

Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2006

Company name: Bell-Park Co., Ltd.
 Stock code: 9441
 Stock exchange listing: JASDAQ
 Company domicile: Tokyo, Japan
 URL: <http://www.bellpark.co.jp>
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Date of board meeting for approving financial results: February 15, 2007

Dividend payment date: March 30, 2007

Annual meeting of shareholders: March 29, 2007

The Company does not employ a unit stock system.

1. Non-consolidated Financial Results for the Year Ended December 31, 2006 (Jan. 1 – Dec. 31, 2006)

(1) Results of Operations

Million yen, rounded down

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
Year ended December 2006	18,572	(1.3)	706	6.5	742	9.5
Year ended December 2005	18,826	21.7	663	2.5	678	3.4

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change %	Yen	Yen
Year ended December 2006	324	2.7	5,143.23	5,115.48
Year ended December 2005	315	15.2	4,974.17	4,951.72

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	%	%	%
Year ended December 2006	8.5	9.6	4.0
Year ended December 2005	8.7	10.1	3.6

Notes: 1. Weighted average number of shares outstanding

Year ended December 2006: 63,015.76 shares

Year ended December 2005: 63,434.33 shares

2. Changes in accounting principles applied: None

3. The percentages shown for net sales, operating income, ordinary income, and net income represent changes from the previous fiscal year.

(2) Financial Position*Million yen, rounded down*

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2006	8,364	3,968	47.4	62,928.04
As of December 31, 2005	7,128	3,701	51.9	58,815.12

Notes: 1. Number of shares outstanding at end of period

As of December 31, 2006: 63,056.68 shares

As of December 31, 2005: 62,927.68 shares

2. Number of treasury stock at end of period

As of December 31, 2006: 3,033.50 shares

As of December 31, 2005: 3,033.50 shares

2. Forecast for the Year Ending December 31, 2007 (Jan. 1 – Dec. 31, 2007)*Million yen, rounded down*

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Interim	12,850	780	390
Full year	25,900	1,270	630

Reference: Estimated net income per common share for the year ending Dec. 31, 2007: 9,991.01 yen

3. Dividends

Dividends by cash	Dividend per share			Aggregate dividend (Annual) Million yen	Payout ratio %	Dividend rate for net assets %
	Interim Yen	Year end Yen	Annual Yen			
Year ended Dec. 2005	-	1,000	1,000	62	20.1	1.7
Year ended Dec. 2006	-	1,300	1,300	81	25.3	2.1
Year ending Dec. 2007 (forecast)	-	1,300	1,300			

Forward Looking Statements

Forecasts regarding future performance in these materials are based estimates and judgments of the Company's management made in accordance with information available at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors. Readers are advised to refer to page 10 of Consolidated Financial Results for details on business forecasts, and assumptions and other relevant factors on which they are based.

7. Non-consolidated Financial Statements and Notes

Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

Account	*	FY2005 (As of December 31, 2005)		FY2006 (As of December 31, 2006)		
		Thousand yen	%	Thousand yen	%	
Assets						
I. Current assets						
1. Cash on hand and in banks		1,220,730		1,539,392		
2. Accounts receivable -trade	*3	602,363		479,610		
3. Accounts receivable -other		1,961,665		2,540,533		
4. Merchandise		1,122,258		1,387,775		
5. Supplies		3,113		4,375		
6. Prepaid expenses		49,847		63,321		
7. Short-term loans receivable	*3	137,324		324		
8. Accounts receivable – non-trade	*3	115,368		79,381		
9. Deferred tax assets		75,968		63,824		
10. Other current assets	*3	11,171		37,612		
11. Allowance for doubtful accounts		(32,692)		(1,816)		
Total current assets		5,267,118	73.9	6,194,333	74.1	
II. Fixed assets						
1. Property, plant and equipment						
(1) Buildings		254,666		354,930		
Depreciation and amortization		69,652	185,014	93,941	260,989	
(2) Structure		6,927		13,195		
Depreciation and amortization		1,002	5,925	2,222	10,973	
(3) Vehicles		3,003		477		
Depreciation and amortization		1,111	1,891	454	23	
(4) Furniture and fixtures		172,006		112,167		
Depreciation and amortization		76,807	95,198	74,359	37,807	
Total property, plant and equipment			288,029		309,793	3.7
2. Intangible assets						
(1) Goodwill			12,698		-	
(2) Goodwill			-		109,768	
(3) Leasehold rights			1,000		1,000	
(4) Trademarks			411		346	
(5) Software			598		6,568	
(6) Others			4,742		5,046	
Total intangible assets			19,451		122,729	1.4

Account	*	FY2005 (As of December 31, 2005)		FY2006 (As of December 31, 2006)	
		Thousand yen	%	Thousand yen	%
3. Investments and other assets					
(1) Investment securities		105,688		104,665	
(2) Investments in affiliates		765,816		720,624	
(3) Long-term loans receivable		2,835		2,511	
(4) Long-term loans to affiliates		5,416		80,000	
(5) Leasehold deposits		489,498		685,752	
(6) Guarantee deposits		8,830		8,451	
(7) Membership rights		137,922		90,512	
(8) Long-term prepaid expenses		13,759		20,228	
(9) Deferred tax assets		61,819		91,234	
(10) Others		309		2,040	
(11) Allowance for possible losses on investments		(35,816)		(35,816)	
(12) Allowance for doubtful accounts		(2,204)		(32,897)	
Total investments other assets		1,553,875	21.8	1,737,306	20.8
Total fixed assets		1,861,355	26.1	2,169,829	25.9
Total assets		7,128,474	100.0	8,364,163	100.0

Account	*	FY2005 (As of December 31, 2005)		FY2006 (As of December 31, 2006)	
		Thousand yen	%	Thousand yen	%
Liabilities					
I. Current liabilities					
1. Accounts payable - trade		1,751,777		2,353,197	
2. Accounts payable - other	*3	686,847		767,912	
3. Accounts payable - non-trade	*3	175,237		451,591	
4. Accrued expenses		124,764		218,162	
5. Accrued income taxes		203,693		198,672	
6. Accrued consumption taxes		32,328		21,143	
7. Deposits received		236,042		225,721	
8. Reserve for employees' bonuses		44,099		51,759	
9. Reserve for loss on short-term contract cancellations		70,128		18,812	
10. Other current liabilities		7,937		7,575	
Total current liabilities		3,332,857	46.8	4,314,549	51.6
II. Long-term liabilities					
1. Liability for employees' retirement benefits		21,259		26,208	
2. Other long-term liabilities		73,258		55,372	
Total long-term liabilities		94,517	1.3	81,581	1.0
Total liabilities		3,427,375	48.1	4,396,130	52.6
Shareholders' equity					
I. Common stock	*1	1,086,140	15.2	-	-
II. Capital surplus					
1. Additional paid-in capital		1,540,547		-	
Total capital surplus		1,540,547	21.6	-	-
III. Retained earnings					
1. Legal reserve		8,078		-	
2. Unappropriated retained earnings at end of year		1,270,995		-	
Total retained earnings		1,279,073	17.9	-	-
IV. Net unrealized holding gain on securities		3,373	0.1	-	-
V. Treasury stock	*2	(208,036)	(2.9)	-	-
Total shareholders' equity		3,701,099	51.9	-	-
Total liabilities and shareholders' equity		7,128,474	100.0	-	-

Account	*	FY2005 (As of December 31, 2005)		FY2006 (As of December 31, 2006)	
		Thousand yen	%	Thousand yen	%
Net assets					
I. Shareholders' equity					
1. Common stock		-	-	1,090,878	13.0
2. Capital surplus					
(1) Additional paid-in capital		-		1,545,286	
Total capital surplus		-	-	1,545,286	18.5
3. Retained earnings					
(1) Legal reserve		-		8,078	
(2) Other retained earnings					
Retained earnings brought forward		-		1,532,172	
Total retained earnings		-	-	1,540,250	18.4
4. Treasury stock		-	-	(208,036)	(2.5)
Total shareholders' equity		-	-	3,968,379	47.4
II. Valuation and translation adjustments					
1. Net unrealized holding gain on securities		-	-	(346)	(0.0)
Total valuation and translation adjustments		-	-	(346)	(0.0)
Total net assets		-	-	3,968,033	47.4
Total liabilities and net assets		-	-	8,364,163	100.0

(2) Non-consolidated Statements of Income

Account	*	FY2005 (Jan. 1 – Dec. 31, 2005)		FY2006 (Jan. 1 – Dec. 31, 2006)	
		Thousand yen	%	Thousand yen	%
I. Net sales					
1. Merchandise sales		3,494,904		5,721,033	
2. Commissions received		15,331,381	18,826,286	12,851,878	18,572,911
100.0					100.0
II. Cost of goods sold					
1. Inventories - beginning of year		815,060		1,122,258	
2. Purchases		13,192,486		12,991,159	
3. Merchandise received from acquisition of business		-		3,654	
Total		14,007,547		14,117,073	
4. Inventories - end of year		1,122,258		1,387,775	
Net		12,885,288		12,729,298	
5. Commissions paid		2,370,280	15,255,569	1,864,010	14,593,308
81.0					78.6
Gross profit			3,570,716		3,979,602
19.0					21.4
III. Selling, general and administrative expenses					
1. Advertisement		91,903		114,438	
2. Salaries		730,321		852,097	
3. Miscellaneous wages		352,774		334,329	
4. Welfare expenses		131,358		151,626	
5. Provision of reserve for employees' bonuses		34,658		42,567	
6. Retirement benefit expenses		4,782		10,500	
7. Outsourcing expenses		330,896		361,215	
8. Rent		346,538		432,914	
9. Depreciation		55,660		64,176	
10. Others		828,133	2,907,025	908,986	3,272,854
15.5					17.6
Operating income			663,691		706,747
3.5					3.8
IV. Non-operating income					
1. Interest income	*3	5,218		3,364	
2. Dividend income		-		5,113	
3. Insurance reimbursement		-		7,282	
4. Leasing income	*3	21,934		27,652	
5. Outsourcing income	*3	14,946		21,098	
6. Other non-operating income		9,042	51,142	6,638	71,150
0.3					0.4
V. Non-operating expenses					
1. Interest expenses		1,514		1,316	
2. Leasing expenses		24,277		29,042	
3. Other non-operating expenses		10,805	36,596	4,774	35,133
0.2					0.2
Ordinary income			678,237		742,764
3.6					4.0

Account	*	FY2005 (Jan. 1 – Dec. 31, 2005)		FY2006 (Jan. 1 – Dec. 31, 2006)	
		Thousand yen	%	Thousand yen	%
VI. Extraordinary income					
1. Gain on sale of investment securities		-		30,055	
2. Gain on sale of memberships		-		8,341	
3. Others		-	-	1,715	0.2
VII. Extraordinary loss					
1. Loss on sale of fixed assets	*1	-		382	
2. Loss on removal of fixed assets	*2	94		15,306	
3. Impairment losses	*4	-		43,962	
4. Shop closures expenses		-		13,378	
5. Loss on valuation of investments in affiliates		-		45,191	
6. Provision of allowance for doubtful accounts		31,619		-	
7. Provision for allowance for possible losses on investments		35,816		-	
8. Loss on sale of memberships		-		1,777	
9. Others		4,364	71,893	-	0.6
Income before income taxes			606,343		3.6
Income taxes - current		325,479		353,490	
Income taxes - deferred		(34,669)	290,809	(14,717)	1.9
Net income			315,533		1.7
Retained earnings brought forward			955,461		-
Unappropriated retained earnings at end of year			1,270,995		-

(3) Non-consolidated Appropriation of Surplus and Changes in Shareholders' Equity

Appropriation of Surplus

		FY2005 Approved at Shareholders' meeting (As of March 30, 2006)	
Account	*	Thousand yen	
I. Unappropriated retained earnings at end of year			1,270,995
II. Appropriations			
Cash dividends		62,927	62,927
III. Retained earnings carried forward to the next year			1,208,067

Non-consolidated Statement of Changes in Shareholders' Equity

FY2006 (Jan. 1 – Dec. 31, 2006)

Thousand yen

	Shareholders' equity							Treasury stock	Total shareholders' equity
	Common stock	Capital surplus		Legal reserve	Retained earnings				
		Additional paid-in capital	Total capital surplus		Other retained earnings	Total retained earnings			
Balance as of Dec. 31, 2005	1,086,140	1,540,547	1,540,547	8,078	1,270,995	1,279,073	(208,036)	3,697,725	
Changes in the period									
New stock issue	4,738	4,738	4,738					9,476	
Dividend of surplus					(62,927)	(62,927)		(62,927)	
Net income					324,104	324,104		324,104	
Changes (net) in items other than shareholders' equity									
Total changes in the period	4,738	4,738	4,738		261,177	261,177		270,654	
Balance as of Dec. 31, 2006	1,090,878	1,545,286	1,545,286	8,078	1,532,172	1,540,250	(208,036)	3,968,379	

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of Dec. 31, 2005	3,373	3,373	3,701,099
Changes in the period			
New stock issue			9,476
Dividend of surplus			(62,927)
Net income			324,104
Changes (net) in items other than shareholders' equity	(3,720)	(3,720)	(3,720)
Total changes in the period	(3,720)	(3,720)	266,933
Balance as of Dec. 31, 2006	(346)	(346)	3,968,033

Significant Accounting Policies in the Preparation of Non-consolidated Financial Statements

	FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)
1. Valuation criteria and methods for securities	<p>(1) Subsidiary stock Subsidiaries are stated at cost, cost being determined by the moving-average method.</p> <p>(2) Other securities Securities with market quotations: Securities with market quotations are carried at fair value on the balance sheet date. Changes in unrealized holding gain or loss are included directly in shareholders' equity. The cost of securities sold is determined by the moving-average method.</p> <p>Securities without market quotations: Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p>	<p>(1) Subsidiary stock Same as on the left.</p> <p>(2) Other securities Securities with market quotations: Securities with market quotations are carried at fair value on the balance sheet date. Changes in unrealized holding gain or loss are included directly in net assets. The cost of securities sold is determined by the moving-average method.</p> <p>Securities without market quotations: Same as on the left.</p>
2. Valuation criteria and methods for inventories	<p>Merchandise: Merchandise is stated at cost determined primarily by the moving-average method.</p> <p>Supplies: Supplies are stated at cost, cost being determined by the last purchase price method.</p>	<p>Merchandise: Same as on the left.</p> <p>Supplies: Same as on the left.</p>
3. Depreciation and amortization of fixed assets	<p>Property, plant and equipment Declining-balance method. The Company computes depreciation on buildings (excluding fixtures) by the straight-line method. Useful life of principle assets is as follows: Buildings: 3-24 years Structures: 10-20 years Vehicles: 2-6 years Furniture and fixtures: 2-10 years</p> <p>Intangible assets Straight-line method. The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method. Goodwill recorded during the period was amortized for 3 years by the straight-line method.</p>	<p>Property, plant and equipment Same as on the left.</p> <p>Intangible assets Straight-line method. The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method. Goodwill recorded during the period was amortized for 3 years by the straight-line method.</p>

	FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)
	<p>(Changes in accounting principles) In prior year, goodwill was amortized lump sum as accrued. Effective from the current fiscal year, goodwill is amortized by the straight-line method over a period of three years. The above change in the accounting policy is in keeping with the expected revisions to the corporate accounting standards and aims at normalizing period income by more reasonably reflecting the impact of investment on operating results. The effect of this change in the accounting policy was to reduce the operating income and ordinary income by 6,349 thousand yen each and increase the income before income taxes by 12,698 thousand yen, compared to the amounts that would have been reported if the previous accounting standards had been applied consistently.</p> <p>Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p>	<p>Long-term prepaid expenses Same as on the left.</p>
4. Recognition of significant allowances	<p>(1) Allowance for doubtful accounts To prepare for credit losses on accounts receivable and loans receivable etc., allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.</p> <p>(2) Allowance for possible losses on investments To reasonably account for possible losses on investments in affiliates etc., an allowance is provided in an amount determined based on the financial condition of investee companies and other factors.</p> <p>(3) Reserves for employees' bonuses As a means of providing for bonus obligations, the Company designates in the reserve account an amount estimated to have accrued for the current fiscal year.</p> <p>(4) Allowance for early subscription cancellations The Company refunds subscription commission to the telecom carrier, with which it has agency or a sales outsourcing agreement, if mobile/fixed-line phone users cancel his subscription early. To provide for repayment of subscription commission related to such early subscription cancellations, the Company provides an allowance equal to the estimated amounts of refund for early subscription commission based on the historical refund ratio.</p>	<p>(1) Allowance for doubtful accounts Same as on the left.</p> <p>(2) Allowance for possible losses on investments Same as on the left.</p> <p>(3) Reserves for employees' bonuses Same as on the left.</p> <p>(4) Allowance for early subscription cancellations Same as on the left.</p>

	FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)
	(5) Liability for employees' retirement benefits To provide for employee retirement benefits, the Company provides an allowance for retirement benefits in the amount deemed to have accrued, determined (simple method) on the basis of the projected benefit obligation on the balance sheet date.	(5) Liability for employees' retirement benefits Same as on the left.
5. Other significant accounting policies in the preparation of non-consolidated financial statements	(1) Accounting for consumption taxes All amounts stated are exclusive of national and local consumption taxes.	(1) Accounting for consumption taxes Same as on the left.

Change in Significant Accounting Policies in the Preparation of Non-consolidated Financial Statements

FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)
-	(Accounting standard concerning impairment of fixed assets) Effective from the current fiscal year, the Company has adopted "Statement of Opinion, Accounting for Impairment of Fixed Assets," (Business Accounting Council, August 9, 2002) and "Accounting Standard Implementation Guidance for Impairment of Fixed Assets," (ASBJ Guidance No. 6, October 31, 2003). The effect of this change was to decrease income before income taxes by 43,962 thousand yen. The amounts of impairment losses are directly deducted from the corresponding carrying amounts of assets, in accordance with the Revised Standards for the Preparation of non-consolidated Financial Statements.
-	(Accounting standard concerning presentation of net assets on balance sheet) Effective from the current fiscal year, the Company has adopted "Accounting Standard for Presentation of Net Assets on Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and "Accounting Standard Implementation Guidance for Presentation of Net Assets on Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005). The amount equivalent to the total of shareholders' equity under the former accounting standard is 3,968,033 thousand yen, no difference in the amount of net assets.
-	(Accounting standard concerning business combination) Effective from the current fiscal year, the Company has adopted "Accounting Standard for Business Combination" (Business Accounting Council, October 31, 2003), "Accounting Standard for Business Divestiture" (ASBJ Statement No.7: Accounting Standards Board of Japan, December 27, 2005) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10: Accounting Standards Board of Japan, December 27, 2005). The effect of this change is insignificant.

Reclassifications

FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)
-	<p>(Non-consolidated Balance Sheets) Effective from the current fiscal year, “Goodwill” is renamed in Japanese due to conform to the revision of the regulations of financial statement.</p>
<p>(Non-consolidated Statements of Income) Effective from the current fiscal year, “Outsourcing income”, presented as a component of “Other non-operating income” account for the previous fiscal year, are reclassified and presented as a separate item since the “Outsourcing income” exceeded 10% of “Non-operating income” in the current fiscal year. “Outsourcing income” totaled 1,000 thousand yen in the previous fiscal year.</p>	<p>(Non-consolidated Statements of Income) Effective from the current fiscal year, “Shop closures expense”, presented as a component of “Other extraordinary loss” account for the previous fiscal year, are reclassified and presented as a separate item since the “Shop closures expense” exceeded 10% of “Extraordinary loss” in the current fiscal year. “Shop closures expense” totaled 4,364 thousand yen in the previous fiscal year.</p>

Supplementary Information

FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)
<p>(Method for displaying the pro forma portion of corporate taxes in the non-consolidated statements of income) The Accounting Standards Board of Japan released on February 13, 2004 its Practical Response Report No. 12 “Practical handling of the display of the pro forma portion of corporate taxes in income statements.” In line with this report, we have included 16,211 thousand yen from the added value and capital portion of income taxes in selling, general, and administrative expenses, starting from the current fiscal year.</p>	-

Notes to Non-consolidated Financial Statements

Notes to Non-consolidated Balance Sheets

Thousand yen

FY2005 (As of December 31, 2005)	FY2006 (As of December 31, 2006)																										
<p>*1 Class and number of shares outstanding</p> <p>Common stock 263,700 shares</p> <p>Number of shares outstanding</p> <p>Common stock 65,961.18 shares</p> <p>*2 Treasury stock</p> <p>Common stock 3,033.5 shares</p> <p>*3 Affiliates</p> <p>Assets and liabilities of affiliates include the following, in addition to those presented as independent line items in the assets and liabilities sections:</p> <table border="1" style="width: 100%;"> <tr> <td colspan="2">Current assets</td> </tr> <tr> <td>Accounts receivable -trade</td> <td style="text-align: right;">313,843</td> </tr> <tr> <td>Short-term loans receivable</td> <td style="text-align: right;">137,000</td> </tr> <tr> <td>Accounts receivable -non-trade</td> <td style="text-align: right;">98,873</td> </tr> <tr> <td colspan="2">Current liabilities</td> </tr> <tr> <td>Accounts payable -other</td> <td style="text-align: right;">398,918</td> </tr> </table> <p>4. Contingent debts</p> <p>Loan guarantees</p> <p>The Company has guaranteed loans taken out by Nikka Co., Ltd. as follows:</p> <p style="text-align: right;">107,590</p> <p>5. Restrictions on dividends</p> <p><i>Total net assets increased by 3,373 thousand yen as a result of the restatement of assets at fair value in compliance with Article 124, Paragraph 3 of the Enforcement Regulations Concerning the Commercial Code of Japan.</i></p>	Current assets		Accounts receivable -trade	313,843	Short-term loans receivable	137,000	Accounts receivable -non-trade	98,873	Current liabilities		Accounts payable -other	398,918	<p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p>*3 Affiliates</p> <p>Assets and liabilities of affiliates include the following, in addition to those presented as independent line items in the assets and liabilities sections:</p> <table border="1" style="width: 100%;"> <tr> <td colspan="2">Current assets</td> </tr> <tr> <td>Accounts receivable -trade</td> <td style="text-align: right;">205,858</td> </tr> <tr> <td>Accounts receivable -non-trade</td> <td style="text-align: right;">67,736</td> </tr> <tr> <td>Other current assets</td> <td style="text-align: right;">37,488</td> </tr> <tr> <td colspan="2">Current liabilities</td> </tr> <tr> <td>Accounts payable- other</td> <td style="text-align: right;">461,514</td> </tr> <tr> <td>Accounts payable - non-trade</td> <td style="text-align: right;">346,854</td> </tr> </table> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p>	Current assets		Accounts receivable -trade	205,858	Accounts receivable -non-trade	67,736	Other current assets	37,488	Current liabilities		Accounts payable- other	461,514	Accounts payable - non-trade	346,854
Current assets																											
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Notes to Non-consolidated Statements of Income

Thousand yen

FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)										
-	<p>*1. Significant components of loss on sale of fixed assets</p> <table border="1" style="width: 100%;"> <tr> <td>Buildings</td> <td style="text-align: right;">382</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">382</td> </tr> </table>	Buildings	382	Total	382						
Buildings	382										
Total	382										
<p>*2. Significant components of loss on removal of fixed assets</p> <table border="1" style="width: 100%;"> <tr> <td>Furniture & fixture</td> <td style="text-align: right;">94</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">94</td> </tr> </table>	Furniture & fixture	94	Total	94	<p>*2. Significant components of loss on removal of fixed assets</p> <table border="1" style="width: 100%;"> <tr> <td>Buildings</td> <td style="text-align: right;">14,559</td> </tr> <tr> <td>Furniture & fixture</td> <td style="text-align: right;">747</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">15,306</td> </tr> </table>	Buildings	14,559	Furniture & fixture	747	Total	15,306
Furniture & fixture	94										
Total	94										
Buildings	14,559										
Furniture & fixture	747										
Total	15,306										
<p>*3 Transactions with affiliates include the following</p> <table border="1" style="width: 100%;"> <tr> <td>Interest received from affiliates</td> <td style="text-align: right;">5,204</td> </tr> <tr> <td>Rent received from affiliates</td> <td style="text-align: right;">13,522</td> </tr> <tr> <td>Income from consigned business by affiliates</td> <td style="text-align: right;">14,946</td> </tr> </table>	Interest received from affiliates	5,204	Rent received from affiliates	13,522	Income from consigned business by affiliates	14,946	<p>*3 Transactions with affiliates include the following</p> <table border="1" style="width: 100%;"> <tr> <td>Rent received from affiliates</td> <td style="text-align: right;">19,240</td> </tr> <tr> <td>Income from consigned business by affiliates</td> <td style="text-align: right;">21,098</td> </tr> </table>	Rent received from affiliates	19,240	Income from consigned business by affiliates	21,098
Interest received from affiliates	5,204										
Rent received from affiliates	13,522										
Income from consigned business by affiliates	14,946										
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Income from consigned business by affiliates	21,098										

FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)																												
	<p>*4. The Group recorded impairment losses in the following asset category in the current fiscal year.</p> <p style="text-align: right;">Thousand yen</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Use</th> <th>Category</th> <th>Impairment losses</th> </tr> </thead> <tbody> <tr> <td>Kitami Call Center (Kitami City, Hokkaido)</td> <td>Telephone equipment</td> <td>Furniture and fixtures</td> <td style="text-align: right;">17,776</td> </tr> <tr> <td rowspan="2">Osaka Call Center (Osaka City, Osaka)</td> <td rowspan="2">Telephone equipment</td> <td>Furniture and fixtures</td> <td style="text-align: right;">8,480</td> </tr> <tr> <td>Telephone rights</td> <td style="text-align: right;">153</td> </tr> <tr> <td rowspan="3">Shinjuku Call Center (Shinjuku-ku, Tokyo)</td> <td rowspan="3">Telephone equipment</td> <td>Furniture and fixtures</td> <td style="text-align: right;">15,410</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">474</td> </tr> <tr> <td>Telephone rights</td> <td style="text-align: right;">357</td> </tr> <tr> <td rowspan="2">Ibaraki Office (Tsuchiura City, Ibaraki)</td> <td rowspan="2">Business property</td> <td>Furniture and fixtures</td> <td style="text-align: right;">350</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">960</td> </tr> </tbody> </table> <p>As a rule, the Group groups its operations by business segments and business sites for accounting purposes in order to constantly monitor profitability.</p> <p>The above impairment losses of 43,962 thousand yen represents the reduction in the book value of assets to the amount that can be recovered in conjunction with the downsizing of other business (Handling applications for fixed-line communication service contracts).</p> <p>The recoverable amount is based on estimated net sales proceeds, which are nil because the Group believes it will be difficult to sell these assets. The recoverable amount for office equipment is based on the value obtained from using this equipment, which is calculated based on estimates of future cash flows.</p>	Location	Use	Category	Impairment losses	Kitami Call Center (Kitami City, Hokkaido)	Telephone equipment	Furniture and fixtures	17,776	Osaka Call Center (Osaka City, Osaka)	Telephone equipment	Furniture and fixtures	8,480	Telephone rights	153	Shinjuku Call Center (Shinjuku-ku, Tokyo)	Telephone equipment	Furniture and fixtures	15,410	Vehicles	474	Telephone rights	357	Ibaraki Office (Tsuchiura City, Ibaraki)	Business property	Furniture and fixtures	350	Vehicles	960
Location	Use	Category	Impairment losses																										
Kitami Call Center (Kitami City, Hokkaido)	Telephone equipment	Furniture and fixtures	17,776																										
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Ibaraki Office (Tsuchiura City, Ibaraki)	Business property	Furniture and fixtures	350																										
		Vehicles	960																										

Notes to Non-consolidated Statement of Changes in Shareholders' Equity

FY2006 (Jan. 1 – Dec. 31, 2006)

Type and number of outstanding shares and treasury stocks

	Number of shares as of Dec. 31, 2005 (Shares)	Increase during the period (Shares)	Decrease during the period (Shares)	Number of shares as of Dec. 31, 2006 (Shares)
Treasury stock				
Common shares	3,033.50	-	-	3,033.50
Total	3,033.50	-	-	3,033.50

Leases

No reportable information.

Securities

FY2005 (As of Dec. 31, 2005)

There is no subsidiary and affiliate stock with market quotations.

FY2006 (As of Dec. 31, 2006)

There is no subsidiary and affiliate stock with market quotations.

Deferred Income Taxes

Thousand yen

FY2005 (As of Dec. 31, 2005)	FY2006 (As of Dec. 31, 2006)
1. Major components of deferred tax assets	1. Major components of deferred tax assets
Deferred tax assets	Deferred tax assets
Lump-sum amortized assets	Lump-sum amortized assets
Accrued enterprise taxes	Accrued enterprise taxes
Amortization of goodwill in excess of tax limits	Amortization of goodwill in excess of tax limits
Provision of reserve for employees' bonuses not included in expenses	Loss on valuation of investments in affiliates not included in expenses
Provision of allowance for early subscription cancellations not included in expenses	Provision of reserve for employees' bonuses not included in expenses
Provision of liability for employees' retirement benefits in excess of maximum amount allowed for inclusion in expenses	Provision of allowance for early subscription cancellations not included in expenses
Provision of accrued directors' severance benefits not included in expenses	Provision of liability for employees' retirement benefits not included in expenses
Loss on revaluation of memberships not included in expenses	Provision of accrued directors' severance benefits not included in expenses
Provision of allowance for doubtful accounts in excess of maximum amount allowed for inclusion in expenses	Provision of allowance for doubtful accounts in excess of maximum amount allowed for inclusion in expenses
Provision of allowance for possible losses on investments not included in expenses	Loss on valuation of investment securities not included in expenses
Loss on valuation of investment securities not included in expenses	Provision of impairment losses not included in expenses
<u>Total deferred tax assets</u>	<u>140,103</u>
	Provision of accrued bonuses not included in expenses
	Other
	Sub-total
	Valuation reserve
	<u>Total deferred tax assets</u>
	<u>Net deferred tax assets</u>
Deferred tax liabilities	
Net unrealized holding gain on securities	
<u>Total deferred tax liabilities</u>	
<u>Net deferred tax assets</u>	
2. Significant sources of the difference between the statutory and effective tax rates	2. Significant sources of the difference between the statutory and effective tax rates
Statutory tax rate	Statutory tax rate
(Adjustments)	(Adjustments)
Entertainment expenses and other items not included in expenses indefinitely	Entertainment expenses and other items not included in expenses indefinitely
Residential tax for the period (straight-line)	Dividends etc. received not included in income indefinitely
Tax on reserved income of family-owned companies	Residential tax for the period (straight-line)
Others	Tax on reserved income of family-owned companies
<u>Effective tax rate</u>	<u>Unrecognized tax effect</u>
	<u>Effective tax rate</u>

Business combination accounting

(Transactions under common control based on business combination accounting)

Please refer to "Consolidated Financial Statements and Notes, Notes to Consolidated Financial Statements (Business combination accounting)".

Per Share Information

FY2005 (Jan. 1 – Dec. 31, 2005)		FY2006 (Jan. 1 – Dec. 31, 2006)	
	Yen		Yen
Net assets per share	58,815.12	Net assets per share	62,928.04
Net income per share (basic)	4,974.17	Net income per share (basic)	5,143.23
Net income per share (diluted)	4,951.72	Net income per share (diluted)	5,115.48

Note: The following is a reconciliation of net income per share (basic) and net income per share (diluted).

Thousand yen

	FY2005 (Jan. 1 – Dec. 31, 2005)	FY2006 (Jan. 1 – Dec. 31, 2006)
Net income per share (basic)		
Net income	315,533	324,104
Amount not available to common shareholders	-	-
[of which bonuses to directors in the appropriation of retained earnings]	[-]	[-]
Net income available to common shares	315,533	324,104
Average number of shares outstanding	63,434.33 shares	63,015.76 shares
Net income per share (diluted)		
Increase in the number of common shares	287.61	341.85
[of which stock acquisition rights]	[287.61]	[341.85]
Summary of potential stock not included in the calculation of "net income per share (diluted)" since there was no dilutive effect in the period	<p>Stock subscription rights under the provisions of Article 280-19 of the Commercial Code of Japan: (Approved at the Extraordinary General Meeting of Shareholders held on Nov. 11, 1999) Number of shares to be issued: 283.5 shares Exercise price: 92,593 yen</p> <p>(Approved at the General Meeting of Shareholders held on Mar. 15, 2000) Number of shares to be issued: 45.0 shares Exercise price: 94,445 yen</p> <p>Stock acquisition rights under the provisions of Article 280-20 and 280-21 of the Commercial Code of Japan: (Approved at the General Meeting of Shareholders held on Mar. 29, 2005) Number of shares to be issued: 1,158.0 shares Exercise price: 105,000 yen</p>	<p>Stock acquisition rights under the provisions of Article 280-20 and 280-21 of the Commercial Code of Japan: (Approved at the General Meeting of Shareholders held on Mar. 29, 2005) Number of shares to be issued: 947.0 shares Exercise price: 105,000 yen</p> <p>(Approved at the General Meeting of Shareholders held on Mar. 30, 2006) Number of shares to be issued: 580.0 shares Exercise price: 146,000 yen</p>

Subsequent Events

No reportable information.

8. Changes in Directors

(1) Representative director
No reportable information.

(2) Other directors
1. Retiring director
Director, Atsuyoshi Gobara

2. Retiring auditor
Statutory auditor, Hiroaki Takeuchi

3. Candidates for auditor
Statutory auditor, Kenichi Kubo

(3) Effective Date
March 29, 2007

** This financial report is solely a translation of summary of "Kessan Tanshin"(in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*