



Afia Corporation - Results of Operations

(April 1, 2004 - March 31, 2005)

(1) Key operations, location, shares, employees, etc

New services were added to Afia's service portfolio, leading to more stable business. Repeat orders were seen from various key clients. While last fiscal year revenues were based on services to individuals, over 90% of this fiscal year's revenues were from corporate services.

Services within the corporate consulting practice expanded to include marketing, IT systems and market research in addition to strategic and financial consulting. There was also a surge in demand for market entry consulting services from overseas, leading to relatively long-term projects.

There were no changes in office location, shares, or employees.

(2) Key results of operations

Revenues increased by over 1000% from last fiscal year, mainly due to the minimal revenues in the first year of operation. Further growth in revenues is expected, and inquiries about Afia's services have increased due to increased awareness of the corporate brand.

The company continued to report net losses due to increased sales and marketing activities. However, these expenses were within budgeted figures and were used effectively.

Capital losses from equity investments also contributed to the negative earnings, but its effect on overall earnings was insignificant.

Cash flows continued to be stable. The company has no borrowings and no debt has been issued. Afia has maintained a quick ratio well over 100%, and there are no issues calling for large expenditures in the foreseeable future.



(3) Relationship with parent company / subsidiaries; other matters relating to consolidation

N/A

(4) Description of operations and accounts during last 3 fiscal years

Operations have shown continued growth, and the lack of sales and marketing activities is not as much of an issue as it was in the last fiscal year. Cash flows continue to be stable, and there has been no need to seek external funding.

(5) Issues faced by the company

The largest issue as of fiscal year end is to build a human resource network or infrastructure in order to match the increasing demand for Afia's services. Discussions are being held with current and potential partners for this purpose. The company also plans to further expand its operations in order to fuel continued top-line growth.

(6) Scope of auditor's work and position within the company

Afia's auditor is external and thus is able to exercise free judgment on accounting matters. Ledgers and financial statements created by the president & CEO have been reviewed by the auditor in electronic form such that incorrect formulas as well as incorrect accounting treatment can be detected.

Afia is a "small corporation" as defined by the Japanese Commercial Code and thus the auditor's scope is limited to the auditing of accounting practices and statements.

(7) Top 7 shareholders and number of shares held; capital injections

President & CEO Takeshi Okamoto holds 100% of the shares outstanding. There has been no change in total shares outstanding (200,000 shares) or authorized shares (800,000 shares).

(8) Borrowings



N/A

(8-2) Treasury stock

N/A

(9) Important issues that arose after the end of the fiscal year

N/A

Best regards,

Takeshi Okamoto
President & CEO
Afia Corporation

June 21, 2005