | 40,851                        | 132,383    | 0.3                  |
| V. Operating expenses   |      |                               |            |                      |                               |            |                      |
| 1. Interest expense   |      | 9,146                         |            |                      | 191,407                       |            |                      |
| 2. Investment profit on equity method                           |      | 140,794                       |            |                      | 136,624                       |            |                      |
| 3. Miscellaneous expense  |      | 7,865                         | 157,805    | 0.5                  | 11,260                        | 339,293    | 0.8                  |
| Ordinary profit   |      |                               | 3,455,058  | 11.5                 |                               | 853,667    | 1.9                  |
| VI. Extraordinary profit  |      |                               |            |                      |                               |            |                      |
| 1. Gain on disposal of investment securities                    |      | 220,271                       |            |                      | 31,854                        |            |                      |
| 2. Gain on liquidation of allowance for cost of card use        |      | -                             |            |                      | 3,380,630                     |            |                      |
| 3. Accrued retirement benefits directors and statutory auditors |      | -                             |            |                      | 151,150                       |            |                      |
| 4. Others   |      | 14,332                        | 234,603    | 0.8                  | 149,488                       | 3,713,124  | 8.4                  |
| Total extraordinary profit                                      |      |                               |            |                      |                               |            |                      |
| VII. Extraordinary loss   |      |                               |            |                      |                               |            |                      |
| 1. Loss on disposal of fixed assets                             | *3   | 108,555                       |            |                      | 363,862                       |            |                      |
| 2. Loss from investment securities valuation                    |      | -                             |            |                      | 449,273                       |            |                      |
| 3. Provision for loan losses                                    |      | -                             |            |                      | 622,063                       |            |                      |
| 4. Loans charged off  |      | 63,268                        |            |                      | -                             |            |                      |
| 5. Amortization of goodwill                                     | *4   | -                             |            |                      | 2,989,387                     |            |                      |
| 6. Guaranty of liabilities loss provision                       |      | -                             |            |                      | 1,298,550                     |            |                      |
| 7. Others   |      | 8,095                         | 179,919    | 0.6                  | 554,395                       | 6,277,532  | 14.2                 |
| Income before income taxes and minority interests               |      |                               | 3,509,742  | 11.7                 |                               | △1,710,741 | △3.9                 |
| Income taxes and business taxes                                 |      | 2,132,141                     |            |                      | 752,730                       |            |                      |
| Income taxes and other taxes                                    |      | 33,938                        | 2,166,080  | 7.2                  | △733,791                      | 18,938     | 0.0                  |
| Minority interests  |      |                               | △94,631    | △0.3                 |                               | 153,333    | 0.4                  |
| Net income or loss  |      |                               | 1,438,293  | 4.8                  |                               | △1,883,013 | △4.3                 |

### (3) Consolidated statement of capital surplus and changes in net assets

Consolidated statement of capital surplus  
(Thousands of yen)

|  |      | FY2006 (From April 1, 2006 to March 31, 2007) |           |
|--|------|---|-----------|
| Account name                                   | Note | Amount  |           |
| <b>(Additional paid-in capital)</b>            |      |   |           |
| I. Beginning balance                           |      |   | 3,708,355 |
| II. Ending balance                             |      |   | 3,708,355 |
| <b>(Accumulated income)</b>                    |      |   |           |
| I Beginning balance                            |      |   | 8,128,670 |
| <b>II. Increase of accumulated income</b>      |      |   |           |
| 1. Net income                                  |      | 1,438,293                                     | 1,438,293 |
| <b>III. Decrease of accumulated income</b>     |      |   |           |
| 1. Dividends                                   |      | 119,215                                       |           |
| 2. Bonuses to directors and statutory auditors |      | 39,000  | 158,215   |
| IV Ending balance                              |      |   | 9,408,748 |

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the year ended March 31, 2007

(Thousands of yen)

|   | Shareholders' equity |                 |                   |                |                            |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
|   | Common stock         | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance as of March 31, 2006  | 3,218,000            | 3,708,355       | 9,408,748         | △354,269       | 15,980,834                 |
| Changes of items during the accounting period                             |                      |                 |                   |                |                            |
| Cash dividend paid *  |                      |                 | △59,521           |                | △59,521                    |
| Cash dividend paid  |                      |                 | △59,521           |                | △59,521                    |
| Bonuses to directors and corporate auditors                               |                      |                 | △39,000           |                | △39,000                    |
| Net loss  |                      |                 | △1,883,013        |                | △1,883,013                 |
| Decrease for change in accounting procedure of controlled foreign company |                      |                 | △91,091           |                | △91,091                    |
| Net changes of items other than shareholders' equity                      |                      |                 |                   |                |                            |
| Total changes of items during the accounting period                       | -                    | -               | △2,132,146        | -              | △2,132,146                 |
| Balance as of March 31, 2007  | 3,218,000            | 3,708,355       | 7,276,602         | △354,269       | 13,848,687                 |

|   | Valuation and translation adjustments         |  |   | Share warrant      | Minority interests | Total net assets |
|---|---|--|---|--------------------|--------------------|------------------|
|   | Net unrealized gains on investment securities | Foreign currency translation adjustments | Total valuation and translation adjustments | subscription right |                    |                  |
| Balance as of Mrch 31, 2006   | 3,401,193                                     | 243,952                                  | 3,645,145                                   | 487                | 342,525            | 19,968,992       |
| Changes of items during the accounting period                             |   |  |   |                    |                    |                  |
| Cash divided paid   |   |  |   |                    |                    |                  |
| Bonuses to directors and corporate auditors                               |   |  |   |                    |                    |                  |
| Net loss  |   |  |   |                    |                    |                  |
| Decrease for change in accounting procedure of controlled foreign company |   |  |   |                    |                    |                  |
| Net changes of items other than shareholders' equity                      | △2,205,326                                    | △53,960                                  | △2,259,287                                  |                    | 337,282            | △1,922,004       |
| Total changes of items during the accounting period                       | △2,205,326                                    | △53,960                                  | △2,259,287                                  | -                  | 337,282            | △4,054,151       |
| Balance as of March 31, 2007  | 1,195,867                                     | 189,991                                  | 1,385,858                                   | 487                | 679,808            | 15,914,842       |

\*



#### (4) Consolidated Statements of Cash Flows

|   |      | FY2005 (From April 1, 2005 to March 31, 2006) | FY2006 (From April 1, 2006 to March 31, 2007) |
|---|------|---|---|
| Item  | Note | Amount, thousand of yen                       | Amount, thousand of yen                       |
| I. Cash flow from operating activities  |      |   |   |
| Income before income taxes and minority interests                                       |      | 3,509,742                                     | △1,710,741                                    |
| Depreciation and amortization   |      | 520,755                                       | 625,384                                       |
| Impairment loss   |      | -   | 72,435  |
| Amortization of consolidation difference  |      | 715,371                                       | -   |
| Amortization of goodwill  |      | -   | 5,604,258                                     |
| Loss from investment in equity method   |      | 140,794                                       | 136,624                                       |
| Increase in allowance for doubtful accounts   |      | 71,641  | 735,361                                       |
| Increase (decrease) in reserve for bonus  |      | △20,821                                       | 51,861  |
| Increase (decrease) in allowance for cost of card use                                   |      | △80,861                                       | 188,706                                       |
| Decrease in allowance for unexercised sales promotion points                            |      | △114,426                                      | △144,334                                      |
| Increase in allowance for retirement benefits   |      | 7,470   | 8,282   |
| Increase (decrease) in allowance for directors and statutory auditors' retirement bonus |      | 3,568   | △121,134                                      |
| Gain from guaranty of liabilities loss provision  |      | -   | 1,298,550                                     |
| Gains on sale of investment securities  |      | △220,271                                      | △31,854                                       |
| Gain on sale of corporate share on affiliated company                                   |      | -   | △3,380,630                                    |
| Valuation loss on investment securities   |      | -   | 449,273                                       |
| Gain from anonymous association   |      | △771  | △615  |
| Proceeds from equity movement   |      | -   | △139,137                                      |
| Interest and dividends income   |      | △40,478                                       | △43,510                                       |
| Interest on securities  |      | △43,736                                       | △42,575                                       |
| Interest expenses   |      | 9,146   | 191,407                                       |
| Foreign exchange gains  |      | △132,560                                      | △9,976  |
| Losses from disposal of fixed assets  |      | 108,555                                       | 363,862                                       |
| Decrease (increase) in accounts and notes receivable-trade                              |      | 4,922   | △1,057,870                                    |
| Decrease (increase) in inventories  |      | △12,555                                       | △689,984                                      |
| Increase in accounts and notes payable-trade  |      | 717,771                                       | 1,491,274                                     |
| Decrease (increase) in consumption taxes receivable                                     |      | 27,702  | △266,735                                      |
| Payment of directors and statutory auditors' bonus                                      |      | △39,000                                       | △39,000                                       |

|   |      | FY2005 (From April 1, 2005 to March 31, 2006) | FY2006 (From April 1, 2006 to March 31, 2007) |
|---|------|---|---|
| Item                                      | Note | Amount, thousand of yen                       | Amount, thousand of yen                       |
| Others                                    |      | 73,968  | △41,562                                       |
| Sub-total                                 |      | 5,206,927                                     | 3,497,621                                     |
| Interest and dividends received           |      | 56,541  | 41,996  |
| Interest expenses paid                    |      | △8,591  | △173,947                                      |
| Income taxes paid                         |      | △2,283,218                                    | △1,993,905                                    |
| Net cash provided by operating activities |      | 2,970,659                                     | 1,371,764                                     |

|  |      | FY2005 (From<br>April 1, 2005 to<br>March 31, 2006) | FY2006 (From<br>April 1, 2006 to<br>March 31, 2007) |
|--|------|---|---|
| Item   | Note | Amount,<br>thousand of yen                          | Amount,<br>thousand of yen                          |
| <b>II. Cash flow from investing activities</b>   |      |   |   |
| Expenditure for deposit of time deposits   |      | △200,000  | △1,850,052  |
| Proceeds from withdrawal of time deposits  |      | 400,000   | 1,550,052   |
| Expenditures for acquisition of tangible fixed assets  |      | △427,664  | △579,359  |
| Proceeds from sale of tangible fixed assets  |      | 12,206  | 8,755   |
| Expenditure for acquisition of software  |      | △322,909  | △605,288  |
| Expenditure for acquisition of other intangible fixed assets                                   |      | △44,037   | △11,109   |
| Expenditure for acquisition of investment securities   |      | △2,344,873  | △1,608,239  |
| Expenditure for acquisition of investment securities from minority                             |      | -   | △40,800   |
| Proceeds from sale of investment securities  |      | 758,255   | 109,280   |
| Proceeds from redemption of securities   |      | 256,140   | -   |
| Expenditures for acquisition of subsidiary's shares causing a change in scope of consolidation | *2   | △58,896   | -   |
| Proceeds for acquisition of subsidiary's shares causing a change in scope of consolidation     |      | -   | 41,341  |
| Proceeds for sale of subsidiary's shares causing a change in scope of consolidation            | *3   | -   | 1,871,039   |
| Expenditure for sale of subsidiary's shares causing a change in scope of consolidation         | *3   | -   | △52,284   |
| Expenditure for depositing long-term guaranty deposit  |      | △3,563  | △1,678  |
| Expenditure for loans receivable   |      | -   | △430,011  |
| Proceeds from collection of loans receivable   |      | 9,944   | 39,883  |
| Expenditure for assigning management of business   |      | -   | △12,036,313   |
| Others   |      | △76,349   | △383,855  |
| Net cash used in investing activities  |      | △2,041,748  | △13,978,639   |
| <b>III. Cash flow from financing activities</b>  |      |   |   |
| Net increase in short-term loans   |      | 86,969  | 4,397,167   |
| Proceeds from long-term borrowing  |      | -   | 10,131,509  |
| Expenditure for repayment of long-term borrowing   |      | -   | △2,008,315  |
| Proceeds from repayment of bonds   |      | -   | 351,000   |
| Expenditure for refund of bond   |      | -   | △1,145  |

|  |      |   |   |
|--|------|---|---|
| Expenditure for acquisition of treasury stocks   |      | △20,4056                                      | -   |
| Payment of dividends   |      | △119,105                                      | △117,659                                      |
|  |      | FY2005 (From April 1, 2005 to March 31, 2006) | FY2006 (From April 1, 2006 to March 31, 2007) |
| Item   | Note | Amount,<br>thousand of yen                    | Amount,<br>thousand of yen                    |
| Others   |      | -   | △12,591                                       |
| Net cash flow used in financing activities   |      | △236,192                                      | 12,739,964                                    |
| IV. Effect of exchange rate on cash and cash equivalents                               |      | 216,450                                       | 59,799  |
| V. Net increase in cash and cash equivalents   |      | 909,168                                       | 192,889                                       |
| VI. Cash and cash equivalents at beginning of year                                     |      | 6,770,266                                     | 7,679,435                                     |
| VII. Cash and cash equivalents of newly consolidated subsidiaries at beginning of year |      | -   | 193,146                                       |
| VII. Cash and cash equivalents at end of year  | *1   | 7,679,435                                     | 8,065,471                                     |