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Business Results for the First-Half of the Fiscal Year Ending March 31, 2006

November 2005

JAPAN CASHMACHINE CO., LTD.

（Code Number:6418　The First Section of the Tokyo and Osaka Stock Exchange）

http://www.jcm-hq.co.jp

Business Results for the First-Half Ended September 30, 2005

Sales and Income

	Net Sales		Operating Incmoe		Ordinary Income		Net Income	
	(Million Yen)	year-on-year change (%)	(Million Yen)	year-on-year change (%)	(Million Yen)	year-on-year change (%)	(Million Yen)	year-on-year change (%)
Sep. 2005	15,453	-15.9	2,475	-46.1	2,550	-47.0	1,349	-51.4
Sep. 2004	18,370	21.9	4,592	41.0	4,813	57.6	2,778	59.8
March 2005	37,947		8,644		8,882		4,983	

Highlights for current results

Domestic Market

- Termination of demand in the issuance of new bills

Overseas Market

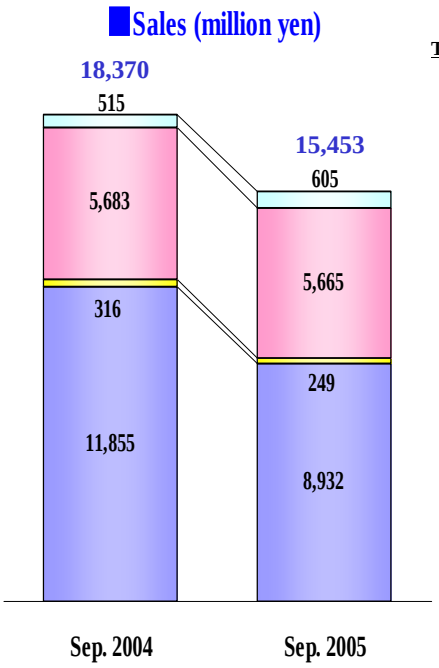
- Declining replacement demand for gaming machines in North American Market

JAPAN CASH MACHINE CO., LTD.

There are two significant factors influenced on our sales revenue during this period. The one is the termination of demand from issuance of new bills in the domestic market, and the other is a decline in the replacement demand of gaming machine products in North America. As a result, net sales decreased, and in the profit, higher expenses for new market expansion caused a decline in net income.

First-Half Ended September 2005

Sales by Business Segment



Year-on-year ratio (increase/decrease)

Total -15.9 % (-2,917million yen)

Other Products

17.4 % (90 million yen)

Equipment for the amusement industry

-0.3 % (-18 million yen)

Cash Register

-21.0 % (- 67 million yen)

Money-handling machines

-24.7 % (-2,923 million yen)

Money-handling machines

Japan
- Termination of demand from the issuance of new bills
- Demand decrease in OEM terminals

North America
- US・・・Lower cycle of replacement demand

Europe
- Russia・・・・Favorable sales growth with market expansion

Equipments for the amusement industry

Automatic token supply systems
- Demand decrease due to decline in opening of new pachinko-parlors

Token lenders able to accept high-denomination bills (I-REX)
- Demand increase in remodeling pachinko-parlors

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Our business is classified into four segments: Money-handling machines, Electronic cash registers, Equipment for the amusement industry, and other products.

In money-handling machines, which is our main business segment, on top of the slowdown of the significant demand of new bills issuance in Japan, due to demand reduction in OEM terminals and decrease of net sales in North American market, net sales decreased by ¥2,900 million, against a net revenue of ¥800 million during the first-half of the previous year and ¥4,000 million in the year-end 2005 for the demand of new bills issuance in the domestic market. In the retail, food service, and amusement industries, our products to correspond the latest bills were replaced during the previous year. This year the product demand was not as high as we expected and affected on net income for this period.

Furthermore, market environment has been severe year by year mostly in the local Japanese public gaming, and the demand of OEM terminals for Japanese public gaming went down.

In North America, new types of gaming machines that cash out by coupon instead of coin were introduced to the market. The replacements for coin-less gaming machines were completed during the last two and three years, and the replacement demand of gaming machines was decreased since the last quarter of the previous year.

In addition, due to less regulatory reforms, the construction of new casino hotels remained low. Under these circumstances, the market has been sluggish temporarily, and the competition in the North American market has been intensified.

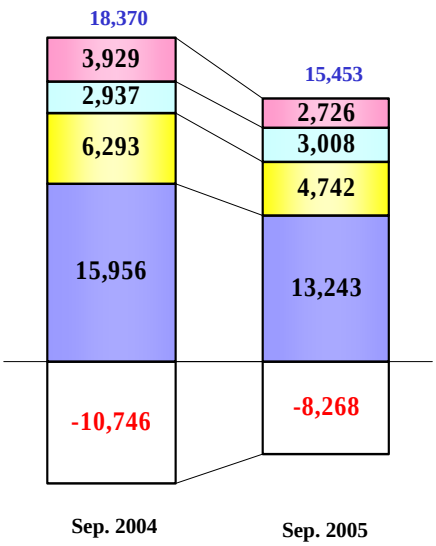
In equipment for the amusement industry, there were few pachinko parlors opened newly due to the new regulation in the industry. As a consequence, the sales of our core product, automatic token supply systems, went down.

However, another main product, token lenders able to accept high-denomination bills (I-Rex), was introduced to our existing market with given popularity in the efficiency in pachinko hall management, and net sales increased. Overall, the total sales for this segment remained roughly flat.

First-Half Ended September 2005

Sales by geographical segment

Sales



Year-on-year ratio
(increase/decrease)

Total -15.9% (-2,917 million yen)

Asia
-30.6% (-1,203 million yen)

Europe
2.4% (71 million yen)

North America
-24.6% (-1,551 million yen)

Japan
-17.0% (-2,713 million yen)

(Intersegment Transaction)

Elimination
-23.1% (-2,478 million yen)

Japan

Equipment for the amusement industry

- Token supply systems
  - ・・・Demand decrease due to decline in opening of new pachinko parlors
- Token lenders able to accept high-denomination bills (I-REX)
  - ・・・Demand increase in remodeling pachinko -parlors

Money-handling machines

- Termination of demand from the issuance of new bills
- Demand reduction in OEM terminals
- Gaming Market
  - ・・・Lower cycle of replacement demand

North America

- US・・・Slow Growth

Europe

- Russia・・・Favorable growth according with market expansion
- UK・・・・・Concentration of demand in lower price products

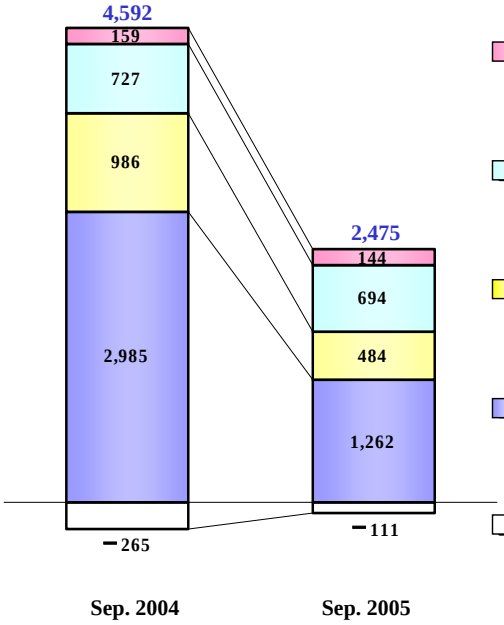
In Europe, sales in Russia grew favorably. On the other hand, we struggled sales growth in UK. The demand was concentrated comparatively in lower cost products in the UK market. In addition, our selection on product line was limited and conceived as unfavorable in the UK market, and it was hard to attract our customers. In order to survive in the market, we will penetrate a new product in the beginning of next year and seek to gain the market popularity.

Asia is our coordinating base for productions, and net sales decreased due to the reduction of production volume along with the demand decrease in Japan and overseas.

First-Half Ended September 2005

Operating Income by geographical segment

■Operating Income (million yen)



Year-on-year ratio (increase/decrease)

Total -46.1% (-2,117 million yen)

- Asia: -9.2% (-15 million yen)
- Europe: -4.4% (-33 million yen)
- North America: -50.8% (-502 million yen)
- Japan: -57.7% (-1,723 million yen) (Intersegment Transaction)
- Elimination: -58.1% (154 million yen)

■Japan
- Decrease in net sales in both domestic and overseas' market
- Termination of demand in the issuance of new bills

■North America
- Price competition among other manufactures
- Increase of development expenses for new business

■Europe
- Price war with other competitors

In Japan, operating income decreased, caused not only by sales reduction in high margin rate products but also rise in labor wages and costs for implementation of the total network system in our JCM group.

In North America, operating income decreased due to sales reduction in the gaming industry as well as high expenses related to commercial market expansion. In addition, the price competition in the market of both North America and Europe caused decline in operating income.

Forecast for the year ending March 2006

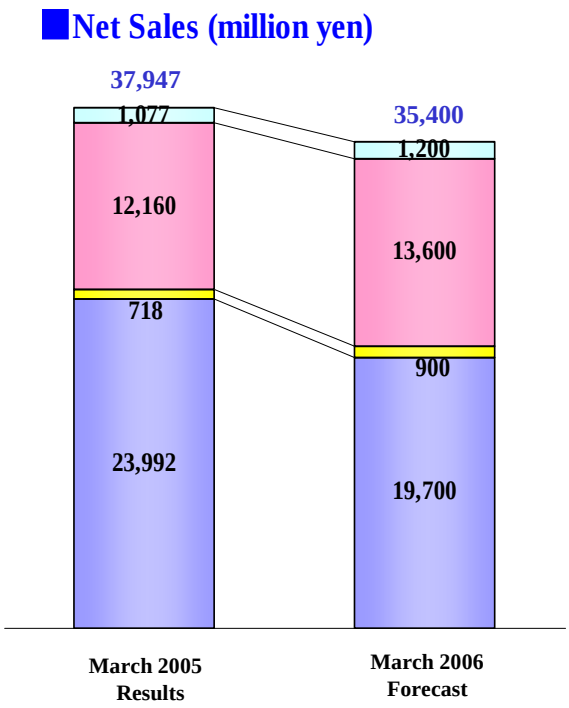
Forecast

	Net Sales		Operating Income		Ordinary Income		Net Income	
	(Million yen)	year-on-year change (%)	(Million yen)	year-on-year change (%)	(Million yen)	year-on-year change (%)	(Million yen)	year-on-year change (%)
Forecast for March 31, 2006	35,400	-6.7	7,100	-17.9	7,200	-18.9	4,300	-13.7
Announcement of revision on Sep. 2005	35,400	-6.7	7,100	-17.9	7,200	-18.9	4,300	-13.7
Original Forecast Announed on May 2005	38,800	2.2	8,800	1.8	8,800	-0.9	5,300	6.4
Result of March 31, 2005	37,947		8,644		8,882		4,983	

This is the forecast for the year-ending March 31, 2006.

Forecast for the year ending March 2006

Sales by Business Segment



Year-on-year ratio(Increase/Decrease)

Total - 6.7 % (-2,547 million yen)

Other Products

11.4% (123 million yen)

Equipments for the amusement industry

11.8% (1,440 million yen)

Cash register

25.3% (182 million yen)

Cash-handling machines

-17.8% (-4,292 million yen)

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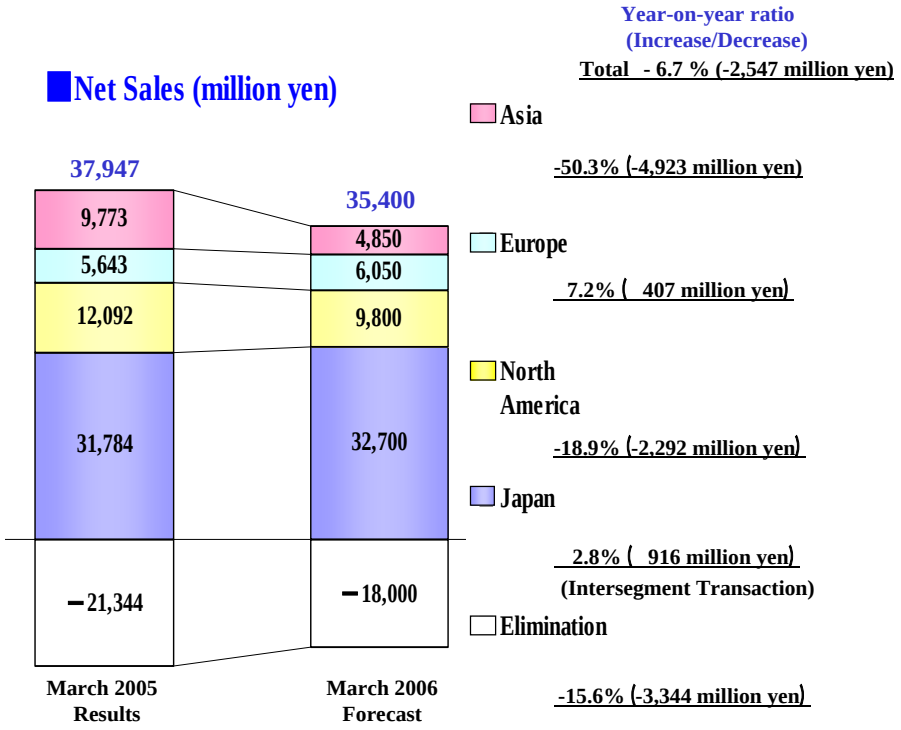
We expect sales increase approximately by ¥1,500 million for automatic cash-in machines and bill recycling units in the domestic retail and food service industry. Yet, we forecast a decrease of total sales in money handling machines section, approximately by ¥4,300 million due to the termination of demand in the new bills issuance in the domestic market and sales decrease in the gaming market in North America.

In equipment for the amusement industry, we expect increase of total sales, approximately by ¥1,400 million, with favorable sales of token lenders able to accept high-denomination bills (I-Rex) as well as sales increase of pachinko slot machines, while net sales of automatic token supply systems remained slow due to few opening of new pachinko-parlors.

Overall, we forecast total sales of ¥35,400 million decreased by ¥2,500 million.

Forecast for the year ending March 2006

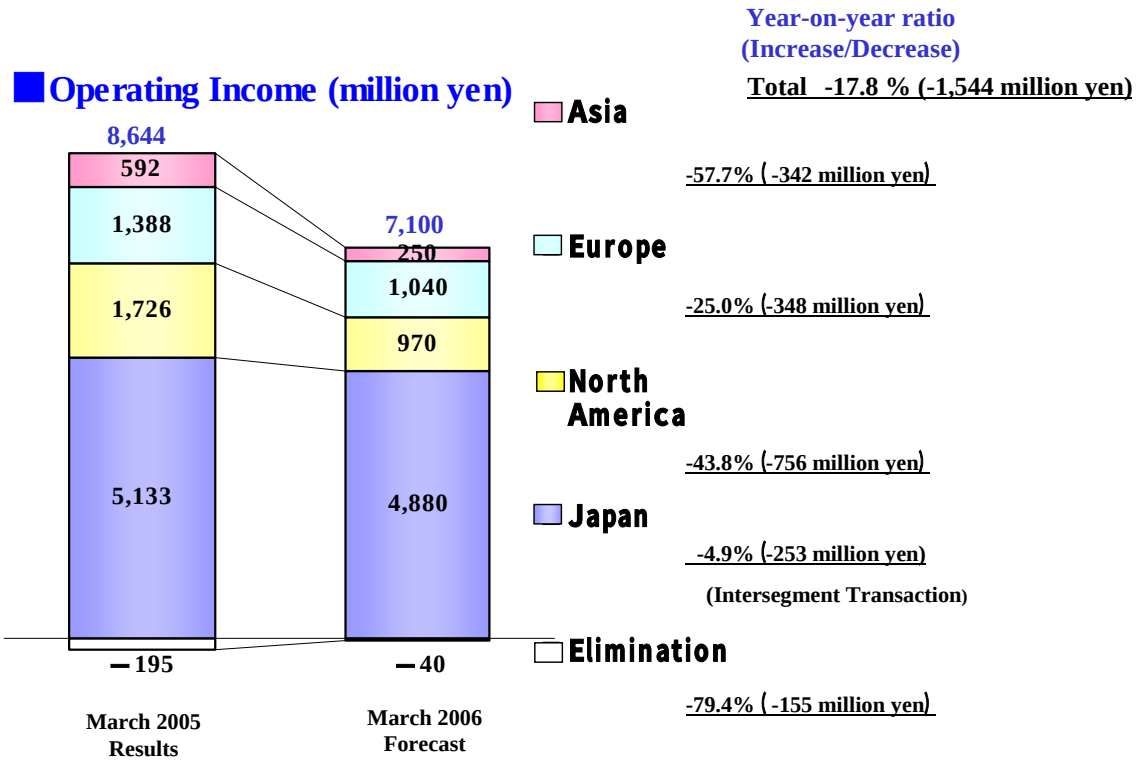
Sales by geographical segment



The negative effect on the money-handling machines market from termination of demand in new bills issuance in the domestic market will be offset by the adverse affect on the equipment for the amusement industry, and we expect slight increase for Japanese market. We forecast sales decrease in North America because of a lower demand cycle in the coin-less gaming machines. In Asia, it is predicted that net sales will decrease due to reduction of production volume caused by sales decrease and inventory adjustment.

Forecast for the year ending March 2006

Operating Income by geographical segment



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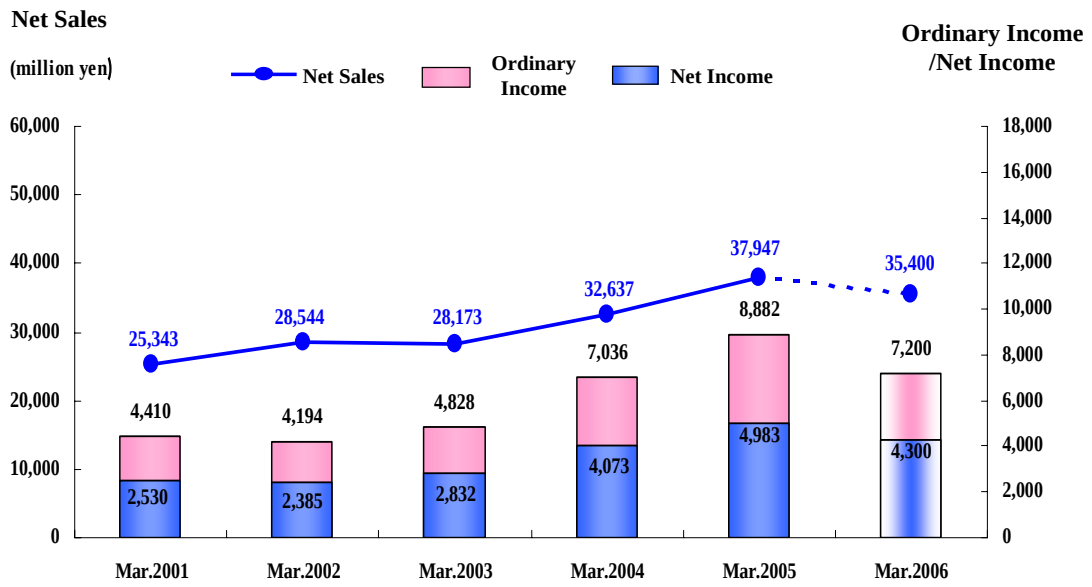
Comparing to the previous year, the luck of demand from new bills issuance caused a ¥10 billion decrease on the Japanese market.

We make further effort in sales growth of money-handling machines for the retail and food service industry. With cost reduction in various fields, we believe we can minimize sales decline, and we estimate a 5% decrease in Japanese market.

In North America, we do not expect rapid market recovery, and lower demand and supply adjustment will continue in the gaming industry in the second-half, and we estimate decrease in operating income by 43%.

In Europe, though sales expansion is foreseen, the price competition in the market will bring a 25% decrease in operating income.

Transition of Business Results



We marked the highest record in net sales, ordinary income, and net income during the previous year, taking advantage of the demand in issuance of new bills in the domestic market. As substitute demand, we developed new products expansion for further growth. However, such effort has not covered the demand decrease in new bills issuance, and we predict a decrease of net sales, ordinary income, and net income. There is no change in our business strategy, and we continue to make efforts for further growth. Currently, we are examining to review our medium-term business plan in keeping with various changes in the world.

Progress of important measures I・・・・Nagahama plant

Location・・・・・・・Nagahama City, Shiga
Lot area・・・・・ 14,760㎡
Floor space after expansion・・・・・8,200㎡
(3.7 times as large)
Production line・・・・2.4 times as large
Storage Space ・・・6.2 times as large
Total amount of investment ・・・・800 million yen

Increase of productivity up to twice as large
Handle productivity up to 10 billion in net sales

■Production Item
・Automatic cash in machines
・Bill recycling unit
・Equipment for the amusement industry

Nagahama plant is located in Nagahama city, Shiga prefecture and has been operated as the domestic main factory. Aiming for our further development, we commenced expansion of Nagahama plant in April 2005 in order to manufacture certain products domestically such as large-size products or products that require high technology in production.

The construction of the factory was completed, and that is about to start in full swing. The productivity will increase to twice as large, and the facility comes to handle up to ¥10 billion in net sales when it starts to operate. Moreover, we focus on improving the efficiency of our domestic system and customer satisfaction by consolidating the distribution base in Nagahama plant.

Progress of important measures II

- **Gaming Market**
  - Set-up service office in Macau (Start-up in Jan. 2006)
- **Overseas Commercial Market**
  - Applied for vending machines
- **Equipment for the amusement industry for domestic market**
  - Alliance with ABILIT CORPORATION (Tokyo Stock Exchange 1st Section)
- **Money-handling machine for domestic market**
  - Sales of automatic cash in machines and bill recycling units in the food and retail industry
- **Total Network System**
  - Completion of infrastructure of the total network system to HK and China
  - Under implementation of the total network system in the US basis

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We continue to seek our position as a market leader in the worldwide gaming market without accepting our position in the top share in North America and Europe. We make further effort to stay ahead of competitors by differentiating our products in improving product function and quality, and enhancing technical support and maintenance service. Currently, we are setting up a new office in Macau where the market grows remarkably. Macau office will start to operate in January 2006, and we engage in expanding our sales in the market, seeking for the local customer reliability.

Overseas commercial market is the expected new market that we have focused on in the medium-term business plan. Unfortunately, the market penetration is substantially delayed because of careful judgments by the customers. However, the trial introduction to North American market gradually moves forward, increasing a number of sales for vending machines in particular fields, and we pursue further market expansion and penetration.

Our domestic substantial market, equipment for the amusement industry, goes consistent with the medium-term business plan, and sales grow favorably. In order to survive in the intensified market, we engage in our business strategy, such as enforcing our selection on product line for customer satisfaction and the business alliance with ABILIT CORPORATION (Tokyo Stock Exchange 1st Section). In addition, we improve to expand sales not only to large franchised pachinko parlor, but also to medium to small-scale stores by introducing equipments for such stores.

We value your support and seek to provide the best possible service to our customers.

Product Lineup

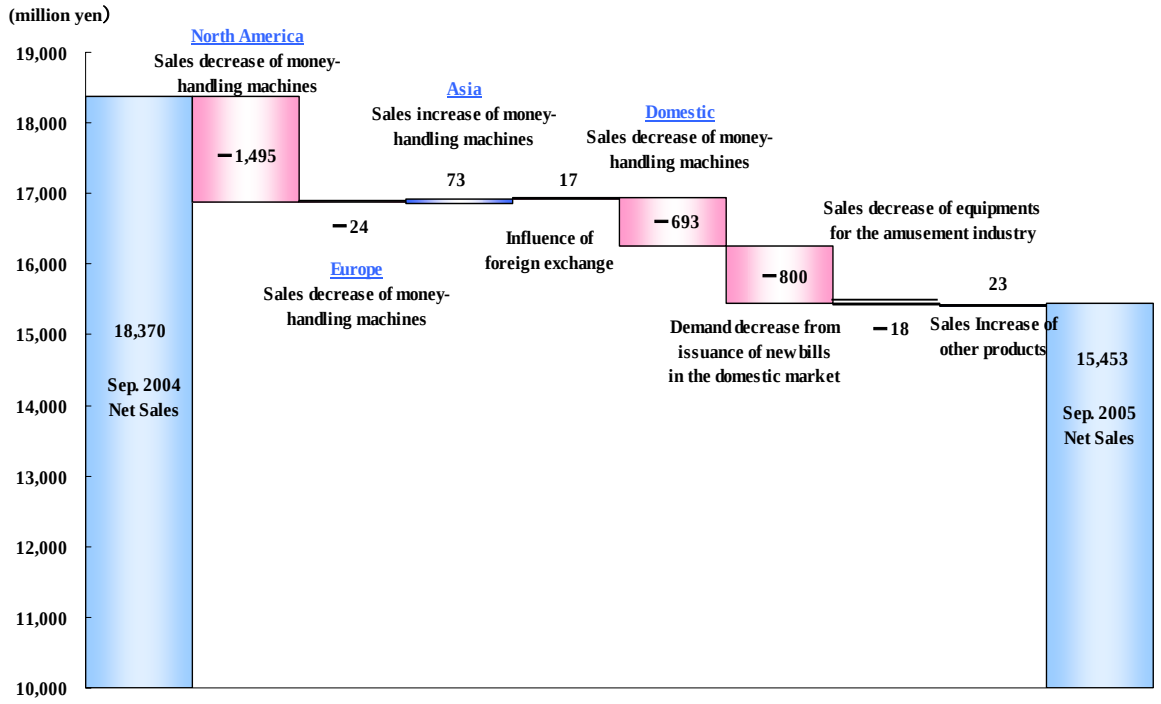
Bill Acceptor UBA series	Bill Validator DBV−300	Automatic cash-in machine TM−600
Money-handling machines (component) 	Money-handling machines (component) 	Money-handling machines
POS TERMINAL 	Money-handling machines (component) 	Money-handling machines (component)
COMPACT POS TERMINAL JP−8000	Bill-Recycling Unit AD series	High denomination token-coin lender I−REX−CB5

Business Results and Detailed Explanations for the First-Half of the Fiscal Year Ending March 31, 2006

The following are the detailed explanations we provided

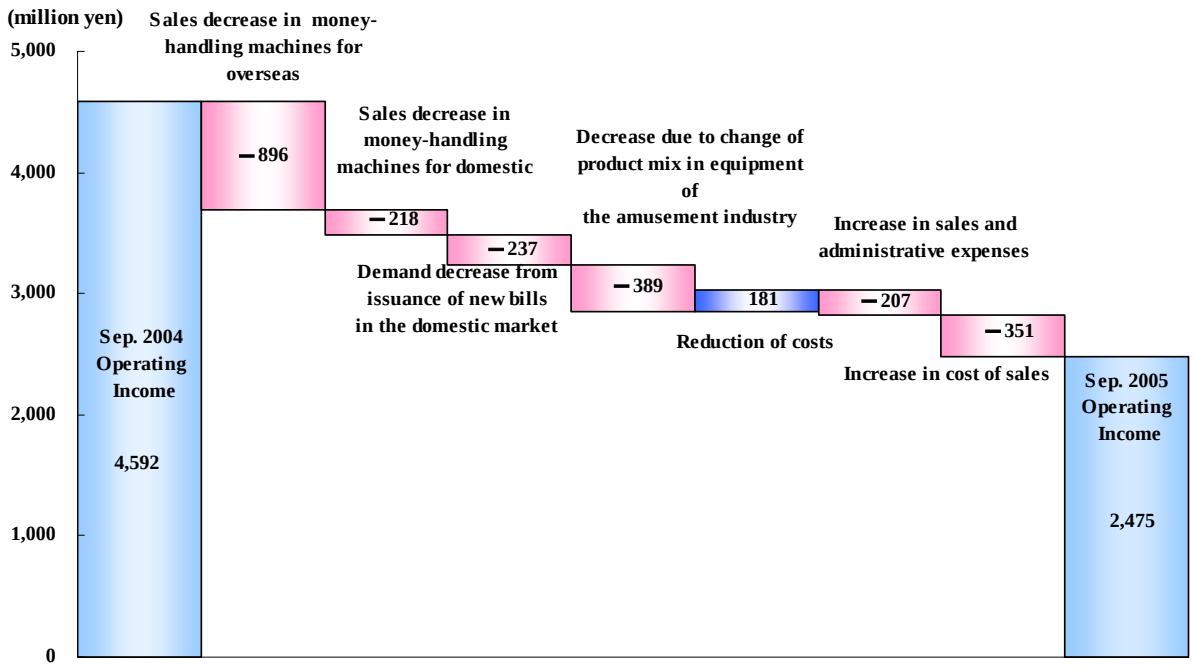
First-Half Ended September 2005

Factors of increase or decrease in net sales



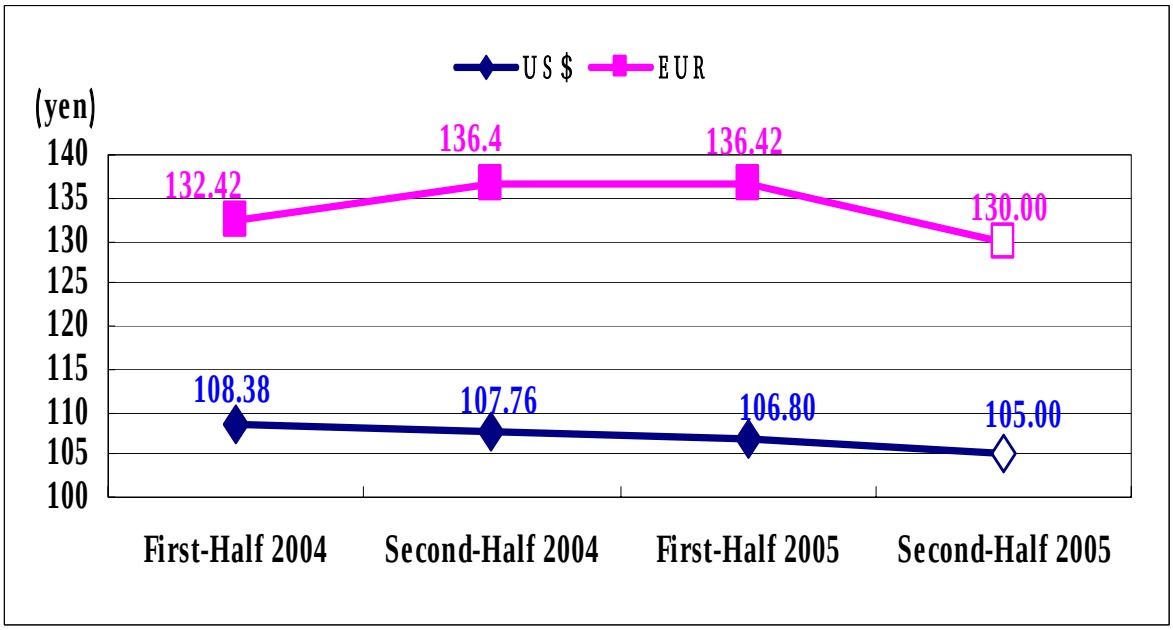
First-Half Ended September 2005

Factors of increase or decrease in operating income

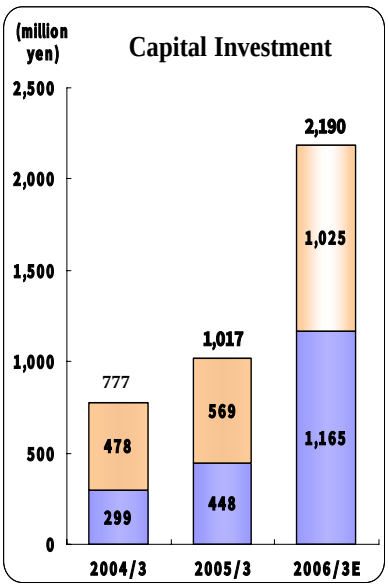


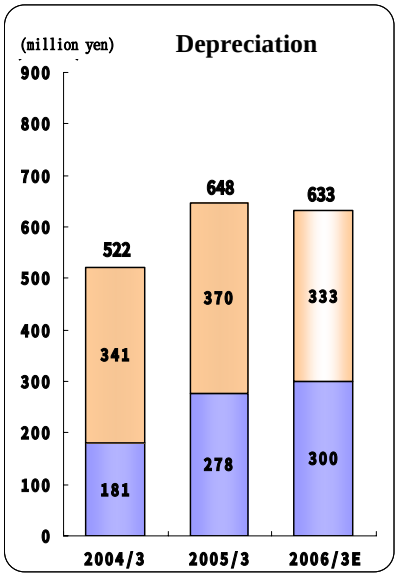
Transition of foreign exchange

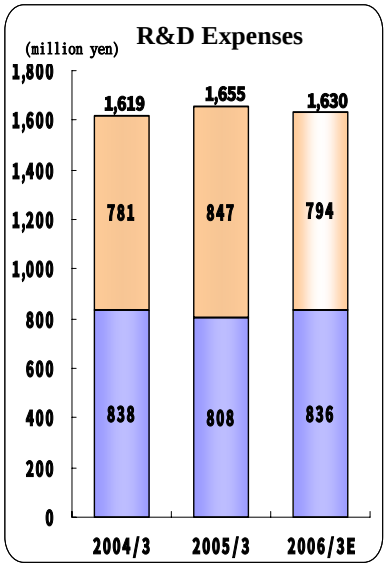
- Average exchange rate



Transition of Capital Investment, Depreciation, and R&D Expenses

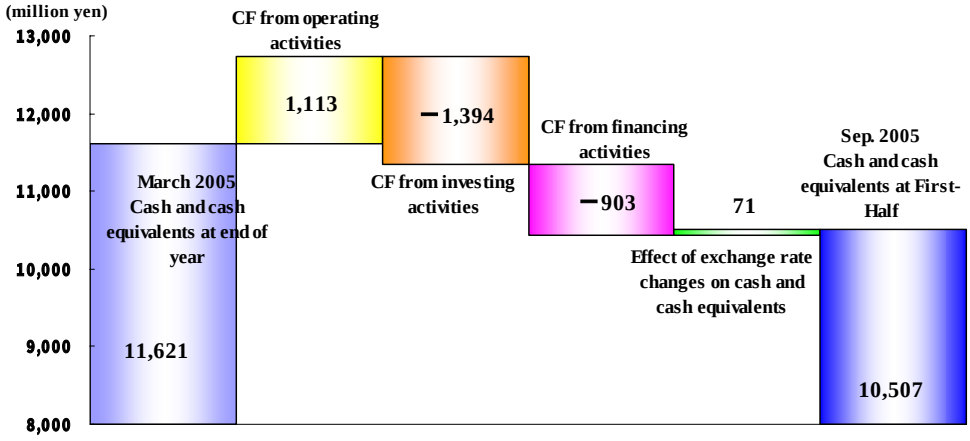






First-Half Second-Half

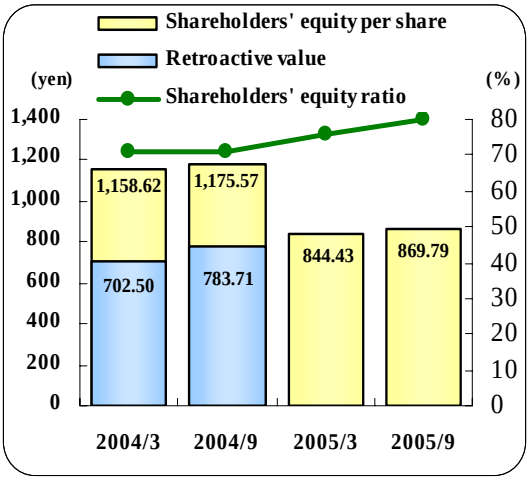
Cash Flow

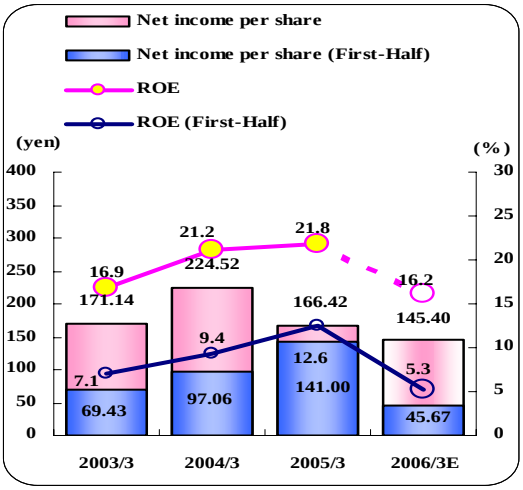


(million yen)

	Sep. 2003	Sep. 2004	Sep. 2005
CF from operating activities	1,646	1,925	1,113
CF from investing activities	-331	-378	-1,394
CF from financing activities	-313	-458	-903
Effect of exchange rate changes on cash and cash equivalnets	-27	52	71
Increase in cash and cash equivalents	973	1,140	-1,113
Cash and cash equivalents at First-Half	9,366	12,415	10,507

Management Index





	Mar-03	Mar-04	Mar-05	Mar-06/Forecast
Year-End	171.14 (94.22)	224.52 (136.05)	166.42 (−)	145.40
First-Half	69.43 (38.24)	97.06 (58.81)	141.00 (94.00)	45.67

※ ( ) shows the amounts per share after retroactive adjustment.

Balance Sheet

(million yen)

	Sep. 2005	Sep. 2004	Increase/ Decrease	Mar.2005		Sep.2005	Sep.2004	Increase/ Decrease	Mar.2005
Current Assets	25,069	28,252	-3,183	28,443	Current Liabilities	6,141	9,038	-2,896	7,470
Cash and bank equivalents	10,561	12,455	-1,894	11,675	Notes and account payable trade	3,500	5,266	-1,766	3,701
Notes and account receivable trade	6,055	6,247	-192	6,726	Short-term borrowings	128	114	13	128
Marketable securities	1,012	-	1,012	940	Redeemable bond within 1 year	-	200	-200	-
Inventories	5,682	7,552	-1,870	7,407	Accrued income taxes	1,076	1,821	-744	1,954
Deferred income taxes	1,436	1,473	-37	1,404	Accrued bonuses	447	411	36	505
Other	461	728	-267	477	Other current liabilities	988	1,223	-235	1,180
Allowancane for doubtful debt	-140	-205	64	-187					
Fixed Assets	7,080	4,345	2,735	4,431	Long-term liabilities	285	398	-113	385
Tangible fixed assets	3,082	2,371	711	2,332	Bonds payable	0	0	0	0
Intangible fixed assets	385	152	233	266	Deferred income taxes	5	27	-21	24
Investments and other assets	3,612	1,821	1,790	1,832	Accrued retirement benefits for employees	8	100	-92	73
					Retirement allowances for directors and corporate auditors	246	250	-4	263
					Other	24	20	4	22
					Total Liabilities	6,426	9,437	-3,010	7,855
					Commom stock and capital surplus	4,263	4,210	52	4,210
					Retained earnings	21,469	19,161	2,307	21,130
					Translation adjustment	-236	-409	173	-503
					Other	226	199	27	182
					Total shareholders' equity	25,723	23,161	2,561	25,019
Total Asset	32,149	32,598	-448	32,875	Total liabilities and shareholders' equity	32,149	32,598	-448	32,875

Income Statement

(million yen)

	Full-year cmoparison				Previous Year
	Sep.2005	Sep.2004	Increase/ Decrease	Year-on-year(%)	Mar.2005
Net Sales	15,453	18,370	-2,917	-15.9	37,947
Gross Profit	7,274	9,191	-1,917	-20.9	18,412
Selling, general and administrative expenses	4,798	4,598	199	4.3	9,767
Operating Income	2,475	4,592	-2,117	-46.1	8,644
Non-operating income	105	240	-135	-56.3	263
Non-operating expenses	29	20	9	45.0	25
Ordinary income	2,550	4,813	-2,262	-47.0	8,882
Extraordinary income	57	64	-6	-10.9	76
Extraordinary expenses	19	13	5	38.5	147
Income before income tax	2,588	4,863	-2,275	-46.8	8,811
Income taxes current	1,255	2,219	-964	-43.4	3,918
Income taxes-deferred	-16	-134	118	-88.1	-91
Net Income	1,349	2,778	-1,428	-51.4	4,983

Contact： IR section
Corporate Strategy Planning Dept.
TEL +81-6-6703-8400

November 28, 2005 Osaka
December 1, 2005 Tokyo

The projected results included in this presentation material and any other information regarding projections and strategies are based on the current available information that can be obtained reasonably as of the date of the report's preparation. However, in reality, this presentation material contains risks and possibility that actual results may differ from such projections, caused by unpredictable situations or unforeseen results. The company will actively disclose the information that will be important information source for investor. However, we would like to caution you not to place undue reliance on such forward-looking statements. For any purpose, please do not copy or forward this presentation material without permission.

Supplementary material for the presentation
Consolidated results for the first half ended September 30, 2005 and forecasted results for the year ending March 31, 2006

			Mar-06		Mar-05		Mar-04		Mar-03		Mar-02	
			Forecast	First-Half	Full-Year	First-Half	Full-Year	First-Half	Full-Year	Fist-Half	Full-Year	First-Half
Business results												
Net Sales		(M yen)	35,400	15,453	37,947	18,370	32,637	15,075	28,173	13,201	28,544	13,497
By	(Japan) ※outside custumers	(M yen)	19,200	7,570	20,054	9,058	15,110	6,411	13,446	5,768	13,480	6,231
geographical	(North America)		9,700	4,700	12,021	6,270	12,453	6,039	10,515	5,073	10,746	5,392
segment	(Europe)		6,050	3,007	5,615	2,937	5,047	2,615	4,041	2,197	3,850	1,675
	(Asia)		450	175	255	104	25	8	169	161	465	199
Overseas sales ratio		(%)	45.7%	51.9%	48.0%	51.5%	55.0%	59.2%	54.1%	57.8%	56.2%	58.2%
By	(Money-handling machines)	(M yen)	19,700	8,932	23,992	11,855	22,317	11,093	19,735	9,508	18,954	9,296
business	(Cash register)		900	249	717	316	872	461	1,160	651	1,844	840
segment	(Equipments for the amusement industry		13,600	5,665	12,159	5,683	8,274	2,921	5,986	2,344	6,801	2,910
	(Other)		1,200	605	1,076	515	1,173	598	1,290	696	944	449
Gross profit		(M yen)	-	7,274	18,412	9,191	16,169	7,448	12,308	5,479	11,000	5,444
Selling, general, administrative expenses		(M yen)	-	4,798	9,767	4,598	8,888	4,190	7,543	3,497	6,984	3,439
Operating income		(M yen)	7,100	2,475	8,644	4,592	7,281	3,257	4,764	1,981	4,015	2,005
Operating income to sales		(%)	20.1%	16.0%	22.8%	25.0%	22.3%	21.6%	16.9%	15.0%	14.1%	14.9%
By	(Japan)	(M yen)	4,880	1,262	5,133	2,985	3,674	1,610	2,834	1,086	1,943	1,044
geographical	(North America)		970	484	1,725	986	1,941	917	1,091	644	1,031	636
segment	(Europe)		1,040	694	1,388	727	1,044	511	770	416	792	346
	(Asia)		250	144	592	159	445	260	561	333	584	260
	(Elimination/corporate)		-40	-111	-194	-265	176	-41	-493	-499	-335	-282
Non-opearting income		(M yen)	-	105	263	240	88	56	146	68	246	78
Non-operating expenses		(M yen)	-	29	25	20	333	260	82	23	67	83
Ordinary income		(M yen)	7,200	2,550	8,882	4,813	7,036	3,054	4,828	2,026	4,194	1,999
Ordinary income to sales		(%)	20.3%	16.5%	23.4%	26.2%	21.6%	20.3%	17.1%	15.3%	14.7%	14.8%
Extraordianry income		(M yen)	-	57	76	64	54	13	10	0	48	48
Extraordinary expenses		(M yen)	-	19	147	13	80	58	136	8	189	73
Net income		(M yen)	4,300	1,349	4,983	2,778	4,073	1,739	2,832	1,131	2,385	1,143
Net income to sales		(%)	12.1%	8.7%	13.1%	15.1%	12.5%	11.5%	10.1%	8.6%	8.4%	8.5%
Exchange rate US$			105.00	106.80	108.07	108.38	115.72	119.11	124.83	128.69	131.95	124.60
EUR			130.00	136.42	134.41	132.42	131.65	132.63	118.26	116.07	116.51	105.10
Capital investment		(M yen)	2,190	1,165	1,017	448	777	299	236	112	619	329
Depreciation expenses		(M yen)	633	300	648	278	522	181	401	204	483	199
R&D expenses		(M yen)	1,630	836	1,655	808	1,619	838	1,416	658	1,345	681
R&D expeneses to sales		(%)	4.6%	5.4%	4.4%	4.4%	5.0%	5.6%	5.0%	5.0%	4.7%	5.0%
Cash flow		(M yen)										
Cash flow from operating activities			4,000	1,113	3,169	1,925	4,850	1,646	4,849	2,895	1,162	-35
Cash flow from investing activities			-3,000	-1,394	-1,975	-378	-728	-331	-634	-125	-509	-33
Cash flow from financiang activities			-1,500	-903	-899	-458	-784	-313	-746	-309	-705	-585
Effect of exchange rate changes on cash and cash equivalents			0	71	52	52	-455	-27	-193	-230	179	57
Increase in cash and cash equivalents			-500	-1,113	346	1,140	2,882	973	3,275	2,230	126	-596
Cash and cash equivalents at end of the period			11,000	10,507	11,621	12,415	11,274	9,366	8,392	7,348	5,103	4,380
Financial condition												
Total assets		(M yen)	36,000	32,149	32,875	32,598	29,350	26,082	26,469	23,285	22,351	21,720
Shareholders' equity		(M yen)	28,000	25,723	25,019	23,161	20,808	19,224	17,641	16,098	15,833	14,456
Shareholders' equity ratio		(%)	77.8%	80.0%	76.1%	71.1%	70.9%	73.7%	66.6%	69.1%	70.8%	66.6%
Shareholders' equity per share		(yen)	944.30	869.79	844.43	1,175.57	1,158.62	1,072.97	1,080.26	988.13	1,067.37	974.26
Net income per share		(yen)	145.40	45.67	166.42	141.00	224.52	97.06	171.14	69.43	160.78	77.09
Return on equity (ROE)		(%)	16.2%	5.3%	21.8%	12.6%	21.2%	9.4%	16.9%	7.1%	16.3%	8.2%
Price to earnings ratio (PER)			-	-	16.46X	-	15.72X	23.85X	8.64X	-	11.82X	-
Stock price at end of the period		(yen)	-	2,320	2,740	4,300	3,530	2,315	1,480	1,875	1,900	-
Number of stocks issued at end of the period		(Thousand)	-	29,573	29,551	19,702	17,916	17,917	16,290	16,292	14,833	14,838
Dividend												
Total dividend (annual total)		(M yen)	1,065	-	1,182	-	627	-	537	-	430	-
Dividend per share		(yen)	36.00	18.00	44.00	12.00	35.00	12.00	33.00	12.00	29.00	7.50
(Dividend ratio)		(%)	26.7%	-	35.8%	-	25.4%	-	23.7%	-	25.2%	-
(Stock split)			-		1.5 for 1		1.1 for 1		1.1 for 1		1.1 for 1	
Other												
Number of employees (Consolidated)			620	619	582	579	549	514	504	490	458	457
Number of consoildated subsidiaries			9	9	9	9	9	8	8	8	7	6
Number of affiliated companies subject to equity method			0	0	0	0	0	0	0	0	0	0

(Note)The above forecast for the year ending March 31, 2006 have been prepared on the current available information and actual results may differ from the projections due to the impacts of future events.