

Summary of Nonconsolidated Financial Statements
Fiscal year ended December 31, 2005
 (Translation)

February 14, 2006

PALTEK CORPORATION

Security code number: 7587 (URL <http://www.paltek.co.jp/>)
 Shares traded: JASDAQ
 Location of headquarters: Kanagawa, JAPAN
 Name & Executive position of legal representative: Tadahito Takahashi
 President
 Please address all communications to: Tadashi Ito, Director, General Manager of
 Operational Service Division and Environment
 Phone: +81-45-477-2000

Date of Board of Directors' Meeting for approval
 of financial results: February 14, 2006
 Adoption of system of dividends: March 27, 2006
 Adoption of system of interim dividends: Yes
 Date of annual general meeting of shareholders: March 25, 2006
 Application of unit trading system: Yes (100 shares per unit)

1. Nonconsolidated operating results (From January 1, 2005 to December 31, 2005)**(1) Nonconsolidated financial results**

(In millions of yen, with fractional amounts discarded)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
Fiscal 2005	14,774	(5.9)	402	(40.3)	259	(69.3)
Fiscal 2004	15,697	11.8	673	(36.6)	845	(31.1)

	Net income		Net income per share	Net income per share, fully diluted	Return on shareholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	(Millions of yen)	%	(Yen)	(Yen)	%	%	%
Fiscal 2005	174	(64.0)	14.94	-	2.0	2.1	1.8
Fiscal 2004	484	(26.5)	40.07	39.97	5.7	7.3	5.4

(Notes)

- Average number of shares outstanding during term (nonconsolidated basis):
 December 2005 term: 11,691,064 shares December 2004 term: 11,825,029 shares
- Changes in accounting policy during term: None
- The percentages shown next to net sales, operating income, ordinary income and net income represent year-on-year changes.

(2) Dividends

	Annual dividend per share			Total dividend paid (for the year) (Millions of yen)	Dividend payout ratio %	Dividends/ Shareholders' equity %
	(Yen)	Interim (Yen)	End of term (Yen)			
Fiscal 2005	10.00	0.00	10.00	116	66.9	1.3
Fiscal 2004	10.00	0.00	10.00	117	25.0	1.4

(3) Nonconsolidated financial position

	Total assets (Millions of yen)	Shareholders' equity (Millions of yen)	Shareholders' equity ratio %	Shareholders' equity per share (Yen)
December 31, 2005	13,049	8,678	66.5	744.18
December 31, 2004	11,962	8,682	72.6	738.47

(Notes)

Number of shares issued and outstanding at the end of term (nonconsolidated):

December 2005 term: 11,661,484 shares

December 2004 term: 11,742,332 shares

Number of treasury stocks at the end of term (nonconsolidated):

December 2005 term: 188,415 shares

December 2004 term: 107,567 shares

2. Nonconsolidated forecasts for December 2006 term

(From January 1, 2006 to December 31, 2006)

	Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Net income (Millions of yen)	Annual dividend per share		
					Interim (Yen)	End of term (Yen)	(Yen)
Interim 2006	2,900	(570)	(595)	(353)	0.00	-	-
Fiscal 2006	9,000	(570)	(620)	(368)	-	10.00	10.00

(N.b.) Projected net income per share for fiscal 2006: (31.56) yen

The forecasts stated above are based on our current expectations and assumptions prepared using information available at present and subject to various uncertainties. Actual results may differ significantly due to a variety of causes. Please refer to the Page 17 in the Summary of Consolidated Financial Statements for information regarding the preparation of the forecasts.

Nonconsolidated balance sheet

Thousands of yen	December 31, 2004	%	December 31, 2005	%	Year-on-year change
Current assets					
Cash and bank deposits	2,258,701		2,889,901		
Notes receivable	250,236		301,531		
Accounts receivable	2,941,561		3,096,519		
Merchandise	3,688,947		3,861,459		
Supplies	8,883		6,284		
Prepaid expenses	111,577		46,013		
Deferred tax assets	54,701		63,162		
Other accounts receivable	3,586		8,158		
Consumption taxes receivable	837,521		1,026,014		
Others	9,103		59,210		
Allowance for doubtful accounts	(6,472)		(4,165)		
	<u>10,158,348</u>	84.9	<u>11,354,091</u>	87.0	<u>1,195,743</u>
Fixed assets					
Tangible fixed assets					
Buildings	129,437		130,464		
Accumulated depreciation	(74,453)		(82,216)		
	<u>54,983</u>		<u>48,248</u>		
Furniture and fixtures	354,927		359,626		
Accumulated depreciation	(288,072)		(296,859)		
	<u>66,855</u>		<u>62,767</u>		
Land	14,138		14,138		
	<u>135,977</u>	1.1	<u>125,154</u>	1.0	<u>(10,822)</u>
Intangible fixed assets					
Telephone rights	2,577		2,577		
Trade marks	100		-		
Software	113,394		54,915		
	<u>116,071</u>	1.0	<u>57,493</u>	0.4	<u>(58,578)</u>
Investments and other assets					
Investment securities	285,317		240,985		
Investments in subsidiaries and affiliated companies	903,709		903,709		
Long-term prepaid expenses	203		267		
Deferred tax assets	113,404		100,911		
Fixed leasehold deposits	130,978		130,803		
Cash value of insurance policies	-		135,584		
Long-term loans to employees	-		315		
Others	118,636		-		
	<u>1,552,250</u>	13.0	<u>1,512,577</u>	11.6	<u>(39,673)</u>
Total fixed assets	<u>1,804,299</u>	15.1	<u>1,695,224</u>	13.0	<u>(109,074)</u>
Total assets	<u>11,962,647</u>	100.0	<u>13,049,316</u>	100.0	<u>1,086,668</u>

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Thousands of yen	December 31, 2004	%	December 31, 2005	%	Year-on-year change
Current liabilities					
Accounts payable	841,883		1,788,373		
Short-term bank loans	1,600,000		1,800,000		
Other payables	224,414		278,424		
Accrued expenses	34,090		34,661		
Income taxes payable	175,000		49,500		
Deposits received	28,581		34,313		
Accrued bonuses	39,033		31,637		
Others	4,843		8,826		
	<u>2,947,845</u>	24.6	<u>4,025,737</u>	30.9	1,077,892
Long-term liabilities					
Liability for employees' retirement benefits	30,119		21,106		
Liability for directors' and corporate auditors' retirement benefits	217,206		221,939		
Others	85,343		102,306		
	<u>332,668</u>	2.8	<u>345,351</u>	2.6	12,682
Total liabilities	3,280,514	27.4	4,371,089	33.5	1,090,575
Shareholders' equity					
Capital stock	1,339,634	11.2	1,339,634	10.3	-
Capital surplus					
Capital reserve	1,678,512		1,678,512		
	<u>1,678,512</u>	14.0	<u>1,678,512</u>	12.8	-
Retained earnings					
Legal reserve	46,100		46,100		
Voluntary reserve					
General reserve	5,000,000		5,400,000		
Unappropriated retained earnings	670,484		317,047		
	<u>5,716,584</u>	47.8	<u>5,763,147</u>	44.2	46,563
Unrealized gains on securities - net	20,279	0.2	27,092	0.2	6,812
Treasury stock	(72,877)	(0.6)	(130,161)	(1.0)	(57,283)
	<u>8,682,133</u>	72.6	<u>8,678,226</u>	66.5	(3,906)
Total liabilities and shareholders' equity	<u>11,962,647</u>	100.0	<u>13,049,316</u>	100.0	1,086,668

Nonconsolidated statement of income

Thousands of yen	Year ended December 31, 2004	%	Year ended December 31, 2005	%	Year-on-year change
Net sales	15,697,237	100.0	14,774,182	100.0	(923,054)
Cost of sales					
Beginning inventory - Merchandise	3,745,256		3,688,947		
Purchase of merchandise	12,514,255		12,152,884		
Processing cost	91,451		97,451		
	<u>16,350,963</u>		<u>15,939,283</u>		
Transfers to other accounts	5,346		8,054		
Ending inventory - Merchandise	3,688,947		3,861,459		
	<u>12,656,669</u>	80.6	<u>12,069,768</u>	81.7	(586,900)
Gross profit	3,040,567	19.4	2,704,413	18.3	(336,153)
Selling, general and administrative expenses					
Provision for doubtful accounts	-		465		
Directors' and corporate auditors' salaries	135,060		164,698		
Salary	724,497		757,556		
Bonuses	177,356		198,931		
Employee benefit expenses	120,360		115,186		
Provision for bonuses	37,947		30,666		
Provision for directors' and corporate auditors' retirement benefits	20,184		4,733		
Rent expenses	351,014		298,560		
Depreciation	107,100		94,458		
Commissions paid	115,973		124,046		
Others	577,586		512,996		
	<u>2,367,081</u>	15.1	<u>2,302,297</u>	15.6	(64,783)
Operating income	673,485	4.3	402,115	2.7	(271,370)
Nonoperating income					
Interest income	20		513		
Dividend income	5,338		15,908		
Foreign exchange gain	189,721		-		
Gain on sale of investment securities	3,516		2,136		
Others	17,459		5,046		
	<u>216,055</u>	1.4	<u>23,605</u>	0.2	(192,450)
Nonoperating expenses					
Interest expenses	15,717		16,986		
Commissions paid	11,453		13,747		
Foreign exchange loss	-		116,623		
Loss on assignment of promissory notes	5,054		5,765		
Losses on assignment of receivables	7,635		9,317		
Others	4,310		3,861		
	<u>44,172</u>	0.3	<u>166,302</u>	1.1	122,129
Ordinary income	845,368	5.4	259,418	1.8	(585,949)

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Thousands of yen	Year ended December 31, 2004	%	Year ended December 31, 2005	%	Year-on-year change
Extraordinary income					
Gain on sale of investment securities	-		41,558		
Gain on redemption of investment securities	-		2,041		
Gain on reversal of directors' and corporate auditors' retirement benefits	900		-		
Reversal of allowance for doubtful accounts	36		-		
Gain on reversal of guarantee liabilities	-		752		
	936	0.0	44,351	0.3	43,415
Extraordinary losses					
Loss on disposal of fixed assets	6,046		1,201		
Loss on valuation of fixed assets	-		2,972		
Loss on valuation of investment securities	-		302		
	6,046	0.0	4,476	0.1	(1,570)
Income before income taxes	840,258	5.4	299,294	2.0	(540,964)
Income taxes - current	176,097		125,210		
Income taxes - deferred	179,553		(633)		
	355,651	2.3	124,577	0.8	(231,073)
Net income	484,607	3.1	174,717	1.2	(309,890)
Retained earnings at the beginning of period	185,876		142,330		
Unappropriated retained earnings	670,484		317,047		

Proposed appropriation of unappropriated retained earnings

Thousands of yen	March 26, 2005	March 25, 2006	Year-on-year change
Unappropriated retained earnings	670,484	317,047	(353,436)
Appropriations			
Dividends	117,423	116,614	
Bonuses paid to directors and corporate auditors	10,730	-	
[Bonuses for corporate auditors]	[2,850]	[-]	
Voluntary reserve			
General reserve	400,000	-	
	528,153	116,614	(411,538)
Unappropriated retained earnings carried forward	142,330	200,433	58,102

Summary of significant accounting policies

Item	December 31, 2004	December 31, 2005
1. Valuation of securities	(1) Securities of subsidiaries and affiliated companies: Stated at moving average cost	(1) Securities of subsidiaries and affiliated companies: Same as previous year
	(2) Available-for-sale securities: Available-for-sale securities with market values: Stated at fair market value as of balance sheet date. (Unrealized gains and losses are reported in the shareholders' equity section of the nonconsolidated balance sheet. Sales cost is calculated using the moving average method)	(2) Available-for-sale securities: Available-for-sale securities with market values: Same as previous year
	Available-for-sale securities without market values: Stated at moving average cost	Available-for-sale securities without market values: Same as previous year
2. Valuation of derivative instruments, etc.	Derivatives: Stated at fair market value	Derivatives: Same as previous year
3. Valuation of inventories	(1) Merchandise: Stated by moving average cost	(1) Merchandise: Same as previous year
	(2) Supplies: Stated by last purchased price method	(2) Supplies: Same as previous year
4. Depreciation of fixed assets	(1) Tangible fixed assets: Declining balance method (Note: Buildings, excluding ancillary facilities, acquired on or after April 1, 1998 are depreciated based on the straight-line method) Useful lives are as follows: Buildings: 10 - 45 years Furniture and fixtures: 5 - 15 years	(1) Tangible fixed assets: Same as previous year
	(2) Intangible fixed assets: The straight-line method: Useful life of the software for internal use is 5 years.	(2) Intangible fixed assets: Same as previous year
5. Transaction of foreign currency denominated assets and liabilities into Japanese yen	Foreign currency denominated monetary rights and obligations are translated into Japanese yen using the prevailing spot exchange rate as of the balance sheet date. Transaction differences are recognized as foreign exchange gains or losses. Foreign currency denominated monetary obligations that are subject to hedging by forward foreign exchange contracts are translated into Japanese yen using the actual contracted exchange rate.	Same as previous year
6. Allowances	(1) Allowance for doubtful accounts: An allowance for doubtful accounts is provided to cover possible losses from bad debts. The allowance with respect to non-classified loans/receivables is calculated based on historical default rates. For classified loans/receivables, the Company states an amount deemed to be unrecoverable based on the prospect of recovery of individual loans/receivables.	(1) Allowance for doubtful accounts: Same as previous year
	(2) Accrued bonuses: Reserves are provided to cover the estimated amount of bonuses payable to employees.	(2) Accrued bonuses: Same as previous year

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Item	December 31, 2004	December 31, 2005
	(3) Liability for employees' retirement benefits: The amount estimated to represent the potential liability as of the end of fiscal year is calculated by taking retirement benefit liabilities and the estimated value of pension assets into consideration.	(3) Liability for employees' retirement benefits: Same as previous year
	(4) Liability for directors' and corporate auditors' retirement benefits: An allowance is provided to cover the estimated amount of retirement benefits payable to directors and corporate auditors.	(4) Liability for directors' and corporate auditors' retirement benefits: An allowance is provided to cover the estimated amount of retirement benefits payable to directors and corporate auditors. The Company froze its system of retirement bonuses for directors and corporate auditors on March 26, 2005. Consequently, there has been no new provisioning of retirement bonuses for directors since that date.
7. Lease transactions	Finance leases for which ownership does not transfer to the lessee are not capitalized, and are accounted for in the same manner as operating leases.	Same as previous year
8. Hedge accounting	(1) Hedge accounting method: The Company employs deferred hedge accounting. Foreign exchange contracts with accounts payable in a foreign currency as their hedge target are translated, however, at the yen value of the contract date. Difference from the balance sheet date should be recognized over the intervening period if the gap is not immaterial.	(1) Hedge accounting method: Same as previous year
	(2) Hedging instruments and targets: Hedging instruments: Forward foreign exchange contract Hedging targets: Foreign currency denominated monetary liabilities and transactions scheduled to be denominated in a foreign currency.	(2) Hedging instruments and targets: Hedging instruments: Same as previous year Hedging targets: Same as previous year
	(3) Hedging policies: Eligible hedging instruments are approved at the Board of Directors Meeting at the time of the preparation of the import plan.	(3) Hedging policies: Same as previous year
	(4) Method of assessing effectiveness of hedges: Accumulated changes in the cash flow of hedged items are compared to the accumulated changes in the cash flow of hedging instruments on a semi-annual basis. The effectiveness of hedging is evaluated by taking the degree of changes in cash flows of the hedged item and hedging transaction into consideration.	(4) Method of assessing effectiveness of hedges: Same as previous year
9. Other	Treatment of consumption taxes: Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.	Treatment of consumption taxes: Same as previous year

Changes in method of presentation

December 31, 2004	December 31, 2005
<p>(Nonconsolidated balance sheet)</p> <p>Based on a revision passed in 2004 ("Law Revising a Part of the Securities and Exchange Law"; Law no. 97, 2004), Article 2-2 of the Securities and Exchange Law now considers investments in limited partnerships and similar associations to be investment securities.</p> <p>Consequently, investments recorded in the year-earlier period in the "investments in partnerships" category of "investments and other assets" (in the amount of ¥60,142 thousand) are included this year in the "investment securities" category.</p> <p>As of the end of the period under review, investments in limited partnerships (which are included under "investment securities") amounted to ¥63,247 thousand.</p>	<p>(Nonconsolidated balance sheet)</p> <p>"Insurance reserve funds," which had heretofore been reported in the "others" account under "Investments and other assets," are now reported separately because of greater materiality.</p> <p>In the previous year, these reserves amounted to ¥118,636 thousand.</p>
<p>(Nonconsolidated statement of income)</p> <p>1. Through the year ended December 31, 2003, "loss on assignment of promissory notes" had been included in the "others" category of nonoperating expenses. But because such expenses exceeded 10 percent of all nonoperating expenses during the current report period, they are shown as a separate category.</p> <p>For comparison purposes "loss on assignment of promissory notes" amounted to ¥958 thousand in the year ended December 31, 2003.</p> <p style="text-align: right;">-</p>	
<p>2. Through the year ended December 31, 2003, "losses on assignment of receivables" had been included in the "others" category of nonoperating expenses. But because such expenses exceeded 10 percent of all nonoperating expenses during the current report period, they are shown as a separate category.</p> <p>For comparison purposes "losses on assignment of receivables" amounted to ¥948 thousand in the year ended December 31, 2003.</p>	

Notes (Nonconsolidated balance sheet)

Thousands of yen	December 31, 2004		December 31, 2005
1. Total number of authorized shares		1. Total number of authorized shares	
Common stock	23,562,000 shares	Common stock	23,562,000 shares
Total number of shares issued		Total number of shares issued	
Common stock	11,849,899 shares	Common stock	11,849,899 shares
2. Retroactive liability due to securitization	325,221	2. Retroactive liability due to securitization	303,713
3. Contingent liabilities		3. Contingent liabilities	
(1) Guarantee of subsidiary's borrowings from financial institutions		(1) Guarantee of subsidiary's borrowings from financial institutions	
Alpha Electronics, Inc.	267,520	Alpha Electronics, Inc.	137,600
(2) Guarantee of a subsidiary's accounts payable		(2) Guarantee of a subsidiary's accounts payable	
Alpha Electronics, Inc.	160,916	Alpha Electronics, Inc.	142,374
(3) Guarantee of subsidiary's obligations under discounted promissory notes		(3)	-
Alpha Electronics, Inc.	36,255		
4. For more efficient financing of working capital, the Company has entered into overdraft and loan commitment agreements with four banks. As of the end of the fiscal year, it had the following unused lines of credit on these loan facilities.		4. For more efficient financing of working capital, the Company has entered into overdraft and loan commitment agreements with four banks. As of the end of the fiscal year, it had the following unused lines of credit on these loan facilities.	
Overdraft and loan commitment agreements	7,900,000	Overdraft and loan commitment agreements	7,900,000
Amounts drawn down	<u>1,350,000</u>	Amounts drawn down	<u>1,350,000</u>
Unused lines of credit	6,550,000	Unused lines of credit	6,550,000
5. Number of treasury shares held		5. Number of treasury shares held	
Common stock	107,567 shares	Common stock	188,415 shares
6. Assets relating to affiliates		6. Assets relating to affiliates	
Accounts receivable, etc.	101,502	Accounts receivable, etc.	172,966
7. Liabilities relating to affiliates		7. Liabilities relating to affiliates	
Short-term bank loans	150,000	Short-term bank loans	350,000
8. Dividend restrictions		8. Dividend restrictions	
Amounts whose use is restricted for dividend purposes under the provisions of Article 124-3 of the Commercial Code comprise increases in net assets due to market value appreciation totaling ¥20,279 thousand.		Amounts whose use is restricted for dividend purposes under the provisions of Article 124-3 of the Commercial Code comprise increases in net assets due to market value appreciation totaling ¥27,092 thousand.	

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(Nonconsolidated statement of income)

Thousands of yen	December 31, 2004		December 31, 2005
1. Costs associated with programming inspection and sorting of merchandise purchased.		1. Costs associated with programming inspection and sorting of merchandise purchased.	
Labor cost	33,369	Labor cost	33,077
Outsourcing cost	31,165	Outsourcing cost	34,490
Depreciation	2,769	Depreciation	4,708
Others	<u>24,146</u>	Others	<u>25,174</u>
	91,451		97,451
2. "Transfer to other accounts" represents the amount transferred from the merchandise account to the advertising expense account.		2. Same as previous year	
3. Total research and development expenses		3. Total research and development expenses	
Research and development expenditures included in selling, general and administrative expenses	21,000	Research and development expenditures included in selling, general and administrative expenses	2,912
4. -		4. Transactions with affiliated companies includes the following.	
		Dividend income	15,855
5. Breakdown of loss on disposal of fixed assets		5. Breakdown of loss on disposal of fixed assets	
Buildings	49	Furniture and fixtures	1,201
Furniture and fixtures	1,096		
Software	4,900		
6. -		6. Loss on valuation of fixed assets	
		Furniture and fixtures	2,694
		Software	278

Lease transactions

1. Finance lease where ownership does not transfer the lessee

(1) Acquisition cost equivalent, accumulated depreciation equivalent and book value equivalent of leased properties as of the end of this accounting period.

Thousands of yen	December 31, 2004	December 31, 2005
Software		
Acquisition cost equivalent	560,391	35,850
Accumulated depreciation equivalent	490,299	30,692
Book value equivalent	70,091	5,157
Vehicle equipment		
Acquisition cost equivalent	29,880	29,880
Accumulated depreciation equivalent	1,447	6,427
Book value equivalent	28,433	23,453
Total		
Acquisition cost equivalent	590,272	65,730
Accumulated depreciation equivalent	491,746	37,119
Book value equivalent	98,525	28,611

(2) Future minimum lease payments

Thousands of yen	December 31, 2004	December 31, 2005
Within one year	72,079	10,166
Over one year	29,264	19,097
	101,343	29,264

(3) Lease expenses and pro forma data as to depreciation expenses and interest expenses are summarized as follows.

Thousands of yen	December 31, 2004	December 31, 2005
Lease payments	118,870	73,404
Depreciation equivalent	113,525	69,914
Interest expense equivalent	2,698	1,325

(4) Calculation of depreciation equivalent

Depreciation is based on the straight-line method over the lease term of the leased assets with no residual value.

(5) Calculation of interest expense equivalent

The interest expense equivalent is calculated by taking the difference between the total amount of lease payment and acquisition cost equivalent of the leased property, and amortizing it over the lease period based on the interest method.

Securities

The Company held no securities with market values issued by subsidiaries and affiliated companies.

Tax effect accounting

Thousands of yen	December 31, 2004		December 31, 2005
1. A breakdown of deferred tax assets and liabilities are noted below		1. A breakdown of deferred tax assets and liabilities are noted below	
Deferred tax assets		Deferred tax assets	
Accrued enterprise tax	15,979	Loss on valuation of inventories	36,221
Loss on valuation of inventories	11,458	Accrued bonuses in excess of tax limit	12,857
Accrued bonuses in excess of tax limit	15,863	Liability for retirement benefits to directors and corporate auditors	90,196
Loss on valuation of investment securities	16,505	Others	31,810
Liability for employees' retirement benefits	12,272		<u>171,085</u>
Liability for retirement benefits to directors and corporate auditors	88,272		
Others	16,838		
	<u>177,191</u>		
Deferred tax liabilities		Deferred tax liabilities	
Revaluation gain on investment securities	(9,085)	Revaluation gain on investment securities	(7,010)
	<u>(9,085)</u>		<u>(7,010)</u>
Net deferred tax assets	168,105	Net deferred tax assets	164,074
2. Reconciliation between the statutory tax rate and the effective tax rate		2. Reconciliation between the statutory tax rate and the effective tax rate	
Pursuant to provisions of Article 8-12-3 of the rules relating to financial statements, etc., the difference between the effective tax rate as stipulated by law and the corporate tax rate after application of interperiod tax allocation is less than 5 percent, therefore the figure is not reported in this section.		Same as previous year	

Per share-related financial information

Yen	December 31, 2004	December 31, 2005
Net assets per share	738.47	Net assets per share 744.18
Net income per share	40.07	Net income per share 14.94
Net income per share, fully diluted	39.97	
		There is no entry for net income per share, fully diluted for the fiscal year ended December 31, 2005 because the Company had no residual securities capable of diluting earnings.

(Note) The basic facts underlying calculations of net income per share and net income per share, fully diluted are as follows.

Thousands of yen	December 31, 2004	December 31, 2005
Net income per share		
Net income	484,607	174,717
Amount not attributable to common shareholders	10,730	-
[Of which, amount paid out as bonuses to directors pursuant to Statement of Appropriation of Net Income]	[10,730]	[-]
Net income related to common stock	473,877	174,717
Average number of shares outstanding during term (shares)	11,825,029	11,691,064
Net income per share, fully diluted		
Adjustment for net income	-	-
Increase in common stock	29,757	-
[Warrants]	[17,973]	[-]
[New share subscription rights]	[11,784]	[-]
Residual securities which were not included in calculations of net income per share after adjustment for residual securities because they had no dilutive effect.	(Warrants based on Article 280-19 of the Old Commercial Code) 2 types of warrants (number of shares to be issued through exercise of warrants: 246,900 shares) (Stock acquisition rights based on Articles 280-20 and 280-21 of the Commercial Code) 1 type, 1,200 stock acquisition rights (number of shares to be issued through the exercise of stock acquisition rights: 120,000 shares)	(Warrants based on Article 280-19 of the Old Commercial Code) 2 types of warrants (number of shares to be issued through exercise of warrants: 315,300 shares) (Stock acquisition rights based on Articles 280-20 and 280-21 of the Commercial Code) 3 types, 2,600 stock acquisition rights (number of shares to be issued through the exercise of stock acquisition rights: 260,000 shares)

Significant subsequent events

December 2004 term

(Freeze on system of retirement benefits for directors and corporate auditors)

At its Board of Directors Meeting held on February 14, 2005, the Company resolved to freeze its system of retirement benefits for directors and corporate auditors as of the end of the Annual General Meeting of Shareholders held on March 26, 2005.

For payments covering periods of service up to the date of the suspension of the system (i.e., up to the conclusion of said Annual General Meeting of Shareholders), the Company shall propose such payments at the General Meeting of Shareholders convened for the periods in which each director retires or resigns and shall receive the approval of shareholders for such payments.

(Acquisition of treasury stock)

In accordance with Article 211-3-1-2 of the Commercial Code and with provisions of the Company's Articles of Incorporation, the Board of Directors at its meeting on February 14, 2005 approved the acquisition of treasury stock in the manner detailed below.

1. Type of stock to be acquired: common stock
2. Total number of shares to be acquired: 100,000 shares (maximum)
3. Total value of shares to be acquired: ¥100,000,000 (maximum)
4. Period in which purchases will be made: From February 15, 2005 to June 30, 2005
5. Method of purchasing shares

On the market, through the Jasdaq Securities Exchange

Changes in Management

The following nominations were proposed and approved at the Board of Directors Meeting on February 14, 2006. This proposed change is subject to approval at the 24th Annual General Meeting of Shareholders, which is scheduled on March 25, 2006.

1. Change in representative director:

N/A

2. Other changes

(Candidate for Director)

N/A

(Candidate for Corporate Auditor)

N/A

(Retiring Director)

Masanori Kanamori

(Retiring Corporate Auditor)

Kazutaka Muraguchi