



# Afia Corporation - Results of Operations

(April 1, 2005 - March 31, 2006)

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

Afia Corporation ("Afia") succeeded in stabilizing revenues and profitability in the current fiscal year, achieving a balance between management consulting and translation services. The Company continued to focus on its core client base, and over 90% of this fiscal year's revenues were attributable to repeat business.

Afia has retreated from its management consulting business as of January 1, 2006, however, in order to focus on its higher margin translation business. As a result, translation revenues accounted for over 80% of total revenues, and are expected to grow to over 90% of total revenues in the next fiscal year.

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. Inquiries about Afia's services continue to increase due to the increased awareness of its corporate brand.

Although an increase in overhead costs was reported, the Company succeeded in limiting personnel expense due to outsourcing of various operations. As a result, the Company reported positive earnings for the first time since incorporation. However, the Company experienced stock-related losses due to the "livedoor shock," and profits therefore fell short of initial forecasts.

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 grown exponentially every year since incorporation. In the current fiscal year, revenues showed strong growth up to the third quarter, and have stabilized in the fourth quarter. Cash flows continue to be stable, and there has been no need to seek external funding.

(5) Issues faced by the Company

Due to the great demand for the Company's services, the Company constantly operated at full capacity, and many orders were lost due to the lack of capacity. Recruiting top-quality talent remains an issue despite adding more than 10 translation staff members.

(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 23, 2006