



Consolidated Financial Results for the Fiscal Year

Ended July 31, 2005

(English Translation of “Kessan Tanshin”)

September 2, 2005

Company Name: **Nitty Co., Ltd.**

Exchanges Listed: TSE1 and JASDAQ

Securities Code: 2353

Location of Company Headquarters: Osaka Prefecture

(U R L <http://www.nitty.co.jp>)

Position of Representative: President and Representative Director

Name: Kazuhisa Tatsumi

Position of Contact Person: Vice President & Managing Director

Name: Taro Ujike T E L (06) 6227-6777

Date of Board of Directors Meeting for Business Results: September 2, 2005

US GAAP not applied

1. Consolidated results for the fiscal year ending July 2005 (from Aug. 1, 2004 to July 31, 2005)

(1) Consolidated Financial Results (Note) Amounts truncated to the nearest million yen.

	Net Sales		Operating Income		Ordinary Income	
	Yen Mln	%	Yen Mln	%	Yen Mln	%
Fiscal Year to:						
July 2005	4,512	25.9	979	38.7	1,019	43.3
July 2004	3,583	42.6	706	65.2	711	68.2

	Net Income		Earnings per Share	Fully Diluted Earnings per Share	Net Income Return on Equity	Ordinary Income Return on Total Assets	Ordinary Profit to Sales Ratio
	Yen Mln	%	Yen	Yen	%	%	%
Fiscal Year to:							
July 2005	612	54.2	183.13	178.76	35.7	34.3	22.6
July 2004	397	80.2	2,296.42	2,232.18	32.2	39.6	19.8

- (Notes)
- Earnings from minority interests: July 2005 --¥ Mln., July 2004 -- ¥ Mln.
 - Average consolidated outstanding shares: July 2005 3,343,152, July 2004 158,580
1:3 stock splits were effected on Sept. 19, 2003 and Jul.20, 2004, while a 1:21 stock split was effected on Nov. 19, 2004. In addition, outstanding shares for Jan. 2005, Jan. 2004 and July 2005 and earnings per share assume these share increases occurred at the beginning of the period.
 - Changes in accounting method: None
 - Change rates in sales, operating income, ordinary income and net income refer to comparisons to the some period a year previous.

(2) Consolidated Financial Condition

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Book Value per Share
	Yen Mln	Yen Mln	%	Yen
July 2005	3,885	1,995	51.4	591.99
July 2004	2,064	1,431	69.3	8,819.10

(Note) Consolidated outstanding shares at the end of each period: July 2005: 3,371,571, July 2004: 158,580

(3) Status of Consolidated Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	End of Period Cash and Cash Equivalents
	Yen Mln	Yen Mln	Yen Mln	Yen Mln
July 2005	659	△1,278	949	1,572
July 2004	461	△180	—	1,241

(4) Consolidated subsidiaries and affiliates reflected under the equity method.

Consolidated subsidiaries: 2. Non-consolidated companies reflected under the equity method: 0 Affiliated companies reflected under the equity method: 0

(5) Changes in the scope of consolidation and in companies reflected under the equity method

Consolidated subsidiaries: 0 added, 0 deleted Companies reflected under the equity method: 0 added, 0 deleted

2. Forecast for the Full Fiscal Year to July 2006 (from Aug.1, 2005 to July 31, 2006)

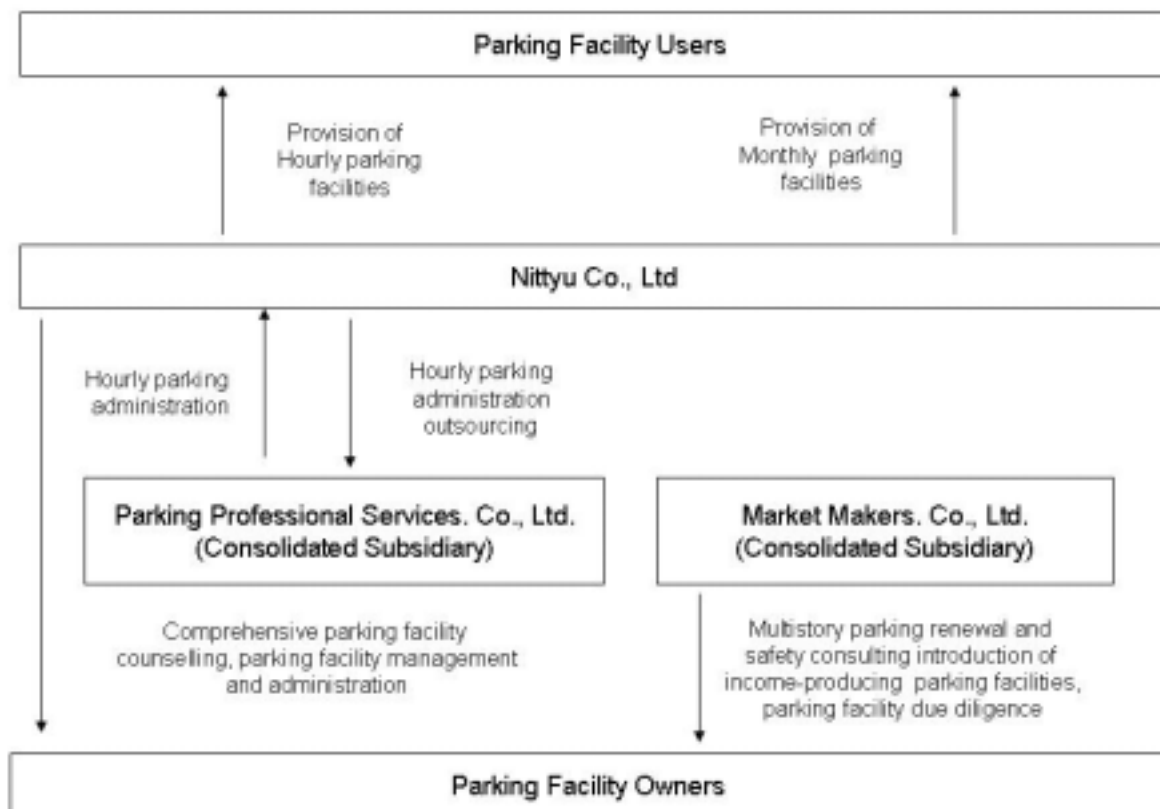
	Sales	Ordinary Profit	Net Income
	Yen Mln	Yen Mln	Yen Mln
Interim to Jan. 2006	2,680	624	358
Fiscal Year to July 2006	6,000	1,450	833

(Reference) Earnings per share for the full fiscal year: ¥247.13

※ The above forecast is based on the data available at the time this document was created. Actual results can differ materially from these forecasts due to various factors.

1. The Nittyu Group

The Nittyu Group consists of the parent company and two subsidiaries (Parking Professional Services Co., Ltd. and Market Makers Co., Ltd). The Group provides consulting-based services for parking facilities, including direct operations to more effectively use underutilized parking facilities, leasing operations to refer trusted customers to underutilized parking facilities, management operations to provide subcontracted parking facility administration, parking facility due diligence and renewal consulting, and VA service operations to introduce potential clients to income producing parking facilities.



2. Management Policies

(1) Basic Group Policies

Based on a philosophy of “a happy business relationship” with all associated with our business, we believe our mission is to provide solutions that have merit for parking facility owners, users and the society in general as we continually strive to provide the most advanced parking facility services. Our aim is to create new parking spaces that are both high quality and efficient, and to efficiently operate underutilized parking facilities as well as improve returns on unprofitable parking facilities.

(2) Basic Policy Regarding Distribution of Profits

Since our listing on February 18, 2003 on the JASDAQ, Nittyu has strived for continuous profit growth and to provide shareholder returns commensurate with this growth. With our listing on the second section of the Tokyo Stock Exchange on February 25, 2004, we have become even more shareholder-focused as a true public company, and have more proactively endeavored to enhance returns to our shareholders by implementing a dividend payout of 20% of consolidated net income. In addition, on the occasion of our listing on the first section of the Tokyo Stock Exchange on January 4, 2005, we have renewed our commitment to sustainable growth, and moreover have decided to review our dividend policy each accounting period, taking into consideration the medium-term development of our business, and capital efficiency. For the accounting period under review, we intend to declare a dividend of ¥200 per share at the end of the period, taking into consideration the above-described factors.

(3) Approach and Policy Regarding Minimum Trading Unit

Nittyu has successively lowered the minimum trading unit for its shares in order to improve market liquidity and to increase the number of shareholders. On September 19, 2003 and on July 20, 2004, we effected 1:3 stock splits, and on November 19, 2004, effected a 1:21 stock split. In order to make it easier for investors to buy our shares, we intend to effect such share issues in the future as well, giving due consideration to appropriateness and timing.

(4) Goals Used as Management Indicators

The Nittyu Group is aware of the size of demand in the underdeveloped parking facilities market given the growing emphasis on real estate profitability with the introduction of impairment accounting, the size of potential demand from restructuring and business reorganization among corporate groups, and in addition experiences daily the speed at which demand is being created by a shift in the supply-demand balance for parking facilities because of urban renewal and new building construction. Despite such market conditions, a clear competitor to Nittyu's business has yet to emerge, meaning that the Nittyu Group has heretofore been able to focus solely on business expansion without having to concentrate too much on management indicators. Going forward, however, we will endeavor to achieve highly transparent management with objective management indicators as we strive to continuously expand our business. In terms of specific benchmark indicators, we are emphasizing balanced growth potential, profitability, financial stability and efficiency rather than specific indicators as we strive to achieve high growth that is both stable and efficient, while at the same time emphasizing shareholder returns. For return on shareholder equity in particular, our aim is to maintain one of the highest returns on equity among listed companies.

(5) Medium-Term Management Strategies for the Group

The Nittyu Group has been able to achieve growth through an “asset-less” business model by supplying solutions for the efficient utilization of mainly underutilized mechanical multistory parking facilities attached to buildings that offer parking facility owners both stable income and risk reduction, while providing parking facility users with reduced costs and increased convenience. These services contribute to society by alleviating traffic accidents and congestion caused by illegal parking.

Going forward, we intend to leverage this basic model, we intend to aggressively promote the effective use of underutilized parking facilities in the more than 50,000 facilities nationwide that are required to have parking facilities. In addition, we will continue working to improve the quality of the available stock of parking facilities by providing consulting services for newly built buildings with attached parking facilities from the design stage, providing consulting services for the renewal and safety aspects of existing multistory parking facilities, and by providing value-added services heretofore not available in Japan, such as valet services for luxury hotels, boutiques and restaurants.

Specifically, we will continue to strengthen our metropolitan area marketing activities in order to achieve a directly managed ratio of 30% of all buildings requiring parking facilities (approximately 10,000 buildings) in the three main metropolitan regions of Kanto, Chubu and Kinki. We are aiming for the early achievement of this goal by leveraging the enhanced name recognition provided by our listing on the first section of the Tokyo Stock Exchange and relisting on the JASDAQ to accelerate new client acquisition, expand existing client transactions, and to gain orders from REITs where the market scale is expanding with new listings, and from privately-offered real estate funds. In addition to focusing on metropolitan Tokyo, we will also be emphasizing selected regional cities, as illustrated by our opening of a branch office in Hiroshima as strive to meet market needs in major regional cities while maintaining efficient development. By responding to the various social needs related to parking facilities, the Nittyu Group intends to create the greatest amount of well being and profit by revolutionizing both the image and the market for parking facilities.

(6) Significant Issues Requiring Management Response

The Nittyu Group has grown through the provision of effective solutions for underutilized parking facilities. Changes in the operating environment will have an effect on the supply-demand balance for parking facilities. For example, the amended Road Traffic Law which became effective in June 2004 further clarified the responsibilities of people who illegally park, and allowed for the outsourcing of a portion of illegal parking enforcement to private companies. Our ability to speedily detect such trends and to convert them into business opportunities by providing optimal solutions will be a key to our future growth. As we continually consider actions in response to the external environment and work to build our internal organization, we believe the following areas in particular will need to be continually strengthened going forward.

(a) Maintenance of Customer Satisfaction

The Nittyu Group aims to provide optimal solutions that ensure the continued satisfaction of both parking facility owners and users. In addition, in terms of client relationships, we are working to enhance the content of our working manual as well as continually striving to improve employee capabilities and morals. In manned hourly parking facilities, we are working to provide the optimal mix of services to meet the needs of each parking facility by introducing new college graduates and senior employees that retire early from large corporations. In addition, we are providing unique services such as concierge services for customers with staff dressed in yukata (summer kimonos) during the Tenzin festival, which is one of Japan's three major festivals. In August 2005, we introduced a "Master Operator" program under which the most capable staff involved in the operation of hourly parking facilities are recognized for their excellent work. By bringing such concepts to the parking facilities market which had heretofore been lacking in services, we will in the future continue working to maintain and improve customer satisfaction.

(b) Differentiation Strategy

As there are few legal barriers to entry in the parking facility market, we have competed with a large number of operators nationwide since our establishment, ranging from large corporations to small-scale individual operators. However, in the over two years since Nittyu was listed, no other rival operating in the same business domain has yet emerged. The Nittyu Group intends to maintain its superior market position by continually raising the de facto barriers to entry by providing high quality hardware and software-oriented services to differentiate its services from other companies, including operational know-how (profit maximization through a mix monthly, daily and hourly rental), abundant information (the latest information on corporations who are the main users of monthly contracted parking), consulting from the design stage for new building and commercial facility construction, renewal and safety consulting for existing multi-story parking facilities, and valet services for luxury hotels, boutiques and restaurants.

(7) Basic Corporate Governance Philosophy and Policies Implemented

(a) Basic Corporate Governance Philosophy

Nittyu believes that an important responsibility of management is to ensure transparency, fairness, prompt and appropriate decision making, and timely, accurate disclosure. We are therefore working to enhance the Company's corporate governance.

(b) Status of Corporate Governance Policies Implemented

(1) Board of Directors

The board of directors consists of seven members, including one outside director, and meets more than one time a month to actively debate and decide on important management issues. In principle, three corporate auditors attend each board of directors' meeting to provide oversight over board director executive activities.

(2) Board of Auditors

At the regular annual shareholders' meeting held in October 2004, Nittyu's shareholders passed a resolution to make Nittyu a "de facto large company", and approved the establishment of a board of auditors. The board of auditors currently consists of three members, and all three members are outside auditors. These auditors and the Company's independent audit firm audit the executive activities of the board of directors in accordance with audit policies and an audit plan. Each auditor attends the board of directors' meeting, reviews important documents, conducts on-site inspections of sites and hourly parking facilities, and reports their findings to the board of auditors. In addition, the auditors and the board of auditors periodically receive reports from the management planning office (presently the internal audit office) which is responsible for internal auditing regarding operating audit methods and results, and receive reports regarding accounting audit methods and results from the Company's outside auditor, Deloitte Touche Tohmatsu Audit Corporation.

(3) Internal Auditing

To validate the effectiveness of the Company's internal auditing system, the management planning office (presently the internal audit office) conducts operational audits of Nittyu and its consolidated subsidiaries. These audits are highly effective and much more than superficial as the results of these audits are reported to the respective audit departments and specific recommendations are made.

(4) Risk Management

In terms of risk management, while each organization has heretofore responded according to the nature of the risk, a legal department was established in September 2005 in order to strengthen risk management for the Company as a whole. In addition, while a compliance group was previously established within the management planning office to handle compliance for the Company as a whole, the legal department will henceforth serve as the main department for ensuring legal compliance, and in addition will be actively promoting activities to raising internal awareness regarding compliance.

(5) Accounting Audits

In terms of accounting audits, Nittyu has retained Delloite Touche Tohmatsu Audit Corporation to provide accounting audits in accordance with the special exception to the Commercial Code and with the Securities and Exchange Law. Nittyu has established an environment in which this audit corporation can provide independent, third-party audits from a fair and objective standpoint. The names of the CPAs, continuous number of years engaged, and structure of those involved in providing support for auditing activities for the fiscal year under review are as follows.

Name of CPA Performing the Audit:

Designated employees, employees performing the audit: Keiji Watanabe, Yasunori Matsumoto

*Continuous number of years engaged: No names have been included because all members have served less than 7 years.

Structure of those Involved in Providing Support for the Audit: CPAs: 3 Accountant Assistants: 5 Others: 1

(6) Director and Auditor Compensation

Compensation paid to Nittyu's board of directors and auditors as director compensation or audit compensation for the fiscal year under review was as follows.

Directors' Compensation, Others

Compensation paid to directors: ¥73 million * Compensation paid to auditors: ¥7 million

* Note: The above includes directors' bonuses of ¥33 million paid from appropriated earnings.

Auditor Compensation

Compensation paid for services provided as defined under Article 2 Paragraph 1 of the CPA Law: ¥11 million

Compensation in Addition to the Above: None

(7) IR, Disclosure

Nittyu discloses corporate information in accordance with the stock exchange's "Regulations Regarding the Timely Disclosure of Corporate Information for Issuers of Listed Marketable Securities (hereafter, timely disclosure regulations), and also proactively discloses information which it believes will enhance management transparency. In addition, information meetings for analysts and fund managers are held following the announcement of full-year and interim financial results, where we proactively disclose Nittyu's growth strategy and other management information. We have also proactively conducted IR activities for foreign investors from last year, and have prepared English language versions of our financial results as well as an English language investor guide, and held one-on-one meetings with investors in Europe in November 2004 and with investors in the U.S. in April 2005. Going forward, in addition to regularly holding individual meetings with foreign investors, we intend to proactively disclose information to foreign investors through such measures as preparing an English language annual report. Nittyu's IR activities for individual investors include the semi-annual mailing of business reports, and the holding of information meetings following our annual shareholders' meeting. In the future, we plan to hold information meetings aimed at individual investors in order increase individual investor understanding of our company.

(c) Summary of Personal Relationships between the Company, its Board Directors and Outside Auditors

There are no conflicts of interest in terms of personal relationships, capital participation or transactions between the Company and its one outside board director, or between its three outside auditors.

(d) Measures to Strengthen Corporate Governance over the Most Recent Year

Nittyu holds a board of directors meeting more than once a month, and for the fiscal year to July 2005 held a total of 25 board of director meetings including unscheduled meetings in order to deliberate and decide on important management issues.

In addition, Nittyu's board of auditors held nine meetings during the fiscal year ended July 2005 in order to determine audit policies and to create audit plans. Each auditor attends board of director meetings according to these audit policies and plans, reviews important documents, conducts on-site audits of the Company's sites and hourly parking facilities, and oversees the executive activities of the board of directors.

Moreover, as Nittyu believes that "shareholder, customer, employee and corporate information assets are highly valuable assets", we have taken measures to protect these assets from various threats, and in the interest of being able to provide greater security and services, have created basic information security standards and are working for thorough compliance among all the Nittyu Group's managers and employees. As one step in strengthening our information security, the Nittyu Group's information security management system simultaneously was certified for the international "BS7799-2:2002" standard, and the domestic "ISMS Ver. 2.0 Appropriateness Evaluation System" standard.

3. Consolidated Operating Results and Financial Condition

(1) Operating Results

(a) Overview of Results for the Fiscal Year Ended July 2005

For the consolidated fiscal year under review, Japan's economy, while affected by uncertainties including soaring oil prices and a revaluation of the Chinese Yuan, continued to gradually recover on expanding capital expenditures supported by recovering corporate profits and signs of recovery in personal consumption.

In the parking facilities market, the business environment continued to be favorable for the Nittyu Group, supported by further progress in real estate securitization stimulated by the introduction of mandatory impairment accounting, and competition among strongly earnings-focused private funds as well as REITs to acquired centrally located, high quality properties.

As a result, the Nittyu Group responded with active marketing in response to the social needs arising from such an environment, and in addition worked to provide consulting for new building constructions from the design level, to provide renewal and safety consulting for multistory parking facilities, and to introduce new solutions such as valet services for hotels, boutiques and restaurants in order to maintain and improve service levels.

<<Fiscal Year Consolidated Operating Results by Business Segment>>

Sales by Segment	Current Fiscal Year (From August 1, 2004 to July 31, 2005)	Previous Fiscal Year (From August 1, 2003 to July 31, 2004)	Year-on-Year Change (%)
	Amount (¥000)	Amount (¥000)	
Directly Managed Business	3,924,879	3,217,577	122.0
Leasing Business	164,996	173,359	95.2
Management Business	213,201	122,826	173.6
VA Services Business	183,694	48,947	375.3
Other Businesses	25,437	20,642	123.2
Total	4,512,208	3,583,353	125.9

<<Directly Managed Sales by Region>>

Directly Managed Business	Current Fiscal Year (From August 1, 2004 to July 31, 2005)	Previous Fiscal Year (From August 1, 2003 to July 31, 2004)	Year-on-Year Change (%)
	Amount (¥000)	Amount (¥000)	
Kanto	2,096,796	1,670,324	125.5
Kinki	1,439,081	1,278,241	112.6
Tokai	265,665	212,527	125.0
Chugoku	11,194	—	—
Kyushu	112,141	56,484	198.5
Total	3,924,879	3,217,577	122.0

<<Monthly-only Directly Managed Facilities, Combined Hourly Directly Managed Facilities, Total Directly Managed Facilities by Region, and Total Contracted Units versus Total Unit Capacity>>

Directly Managed	As of July 31, 2005	As of July 31, 2004	YoY (%) Change	As of July 31, 2005	As of July 31, 2004	YoY (%) Change	As of July 31, 2005	As of July 31, 2004	YoY (%) Change
	Monthly Directly Managed Facilities			Combined Hourly Directly Managed Facilities			Total Directly Managed Facilities		
	(Number) Contracted Units	(Number) Contracted Units		(Number) Contracted Units	(Number) Contracted Units		(Number) Contracted Units	(Number) Contracted Units	
Kanto	(187)	(145)	129.0	(31)	(27)	114.8	(218)	(172)	126.7
	3,414	2,896	117.9	1,398	1,147	121.9	4,812	4,043	119.0
Kinki	(67)	(56)	119.6	(40)	(37)	108.1	(107)	(93)	115.1
	1,012	931	108.7	1,711	1,632	104.8	2,723	2,563	106.2
Tokai	(16)	(14)	114.3	(9)	(7)	128.6	(25)	(21)	119.0
	256	227	112.8	288	247	116.6	544	474	114.8
Chugoku	(1)	(0)	—	(1)	(0)	—	(2)	(0)	—
	18	0	—	88	0	—	106	0	—
Kyushu	(8)	(5)	160.0	(3)	(3)	100.0	(11)	(8)	137.5
	138	102	135.3	105	93	112.9	243	195	124.6
Total	(279)	(220)	126.8	(84)	(74)	113.5	(363)	(294)	123.5
	4,838	4,156	116.4	3,590	3,119	115.1	8,428	7,275	115.8

※ “Contracted Units” as listed above represent the number of parking units contracted between the Company and parking facility owners, while “Unit Capacity” represents the total of parking units available. As hourly combined directly managed facilities include services other than contracted parking spaces, these units are included in “total unit capacity”.

In the directly managed business, the favorable trend in revenues from facilities acquired in the prior period continued, while revenues from new contracts as a whole were also favorable supported by the acquisition of the Osaka Securities Exchange building parking facility, the Westin Hotel Tokyo and the Landmark accounts, which were soon up and running.

As a result, directly managed business revenues reached ¥3,924.879 million (up 22.0% YoY) and accounted for 87.0% of total sales.

Leasing business sales were ¥164.996 million (down 4.8% YoY). While the trend in cancellations of small facility management contracts continued, growth was seen in large facility and combined hourly parking management contracts, resulting in Management business sales of ¥213.201 million (up 73.6% YoY). In addition, supported by parking facility management consulting for the retail industry, multi-story parking facility renewal and safety consulting and orders for partial construction, and new business opportunities such as consulting for large-scale commercial building parking facility construction, VA Service sales were ¥183.694 million (up 275.3% YoY). As a result, total consolidated sales increased strongly to ¥4,512.208 million (up 25.9% YoY).

In order to strengthen earnings management of combined hourly parking/monthly parking facilities and to improve service levels, employees who provide on-site administration and management were made “facility managers” through the introduction of a facility manager system, and these employees’ wages being recorded in the cost of sales. In addition to procurement costs arising from renewal construction orders, this resulted in a gross profit ratio of 43.4% (down 2.6 percentage points from the previous year).

In terms of S.G. & A. costs, while fees were incurred from the listing on the first section of the Tokyo Stock Exchange, the transfer of a portion of employee wages to cost of sales as a result of the introduction of the facility manager system, in addition to office moves to reduce rent and lower depreciation expenses due to the sales of owned properties, resulted in an S.G. & A. margin of 21.7% (an improvement of 4.6% points over the previous fiscal year). As a result, operating income was ¥979.093 million (up 38.7% YoY), and while new stock issue expenses from a stock split were ¥16.653 million, this was offset by gains from investment in a silent partnership from a private-issue fund of ¥40.977 million, which resulted in ordinary income of ¥1,019.259 (up 43.3% YoY). As a result, net income for the period sharply increased to ¥612.242 million (up 54.2% YoY).

(b) Outlook for the Coming Fiscal Year

The Nittyu Group foresees a continued mild recovery in the Japanese economy, as was evidenced by the new year-to-date high in the Nikkei 225 stock average in August 2005, even though there are increased political uncertainties because of the dissolution of the Lower House of the Diet. Given the introduction of impairment accounting and the resulting increased emphasis on real estate securitization and profitability, the Nittyu Group will be working to strengthen its ability to provide solutions, particularly in the directly managed business. In addition, we will work to increase market visibility by actively pursuing parking facility management and administration contracts from financial institutions that continue to consolidate their branch networks, as well as REITs and private real estate funds, and to provide valet services for luxury hotels, restaurants and boutiques, as well as promote multistory parking facility and renewal and safety consulting through our Market Makers consolidated subsidiary.

We are forecasting consolidated sales for the coming fiscal year of ¥6,000 million, ordinary income of ¥1,450 million and net income of ¥833 million. In addition, our forecasts for sales by business segment are as follows.

	Amount (¥ million)	YoY Change (%)
Directly Managed Business	5,163	131.6
Leasing Business	175	106.2
Management Business	254	119.2
VA Services Business	379	206.8
Other Businesses	26	105.6
Total	6,000	133.0

(2) Consolidated Financial Condition

Cash and cash equivalents (hereafter, funds) on hand for the fiscal year reflected cash inflows from income before taxes and minority interests of ¥1,044.248 million, long-term borrowings of ¥1,000.000 million, ¥229.525 million from the sale of tangible fixed assets. On the other hand, cash outflows included corporate and other tax payments of ¥372.842 million, additional investments in silent partnership of ¥165.934 million, and ¥1,453.701 million in purchases of marketable securities. As a result, funds at the end of the fiscal year were ¥330.227 million higher than at the end of the previous fiscal year, at ¥1,572.047 million.

The status of respective cash flows during the period was as follows.

(Cash Flows from Operating Activities)

Net cash inflows from operating activities were ¥659.416 million, versus ¥461.726 million the previous fiscal year, mainly reflecting the significant increase in income before income tax and minority interests to ¥1,044.282 million (versus ¥701.388 million the previous fiscal year), despite a cash outflow from corporate and other tax payments of ¥372.842 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities was ¥1,278.513 million (versus ¥180.059 million the previous fiscal year). While there was cash inflow of ¥229.525 million from the sale of tangible fixed assets and an inflow of ¥94.573 million from the redemption and payouts from investments in silent partnerships, cash outflows included ¥1,453.701 from the purchase of investment securities, and an additional ¥165.934 million outflow from additional investment in silent partnerships.

(Cash Flows from Financing Activities)

Net cash inflows from financing activities were ¥949.324 million (cash flows were not available for the prior period). While there was a ¥79.290 million cash outflow from the payment of dividends, long-term borrowings from financial institutions provided cash inflow of ¥1,000.000 million.

The major cash flow indicators for the period are as follows.

	Fiscal Year to July 2003	Fiscal Year to July 2003	Fiscal Year to July 2004	Fiscal Year to July 2005
Shareholder Equity Ratio (%)	67.7	67.9	69.3	51.4
Current Value Base Equity Ratio (%)	—	1,566.6	1,920.4	1,657.5
Years to Repay Debt	—	—	—	1.5
Interest Coverage Ratio	282.3	4,906.9	1,361.9	243.0

(Notes) Shareholders' Equity Ratio: Shareholders' Equity/Total Assets
 Current Value Equity Ratio: Market Capitalization/Total Assets
 Years to Recover Debt: Interest-bearing Debt/Operating Cash Flow
 Interest Coverage Ratio: Operating Cash Flow/Interest Paid

1. All of the above are based on values contained in the consolidated financial statements.
2. Market capitalization is calculated using end of period stock price times end of period outstanding shares. However, as the end of period stock price for July 2003 reflects the share increase from a September 19, 2003 stock split, market capitalization has been adjusted reflecting an equivalent increase in shares from the stock split at the end of the period.
3. Operating cash flow used is operating cash flow as reflected in the statements of consolidated cash flows. Interest-bearing debt used is that portion of debt reflected on the consolidated balance sheet for which interest paid. In addition, interest payments used is as reflected under interest paid in the consolidated statement of cash flows.

(3) Business and Other Risks

The following is a list of the major conceivable risks incurred in the conduct of the Nittyu Group's business, other risk factors and other important items that investors need to consider. Being aware of such risks, it is Nittyu Group's policy to avoid these risks or to respond to them when they occur. However, investors need to carefully consider these risks as well as the information contained in other sections of this report before deciding to invest in Nittyu's stock. Moreover, the Company makes no representation that the factors given below are a complete list of all of the risks associated with investment in Nittyu's stock.

A. Characteristics of the Business

(1) Business Characteristics and Dependency on the Parking Facilities Market

The business of the Nittyu Group—consisting of Nittyu Co., Ltd. and two consolidated subsidiaries—involves businesses related to the effective utilization of parking facilities. Specifically, after leasing underutilized parking facilities (empty parking spaces), the Company subleases (directly managed business) these parking facilities, introduces and refers customers to underutilized parking facilities (leasing business), provides outsourced management and administration of parking facilities (management business), and provides parking facilities management consulting, renewal consulting and serves as an agent in brokering parking lot facilities as income-producing properties (VA service business).

The characteristic of the Group's business is that it mainly focuses on commercial areas within major metropolitan centers (metropolitan Tokyo, Osaka and other major regional cities), and marketing activities are aimed at providing mainly "directly managed" subleasing of mainly office building, commercial building and other facilities with attached or accompanying multistory mechanical parking facilities. Required parking facilities are those facilities required by local government ordinance for newly constructed or expanded buildings above a certain size in terms of floor space, the majority of which are located in urban areas.

As a significant amount of parking space within parking facilities in urban areas beginning with required parking facilities is underutilized, Nittyu leases the entire amount of underutilized parking space from parking facility holders (owners) and rents it to third parties on a monthly basis. Depending on the parking facility, the Company also considers the owner's wishes, location of the parking facility, condition and capacity of the facilities in combining monthly parking services with hourly parking administration. Hourly parking services are provided by Nittyu's employees in the form of manned parking facility administration. The Group's "directly managed" services do not merely refer to the administration of ground level self-service parking (coin operated) for individual vehicles, but refer to various types of parking facilities, including mainly multistory parking facilities housed or attached to buildings and other facilities that hold dozens of vehicles, as well as coin parking.

Because Nittyu has developed its business centering on its “directly managed business”, the proportion of this business to total sales is high, as can be seen in the previous table. As essentially all of Nittyu’s sales are dependent on the parking facility market, the Group’s business performance or financial condition could be materially affected by a shrinking market for parking facilities, or an increase in parking facility supply that would lead to lower parking fees and shrinking profit margins.

(2) Directly Managed Business Risk

a) Parking Facility Owner Income Guarantees

As the majority of contracts signed under the directly managed business with parking facility owners commit the group to lease a number of parking facilities in bulk, the Company incurs monthly fixed costs in the form of pre-set payments to owners, whether or not the Group has any revenues. Consequently, should the Company fail to recruit the planned number of general users, or parking fees decline due to intensified competition, it could be forced to lower rental fees. In addition, should the Company experience a decline in revenues as the result of an increase in contract cancellations from existing users, while on the other hand continue to be obligated to pay monthly lease fees to parking facility owners, it could experience losses from leased parking facilities where the income yield is minus.

In order to avoid the risk of such losses, Nittyu conducts research on the supply-demand situation as well as rent levels in the area where the property is located, and only signs contracts for those facilities it believes can be operated profitably. In addition, for those facilities where it is determined that ensuring profitability would be relatively difficult under normal contract terms, the Company adopts a “volume payment system” for monthly parking fees for only those parking spaces that have continuing general user contracts, in order to avoid minus income yield on the facility. Moreover, in addition to providing the parking facility owner with information specific to surrounding properties, Nittyu provides comprehensive revenue and expense planning services based on the Group’s accumulated information about the parking facilities market as a whole combined with administrative know-how in an effort to secure a contract that is profitable for both the owner and the Group. As a result, we believe the Group’s procurement prices are contracted at relatively cheaper levels than actual market prices in each area. The Group also uses other methods to avoid minus income yield, reduce procurement expenses in the early stages of the contract and to allow for flexible review of contract conditions. These include clauses with owners that provide for a rent-free period (the period in which procurement expenses are waived), clauses that allow for contract cancellations within the contract period provided that a three month notice is given, or clauses which provide for a review of rent levels given changes in economic conditions.

This notwithstanding, there is no guarantee that such losses can be completely avoided. Thus an increase in facilities with minus income yields could have a material impact on the Group’s business performance or financial condition.

b) Possibility of Lease Contracts With Owners Being Cancelled Within A Short Period

When the Group procures a parking facility, it signs a contract with the owner in which Nittyu becomes the tenant. The initial contract period for most contracts is two years, and while these contracts are automatically renewed for one year after expiration of the contract period, the parties to the contract can cancel the contract early provided that three months written notice is given to the counterparty. The terms of the contract state that the cancellation becomes effective even without the agreement of the counterparty. Consequently, it is possible that the Group could lose income from the facility in a relatively short period of time if the parking facility owner suddenly decides to cancel the contract.

As the Group provides parking facility owners with optimal proposals and solutions, we believe owners recognize the value of these services. Since the Group began the “directly managed business”, there have been few contract cancellations amounting to only 47 of a total 410 contracts to July 31, 2005, with none of these cancellations being due to unforeseen circumstances. This notwithstanding, in those cases where parking facility owners retract their policy of renting to third parties, or where there are others who can provide the parking facility owner with a more advantageous solution, or where an owner of parking facilities leased by the Group decides that it is more advantageous to administer and manage the facility themselves, cancellations of lease contracts with the Group or a reduction in the number of parking spaces leased could have a material impact on the Group’s business performance or financial condition.

c) Administration of Hourly Parking Facilities

For the July 2005 fiscal year, the proportion of hourly parking rental sales to total consolidated sales was relatively high at 40.9%, and is an important business for the Group. The hourly parking rental business is managed using the Group’s proprietary know-how in order to increase the asset turnover ratio of the parking facility, enhance the revenue potential for the parking facility owner and the Group, and to respond to the needs of general users. In actual operations, in addition to ensuring safety when vehicles are being guided into the facility and fulfilling our responsibility to store the vehicle – including the valet services that are provided for some customers (where the Group’s employees are entrusted with moving the car and parking as well as returning the car to the driver) – the Group takes the utmost care is taken in fulfilling its safety and storage responsibilities. In addition, the Group has sufficient insurance to cover accidents, casualties and other contingencies.

However, in the event that the Group is unable to attract sufficient general users because of a mistaken analysis of the surrounding environment, it is possible that the Group would be unable to achieve initially planned revenues. In addition, claims arising from an accident or a misdeed that was the Group’s fault and which the Group is not able to deal with in an appropriate and timely manner could result in a loss of not only customer trust, but also contract cancellations, damage claims and social criticism that could have a material affect on the Group’s development, business performance or financial position.

d) Concentration of Sales Area

Because the Group has focused its sales efforts on commercial areas in urban centers where there are many buildings that require parking facilities, the majority of parking facilities administered and managed are located in metropolitan Tokyo and Osaka prefecture. Of total consolidated sales of ¥4,512.208 million for the fiscal year to July 2005, parking facilities located in metropolitan Tokyo and Osaka prefecture accounted for a significant ¥1,936.423 million (42.9% of total sales) and ¥1,312.457 million (29.1%) respectively. In addition, the Group plans to continue actively developing the capital region centering on metropolitan Tokyo. As a result, earthquakes, large fires or other unforeseen disasters in these regions could significantly damage properties that the Group administers and manages, and because of closures or other factors could hinder marketing activities, and therefore have a material affect on the Group's business performance or financial position.

e) Special Legal Restrictions

There are no special legal restrictions that govern the rental, administration or management of the Group's parking facilities-related business. In terms of national and local public organizations, the "Parking Facilities Law" contains provisions relating to the accountability to provide comprehensive, planned parking facilities and the responsibilities regarding the establishment of mandatory attached parking facilities, while the "Road Traffic Law" contains traffic regulations as determined by Prefectural and City government safety commissions, while the "Law Regarding the Securing of Storage Space for Automobiles" (Car Storage Law) requires that automobile owners secure a place to store their automobile.

As these laws were formulated to ensure smooth traffic flow and safety, there presently is no legislative movement to relax these legal restrictions. However, if regulations contained in these laws were to be relaxed, the Group's business performance and financial position could be materially affected by declining parking demand in the areas where the Group conducts its business, a decline in rental (parking) fees, or a decline in the number of parking facilities.

In addition, because the Market Makers Co., Ltd. subsidiary that was established in August 2003 is engaged in agency services and transactions related to parking facility real estate, it is regulated by the Building Lots and Buildings Transaction Business Law. Market Makers has been a licensed building lots and buildings transaction company since December 2003.

f) Personal Information Security

The Group holds a significant amount of information regarding its customers, as information is collected from customers contracting for monthly parking such as copies of their driver's license, automobile inspection certificate and car insurance certificate. As the department responsible for the custody of such information, the management planning department takes the utmost care in ensuring the protection of this information. Specifically, personal information recorded on paper is prohibited from leaving the Company's premises, while personal information that is stored electronically is managed by the responsible manager through a terminal located in security room established by the Company by that is not connected to the corporate network.

The Group's internal information security has been strengthened to meet third-party certification organization requirements, and received ISMS (information security management systems) certification from the Japan Information Processing Development Corporation (JIPDEC) in December 2004. In addition, the Group continues working to increase internal awareness of information security by holding internal training sessions on the Computer Processed Personal Data Protection Act.

This notwithstanding, public trust in the Group could be negatively affected, and damage claims could arise from external leaks of customer personal information, which could materially affect the Group's business performance and financial position.

g) Competition

The parking facilities industry of which the Group is a part has no particular legal restrictions to entry, and because the barriers to entry are relatively low, there are many competitors nationwide, ranging from individual, small-scale businesses to large corporations. In addition to competing with these industry participants, the Group also competes with real estate developers who provide rental buildings with attached parking facilities. In addition, the Group expects that more competitors will enter the business from other industries. In order to successfully compete with such competitors, the Group intends to continue providing solutions that meet customer needs, and to raise customer satisfaction as well as clearly differentiate its services from competing companies, while at the same time working to increase sales and earnings by expanding its business base through the acquisition of new customers and raising the ratio of repeat users for its hourly parking services.

However, in the event that costs increase due to measures taken to meet this competition, and profit margins on rents received decline because of intensified competition, or if customers determine there is no merit in the services the Group provides, the Group could see a material impact on business performance or financial position as the result of cancellations in parking facility lease contracts.

h) Method of Recovering Sales Proceeds

The method used to recover the monthly sales proceeds of the Group for monthly parking contracts is mainly direct fund transfers from general users, cash payments, and automatic deduction from user accounts through such services provided by financial institutions and consumer finance companies. The sales proceeds received from such automatic user account deductions are held from two to 10 days by the financial institutions and consumer finance companies with which the Group has service contracts. Consequently, unforeseen circumstances could result in the Group failing to receive the contracted amount of sales proceeds in any particular month. In addition to causing losses,

the additional time and expenses spent in establishing a different method of recovering sales proceeds could have a material impact on the Group's business performance or financial position.

4.Consolidated Financial Statements

*English Translation of “KESSAN TANSHIN”

(1) Consolidated Balance Sheet

Unit: Thousands of Yen	As of July 31, 2005		As of July 31, 2004		Increase (Decrease) Value (¥000)
	Amount	(% Total)		(% Total)	
(Assets)					
Current Assets					
Cash and bank deposits	1,572,047		1,241,820		
Accounts receivable	98,947		20,922		
Deferred tax assets	25,489		19,185		
Advances	71,838		80,978		
Prepaid expenses	22,559		27,406		
Others	2,949		30,194		
Allowance for doubtful accounts	△130		△195		
Total Current Assets	1,793,702	46.2	1,420,311	68.8	373,391
Fixed Assets					
Tangible assets ※1					
Buildings and structures	14,873		71,596		
Accumulated depreciation	3,109	11,764	6,082	65,514	
Machinery and equipment	—		42,231		
Accumulated depreciation	—		17,500	24,730	
Tools, instruments & fixtures	41,618		40,153		
Accumulated depreciation	16,437	25,181	20,453	19,699	
Land	—		—	117,145	
Total tangible assets	36,945	1.0	227,089	11.0	△190,144
Intangible assets					
Software	42,578		13,240		
Others	805		3,046		
Total intangible assets	43,384	1.1	16,286	0.8	27,097
Investments and other assets					
Investments in securities	1,474,360		—		
Investment in silent partnerships	318,908		207,621		
Deposits and Guarantees	217,494		189,986		
Deferred Tax Assets	249		3,069		
Others	107		80		
Total investments and other assets	2,011,118	51.7	400,757	19.4	1,610,361
Total Fixed Assets	2,091,448	53.8	644,133	31.2	1,447,315
Total Assets	3,885,151	100.0	2,064,445	100.0	1,820,706

	As of July 31, 2005		As of July 31, 2004		Increase (Decrease) Value (¥000)
	Amount	(% Total)	Amount	(% Total)	
Unit: Thousands of Yen					
(Liabilities)					
Current Liabilities					
Accounts payable-trade	52,617		3,194		
Long-term borrowings to be paid within one year	66,800		—		
Accrued liabilities	54,588		35,978		
Accrued expenses	13,616		9,047		
Income taxes payable	282,324		209,596		
Consumption taxes payable	38,358		37,221		
Advances received	128,731		87,513		
Deposits received	42,643		30,545		
Total Current Liabilities	679,679	17.5	413,097	20.0	266,582
Fixed Liabilities					
Long-term borrowings	933,200		—		
Deferred tax assets	20,501		—		
Guarantees received	255,837		219,814		
Total Fixed Liabilities	1,209,538	31.1	219,814	10.7	989,724
Total Liabilities	1,889,218	48.6	632,911	30.7	1,256,306
(Minority Interests)	—	—	—	—	
Shareholders' Equity					
Common stock *1	457,137	11.8	427,917	20.7	29,220
Capital surplus	340,447	8.8	340,447	16.5	—
Retained earnings	1,163,120	29.9	663,168	32.1	499,952
Net unrealized gains on other securities holdings	35,227	0.9	—	—	35,227
Total Shareholders' Equity	1,995,933	51.4	1,431,533	69.3	564,399
Total Liabilities, Minority Interests and Shareholders' Equity	3,885,151	100.0	2,064,445	100.0	1,820,706

(2) Consolidated Statements of Income

Unit: Thousands of Yen	Current Fiscal Year Aug. 1, 2004 to July 31, 2005		Prior Fiscal Year from (Aug. 1, 2003 to July 31, 2004)		Increase (Decrease) Value (¥000)		
	Amount	(% Total)	Amount	(% Total)			
Net Sales		4,512,208	100.0		3,583,353	100.0	928,855
Cost of sales		2,554,847	56.6		1,934,663	54.0	620,183
Gross profit		1,957,361	43.4		1,648,689	46.0	308,671
Selling, general & administrative expenses ※ 1		978,267	21.7		942,639	26.3	35,627
Operating Income		979,093	21.7		706,050	19.7	273,043
Non-Operating Income							
Interest income	14			16			
Dividend Income	15,596			2,607			
Gains from the sale of investment securities	2,802			10,437			
Gains from investment in silent partnerships	40,977			200			
Insurance reimbursements	—			4,019			
Miscellaneous Income	996	60,387	1.3	180	17,461	0.4	42,925
Non-Operating Expenses							
Interest Paid	2,491			339			
New share issuance expense	16,653			9,209			
Loss on the sale of investment securities	24			1,972			
Inaugural expenses	—			418			
Losses from investment in silent partnerships	1,052	20,221	0.4	458	12,397	0.3	7,823
Ordinary Income		1,019,259	22.6		711,114	19.8	308,144
Extraordinary Gains							
Gains on the sale of fixed assets ※ 2	32,507			—			
Reversal of allowance for doubtful accounts	65	32,572	0.7	—	—	—	32,572
Extraordinary Losses							
Losses on the sale of fixed assets ※ 3	3,950			5,232			
Lease cancellation fees	—			250			
Office restoral fees	3,600	7,550	0.2	4,243	9,726	0.2	△2,176
Income before income taxes and minority interests		1,044,282	23.1		701,388	19.6	342,893
Income taxes	439,189			312,919			
Income tax adjustments	△7,150	432,039	9.5	△8,697	304,222	8.5	127,817
Net Income for the Period		612,242	13.6		397,165	11.1	215,076

(3) Consolidated Statements of Retained Earnings

	Current Fiscal Year Aug. 1, 2004 to July 31, 2005		Prior Fiscal Year from Aug. 1, 2003 to July 31, 2004	
Unit: Thousands of Yen	Amount		Amount	
(Capital Surplus)				
Balance of capital surplus at the beginning of the period I		340,447		340,447
Balance of capital surplus at the end of the period		340,447		340,447
(Retained Earnings)				
Retained earnings at the beginning of the period		663,168		266,003
Increase in retained earnings				
Net income for the period	612,242	612,242	397,165	397,165
Decrease in retained earnings				
Cash dividends	79,290		—	
Bonuses to directors	33,000	112,290	—	—
Balance of Retained Earnings at the End of the Period		1,163,120		663,168

(4) Consolidated Statements of Cash Flows

	Current Fiscal Year Aug. 1, 2004 to July 31, 2005	Prior Fiscal Year Aug. 1, 2003 to July 31, 2004
Unit: Thousands of Yen	Amount	Amount
Cash Flows from Operating Activities		
Income before income taxes and minority interests for the period	1,044,282	701,388
Depreciation expenses	15,395	25,201
Increase (decrease) in allowance for doubtful accounts	△65	120
Gain on the sale of fixed assets	△32,507	—
Loss on the retirement of fixed assets	3,950	5,232
Gain on the sale of investment securities	△2,802	△10,437
Loss on the sale of investment securities	24	1,972
Gain on investment in silent partnerships	△40,977	△200
Loss on investment in silent partnerships	1,052	458
New stock issue expense	605	—
Interest and dividends received	△15,610	△2,624
Interest paid	2,491	339
Decrease (increase) in accounts receivable	△78,025	△6,033
Decrease (increase) in prepaid expenses	5,067	△11,121
Decrease (increase) in advances paid	9,140	△38,532
Increase in guarantees paid	△30,435	△35,532
Increase in notes and accounts payable	49,422	3,194
Increase in advances received	41,217	23,237
Increase (decrease) in accounts payable	16,267	18,047
Increase (decrease) in deposits received	12,098	3,515
Increase in guarantees received	36,023	31,579
Increase (decrease) in accrued expenses	4,569	3,995
Increase (decrease) in accrued consumption taxes	1,136	4,763
Director bonuses paid	△33,000	—
Others	10,038	△830
Subtotal	1,019,361	717,732
Interest and dividends received	15,610	2,624
Interest paid	△2,713	△339
Income taxes paid	△372,842	△258,291
Net Cash Provided by Operating Activities	659,416	461,726

	Current Fiscal Year Aug. 1, 2004 to July 31, 2005	Prior Fiscal Year Aug. 1, 2003 to July 31, 2004
Unit: Thousands of Yen	Amount	Amount
Cash Flows from Investing Activities		
Acquisitions of fixed assets	△22,358	△19,870
Proceeds from the sale of fixed assets	229,525	—
Acquisitions of intangible assets	△32,775	△180
Acquisitions of investment securities	△1,453,701	△141,545
Proceeds from the sale of investment securities	69,257	187,546
Investments in silent partnerships	△165,934	△239,479
Proceeds from silent partnership payouts and closures	94,573	31,600
Payment of deposits	△9,731	△48,546
Returns of deposits paid	12,658	44,755
Others	△26	5,658
Net Cash Used in Investing Activities	△1,278,513	△180,059
Cash Flows from Financing Activities		
Proceeds from long-term borrowings	1,000,000	—
Proceeds from the issuance of stock	28,614	—
Cash dividends	△79,290	—
Net Cash Used in Financing Activities	949,324	—
Increase (decrease) in cash and cash equivalents	330,227	281,666
Cash and cash equivalents at the beginning of the period	1,241,820	960,153
Cash and cash equivalents at the end of the period	1,572,047	1,241,820

Significant Accounting Policies Used in the Preparation of Interim Consolidated Financial Statements

Current Fiscal Year Aug. 1, 2004 to July 31, 2005	Prior Fiscal Year from Aug. 1, 2003 to July 31, 2004
<p>1 Scope of Consolidation</p> <p>Consolidated subsidiaries include two companies: Parking Professional Services Co., Ltd. and Market Makers Co., Ltd.</p>	<p>1 Scope of Consolidation</p> <p>Consolidated subsidiaries include two companies: Parking Professional Services Co., Ltd. and Market Makers Co., Ltd.</p> <p>Of the above, Market Makers Co., Ltd. was newly established and consolidated during the period</p>
<p>2 Application of Equity Method in Accounting for Investments</p> <p>(1) The company has no non-consolidated subsidiaries or affiliates reflected in consolidated accounts under the equity method.</p> <p>(2) The company has no non-consolidated subsidiaries or affiliates.</p>	<p>2 Application of Equity Method in Accounting for Investment</p> <p>Same as left.</p>
<p>3 Fiscal Year End for Consolidated Subsidiaries</p> <p>This end of period for consolidated subsidiaries is the same as the Parent.</p>	<p>3 Fiscal Year End for Consolidated Subsidiaries</p> <p>Same as left</p>
<p>4 Significant Accounting Policies</p> <p>(1) Valuation method for major assets.</p> <p>(a) Marketable securities, other marketable securities</p> <p>Securities whose current value is available are valued at the quoted market price as of the end of the period (valuation differentials are calculated using the total capital applied method, using a liquidation cost based on the moving average method). Securities whose fair value is not available are valued at cost using the moving average method.</p> <p>(2) Depreciation and amortization method.</p> <p>(a) Fixed assets.</p> <p>Computed using the declining balance method. However, straight-line depreciation is used buildings purchased after April 1998 (excluding attached facilities). In addition useful lives applied are as follows:</p> <p>-Buildings and structures: 10~15 years.</p> <p>-Tools, instruments & fixtures: 4~10 years</p>	<p>4 Significant Accounting Policies</p> <p>(1) Valuation method for major assets.</p> <p>(a) Marketable securities, other marketable securities</p> <p>Same as left</p> <p>(2) Depreciation and amortization method.</p> <p>(a) Fixed assets</p> <p>Computed using the declining balance method. However, straight-line depreciation is used buildings purchased after April 1998 (excluding attached facilities). In addition useful lives applied are as follows:</p> <p>- Buildings and structures: 10~15 years.</p> <p>- Machinery & equipment: 7 years</p> <p>-Tools, instruments & fixtures: 4~10 years</p>
<p>(b) Intangible Assets</p> <p>Computed using the straight-line method. However software (for internal use) is depreciated using the straight line method based on a useful life for internal purposes of five (5) years.</p>	<p>(b) Intangible Assets</p> <p>Same as left</p>

<p>(3) Allowances and Reserves</p> <p>(a) Allowance for doubtful accounts An allowance for doubtful accounts is used to provide against estimated losses. a-General receivables. Based on historical bad debt ratios b-Receivables for counterparties in danger of insolvency. Individually measured based on collectibility.</p> <p>(4) Lease Contracts All finance leases except for those for which ownership of the leased assets is to be transferred to the lessee are accounted for as operating leases.</p> <p>(5) Other significant accounting policies (a) Treatment of consumption taxes Net of consumption taxes method</p> <p>5 Valuation of consolidated subsidiary assets and liabilities The valuation for all consolidated subsidiary assets and liabilities is the current value method.</p> <p>6 Earnings appropriation treatment Based on earnings and loss appropriation for amounts confirmed during the fiscal year.</p> <p>7 Scope of Funds Included in Consolidated Statements of Cash Flows</p> <p>Funds included in the interim consolidated statement of cash flows (cash and cash equivalents) consist of short-term, highly liquid investments, that are easily converted into available funds with minimal risk of price fluctuation, including cash on hand, demand deposits and time deposits maturing within three months of the date acquired.</p>	<p>(3) Allowances and Reserves</p> <p>(a) Allowance for doubtful accounts Same as left.</p> <p>(4) Lease Contracts Same as left.</p> <p>(5) Other significant accounting policies (a) Treatment of consumption taxes Same as left</p> <p>5 Valuation of consolidated subsidiary assets and liabilities Same as left</p> <p>6 Earnings appropriation treatment Same as left</p> <p>7 Scope of Funds Included in Consolidated Statements of Cash Flows</p> <p>Same as left</p>
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Notes to the Financial Statements:

(Related to the Consolidated Balance Sheet)

Current Fiscal Year Aug. 1, 2004 to July 31, 2005	Prior Fiscal Year from Aug. 1, 2003 to July 31 2004
□1 Total number of issued shares: 3,371,571	□1 Total number of issued shares: 158,580

(Consolidated Income Statement)

Current Fiscal Year Aug. 1, 2004 to July 31, 2005 (Unit: ¥ 000)	Prior Fiscal Year from Aug. 1, 2003 to July 31, 2004 (Unit: ¥ 000)												
<p>※1 Major items included in “selling, general and administrative expenses” are as follows.</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Salary and wages</td> <td style="text-align: right;">¥292,193</td> </tr> </table>	Salary and wages	¥292,193	<p>※1 Major items included in “selling, general and administrative expenses” are as follows.</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Directors’ compensation</td> <td style="text-align: right;">¥136,652</td> </tr> <tr> <td>Salary and wages</td> <td style="text-align: right;">¥307,465</td> </tr> </table>	Directors’ compensation	¥136,652	Salary and wages	¥307,465						
Salary and wages	¥292,193												
Directors’ compensation	¥136,652												
Salary and wages	¥307,465												
<p>※2 The breakdown of gains from the sale of fixed assets is as follows.</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">¥12,755</td> </tr> <tr> <td>Machinery</td> <td style="text-align: right;">¥9,124</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">¥10,627</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">¥32,507</td> </tr> </table>	Buildings	¥12,755	Machinery	¥9,124	Land	¥10,627	Total	¥32,507	<p>※2 The breakdown of gains from the sale of fixed assets is as follows.</p> <p style="text-align: center;">-----</p>				
Buildings	¥12,755												
Machinery	¥9,124												
Land	¥10,627												
Total	¥32,507												
<p>※3 The breakdown of losses on the sale of fixed assets is as follows.</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Buildings & structures</td> <td style="text-align: right;">¥1,788</td> </tr> <tr> <td>Telephone subscription rights</td> <td style="text-align: right;">¥2,161</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">¥3,950</td> </tr> </table>	Buildings & structures	¥1,788	Telephone subscription rights	¥2,161	Total	¥3,950	<p>※3 The breakdown of losses on the sale of fixed assets is as follows.</p> <table style="width: 100%;"> <tr> <td style="width: 80%;">Buildings & structures</td> <td style="text-align: right;">¥4,666</td> </tr> <tr> <td>Furniture & fixtures</td> <td style="text-align: right;">¥566</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="text-align: right; border-top: 1px solid black;">¥5,232</td> </tr> </table>	Buildings & structures	¥4,666	Furniture & fixtures	¥566	Total	¥5,232
Buildings & structures	¥1,788												
Telephone subscription rights	¥2,161												
Total	¥3,950												
Buildings & structures	¥4,666												
Furniture & fixtures	¥566												
Total	¥5,232												

(Consolidated Statement of Cash Flows)

Current Fiscal Year Aug. 1, 2004 to July 31, 2005 (Unit: ¥ 000)	Prior Fiscal Year from Aug. 1, 2003 to July 31, 2004 (Unit: ¥ 000)								
Reconciliation of cash and cash equivalent amounts at the end of the period and amounts in the balance sheet for the period. (July 31, 2005)	Reconciliation of cash and cash equivalent amounts at the end of the period and amounts in the balance sheet for the period. (July 31, 2004)								
<table style="width: 100%;"> <tr> <td style="width: 80%;">Cash and bank deposits</td> <td style="text-align: right;">¥1,572,047</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">¥1,572,047</td> </tr> </table>	Cash and bank deposits	¥1,572,047	Cash and cash equivalents	¥1,572,047	<table style="width: 100%;"> <tr> <td style="width: 80%;">Cash and bank deposits</td> <td style="text-align: right;">¥1,241,820</td> </tr> <tr> <td style="border-top: 1px solid black;">Cash and cash equivalents</td> <td style="text-align: right; border-top: 1px solid black;">¥1,241,820</td> </tr> </table>	Cash and bank deposits	¥1,241,820	Cash and cash equivalents	¥1,241,820
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(Lease Transactions)

Fiscal Year from Aug. 1, 2004 to July 31 2005 (Unit: ¥ 000)	Prior Fiscal Year from Aug. 1, 2003 to July 31, 2004 (Unit: ¥ 000)																																				
For finance leases other than those for which ownership is transferred to the lessee.	For finance leases other than those for which ownership is transferred to the lessee.																																				
1 Lease equivalent purchase cost, cumulative depreciation and end of period balances.	1 Lease equivalent purchase cost, cumulative depreciation and end of period balances.																																				
<table border="1"> <thead> <tr> <th></th> <th>Equivalent purchase cost</th> <th>Cumulative Depreciation</th> <th>End of Period Balance</th> </tr> </thead> <tbody> <tr> <td>Tools, instruments, & Fixtures</td> <td>12,757</td> <td>5,620</td> <td>7,137</td> </tr> <tr> <td>Software</td> <td>11,804</td> <td>8,993</td> <td>2,811</td> </tr> <tr> <td>Total</td> <td>24,562</td> <td>14,613</td> <td>9,948</td> </tr> </tbody> </table>		Equivalent purchase cost	Cumulative Depreciation	End of Period Balance	Tools, instruments, & Fixtures	12,757	5,620	7,137	Software	11,804	8,993	2,811	Total	24,562	14,613	9,948	<table border="1"> <thead> <tr> <th></th> <th>Equivalent purchase cost</th> <th>Cumulative Depreciation</th> <th>End of Period Balance</th> </tr> </thead> <tbody> <tr> <td>Automotive Equipment</td> <td>2,968</td> <td>1,484</td> <td>1,484</td> </tr> <tr> <td>Tools, instruments, & Fixtures</td> <td>20,678</td> <td>11,547</td> <td>9,131</td> </tr> <tr> <td>Software</td> <td>11,804</td> <td>6,632</td> <td>5,172</td> </tr> <tr> <td>Total</td> <td>35,451</td> <td>19,663</td> <td>15,788</td> </tr> </tbody> </table>		Equivalent purchase cost	Cumulative Depreciation	End of Period Balance	Automotive Equipment	2,968	1,484	1,484	Tools, instruments, & Fixtures	20,678	11,547	9,131	Software	11,804	6,632	5,172	Total	35,451	19,663	15,788
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2 End of period value of unexpired leases	2 End of period value of unexpired leases																																				
Under 1 year ¥3,950	Under 1 year ¥6,100																																				
Over 1 year ¥6,245	Over 1 year ¥10,253																																				
Total ¥10,196	Total ¥16,353																																				
3 Lease payment, equivalent depreciation value and equivalent interest paid.	3 Lease payment, equivalent depreciation value and equivalent interest paid.																																				
Lease payment ¥6,076	Lease payment ¥7,355																																				
Equivalent depreciation ¥5,565	Equivalent depreciation ¥6,624																																				
Equivalent interest paid. ¥328	Equivalent interest paid ¥575																																				
4 Method for calculating equivalent depreciation amount.	4 Method for calculating equivalent depreciation amount.																																				
Straight-line depreciation, assuming the lease period as the years of useful life for calculating the outstanding balance.	Same as left.																																				
5 Method of calculating equivalent interest.	5 Method of calculating equivalent interest.																																				
Equivalent interest is the difference between total lease payments and the equivalent purchase cost of the lease, with the interest rate method being used to allocate interest paid for each period.	Same as left																																				

(Marketable Securities)

End of the Consolidated Financial Year (July 31, 2005)

1 Current Market Value of Other Marketable Securities

(Unit: ¥ 000)

	Security	Purchase Cost	Reported Book Value as of July 31, 2005	Difference
Holdings where book value exceeds acquisition cost	① Stocks	745,948	805,560	59,612
	② Bonds	—	—	—
	③ Others	—	—	—
	Subtotal	745,948	805,560	59,612
Holdings where book value is less than acquisition cost	① Stocks	569,018	568,800	△218
	② Bonds	—	—	—
	③ Others	—	—	—
	Subtotal	569,018	568,800	△218
TOTAL		1,314,966	1,374,360	59,394

2 Other Marketable Securities Sold During the Period (Between Aug. 1, 2004 and July 31, 2005)

(Unit: ¥ 000)

Liquidation Value	Liquidation Gain	Liquidation Loss
41,781	2,802	24

3 Marketable Securities with No Current Market Value

(Unit: ¥ 000)

Details	Value Reflected on the Balance Sheet
Other marketable securities Non-listed stocks (excluding stocks traded over the counter)	100,000

Previous Fiscal Year (as of July 31, 2004)

1 Current Market Value of Other Marketable Securities

(Unit: ¥ 000)

	Security	Purchase Cost	Reported Book Value as of July 31, 2005	Difference
Holdings where book value exceeds acquisition cost	① Stocks	—	—	—
	② Bonds	—	—	—
	③ Others	—	—	—
	Subtotal	—	—	—
Holdings where book value is less than acquisition cost	① Stocks	—	—	—
	② Bonds	—	—	—
	③ Others	—	—	—
	Subtotal	—	—	—
TOTAL		—	—	—

2 Other Marketable Securities Sold During the Previous Fiscal Year (Between Aug. 1, 2003 and July 31, 2004)

(Unit: ¥ 000)

Liquidation Value	Liquidation Gain	Liquidation Loss
215,298	10,437	1,972

(Derivative Transactions)

The company does not engage in any derivatives transactions.

(Tax Effect Accounting)

Fiscal Year from Aug. 1, 2004 to July 31 2005 (Unit: ¥ 000)	Prior Fiscal Year from Aug. 1, 2003 to July 31, 2004 (Unit: ¥ 000)
1 Major Reasons for Deferred Tax Assets or Deferred Liabilities Were Incurred (Deferred Tax Assets)	1 Major Reasons for Deferred Tax Assets or Deferred Liabilities Were Incurred (Deferred Tax Assets)
(1) Current Assets	(1) Current Assets
Deferred Corporate Taxes	Deferred Corporate Taxes
¥21,791	¥19,306
Nondeductible Bonuses	Nondeductible Bonuses
¥3,736	¥19,306
Total	Total
¥25,527	
(2) Fixed Assets	(2) Fixed Assets
Depreciation expenses in excess of deductible limit	Depreciation expenses in excess of deductible limit
¥130	¥171
Deposit guarantees in excess of deductible limit	Deposit guarantees in excess of deductible limit
¥39	¥58
Private partnership investment losses in excess of deductible limit	Private partnership investment losses in excess of deductible limit
¥2,859	¥2,859
Amortization of telephone subscription rights in excess of deductible limit	
¥886	¥3,088
Total	Total
¥3,914	¥22,394
Total Deferred Tax Assets	Total Deferred Tax Assets
¥29,441	
(Deferred Liabilities)	(Deferred Liabilities)
(1) Current Liabilities	(1) Current Liabilities
Bad debt reserves	Bad debt reserves
¥37	△¥121
Total	Total
¥37	△¥121
(2) Fixed Liabilities	(2) Fixed Liabilities
Investment securities valuation differential	Bad debt reserves
¥24,167	△¥19
Total	Total
¥24,167	△¥19
Total Deferred Tax Liabilities	Total Deferred Tax Liabilities
¥24,204	△¥140
Net Deferred Tax Assets	Net Deferred Tax Assets
¥5,237	¥22,254
2 Breakdown of reasons for difference between statutory tax rate and corporate tax rate after application of tax effect accounting	2 Breakdown of reasons for difference between statutory tax rate and corporate tax rate after application of tax effect accounting
Statutory tax rate	Statutory tax rate
40.7%	42.1%
(Adjustments)	(Adjustments)
Items not permanently included as entertainment expenses, others	Items not permanently included as entertainment expenses, others
0.6	1.3
Average resident's tax	Average resident's tax
0.2	0.3
Items not permanently included as dividends received	Items not permanently included as dividends received
△0.3	△0.6
Others	Others
1.0	0.3
Corporate tax rate after application of tax effect accounting	Corporate tax rate after application of tax effect accounting
42.2%	43.4%

(Segment Information)

【Segment Information by Business Category】

For the consolidated fiscal year from August 1, 2004 to July 31, 2005 and for the consolidated fiscal year from August 1, 2003 to July 31, 2004;

The main business activity of the Nittyu Group is the management and administration of parking facilities, and as the sales, operating profits and assets from management and administration of parking facilities business accounts for over 90% of total sales, operating profits and assets, no segment information has been included.

【Segment Information by Geographical Area】

For the consolidated fiscal year from August 1, 2004 to July 31, 2005 and for the prior consolidated fiscal year from August 1, 2003 to July 31, 2004;

The company has no operations or consolidated subsidiaries located outside of Japan.

【Overseas Sales】

For the consolidated period fiscal year from August 1, 2004 to July 31, 2005 and for the prior consolidated fiscal year from August 1, 2003 to January 31, 2004;

The company has no overseas sales.

(Per Share Information)

Current Fiscal Year from Aug. 1, 2004 to July 31 2005		Prior Fiscal Year from Aug. 1, 2003 to July 31, 2004	
Book value per share	¥591.99	Book value per share	¥8,819.10
Earnings per share	¥183.13	Earnings per share	¥2,296.42
Fully diluted		Fully diluted	
Earnings per share	¥178.76	Earnings per share	¥2,232.18
The company effected a 1:21 stock split on November 19, 2004, and assuming the stock split occurred at the beginning of the period, per share information would be as follows.		The company effected two 1:3 stock splits on September 19, 2003 and on July 20, 2004, and assuming the stock splits occurred at the beginning of the period, per share information would be as follows.	
Book value per share	¥419.96	Book value per share	¥6,540.67
Earnings per share	¥109.35	Earnings per share	¥1,434.81
Fully diluted		Fully diluted	
Earnings per share	¥106.29	Earnings per share	¥1,402.67

(Note) Historical Calculation of Earnings Per Share and Fully Diluted Earnings Per Share

	Current Fiscal Year Aug. 1, 2004 to July 31, 2005 (Unit: ¥ 000)	Prior Fiscal Year from Aug. 1, 2003 to July 31, 2004 (Unit: ¥ 000)
Earnings per Share		
Net income	¥612,242	¥397,165
Amount not attributable to common shareholders	—	¥33,000
Net income attributable to common shareholders	¥612,242	¥364,165
Average common shares outstanding during the period	3,343,152 shares	158,580 shares
Fully diluted earnings per share		
Net income adjustment	—	—
Increase in common shares	81,702 shares	4,563 shares
...Of which are stock options	81,702 shares	4,563 shares
Overview of potential shares not included in calculation of fully diluted earnings per share because there was no dilution effect.	—	Issued stock options approved at a regular shareholder meeting on October 29, 2003. --176 shares at an exercise price of ¥375,232

(Other Important Additional Items)

Current Fiscal Year from Aug. 1, 2004 to July 31 2005 (Unit: ¥ 000)	Prior Fiscal Year From Aug. 1, 2003 to July 31, 2004 (Unit: ¥ 000)								
<p style="text-align: center;">—</p>	<p>In order to more efficiently utilize assets and management resources, the company signed a contract to sell on August 9, 2004 and sold land holdings. The major points of the contract were as follows.</p> <p>(1) Name of purchaser F.S. Planning Co., Ltd.</p> <p>(2) Type of property sold 379.50㎡ of land, offices and multilevel parking facility.</p> <p>(3) Date transferred August 9, 2004</p> <p>(4) Value of the sale ¥229,525 (excluding consumption tax)</p> <p>On September 10, 2004, the Board of Directors resolved to increase outstanding shares through a stock split as follows.</p> <p>(1) A 1:21 stock split is to be effected on November 19, 2004.</p> <p>(2) Number of shares because of the split 3,174,000 common shares</p> <p>(3) Method of Split Shareholders of record as of September 30, 2004 will be issued 21 shares for every one share held.</p> <p>(4) Dividend date August 1, 2004</p> <p>Per share information assuming that the above stock split occurred at the beginning of the current accounting period, and per share information for the previous fiscal year assuming the stock split occurred at the beginning of the period are as follows.</p> <table data-bbox="783 1323 1294 1733" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Current Fiscal Year (Aug. 1, 2004-July 31, 2005)</th> <th style="text-align: center;">Prior Fiscal Year (Aug. 1, 2003-July 31, 2004)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Book Value per Share ¥419.96</td> <td style="text-align: center;">Book Value per Share ¥311.46</td> </tr> <tr> <td style="text-align: center;">Net Income per Share ¥109.35</td> <td style="text-align: center;">Net Income per Share ¥68.32</td> </tr> <tr> <td style="text-align: center;">Fully Diluted Net Income per Share ¥106.29</td> <td style="text-align: center;">Fully Diluted Net Income per Share ¥66.79</td> </tr> </tbody> </table>	Current Fiscal Year (Aug. 1, 2004-July 31, 2005)	Prior Fiscal Year (Aug. 1, 2003-July 31, 2004)	Book Value per Share ¥419.96	Book Value per Share ¥311.46	Net Income per Share ¥109.35	Net Income per Share ¥68.32	Fully Diluted Net Income per Share ¥106.29	Fully Diluted Net Income per Share ¥66.79
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<p style="text-align: center;">Current Fiscal Year from Aug. 1, 2004 to July 31 2005 (Unit: ¥ 000)</p>	<p style="text-align: center;">Prior Fiscal Year From Aug. 1, 2003 to July 31, 2004 (Unit: ¥ 000)</p>
<p style="text-align: center;">—</p>	<p>711,000 shares (11.9% of total voting shares) of Taisei Co., Ltd. were purchased on September 24, 2004.</p> <ol style="list-style-type: none"> 1. Overview of Taisei Co., Ltd. <ol style="list-style-type: none"> a) Registered Name: Taisei Co., Ltd. b) Representative: Kenji Kato, President and Representative Director c) Registered Address: 1-4-12 Meieki Minami Nakamura-ku, Nagoya City, Aichi Prefecture d) Main Business: Building maintenance 2. Shares acquired <ol style="list-style-type: none"> a) 711,000 shares acquired (11.9% of total issued shares) b) Value of purchase: ¥569, 018 c) Shares held after purchase: 711,000 (11.9% of total issued shares)