

iKco.,LTD

FACT BOOK 2006

2005.9~2006.8



Performance of Previous Fiscal Period

Substantial increase in revenue and profit; new businesses had a good start

In the previous fiscal period when the first consolidated settlement started with the establishment of the consolidated subsidiary **Park-Oh Co., Ltd** (87.5% owned), we have attained a substantial increase in revenue and profit registering sales of ¥16.7 billion and ordinary profit of ¥1.2 billion.

With respect to “**Bike-Oh**,” our used motorcycle purchasing and selling business, we made upward revision of the number of motorcycles to sell from the initial planned figure ending up with 105 thousand vehicles. We opened our shops ahead of schedule, with the start-up of 18 new shops, making the total number of shops 53. The new businesses start-up went smoothly with the opening of a new motorcycle retail shop (**i-knew**). The parking space business established in March 2006 (**Park-Oh**) in response to the implementation of the Revised Road Traffic Act opened its first operation site in May, which accomplished sales of ¥55 million effectively in the first 4 months. In August 2006, we were listed on the second section of the Tokyo Stock Exchange.

Business Model

Specialized in purchasing vehicles, created efficient cash flow management and system

We have developed a full fledged nationwide opening of specialized shops for purchasing used motorcycles for the first time in the industry realizing unprecedented and innovative services that include free motorcycle appraisal and pick-up services. We have strived to create a present business model in pursuit of fundamental services as a seller of motorcycles to provide customers with services, that are required at the time of selling like “convenience,” “transparency of the purchasing price” and “attitudes toward customers.”

Our call center accepts offers and inquiries from nationwide customers with a “24 hours a day, 365 days a year system.” Subsequently, appraisers at each shop visit the customer’s home to make an appraisal of the motorcycle using portable devices, and if agreed upon, an on the spot cash payment is made. We provide totally free support for the procedures which accompany the selling of vehicles leading us to secure a high degree of customer satisfaction (CS).

Purchased vehicles will be displayed on sale at auctions for dealers after being repaired and conditioned at the shops etc. The average inventory turnover of the products is 10-15 days and the average days outstanding for recovery of receivables is 1-3 days. As a consequence, we are able to link market price for selling and purchase price, and have the realization of a low risk, inventory free and efficient cash management system which provides us competitive advantages.

In furtherance, the essential point supporting our business model is the creation of the total management system (i-kiss: iK Interactive Solution System). Expansion of the system as a source of offering quick and reliable services constitutes our “key strength” which enables differentiation of ourselves with our competitors.

Market Analysis

Used motorcycle market with a bigger growth potentiality

As of the end of March 2006, the total number of motorcycles owned in Japan reached about 13.07 million. We witness a trend of slight decline as a whole, the breakdown shows that the decline is limited to motorbikes 50 cc or less while other bigger vehicles with relatively higher value tend to increase. In addition, domestic annual traded used motorcycles are approximately 580 thousand (more than 125 cc. Public data for 125 cc or less is not available), and they are also increasing in trend. Our company share of traded vehicles more than 125 cc for the past one year was more or less 11%.

Looking at the current situation, the domestic market for motorcycles has been activated fueled by relaxed regulatory controls like “lifting of the ban of two persons riding on the express ways” and the “creation of AT license.” However, consumer awareness of used motorcycle purchasing in the trading market of used motorcycles is still low compared with used car purchasing, and the majority depend on private transactions and trade-in by retail shops, and quite a number of reusable vehicles have been abandoned.

The used motorcycle purchasing and selling business is a relatively new form of business, and we expect further growth through enhanced awareness. We understand, now is the time for aggressive opening of shops and advertisement campaigns.

Future Developments

Expand business territories specializing in motorcycles

In our mid-term plan, we position the motorcycle purchasing business as our main business and we envisage to establish an impregnable position in the industry by way of promoting our core brand “**Bike-Oh**” with an aim to realize a “100 shop network” by the end of August 2009.

Coupled with the above effort, we position our new businesses parking business for motorcycles “**Park-Oh**,” motorcycle retail shops “**i-knew**,” spare parts shops “**Bike-Oh Parts**” and motorcycle exporting “**Nilin.jp**” as new pillars of profit, and we will promote the building and reviewing of the 4 businesses aiming at complementing the “**Bike-Oh**” business model as well as expansion of our business territories.

Through our endeavors, we are determined to be a company which provides comprehensive producing of your motorcycle life, in other words, realizing our corporate vision to be a “comprehensive planner of your motorcycle life.”

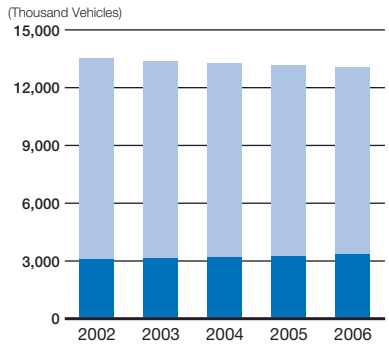
December 2006

Chairman Akihiko Ishikawa

President Yoshihiro Kato

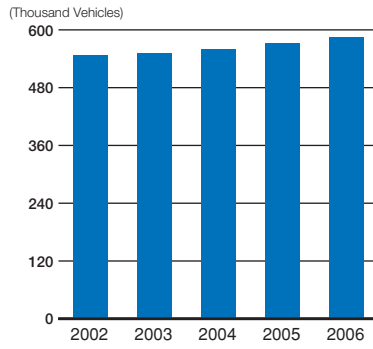
Numerical Data

Number of Motorcycles Owned



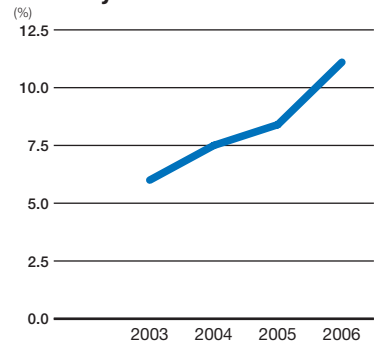
■ More than 125cc (Thousand Vehicles)	3,068	3,124	3,180	3,254	3,336
■ 125cc or less (Thousand Vehicles)	10,471	10,244	10,080	9,920	9,740

More than 125cc Number of Traded Used Motorcycles



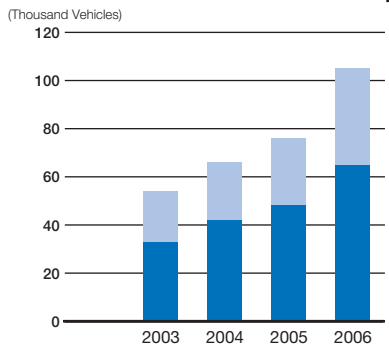
■ More than 125cc Number of traded used motorcycles (Thousand Vehicles)	547	551	559	573	584
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Our Company Share of Traded Motorcycles more than 125cc



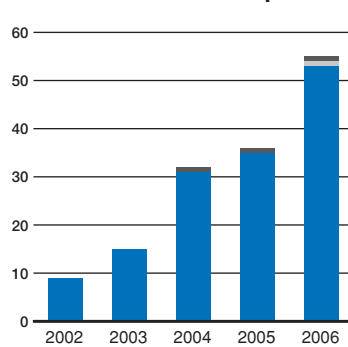
■ Our company share of traded motorcycles more than 125cc (%)	6.0	7.5	8.4	11.1
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Number of Vehicles we Sold (by cc)



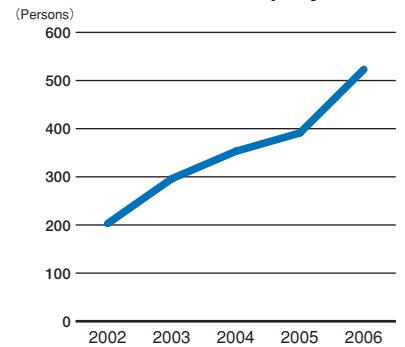
■ More than 125cc (Thousand Vehicles)	33	42	48	65
■ 125cc or less (Thousand Vehicles)	21	24	28	40

Number of Shops



■ Purchasing shops	9	15	31	35	53
■ Retail shops					1
■ Spare parts shops			1	1	1

Number of Employees



■ Number of employees	203	296	353	391	523*
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*Number of consolidated employees is posted as the number of employees for 2006.

Corporate Profiles

Company name: IK CO., LTD.

Head office: 18F Ebisu Prime Square, 1-1-39 Hiroo, Shibuya-ku, Tokyo
150-0012 Tel 03-6803-8811 Fax 03-3409-5050

Business: Management of "specialty shops to purchase motorcycles" which proposes a new trading system of motorcycles.

President: Yoshihiro Kato

Established: September 1998

Inauguration of business: September 1994

Capital stock: ¥583,382,400 As of the end of November 2006

Sales: ¥16,709 million (FY August 2006, Consolidated)

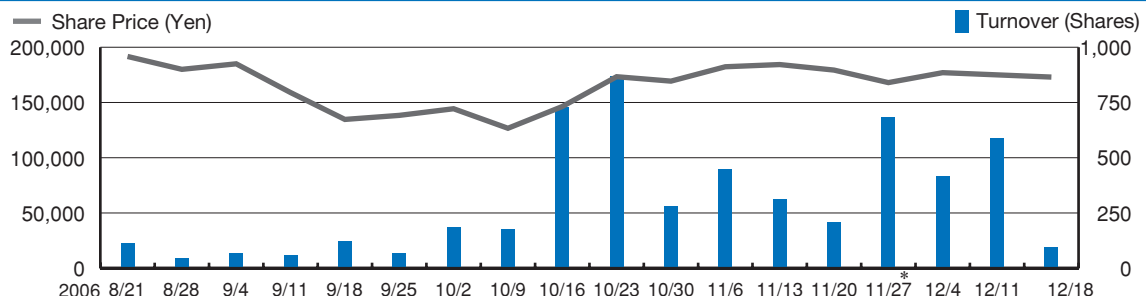
Number of vehicles sold: 105,441 (FY August 2006, Non-consolidated)

Number of employees Average age: 29 years old (As of August 31, 2006)

Member of the Board of Directors and Auditors:

Chairman	Akihiko Ishikawa
President	Yoshihiro Kato
Director	Hiroyuki Matsumoto
Director	Maki Otani
Full-time Auditor	Yokichi Masubuchi
Auditor	Ko Suwa
Auditor	Tadahiro Nagasaka

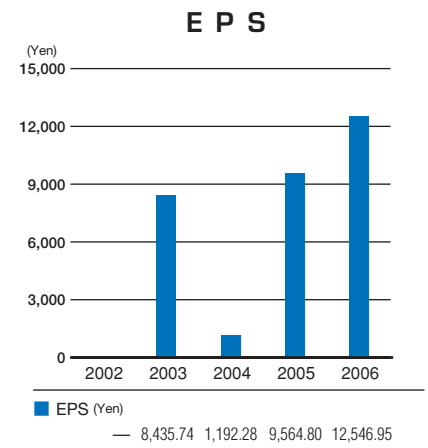
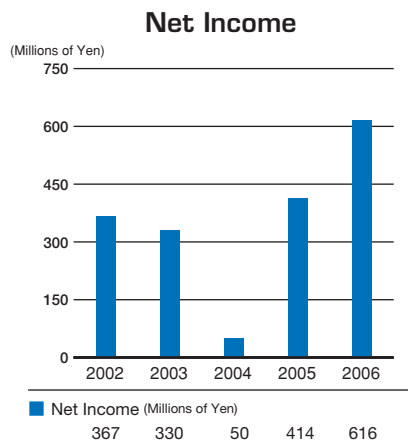
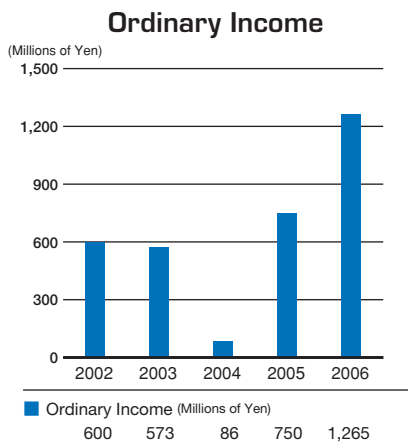
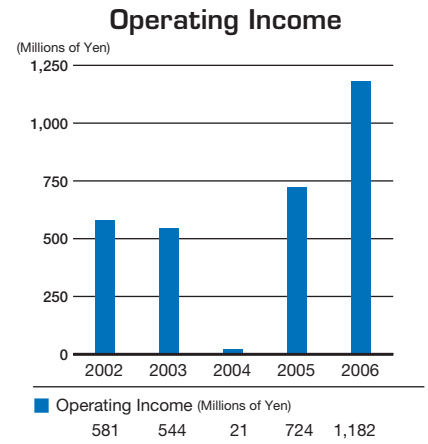
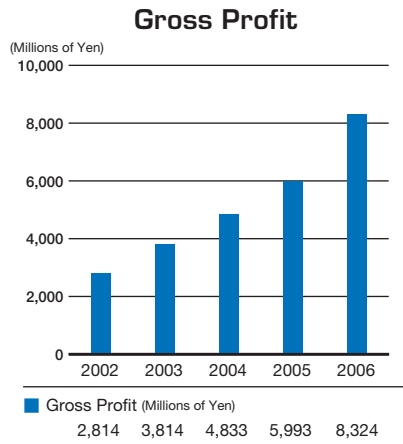
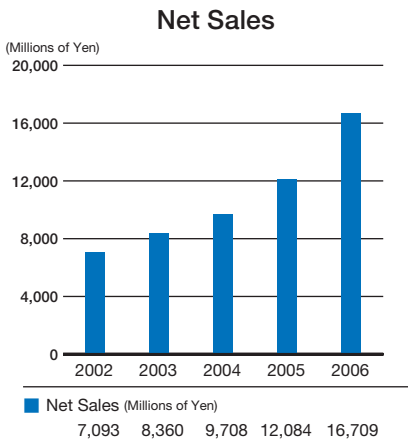
Share price movement



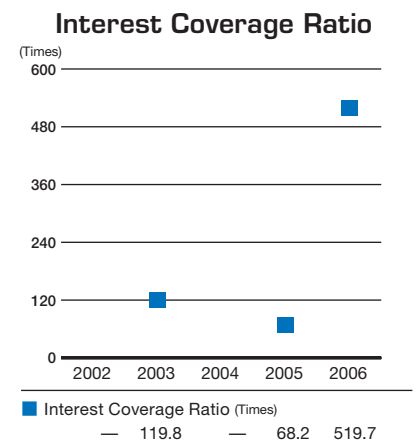
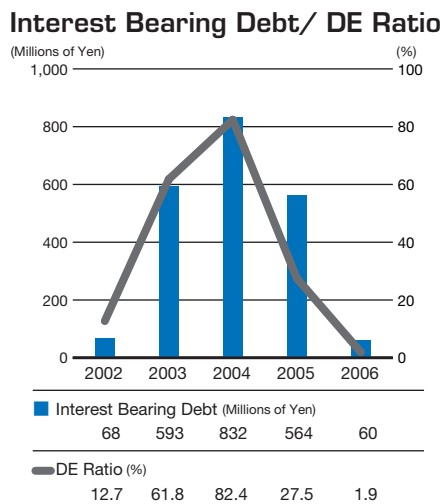
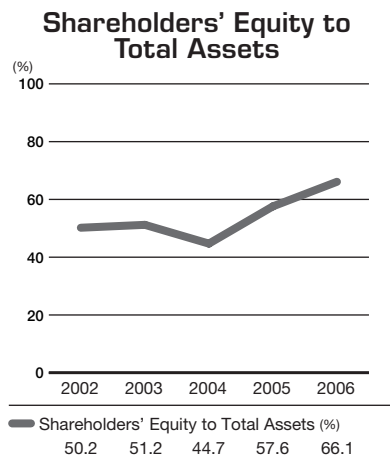
*Each 1 share of the company has been split into 3 shares with November 27 as the base date. In order to maintain continuity of the share price, the trend of the share price is given reflecting effects of dilution.

Key Financial and Managerial Indices

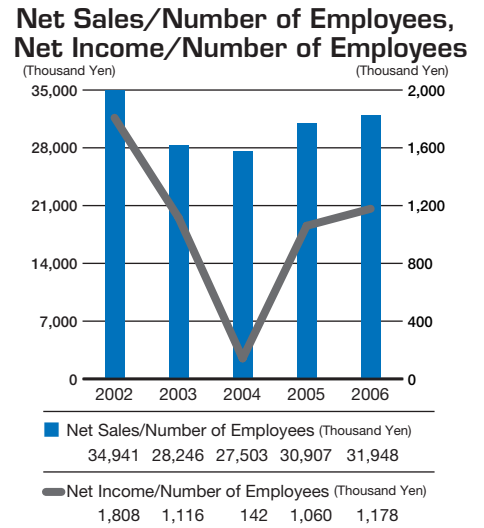
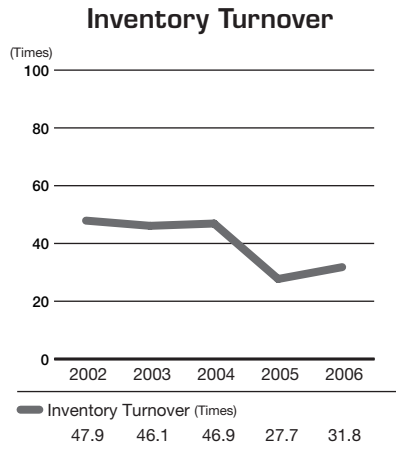
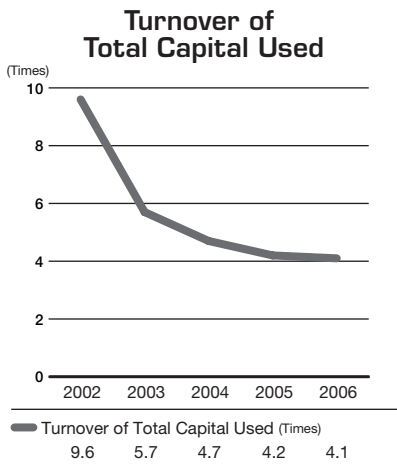
Business Results and Growth Potential



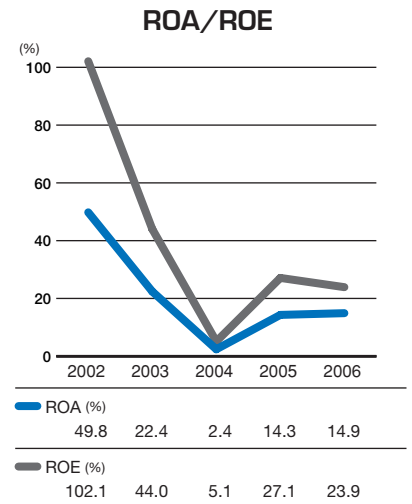
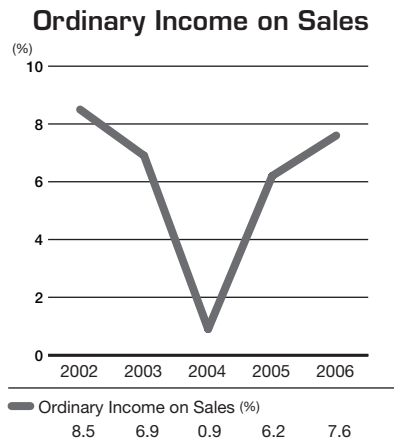
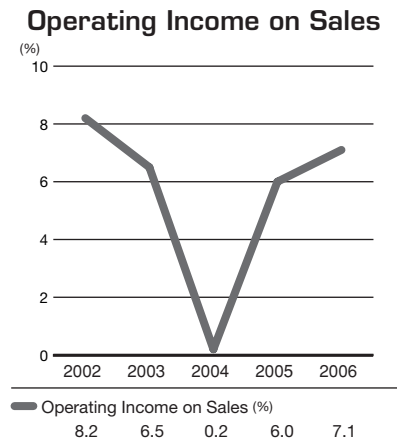
Safety



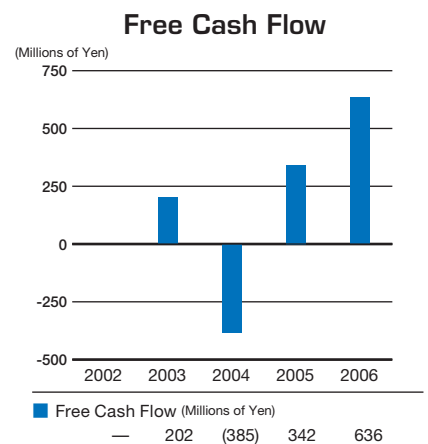
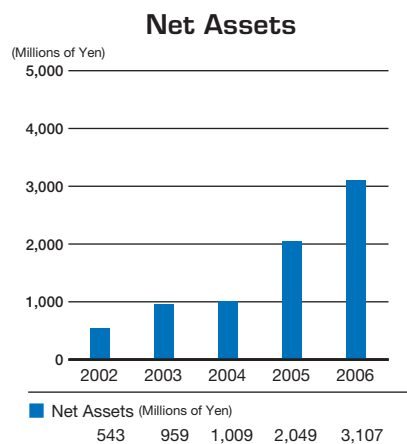
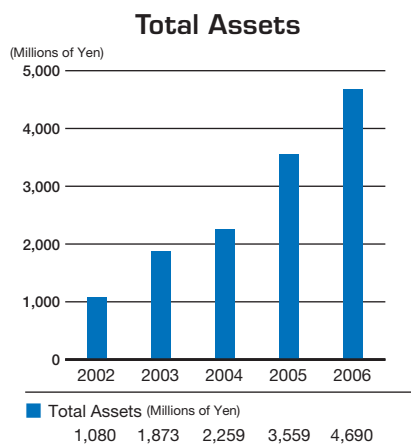
Efficiency



Profitability



Assets/Cash Flow



Summary of Financial Statements

(Thousand Yen)

Balance Sheets	2002	2003	2004	2005	2006
Assets					
Current Assets	965,581	1,679,425	1,712,081	2,731,220	3,373,382
Cash and Cash Equivalents	547,292	1,268,668	1,122,484	1,796,668	2,350,316
Accounts Receivable	35,459	6,306	48,800	37,182	249,158
Merchandise	213,692	148,683	265,116	607,135	440,345
Others	169,135	255,766	275,679	290,232	333,563
Fixed Assets	115,258	194,073	547,207	828,335	1,317,021
Tangible Fixed Assets	45,082	47,119	234,755	327,694	567,965
Buildings	5,707	20,683	188,905	217,470	372,605
Others	39,374	26,435	45,848	110,222	195,359
Intangible Fixed Assets	5,309	11,722	118,223	304,490	307,378
Investments and Other Assets	64,866	135,230	194,227	196,150	441,678
Total Assets	1,080,840	1,873,498	2,259,288	3,559,556	4,690,404
Liabilities					
Current Liabilities	495,866	576,902	912,600	1,447,097	1,491,427
Accounts Payable	44,678	11,962	20,580	39,656	61,241
Short-term Debt	10,000	84,500	300,000	300,000	—
Bonds (due within one year)	16,929	171,250	268,000	264,000	14,000
Account Payable	35,310	103,633	183,966	378,446	629,055
Others	388,946	205,554	140,052	464,991	787,129
Total Fixed Liabilities	41,939	337,250	336,979	62,966	91,961
Long-term Debt	41,939	337,250	264,000	—	46,000
Long-term Account Payable	—	—	72,979	62,966	—
Others	—	—	—	—	45,961
Total Liabilities	537,805	914,152	1,249,580	1,510,063	1,583,389
Net Assets					
Capital Stock		99,320	99,320	364,556	583,346
Capital Surplus		24,383	24,383	384,179	602,968
Retained Earnings		835,643	886,005	1,300,756	1,916,999
Shareholders' Equity					3,103,315
Minority Interests					3,700
Common Stock	47,000				
Capital Reserve	4,517				
Earned Surplus Reserve	11,750				
Other Retained Earnings	479,767				
Total Net Assets	543,035	959,346	1,009,708	2,049,492	3,107,015
Total Liabilities and Net Assets	1,080,840	1,873,498	2,259,288	3,559,556	4,690,404

(Thousand Yen)

Income Statement	2002	2003	2004	2005	2006
Net Sales	7,093,122	8,360,864	9,708,727	12,084,978	16,709,192
Cost of Sales	4,278,515	4,546,043	4,875,672	6,091,190	8,384,562
Gross Profit	2,814,607	3,814,821	4,833,055	5,993,788	8,324,629
Selling, General and Administrative Expenses	2,233,166	3,270,246	4,811,683	5,269,574	7,142,192
Operating Income	581,440	544,575	21,371	724,213	1,182,437
Non-operating Income	20,481	31,991	72,268	69,245	109,298
Non-operating Expenses	1,862	2,933	7,203	42,718	26,687
Ordinary Income	600,060	573,633	86,436	750,740	1,265,049
Extraordinary Gains	30,023	313	5,276	35	26,920
Extraordinary Losses	425	1,469	1,342	3,960	35,234
Income Before Income Taxes	629,657	572,478	90,370	746,815	1,256,734
Income Taxes	282,626	237,000	40,500	355,000	697,090
Deferred Taxes	(20,038)	5,102	(491)	(22,936)	(50,299)
Minority Interests in Loss	—	—	—	—	6,299
Net Income	367,069	330,375	50,362	414,751	616,243
Retained Earnings at Beginning of Year	2,698	9,767	40,143	42,755	—
Unappropriated Earned Surplus for Current Term	369,767	340,143	90,505	457,506	—

(Thousand Yen)

Cash Flow Statement	2002	2003	2004	2005	2006
Cash Flow from Operating Activities	—	292,452	(62,260)	660,826	1,275,437
Cash Flow from Investing Activities	—	(90,367)	(322,923)	(318,731)	(639,068)
Cash Flow from Financing Activities	—	516,254	239,000	332,089	(82,722)
Net Increase (Decrease) in Cash and Cash Equivalents	—	718,340	(146,184)	674,184	553,647
Cash and Cash Equivalents at Beginning of Year	—	547,292	1,268,668	1,122,484	1,796,668
Increase in Cash and Cash Equivalents by Merger	—	3,035	—	—	—
Cash and Cash Equivalents at End of Year	—	1,268,668	1,122,484	1,796,668	2,350,316