



TOKYO DOME CORPORATION
株式会社東京ドーム

2007

Financial Report

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Note Regarding Forecast of Performance

The forecasts and descriptions in this financial report and accompanying annual report concerning the coming fiscal year and the future are based on information and data available to the Company and its Group companies at the time of disclosure, and are subject to change due to unexpected or uncertain factors. Readers are advised that actual performance may differ significantly from forecasts due to a variety of factors. Major factors that may affect actual performance include, but are not limited to, the business environment of the Company and its Group companies, market trends, and foreign exchange fluctuations.

業績予想に関する留意事項

当財務レポートおよび別添のアンニュアルレポートに掲載されている2008年1月期および将来に関する記述は、当社および当社グループが現時点で入手可能な情報から得られた判断に基づいていますが、リスクや不確実性を含んでいます。よって、実際の業績はさまざまな要因により、記述されている業績予想とは大きく異なる結果となりうることをご承知おきください。実際の業績に影響を与える重要な要因には、当社および当社グループの事業を取り巻く経済環境、市場動向、為替レートの変動などが含まれています。

FINANCIAL CONDITION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

財務状況と経営成績に関する説明および分析

FINANCIAL POSITION

Results for the Fiscal Year Ended January 31, 2007
(February 1, 2006–January 31, 2007)

	Millions of yen		
	2007	2006	Increase (decrease)
Total assets	¥345,968	¥539,326	¥(193,358)
Total liabilities	302,722	399,576	(96,854)
Total net assets	43,246	139,750	(96,504)
Cash flows from operating activities	28,454	46,269	(17,815)
Cash flows from investing activities	50,523	(2,191)	48,332
Cash flows from financing activities	(86,164)	(37,622)	(48,542)
Cash and cash equivalents at end of period	18,958	26,145	(7,187)

ASSETS, LIABILITIES, AND NET ASSETS AT THE FISCAL YEAR-END

Total assets decreased 35.9 percent from the previous year-end, or ¥193,358 million (US\$1,588 million), as a result of the following major factors. Due to the transfer of shares and loan assets in Korakuen Finance Co., Ltd., loans receivable, which had been ¥114,042 million (US\$937 million) at the end of the previous fiscal year, were reduced to zero. Investment in securities declined 38.1 percent, or ¥21,321 million (US\$175 million), while long-term loans receivable fell 99.1 percent, or ¥6,899 million (US\$57 million). Deferred tax assets increased 19.7 times from the end of the previous fiscal year, or ¥13,019 million (US\$107 million).

Total liabilities decreased 24.2 percent, or ¥96,854 million (US\$796 million) due mainly to the following factors. The contraction of assets resulting from the withdrawal from the finance business led to reductions in short-term bank loans of 40.4 percent, or ¥39,643 million (US\$326 million), and long-term debt of 22.1 percent, or ¥46,354 million (US\$381 million). Consequently, interest-bearing debt was reduced from ¥305,305 million (US\$2,508 million) at the end of January 2006, to ¥224,308 million (US\$1,843 million) at the end of the fiscal year under review. Also, deferred tax liabilities fell 83.1 percent, or ¥7,237 million (US\$59 million). The interest coverage ratio rose to 2.89 times, from 2.31 times at the previous year-end, due to a decrease in interest income and increase in operating income.

Net assets declined 69.1 percent, or ¥96,504 million (US\$793 million), from the previous fiscal year. Because of the net loss recorded for the fiscal year under review of ¥86,660 million (US\$712 million), an accumulated deficit of ¥59,131 million (US\$486 million) was recorded, compared to retained earnings the previous year of ¥32,790 million (US\$269 million).

CASH FLOWS

Cash and cash equivalents (hereinafter referred to as “cash”) on a consolidated basis at the fiscal year-end decreased ¥7,187 million (US\$59 million), or 27.5 percent from the end of the previous term, to ¥18,958 million (US\$156 million). This was due mainly to a reduction in interest-bearing debt, one of the goals of the “Take-off 70” three-year medium-term business plan.

・ CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities totaled ¥28,454 million (US\$234 million), a decrease of ¥17,815 million (US\$146 million) or 38.5 percent from the previous year. This mainly reflected the reduction in loans receivable stemming from the withdrawal from the finance business.

2007年1月期の財務状況

2007年1月期の連結業績(2006年2月1日～2007年1月31日)

	単位：百万円		
	2007	2006	増減額
資産合計	¥345,968	¥539,326	¥△193,358
負債合計	302,722	399,576	△96,854
純資産合計	43,246	139,750	△96,504
営業活動によるキャッシュフロー	28,454	46,269	△17,815
投資活動によるキャッシュフロー	50,523	△2,191	48,332
財務活動によるキャッシュフロー	△86,164	△37,622	△48,542
現金及び現金同等物の期末残高	18,958	26,145	△7,187

2007年1月31日現在の資産、負債、純資産の概況

資産については、ファイナンス事業を営む(株)後楽園ファイナンスの株式および債権を譲渡したため、2006年1月期末の営業貸付金1,140億4千2百万円がゼロとなり、投資有価証券が213億2千1百万円減少(前期末比38.1%減)し、長期貸付金が68億9千9百万円減少(前期末比99.1%減)しました。また、繰延税金資産が130億1千9百万円増加(前期末比19.7倍)しています。この結果、資産合計は1,933億5千8百万円の減少(前期末比35.9%減)となりました。

負債については、ファイナンス事業撤退による資産圧縮に伴い、短期借入金が396億4千3百万円減少(前期末比40.4%減)し、長期借入金が463億5千4百万円減少(前期末比22.1%減)しました。したがって、有利子負債は2006年1月期末の3,053億5百万円から、2007年1月期末は2,243億8百万円に圧縮されています。また、繰延税金負債が72億3千7百万円減少(前期末比83.1%減)しました。その結果、負債合計は968億5千4百万円の減少(前期末比24.2%減)となりました。なお、インタレスト・カバレッジ・レシオについては、支払利息の減少と営業利益の増加により、2006年1月期末の2.31倍から2.89倍に上昇しています。

純資産については、866億6千万円の当期純損失を計上したため、利益剰余金が2006年1月期末の327億9千万円のプラスから、2007年1月期末は591億3千1百万円のマイナスに減少しています。その結果、純資産合計は965億4百万円の減少(前期末比69.1%減)となりました。

キャッシュフローの状況

当連結会計年度における連結ベースの現金及び現金同等物は、3ヶ年中期経営計画「Take off 70」の目標である有利子負債の削減を進めた結果、2006年1月期末に比べ71億8千7百万円(27.5%)減少し、189億5千8百万円となりました。

・営業活動によるキャッシュフロー

営業活動によるキャッシュフローは、金融事業からの撤退による営業貸付金の減少などにより284億5千4百万円となり、前期比178億1千5百万円(38.5%)の減少となりました。

・投資活動によるキャッシュフロー

投資活動によるキャッシュフローは、連結範囲の変更を伴う子会社株式売却による収入などにより505億2千3百万円となり、前期比21億9千1百万円の増加となりました。

・ CASH FLOWS FROM INVESTING ACTIVITIES

Net cash provided by investing activities totaled ¥50,523 million (US\$415 million), as opposed to net cash used during the previous term of ¥2,191 million (US\$18 million). This was due mainly to revenue increases derived from sales of consolidated subsidiary shares following a change in the scope of consolidation.

・ CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities totaled ¥86,164 million (US\$708 million), an increase of ¥48,542 million (US\$399 million) from the previous fiscal year, mainly for repayment of short-term bank loans and long-term debt.

FORECAST PERFORMANCE FOR THE FISCAL YEAR ENDING JANUARY 31, 2008

Forecast of Results

	Millions of yen			Yen	
	Sales and other operating revenues	Ordinary income	Net income (loss)	Net income (loss) per share	
2008	¥86,700	11,800	11,200	¥ 58.42	
2007	¥96,751	9,255	(86,659)	(464.89)	
Increase (decrease) (%)	(10.4)	27.5	—	—	

For the fiscal year ending January 31, 2008, sales and other operating revenues are expected to decline because the World Baseball Classic held at Tokyo Dome during the fiscal year under review will not be repeated, and because of the withdrawal from the finance business, and the transfer of golf and resort operations planned for May 2007. However, the reduction in interest-bearing debt and other benefits of the withdrawal from and transfer of business are expected to give a boost to profitability, with both ordinary and net income forecast to rise.

As a result, consolidated sales and other operating revenues are projected to decrease 10.4 percent, or ¥10,051 million (US\$83 million) in comparison with the previous year, to ¥86,700 million (US\$712 million). The Company expects to record consolidated ordinary income of ¥11,800 million (US\$97 million), an increase of 27.5 percent or ¥2,545 million (US\$21 million), and consolidated net income of ¥11,200 million (US\$92 million).

・財務活動によるキャッシュフロー

財務活動によるキャッシュフローは、短期および長期借入金の返済などにより△861億6千4百万円となり、前期比485億4千2百万円の減少となりました。

	単位:百万円			円
	売上高	経常利益	当期純利益 (損失)	1株当たり当期純利益 (損失)
2008	¥86,700	11,800	11,200	¥ 58.42
2007	¥96,751	9,255	△86,659	△464.89
増減率(%)	△10.4	27.5	—	—

2008年1月期の見通し

2008年1月期の業績見通し

2008年1月期の業績については、東京ドームにおいて当期に開催されたWBCなどがないことやファイナンス事業の撤退、2007年5月に予定しているゴルフ・リゾート事業の譲渡により減収となりますが、これらの事業撤退・譲渡により有利子負債の圧縮など、収益性が増加するため経常利益、当期純利益ともに増益となる見通しです。

この結果、売上高は867億円(前期比100億5千1百万円、10.4%減)、経常利益は118億円(前期比25億4千5百万円、27.5%増)、当期純利益は112億円となる見通しです。

CONSOLIDATED BALANCE SHEETS (January 31, 2007 and 2006)

連結貸借対照表 (2007年1月31日現在/2006年1月31日現在)

		Millions of yen 単位:百万円		Thousands of U.S. dollars (Note 1) 単位:千ドル ^(注1)
		2007	2006	2007
資産	ASSETS			
流動資産	Current assets:			
現金及び預金	Cash and time deposits (Note 3)	¥ 19,882	¥ 28,111	\$ 163,329
有価証券	Marketable securities (Note 4)	1,264	250	10,384
債権及び短期貸付金	Notes and accounts receivable:			
営業取引	Trade	3,718	3,700	30,543
関係会社	Unconsolidated subsidiaries and affiliates	319	12,730	2,620
貸付金	Loans receivable	0	114,042	0
その他	Other	0	3,930	0
貸倒引当金	Less: Allowance for doubtful accounts	(24)	(5,442)	(197)
棚卸資産	Inventories	1,834	1,758	15,066
前払費用	Prepaid expenses	789	757	6,481
繰延税金資産	Deferred tax assets (Note 11)	512	1,883	4,206
その他の流動資産	Other current assets	344	1,741	2,826
流動資産合計	Total current assets	28,638	163,460	235,258
有形固定資産	Property and equipment (Note 6):			
土地	Land (Note 12)	137,314	151,159	1,128,021
建物及び構築物	Buildings and structures	223,719	243,714	1,837,830
コース勘定	Golf courses	1,497	10,009	12,298
建設仮勘定	Construction in progress	2,406	251	19,765
その他の有形固定資産	Other property and equipment	46,348	51,205	380,744
		411,284	456,338	3,378,658
減価償却累計額	Less: Accumulated depreciation	(151,212)	(151,392)	(1,242,192)
有形固定資産合計	Total property and equipment	260,072	304,946	2,136,466
投資その他の資産	Investments and other assets (Note 6):			
関係会社株式・貸付金	Investments in and loans to unconsolidated subsidiaries and affiliates	1,561	3,143	12,824
投資有価証券	Investment in securities (Note 4)	34,584	55,905	284,104
ソフトウェア	Software costs	486	414	3,992
長期貸付金	Long-term loans receivable	62	6,961	509
貸倒引当金	Less: Allowance for doubtful accounts	(171)	(5,895)	(1,405)
繰延税金資産	Deferred tax assets (Note 11)	13,716	697	112,676
その他の投資その他の資産	Other assets	7,020	9,695	57,669
投資その他の資産合計	Total investments and other assets	57,258	70,920	470,369
資産合計	Total assets	¥345,968	¥539,326	\$2,842,093

		Millions of yen		Thousands of
		2007	2006	U.S. dollars (Note 1) 単位:千ドル ^(注1)
負債の部	LIABILITIES AND SHAREHOLDERS' EQUITY			
流動負債	Current liabilities:			
短期借入金	Short-term bank loans (Note 5)	¥ 215	¥ 3,221	\$ 1,766
一年内返済予定長期債務	Current portion of long-term debt (Note 5)	58,331	94,968	479,183
売上債権譲渡債務	Obligation under future receivable sale (Note 14)	0	5,840	0
コマーシャルペーパー	Commercial paper	2,000	0	16,430
短期債務	Notes and accounts payable:			
営業取引	Trade	916	883	7,525
関係会社	Unconsolidated subsidiaries and affiliates	193	232	1,585
その他	Other	3,581	3,713	29,418
賞与引当金	Accrued bonus	477	467	3,919
ポイント引当金	Allowance for purchase points earned by customers	86	-	706
未払法人税等	Accrued income taxes (Note 11)	898	595	7,377
その他の流動負債	Other current liabilities	10,162	12,092	83,480
流動負債合計	Total current liabilities	76,859	122,011	631,389
固定負債	Long-term liabilities:			
社債	Bonds (Note 17)			
長期債務	Long-term debt (Note 5):			
関係会社	Unconsolidated subsidiaries and affiliates	130	130	1,068
その他	Other	163,632	206,986	1,344,221
売上債権譲渡債務	Obligation under future receivable sale (Note 14)	0	0	0
退職給付引当金	Employees' severance and pension benefits (Note 13)	4,287	4,811	35,217
受入保証金	Guaranty money received	9,904	11,259	81,360
繰延税金負債	Deferred tax liabilities (Note 11)	1,471	8,708	12,084
土地再評価に係る繰延税金負債	Deferred tax liabilities on revaluation reserve for land (Note 12)	35,323	32,258	290,175
負ののれん	Negative goodwill	8,659	10,271	71,133
その他の固定負債	Other non-current liabilities	2,457	3,142	20,184
固定負債合計	Total long-term liabilities	225,863	277,565	1,855,442
負債合計	Total liabilities	302,722	399,576	2,486,831
偶発債務	Contingent liabilities (Note 7)			
少数株主持分	Minority interests in consolidated subsidiaries	-	-	-
資本の部	Shareholders' equity (Note 10):			
資本金	Common stock	-	32,868	-
	Authorized-396,000,000 shares			
	Issued-191,714,840 shares in 2006			
資本剰余金	Capital surplus	-	16,391	-
利益剰余金	Retained earnings	-	32,790	-
土地再評価差額金	Revaluation reserve for land, net of tax (Note 12)	-	42,516	-
繰延ヘッジ損益	Deferred gain (loss) on hedges	-	-	-
その他有価証券評価差額金	Net unrealized holding gain on securities	-	16,617	-
為替換算調整勘定	Foreign currency translation adjustments	-	(85)	-
自己株式	Less: Treasury stock	-	(1,347)	-
資本合計	Total shareholders' equity	-	139,750	-
負債及び資本合計	Total liabilities and shareholders' equity	¥ -	¥539,326	\$ -
純資産の部	Net assets			
株主資本	Shareholders' equity (Note 10):			
資本金	Common stock	¥ 32,868	¥ -	\$ 270,007
	Authorized-396,000,000 shares			
	Issued-191,714,840 shares in 2007			
資本剰余金	Capital surplus	16,910	-	138,914
利益剰余金	Accumulated deficits	(59,131)	-	(485,755)
自己株式	Less: Treasury stock	(1,393)	-	(11,443)
株主資本合計	Total shareholders' equity	(10,746)		(88,277)
評価・換算差額等	Appraisal and translation differences:			
その他有価証券評価差額金	Net unrealized holding gain on securities	7,449	-	61,193
繰延ヘッジ損益	Deferred gain (loss) on hedges	1	-	8
土地再評価差額金	Revaluation reserve for land, net of tax (Note 12)	46,718	-	383,784
為替換算調整勘定	Foreign currency translation adjustments	(176)	-	(1,446)
評価・換算差額等合計	Total appraisal and translation differences	53,992		443,539
少数株主持分	Minority interests in consolidated subsidiaries	-	-	-
純資産合計	Total net assets	43,246		355,262
負債及び純資産合計	Total liabilities and net assets	¥345,968	¥ -	\$2,842,093

CONSOLIDATED STATEMENTS OF OPERATIONS (Years ended January 31, 2007 and 2006)

連結損益計算書 (1月31日で終了した1年間)

		Millions of yen 単位:百万円		Thousands of U.S. dollars (Note 1) 単位:千ドル ^(注1)
		2007	2006	2007
売上高	Sales and other operating revenues (Note 16)	¥ 96,752	¥ 98,370	\$ 794,808
売上原価	Cost of sales and operating expenses	73,784	75,628	606,128
売上総利益	Gross profit	22,968	22,742	188,680
一般管理費	General and administrative expenses	9,323	10,154	76,588
営業利益	Operating income (Note 16)	13,645	12,588	112,092
営業外損益及び特別損益	Other income (expense):			
受取利息・配当金	Interest and dividends income	595	522	4,888
負ののれん償却額/連結調整勘定償却額	Amortization of negative goodwill	2,888	2,569	23,725
支払利息	Interest expense	(4,927)	(5,678)	(40,475)
投資有価証券売却益	Gain on sale of investment securities	7,196	3,073	59,114
固定資産売却損益及び除却損	Gain (loss) on sale or disposal of property and equipment	538	(524)	4,420
投資有価証券評価損	Write-down of investment securities	(16)	(1)	(131)
持分法投資損益	Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	(2,005)	192	(16,471)
売上債権譲渡差額	Amortization of future receivable sale cost (Note 14)	(269)	(373)	(2,210)
減損損失	Impairment loss on fixed assets	(39,817)	—	(327,093)
貸倒引当金繰入損	Bad debt expense	(37,022)	(183)	(304,132)
子会社清算損	Loss on liquidation of subsidiaries	—	(467)	—
債権売却損益	Gain (loss) on sale of trade receivables written off	1,950	(358)	16,019
事業整理損失	Loss on business restructuring	(35,476)	—	(291,432)
その他	Other net	(2,626)	(783)	(21,572)
税金等調整前当期純利益	Income (loss) before income taxes and minority interests	(95,346)	10,577	(783,258)
法人税など	Income taxes (Note 11):			
法人税、住民税及び事業税	Current	911	298	7,484
法人税等調整額	Deferred	(9,597)	3,627	(78,839)
		(8,686)	3,925	(71,355)
少数株主損益	Minority interests	—	—	—
当期純利益	Net income (loss)	¥(86,660)	¥ 6,652	\$(711,903)

1株当たり情報		Yen 単位:円		U.S. dollars (Note 1) 単位:ドル ^(注1)
		2007	2006	2007
1株当たり当期純損益	Net income (loss)	¥(464.89)	¥36.69	\$(3.82)
潜在株式調整後1株当たり当期純損益	Diluted net income (loss)	—	—	—
1株当たり当期配当金	Cash dividends applicable to the year	—	5.00	—

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY/NET ASSETS (Years ended January 31, 2007 and 2006)

連結株主持分計算書 (1月31日で終了した1年間)

	発行済株式総数 Number of shares of common stock	資本金 Common stock (Note 9)	資本剰余金 Capital surplus (Note 9)		利益剰余金 Retained earnings (accumulated deficits)	自己株式 Treasury stock
			Millions of yen 単位: 百万円			
2005年1月31日残高	191,714,840	¥32,868	¥12,627	¥27,049	¥(1,275)	
Shareholders' equity at January 31, 2005						
連結子会社の親会社株式売却 による資本剰余金増加額	Increase resulting from sale of the Company's shares by consolidated subsidiaries	-	3,764	-	-	-
当期純利益	Net income	-	-	6,652	-	-
土地再評価差額金取崩額	Reversal of revaluation reserve for land, net of tax	-	-	(1)	-	-
繰延税金資産相当額の 回収可能性の見直し	Revaluation of collectability of deferred tax assets	-	-	-	-	-
配当金	Cash dividends	-	-	(895)	-	-
役員賞与	Directors' bonuses	-	-	(15)	-	-
その他有価証券評価差額金	Net unrealized holding gain on securities	-	-	-	-	-
自己株式	Treasury stock	-	-	-	-	(72)
為替換算調整勘定	Foreign currency translation adjustments	-	-	-	-	-
2006年1月31日残高	191,714,840	32,868	16,391	32,790	(1,347)	
Shareholders' equity at January 31, 2006						

Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at February 1, 2006

	2006年2月1日残高	Net assets at February 1, 2006	191,714,840	32,868	16,391	32,790	(1,347)
連結子会社の親会社株式売却 による資本剰余金増加額	Increase resulting from sale of the Company's shares by consolidated subsidiaries	-	-	519	-	-	-
当期純利益	Net loss	-	-	-	(86,660)	-	-
土地再評価差額金取崩額	Reversal of revaluation reserve for land, net of tax	-	-	-	(4,332)	-	-
配当金	Cash dividends	-	-	-	(929)	-	-
その他有価証券評価差額金	Net unrealized holding gain on securities	-	-	-	-	-	-
自己株式	Treasury stock	-	-	-	-	-	(46)
繰延ヘッジ	Deferred gain (loss) on hedges	-	-	-	-	-	-
為替換算調整勘定	Foreign currency translation adjustments	-	-	-	-	-	-
2007年1月31日残高	Net assets at January 31, 2007	191,714,840	¥32,868	¥16,910	¥(59,131)	¥(1,393)	

	その他有価証券評価差額金 Net unrealized holding gain (loss) on securities	繰延ヘッジ Deferred gain (loss) on hedges	土地再評価差額金 Revaluation reserve for land, net of tax (Note 11)	為替換算調整勘定 Foreign currency translation adjustments	少数株主持分 Minority interests	合計 Total
2005年1月31日残高	¥ 4,286	¥-	¥44,348	¥ 32	¥-	¥119,935
Shareholders' equity at January 31, 2005						
連結子会社の親会社株式売却 による資本剰余金増加額	Increase resulting from sale of the Company's shares by consolidated subsidiaries	-	-	-	-	3,764
当期純利益	Net income	-	-	-	-	6,652
土地再評価差額金取崩額	Reversal of revaluation reserve for land, net of tax	-	1	-	-	-
繰延税金資産相当額の 回収可能性の見直し	Revaluation of collectability of deferred tax assets	-	(1,833)	-	-	(1,833)
配当金	Cash dividends	-	-	-	-	(895)
役員賞与	Directors' bonuses	-	-	-	-	(15)
その他有価証券評価差額金	Net unrealized holding gain on securities	12,331	-	-	-	12,331
自己株式	Treasury stock	-	-	-	-	(72)
為替換算調整勘定	Foreign currency translation adjustments	-	-	(117)	-	(117)
2006年1月31日残高	16,617	-	42,516	(85)	-	139,750
Shareholders' equity at January 31, 2006						

Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at February 1, 2006

	2006年2月1日残高	Net assets at February 1, 2006	16,617	-	42,516	(85)	-	139,750
連結子会社の親会社株式売却 による資本剰余金増加額	Increase resulting from sale of the Company's shares by consolidated subsidiaries	-	-	-	-	-	-	519
当期純利益	Net loss	-	-	-	-	-	-	(86,660)
土地再評価差額金取崩額	Reversal of revaluation reserve for land, net of tax	-	-	4,202	-	-	-	(130)
配当金	Cash dividends	-	-	-	-	-	-	(929)
その他有価証券評価差額金	Net unrealized holding gain on securities	(9,168)	-	-	-	-	-	(9,168)
自己株式	Treasury stock	-	-	-	-	-	-	(46)
繰延ヘッジ	Deferred gain (loss) on hedges	-	1	-	-	-	-	1
為替換算調整勘定	Foreign currency translation adjustments	-	-	-	(91)	-	-	(91)
2007年1月31日残高	Net assets at January 31, 2007	¥ 7,449	¥1	¥46,718	¥(176)	¥-	¥-	¥ 43,246

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY/NET ASSETS (Continued)

(Years ended January 31, 2007 and 2006)

連結株主持分計算書（続き）（1月31日で終了した1年間）

	発行済株式総数	資本金	資本剰余金	利益剰余金	自己株式
	Number of shares of common stock	Common stock (Note 9)	Capital surplus (Note 9)	Retained earnings (accumulated deficits)	Treasury stock
		Thousands of U.S. dollars (Note 1) 単位：千ドル ^(注1)			
2006年2月1日残高	191,714,840	\$270,007	\$134,650	\$ 269,367	\$(11,065)
連結子会社の親会社株式売却 による資本剰余金増加額	Increase resulting from sale of the Company's shares by consolidated subsidiaries	-	4,264	-	-
当期純利益	Net loss	-	-	(711,903)	-
土地再評価差額金取崩額	Reversal of revaluation reserve for land, net of tax	-	-	(35,587)	-
繰延税金資産相当額の 回収可能性の見直し	Revaluation of collectability of deferred tax assets	-	-	-	-
配当金	Cash dividends	-	-	(7,632)	-
その他有価証券評価差額金	Net unrealized holding gain on securities	-	-	-	-
自己株式	Treasury stock	-	-	-	(378)
繰越ヘッジ	Deferred gain (loss) on hedges	-	-	-	-
為替換算調整勘定	Foreign currency translation adjustments	-	-	-	-
2007年1月31日残高	191,714,840	\$270,007	\$138,914	\$(485,755)	\$(11,443)

	Net unrealized holding gain (loss) on securities	繰延ヘッジ Deferred gain (loss) on hedges	土地再評価差額金 Revaluation reserve for land, net of tax (Note 11)	為替換算調整勘定 Foreign currency translation adjustments	少数株主持分 Minority interests	合計 Total
	Thousands of U.S. dollars (Note 1) 単位：千ドル ^(注1)					
2006年2月1日残高	\$136,507	\$-	\$349,265	\$ (698)	\$-	\$1,148,033
連結子会社の親会社株式売却 による資本剰余金増加額	Increase resulting from sale of the Company's shares by consolidated subsidiaries	-	-	-	-	4,264
当期純利益	Net loss	-	-	-	-	(711,903)
土地再評価差額金取崩額	Reversal of revaluation reserve for land, net of tax	-	34,519	-	-	(1,068)
繰延税金資産相当額の 回収可能性の見直し	Revaluation of collectability of deferred tax assets	-	-	-	-	-
配当金	Cash dividends	-	-	-	-	(7,632)
その他有価証券評価差額金	Net unrealized holding gain on securities	(75,314)	-	-	-	(75,314)
自己株式	Treasury stock	-	-	-	-	(378)
繰越ヘッジ	Deferred gain (loss) on hedges	-	8	-	-	8
為替換算調整勘定	Foreign currency translation adjustments	-	-	(748)	-	(748)
2007年1月31日残高	\$ 61,193	\$8	\$383,784	\$(1,446)	\$-	\$ 355,262

CONSOLIDATED STATEMENTS OF CASH FLOWS (Years ended January 31, 2007 and 2006)

連結キャッシュフロー計算書 (1月31日で終了した1年間)

		Millions of yen 単位:百万円	Thousands of U.S. dollars (Note 1) 単位:千ドル(注1)
		2007	2006
I 営業活動によるキャッシュフロー	Cash flows from operating activities:		
税金等調整前当期純損益	Income (loss) before income taxes and minority interests	¥ (95,346)	¥ 10,577
減価償却費	Depreciation and amortization	8,888	10,155
減損損失	Impairment loss on fixed assets	39,817	-
負ののれん償却額/連結調整勘定償却	Amortization of negative goodwill	(2,888)	(2,569)
貸倒引当金の増加額	Increase in allowance for doubtful receivables	30,694	1,443
退職給付引当金の減少額	Decrease in employees' severance and pension benefits	(524)	(264)
受取利息及び受取配当金	Interest and dividends income	(595)	(522)
支払利息	Interest expense	4,926	5,678
持分法による投資損益	Equity in losses (earnings) of unconsolidated subsidiaries and affiliates	2,005	(192)
投資有価証券売却益	Gain on sale of investment securities	(7,195)	(3,073)
投資有価証券評価損	Write-down of investment securities	16	1
債権売却益	Gain on sale of trade receivables written off	(1,950)	-
事業整理損失	Loss on business restructuring	35,476	-
固定資産売却損益及び除却損	Loss on sale or disposal of property and equipment	(539)	525
売上債権の増減額	Decrease (increase) in notes and accounts receivable	795	(687)
たな卸資産の増減額	Increase (decrease) in inventories	(91)	146
営業貸付金の減少額	Decrease in loans receivable	18,056	25,162
仕入債務の増減額	Increase (decrease) in notes and accounts payable	16	(58)
年間シート予約仮受金の増減額	Decrease (increase) in advance receipts of seasonal seat reservation	(742)	3,755
その他	Other, net	2,404	1,548
小計	Sub-total	33,223	51,624
利息及び配当金の受取額	Interest and dividends received	635	525
利息の支払額	Interest paid	(5,023)	(5,749)
法人税等の支払額	Income taxes paid	(381)	(132)
営業活動によるキャッシュフロー	Net cash provided by operating activities	28,454	46,269
II 投資活動によるキャッシュフロー	Cash flows from investing activities:		
定期預金の預入による支出	Increase in time deposits	(2,580)	(2,801)
定期預金の払出による収入	Decrease in time deposits	3,701	1,497
投資有価証券の取得による支出	Purchases of investment securities	(1,304)	(1,888)
投資有価証券の売却による収入	Sale of investment securities	13,236	6,464
有形無形固定資産の取得による支出	Acquisition of property and equipment	(4,912)	(6,433)
有形無形固定資産の売却による収入	Sale of property and equipment	2,946	584
連結範囲の変更を伴う子会社株式売却による収入	Proceeds from sales of consolidated subsidiary shares	39,079	-
その他	Other, net	357	386
投資活動によるキャッシュフロー	Net cash provided by (used in) investing activities	50,523	(2,191)
III 財務活動によるキャッシュフロー	Cash flows from financing activities:		
短期借入金の純減少額	Net decrease in short-term bank loans	(3,006)	(3,878)
コマーシャルペーパーの純増減額	Increase (decrease) in commercial paper	2,000	(4,000)
長期借入による収入	Proceeds from long-term debt	66,808	32,932
長期借入金の返済による支出	Repayment of long-term debt	(159,598)	(67,240)
社債の発行による収入	Proceeds from issuance of bonds	32,729	13,971
社債の償還による支出	Redemption of bonds	(20,800)	(6,350)
売上債権譲渡による収入	Proceeds from future receivable sale	2,809	-
売上債権譲渡債務返済による支出	Repayment of future receivable sale	(5,840)	(5,840)
連結子会社の親会社株式売却による収入	Consolidated subsidiary's proceeds from sale of parent company shares	519	3,763
配当金の支払額	Cash dividends paid	(930)	(895)
その他	Other, net	(855)	(85)
財務活動によるキャッシュフロー	Net cash used in financing activities	(86,164)	(37,622)
IV 現金及び同等物の増加額	Net increase (decrease) in cash and cash equivalents	(7,187)	6,456
V 現金及び同等物の期首残高	Cash and cash equivalents at beginning of year	26,145	19,689
VI 現金及び同等物の期末残高	Cash and cash equivalents at end of year (Note 3)	¥ 18,958	¥ 26,145
			\$ 155,738

The Company made Matsudo Kousan Co., Ltd. ("Matsudo Kousan") a 100% subsidiary by stock exchange in December 2004. Then Matsudo Kousan obtained the Company's shares in exchange of its treasury stock. In the year ended January 31, 2007, Matsudo Kousan sold the Company's shares and the Company included the sales amount in cash flows in financing activities in the cash flow statement.

Components of assets and liabilities of a company excluded from consolidation due to sale of investment in subsidiary, sales amount of the investment in subsidiary and proceeds from sale of the investment are as follows:

		Millions of yen	Thousands of U.S. dollars
流動資産	Current assets	¥ 70,213	\$ 576,793
固定資産	Fixed assets	10,622	87,259
流動負債	Current liabilities	(531)	(4,362)
固定負債	Long-term debts	-	-
事業整理損失	Loss on business restructuring	(35,476)	(291,432)
連結子会社売却価格	Sale of investment in subsidiary	44,828	368,258
売却した会社の 現金及び現金同等物	Cash and cash equivalents of a subsidiary sold	5,749	47,228
差引(連結範囲の変更を伴う 子会社株式売却による収入)	Net proceeds from sale of investment in subsidiary	30,979	321,030

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Financial Statements

The accompanying consolidated financial statements of Tokyo Dome corporation (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statement of shareholders’ equity for the year ended January 31, 2006) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The accompanying consolidated balance sheet as of January 31, 2007 has been prepared in accordance with the new accounting standard as discussed in Note 2 (n). The consolidated balance sheet as of January 31, 2006 has been prepared in accordance with the previous presentation rules.

Also, as discussed in Note 2 (n), the consolidated statement of changes in net assets for the year ended January 31, 2007 has been prepared in accordance with the new accounting standard. The accompanying consolidated statement of shareholders’ equity for the year ended January 31, 2006 was voluntarily prepared for the purpose of inclusion in the consolidated financial statements although such statements were not required to be filed with the Local Finance Bureau.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at January 31, 2007, which was ¥121.73 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(a) Consolidation policies

The consolidated financial statements include the accounts of the Company and substantially all of its subsidiaries over which the Company has control through ownership of majority voting rights or existence of certain conditions evidencing control. Material intercompany balances, transactions and profits have been eliminated in consolidation. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries. Investments in affiliates (generally 20–50% ownership), over which the Company has the ability to exercise significant influence over operating and financial policies, are accounted for by the equity method.

The difference between the cost and the underlying net equity at the respective acquisition dates of investments in consolidated subsidiaries is amortized over a five-year period.

Korakuen Finance Co., Ltd, which was a consolidated subsidiary as of January 31, 2006, was sold in 2006. Therefore it was not consolidated as of January 31, 2007.

Investments in subsidiaries and affiliated companies not consolidated or accounted for using the equity method are stated at cost because their net income and retained earnings in the aggregate are not material compared to the consolidated net income or retained earnings, respectively.

(b) Foreign currency translation

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the year-end rates.

(c) Securities

All companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereafter, “trading securities”), (b) debt securities intended to be held to maturity (hereafter, “held-to-maturity debt securities”), (c) equity securities issued by subsidiaries and affiliated companies, and (d) for all other securities that are not classified in any of the above categories (hereafter, “available-for-sale securities”). Available-for-sale securities with available fair market values are stated at fair market value. Unrealized gains and unrealized losses on these securities are reported, net of applicable income taxes, as a separate component of shareholders’ equity. Realized gains and losses on sale of such securities are computed using moving-average cost. Other securities with no available fair market value are stated at moving-average cost.

If the market value of available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities are written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair market value or the net asset value will be the carrying amount of the securities at the beginning of the next fiscal year.

(d) Allowance for doubtful accounts

The Company provides allowance for doubtful accounts principally at an amount computed based on the actual ratio of bad debts in the past, plus the estimated uncollectible amounts based on the analysis of certain individual receivables.

(e) Inventories

Inventories are stated at cost, mainly using the monthly average method and moving average method.

Inventories in the Shop-in chain were previously stated at cost using the monthly average method. Effective for the year ended January 2007, inventories in the Shop-in chain were stated at cost using the moving average cost. This change was made in order to recognize cost and revenue more quickly and appropriately at receipt and shipment of goods. The impact of this change is immaterial.

(f) Property and equipment

Property and equipment are stated at cost. Depreciation is provided using mainly the straight-line method over the estimated useful lives of the assets.

Effective February 1, 2005, Korakuen Finance Co., Ltd. and SAN-ESU Factoring Co., Ltd., the consolidated subsidiaries of the Company, changed their depreciation method for property and equipment, which were depreciated using the declining balance method in the prior years, to the straight-line method at the start of three-year medium-term business plan, “Take-off 70.”

This change was made in order to match revenues and expenses better in consideration of the nature of joint/common business with the Company where these properties belong.

The effect of this change for the year ended January 31, 2006 was to increase operating income and income before income taxes and minority interests by ¥375 million.

Also, the effects of this change on segment information are discussed in Note 16.

Estimated useful life of property and equipment of the Shop-in chain was shortened in order to meet the change of business environment based on the actual history of life of renewals and closing down of stores. As a result of this change, operating income decreased by ¥57 million (\$468 thousand) and loss before income taxes and minority interests increased by ¥115 million (\$945 thousand) compared with what would have been recorded under previous accounting policy.

Effective February 1, 2006, the Company and its consolidated domestic subsidiaries adopted accounting standards for impairment of fixed assets (“Opinion on Establishment of Accounting Standards for Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the guidance on accounting standards for impairment of fixed assets (the “Financial Accounting Standard Guidance No. 6” issued by the Accounting Standards Board of Japan on October 31, 2003).

As a result of adopting the accounting standards and the guidance, loss before income taxes and minority interests for the year ended January 31, 2007 increased by ¥39,130 million (\$321,449 thousand) compared to what would have been reported under the previous accounting standards.

Accumulated impairment losses are deducted from book values of related fixed assets.

(g) Software costs

Software costs are depreciated using the straight-line method over the estimated useful lives (five years).

(h) Goodwill

Amortization of negative goodwill was previously offset against amortization of goodwill and accounted for as other income. Effective February 1, 2007, amortization of goodwill is accounted for as operating expense in the consolidated statements of income and other cash flows from operating activities in the consolidated statements of cash flows.

(i) Accrued bonus

Accrued bonus for employees are provided for using the estimated amount which the Company is obligated to pay to employees after fiscal year-end, based on services provided during the current period.

(j) Employees' severance and pension benefits

The liabilities and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions.

The Company and its consolidated subsidiaries provide allowance for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at the balance sheet date.

(k) Allowance for purchase points earned by customers

Effective February 1, 2006, estimated costs related to future use of purchase points are accrued at the time points are earned by customers. Previously, the cost related to use of purchase points was expensed when the points are used by customers. This change was made in order to state expenses more appropriately because Shop-in chain points have a one-year history and actual use rate of customer points for a year is available to estimate the cost related to future use of purchase points.

Accrued expense related to the points earned in the year ended January 31, 2007 are expensed as cost of sales and operating expenses, and the points earned in the year ended January 31, 2006 or before are expensed as other expense.

As a result of this change, operating income decreased by ¥38 million (\$312 thousand) and loss before income taxes and minority interests increased by ¥86 million (\$706 thousand) compared with what would have been recorded under previous accounting policy.

(l) Lease transactions

Finance lease transactions other than those where the ownership of the leased property is regarded as being transferred to the lessee are accounted for as an operating lease.

(m) Taxes on income

Income taxes consist of corporation, enterprise and inhabitant taxes. The provision for income taxes is computed based on the pretax income of the Company and each of its consolidated subsidiaries with certain adjustments required for consolidation and tax purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for tax loss carryforwards and the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

With the promulgation of the "Revision of the Local Tax Law" (Legislation No. 9, 2003) on March 31, 2003, the tax bases for assessing enterprise taxes comprise "amount of income," "amount of added value" and "amount of capital" commencing April 1, 2004.

Enterprise taxes based on "amount of added value" and "amount of capital" are included in "General and administrative expenses" commencing this fiscal year pursuant to "Practical Solutions on Presentation for Size-Based Components of Corporate Enterprise Tax

on the Income Statement” (Accounting Standards Board, Practical Solution Report No. 12 issued on February 13, 2004).

As a result of this change, in the year ended January 31, 2006, general and administrative expenses increased by ¥352 million, and operating income and income before income taxes and minority interests each decreased by the same amount.

(n) Net assets in the balance sheet

Effective for the year ended January 31, 2007, the Company and its consolidated subsidiaries adopted new accounting standards, “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Statement No. 5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, “the New Accounting Standards”).

If the New Accounting Standards had not been adopted and the previous presentation method for the shareholders’ equity had been applied, stockholders’ equity at January 31, 2007 would have been ¥43,244 million (\$355,245 thousand).

(o) Accounting Standard for Statement of Changes in Net Assets

Effective for the year ended January 31, 2007, the Company and its consolidated subsidiaries adopted new accounting standards, “Accounting Standard for Statement of Changes in Net Assets” (Statement No. 6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the Accounting Standards Board of Japan on December 27, 2005), (collectively, “the New Accounting Standards”). Previously, consolidated statements of shareholders’ equity were prepared for purposes of inclusion in the consolidated financial statements although such statements were not required in Japan.

The consolidated statement of net assets for the year ended January 31, 2007 has been prepared in accordance with the New Accounting Standards. The accompanying consolidated statement of shareholders’ equity for the year ended January 31, 2006 prepared for inclusion in the consolidated financial statements has not been adapted to the 2007 presentation.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, readily available deposits and short-term investments, which are easily convertible into cash and present insignificant risk of changes in value, with original maturities of three months or less.

(q) Derivatives and hedge accounting

The accounting standard for financial instruments, requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company and its consolidated subsidiaries (the “Companies”) defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

1. If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,
 - (a) The difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the income statement in the period which includes the inception date, and
 - (b) The discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.
2. If a forward foreign exchange contract is executed to hedge a future transaction denominated in a foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(r) Reclassification

Certain prior year amounts have been reclassified to conform to the 2007 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

3. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of the consolidated statements of cash flows at January 31, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash and time deposits	¥19,882	¥28,111	\$163,329
Time deposits with maturity exceeding three months	(924)	(1,967)	(7,592)
Cash and cash equivalents	¥18,958	¥26,144	\$155,738

4. Securities

A. The following tables summarize acquisition costs, book values and fair value of securities with available fair values as of January 31, 2007 and 2006:

(a) Available-for-sale securities

Securities with book values exceeding acquisition costs

Type	Millions of yen						Thousands of U.S. dollars		
	2007			2006			2007		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥10,155	¥23,756	¥13,601	¥12,803	¥41,267	¥28,464	\$83,422	\$195,153	\$111,731
Bonds	35	35	0	285	286	1	288	288	0
Others	179	185	6	1,498	2,171	673	1,470	1,519	49
Total	¥10,369	¥23,976	¥13,607	¥14,586	¥43,724	¥29,138	\$85,180	\$196,960	\$111,797

Other securities

Type	Millions of yen						Thousands of U.S. dollars		
	2007			2006			2007		
	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Equity securities	¥3,690	¥2,911	¥(779)	¥3,556	¥2,650	¥(906)	\$30,313	\$23,914	\$(6,399)
Bonds	1,775	1,772	(3)	531	530	(1)	14,581	14,557	(24)
Others	58	58	0	249	247	(2)	477	476	(1)
Total	¥5,523	¥4,741	¥(782)	¥4,336	¥3,427	¥(909)	\$45,371	\$38,947	\$(6,424)

B. The following tables summarize book values of securities with no available fair values as of January 31, 2007 and 2006:

(a) Available-for-sale securities

Type	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
	Book value	Book value	Book value
Unconsolidated subsidiaries and affiliates	¥2,605	¥2,386	\$21,400
Equity securities	4,526	6,618	37,180
Total	¥7,131	¥9,004	\$58,580

C. Available-for-sale securities with maturities are as follows:

Type	Millions of yen								Thousands of U.S. dollars			
	2007				2006				2007			
	Within one year	Within five years	Within ten years	Total	Within one year	Within five years	Within ten years	Total	Within one year	Within five years	Within ten years	Total
Bonds	¥1,264	¥519	¥25	¥1,808	¥245	¥540	¥25	¥810	\$10,384	\$4,264	\$205	\$14,853

D. Total sales of available-for-sale securities in the years ended January 31, 2007 and 2006 amounted to ¥17,251 million (\$141,715 thousand) and ¥7,165 million, respectively. The related gains in the years ended January 31, 2007 and 2006 amounted to ¥7,195 million (\$59,106 thousand) and ¥3,073 million, respectively.

5. Short-term Bank Loans and Long-term Debt

Short-term bank loans principally represented notes payable to banks which were due principally in 360 days and bore interest at rates of 1.43% and 1.66% on the average at January 31, 2007 and 2006, respectively.

Long-term debt at January 31, 2007 and 2006 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
3.15% bonds due 2006	¥ –	¥ 9,400	\$ –
2.50% bonds due 2006	–	5,000	–
0.43% bonds due 2008	3,000	4,500	24,645
0.82% bonds due 2009	3,500	4,900	28,752
6MTIBOR+0.10% bonds due 2009	4,250	5,950	34,913
0.85% bonds due 2010	4,200	5,400	34,503
0.70% bonds due 2010	1,400	1,800	11,501
Notes due 2010 with interest rates of 0.60% for the first payment, and 6MTIBOR+0.50% thereafter	6,000	6,000	49,289
6MTIBOR+0.15% bonds due 2010	800	1,000	6,572
1.51% bonds due 2011	9,600	–	78,863
6MTIBOR+0.10% bonds due 2011	6,900	–	56,683
6MTIBOR+0.36% bonds due 2011	5,700	–	46,825
1.21% bonds due 2011	2,400	–	19,716
1.406% bonds due 2011	9,000	–	73,934
1.43% bonds due 2008	100	100	821
1.44% bonds due 2008	100	100	821
Loans from banks and financial institutions with interest at average rates of 2.16% (within one year) and 2.09% (more than one year):			
Secured	111,585	141,089	916,668
Unsecured	53,557	116,844	439,966
	222,092	302,083	1,824,472
Less: Current portion	(58,331)	(28,267)	(479,183)
	¥163,762	¥273,816	\$1,345,289

The aggregate annual maturities of long-term debt at January 31, 2007 were summarized below:

	Millions of yen	Thousands of U.S. dollars
2008	¥ 58,331	\$ 479,183
2009	67,066	550,941
2010	47,698	391,834
2011	32,028	263,107
2012	11,826	97,149
2013 and thereafter	514	4,223
	<u>¥217,463</u>	<u>\$1,786,437</u>

6. Pledged Assets

The following assets were pledged to secure short-term bank loans, long-term debt and guaranty money received from lessees aggregated to ¥117,987 million (\$969,252 thousand) and ¥149,964 million at January 31, 2007 and 2006:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Land	¥116,335	¥117,969	\$ 955,681
Buildings and structures (Net of accumulated depreciation)	70,975	73,500	583,053
Machinery and equipment (Net of accumulated depreciation)	6	6	49
Investments in securities	16,226	22,728	133,295
	<u>¥203,542</u>	<u>¥214,203</u>	<u>\$1,672,078</u>

According to Article 13-1 of the Law concerning Prepaid Card Operations, the Company has pledged as collateral “Marketable securities” amounting to ¥265 million (\$2,177 thousand), and “Investments in securities” amounting to ¥45 million (\$370 thousand) for ¥203 million (\$1,668 thousand) gift certificate included in other current liabilities.

7. Contingent Liabilities

At January 31, 2007 and 2006, the Companies had the following contingent liabilities:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Loan guaranties provided for:			
Affiliate	¥ 839	¥ 952	\$6,893
Others	285	1,435	2,341
	<u>¥1,124</u>	<u>¥2,387</u>	<u>\$9,234</u>
	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Quasi-guaranties provided for:			
Affiliate	¥2,073	¥2,381	\$17,029
	<u>¥2,073</u>	<u>¥2,381</u>	<u>\$17,029</u>

8. Impairment Loss on Long-lived Assets

(a) Grouping method

For the purpose of identifying fixed assets that are impaired, the Company and consolidated domestic subsidiaries grouped their fixed assets based on business segment considering the nature of merchandise and services, similarity of market, location, etc.

(b) Assets of impairment loss

The Company and certain consolidated domestic subsidiaries recognized impairment losses for the following groups of assets in the year ended January 31, 2007:

Location	Primary use	Type of assets	Impairment losses (Millions of yen)	Impairment losses (Thousands of U.S. dollars)
Ichihara, Chiba Pref.	Golf course	Land, building, etc.	¥10,578	\$86,897
Batoh, Tochigi Pref.	Golf course	Land, building, etc.	4,233	34,774
Mito, Ibaraki Pref.	Golf course	Land, building, etc.	7,650	62,844
Sapporo, Hokkaido Pref.	Golf course Skiing area	Land, building, etc.	1,562	12,832
Maiko, Niigata Pref.	Skiing area Hotel	Land, building, etc.	4,299	35,316
Kijima, Oita Pref.	Golf course Resort hotel	Land, building, etc.	4,248	34,897
Sapporo, Hokkaido Pref.	Lease real estate	Land, building, etc.	2,945	24,193
Taiwa, Miyagi Pref.	Bike-race ticket center	Land, building, etc.	1,287	10,572
Sapporo, Hokkaido Pref.	City hotel	Building, etc.	684	5,619
Hasuda, Saitama Pref.	Game center	Building, etc.	3	25
Bunkyo-ku, Tokyo Pref.	Park	Land, building, etc.	13	107
Chiyoda-ku, Tokyo Pref.	Shop	Building, etc.	186	1,528
Bunkyo-ku, Tokyo Pref.	Company house	Land, building, etc.	433	3,557
Ichihara, Chiba Pref.	Assets not being used	Land, building, etc.	579	4,756
		Goodwill	1,117	9,173
Total			¥39,817	\$327,093

(c) Impairment losses by accounts are as follows

¥14,775 million (\$121,375 thousand) for buildings and structures, ¥12,253 million (\$100,657 thousand) for land, ¥8,298 million (\$68,168 thousand) for golf courses and ¥4,491 million (\$36,893 thousand) for other fixed assets.

(d) The process of impairment losses

In light of recession in the business environment and difficulty of recoverability of business in the short term, the Companies reduced the book values of a group of assets except for rental properties and recognized the reduced values as impairment losses.

In light of significant decreases in rents and continuing decreases in land values, the Company and consolidated domestic subsidiaries reduced book values of the rental properties, company houses and idle properties, due to significantly reduced profitability, to recoverable amounts, and recognized the reduced values as impairment losses.

In light of decline of profitability in business units with goodwill, the Company and domestic subsidiaries recognized impairment losses.

(e) Recoverable amounts used for measuring impairment losses

Recoverable amounts used for measuring impairment losses of the fixed assets in the asset groups of golf courses, ski resort, rental properties, company houses, material idle assets, etc., are net realizable values, based on amounts determined by valuations made in accordance with real estate valuation standards.

Recoverable amounts used for measuring impairment losses of the fixed assets in the asset groups of hotels, arcades, parking, and the Shop-in chain were values in current use, which are present values of future cash flows from ongoing utilization and subsequent disposition of the assets using discount rates of 5.0%.

Recoverable amounts used for measuring impairment losses of the business unit with goodwill is based on the business plan of the units.

9. Certain Lease Information

(a) Finance leases as a lessee

The original lease obligations, the payments to date and the payments remaining for assets leased from other parties under non-capitalized finance leases as of January 31, 2007 and 2006 were as follows:

Year ended January 31, 2007

Millions of yen	Other property and equipment	Software	Total
Acquisition cost	¥3,362	–	¥3,362
Accumulated depreciation	2,701	–	2,701
Impairment loss on long-lived assets	72	–	72
Net leased property	¥ 589	–	¥ 589

Year ended January 31, 2006

Millions of yen	Other property and equipment	Software	Total
Acquisition cost	¥3,614	¥4	¥3,618
Accumulated depreciation	2,424	4	2,428
Net leased property	¥1,190	¥0	¥1,190

Year ended January 31, 2007

Thousands of U.S. dollars	Other property and equipment	Software	Total
Acquisition cost	\$27,618	–	\$27,618
Accumulated depreciation	22,188	–	22,188
Impairment loss on long-lived assets	591	–	591
Net leased property	\$ 4,839	–	\$ 4,839

Lease payments in the years ended January 31, 2007 and 2006, and future minimum lease payments at January 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Lease payments	¥595	¥663	\$4,888
Future minimum lease payments inclusive of interest:			
Current	384	581	3,155
Noncurrent	205	609	1,684
Total	¥589	¥1,190	\$4,839

If the above leases were capitalized, depreciation expense of ¥581 million (\$4,773 thousand) and ¥663 million would have been recorded for the years ended January 31, 2007 and 2006.

(b) Finance leases as a lessor

The cost, the accumulated depreciation and the remaining book value for assets leased to other parties under non-capitalized finance leases as of January 31, 2007 and 2006 were as follows:

Year ended January 31, 2007

Millions of yen	Other property and equipment	Total
Cost	¥211	¥211
Accumulated depreciation	192	192
Remaining book value	¥ 19	¥ 19

Year ended January 31, 2006

Millions of yen	Other property and equipment	Total
Cost	¥319	¥319
Accumulated depreciation	268	268
Remaining book value	¥ 51	¥ 51

Year ended January 31, 2007

Thousands of U.S. dollars	Other property and equipment	Total
Cost	\$1,733	\$1,733
Accumulated depreciation	1,577	1,577
Remaining book value	\$ 156	\$ 156

Lease receipts and depreciation in the years ended January 31, 2007 and 2006, and future minimum lease receipts at January 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Lease receipts	¥42	¥68	\$345
Depreciation	34	55	279
Future minimum lease receipts inclusive of interest:			
Current	9	41	74
Noncurrent	8	14	66
Total	¥17	¥55	\$140

10. Shareholders' Equity

Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code").

Under the Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, additional paid-in capital and legal earnings reserve may be transferred to retained earnings by the resolution of the shareholders' meeting as long as the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Law.

11. Income Taxes

The Company is subject to a number of taxes levied on income, which, in the aggregate, indicate a statutory rate in Japan of approximately 40.69% for the year ended January 31, 2007 and 2006, respectively.

Significant components of the Companies' deferred tax assets of January 31, 2007 and 2006 were as follows:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
Current:			2007
Deferred tax assets:			
Allowance for doubtful accounts	¥ –	¥ 1,383	\$ –
Bonus payment reserve	212	193	1,741
Accrued enterprise tax	–	160	–
Others	339	179	2,785
Gross deferred tax assets	551	1,915	4,526
Valuation allowance	(38)	(32)	(312)
Total deferred tax assets	513	1,883	4,214
Deferred tax liabilities:			
Adjustments of allowance for doubtful accounts	(1)	(0)	(8)
Gross deferred tax liabilities	(1)	(0)	(8)
Net deferred tax assets	512	1,883	4,206
Non-current:			
Deferred tax assets:			
Tax loss carry-forwards	27,341	4,385	224,604
Impairment loss on long-lived assets	11,001	–	90,372
Decrease in revaluation reserve for land with impairment loss, net of tax	2,970	–	24,398
Allowance for doubtful accounts	–	129	–
Retirement benefits	1,851	1,851	15,206
Write-down of available-for-sale securities	1,693	2,727	13,908
Write-down of fixed assets	1,527	1,527	12,544
Net unrealized holding loss on securities	1,512	–	12,421
Depreciation excess	354	393	2,908
Allowance for loss on guarantees	–	–	–
Others:	323	384	2,645
Gross deferred tax assets	48,572	11,396	399,006
Valuation allowance	(30,702)	(7,588)	(252,214)
Total deferred tax assets	¥ 17,870	¥ 3,808	\$ 146,792
Deferred tax liabilities:			
Net unrealized holding gain on securities	¥ (5,313)	¥ (11,509)	\$ (43,646)
Adjustment of write-down of investments in subsidiaries and affiliates	(297)	(292)	(2,440)
Adjustment of allowance for doubtful accounts	–	–	–
Others	(14)	(18)	(115)
Total deferred tax liabilities	¥ (5,624)	¥ (11,819)	\$ (46,201)
Net deferred tax assets	¥ (12,246)	¥ (8,011)	\$ (100,591)

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rate for financial reporting purposes for the years ended January 31, 2006:

	<u>2006</u>
Statutory tax rate:	40.69 %
Tax loss carry-forwards of consolidated subsidiaries	0.32 %
Non-deductible allowance for doubtful accounts	(0.75)%
Non-deductible expenses	0.87 %
Per capita inhabitant tax	0.43 %
Gain on sale of parent company shares	2.69 %
Equity in earnings of unconsolidated subsidiaries and affiliates	(0.74)%
Amortization of negative goodwill	(9.88)%
Non-taxable dividend income	1.20 %
Adjustment of write-down of investments in subsidiaries and affiliates	2.77 %
Other	<u>(0.49)%</u>
Effective tax rate	<u>37.11 %</u>

The Company did not show the summaries of the significant differences between the statutory tax rate and the effective tax rate for the year ended January 31, 2007 due to loss before income taxes and minority interests.

12. Land Revaluation

In the year ended January 31, 2000, certain consolidated domestic subsidiaries executed revaluation of their land owned for business in accordance with the Law Concerning Revaluation of Land (the "Law"). As a result of this revaluation, deferred income taxes concerning the differences between the amounts after revaluation and the book values before revaluation were stated in the assets and liabilities in the consolidated balance sheets. The differences between these amounts, net of taxes, were stated as "Revaluation reserve for land, net of tax" in the shareholders' equity in 2006 and net assets in 2007.

At January 31, 2007 and 2006, market value of the land was ¥14,550 million (\$119,527 thousand) and ¥18,994 million lower than its book value.

13. Employees' Severance and Pension Benefits

The Companies provide two types of post-employment benefit plans, which are unfunded lump-sum payment plans and funded non-contributory pension plans, under which all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors.

The liabilities and expenses for severance and retirement benefits are determined based on the amounts obtained by actuarial calculations.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheet as of January 31, 2007 and 2006 consist of the following:

	<u>Millions of yen</u>		Thousands of U.S. dollars
	<u>2007</u>	<u>2006</u>	<u>2007</u>
Projected benefit obligation	¥15,584	¥15,685	\$128,021
Unrecognized actuarial differences	(680)	(847)	(5,586)
Less fair value of pension assets	(10,617)	(10,027)	(87,218)
Liability for severance and retirement benefits	¥ 4,287	¥ 4,811	\$ 35,217

Included in the consolidated statement of income for the years ended January 31, 2007 and 2006 are severance and retirement benefit expenses comprised of the following:

	Millions of yen		Thousands of
	2007	2006	U.S. dollars
Service costs—benefits earned during the year	¥428	¥456	\$3,516
Interest cost on projected benefit obligation	373	377	3,064
Expected return on plan assets	(249)	(209)	(2,046)
Amortization of actuarial differences	180	297	1,479
Severance and retirement benefit expenses	¥732	¥921	\$6,013

The discount rate used by the Company is 2.5% at January 31, 2007 and 2006. The rate of expected return on plan assets used by the Company at January 31, 2007 and 2006 is 2.5% and 2.5%, respectively. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains/losses are recognized in the income statement using the straight-line method over 10 years commencing from the succeeding period.

14. Obligation under Future Receivable Sale

In July 2002, the Company entered into an agreement to sell future receivables. Obligation under future receivable sale in the accompanying consolidated balance sheet at January 31, 2006 represented such future receivables expected to be generated under the agreement, which are to be remitted to the purchaser. The difference between the amount of future receivable expected and the cash consideration received, which was determined by discounting the amount of future receivable expected has been recognized as non-operating expense over the agreement period.

15. Derivatives

The Companies use forward foreign currency contracts, and interest rate swaps as derivative financial instruments only for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates with respect to foreign currency payables from bank loans, and interest rates increases with respect to the bank loans and bonds. Forward foreign currency and interest rate swap contracts are subject to risks of foreign exchange rate changes and interest rate changes, respectively.

The derivative transactions are executed and managed by the Company's Finance Department in accordance with the established policies. Depending on transaction amounts, the manager of the Finance Department executes contracts upon resolution of the Board Directors or an approval of an executive director in charge of the department and reports to the president. The Manager of the Finance Department reports information on derivative transaction to the Director in charge of the Finance Department, properly.

Derivative financial instruments are executed only with creditworthy banks in Japan and the management believes that there is little risk of default by counterparties.

The Company did not disclose its derivative transactions as permitted under the derivative accounting standard for those derivatives meeting certain hedge accounting criteria.

16. Segment Information

Business segment information for the years ended January 31, 2007 and 2006 were as follows

Year ended January 31, 2007	Leisure	Retail	Finance
Sales and other operating revenues:			
Unaffiliated customers	¥ 77,879	¥ 7,721	¥ 4,923
Intersegment or transfer	457	–	1,010
Total	78,336	7,721	5,933
Operating expenses	61,247	7,514	5,999
Operating income (loss)	¥ 17,089	¥ 207	¥ (66)

Assets, depreciation and capital expenditure:			
Assets	¥ 268,203	¥ 4,560	¥ 3,646
Depreciation	7,570	108	684
Impairment loss on fixed assets	34,630	186	78
Capital expenditure	4,568	160	108

Year ended January 31, 2006	Leisure	Retail	Finance
Sales and other operating revenues:			
Unaffiliated customers	¥ 77,190	¥ 7,947	¥ 6,361
Intersegment or transfer	333	–	1,182
Total	77,523	7,947	7,543
Operating expenses	62,491	7,679	7,761
Operating income (loss)	¥ 15,032	268	(218)

Assets, depreciation and capital expenditure:			
Assets	¥ 295,105	¥ 5,193	¥146,100
Depreciation	8,862	65	690
Capital expenditure	4,619	69	1,101

Year ended January 31, 2007	Leisure	Retail	Finance
Sales and other operating revenues:			
Unaffiliated customers	\$ 639,768	\$63,427	\$ 40,442
Intersegment or transfer	3,754	–	8,297
Total	643,522	63,427	48,739
Operating expenses	503,138	61,727	49,281
Operating income (loss)	\$ 140,384	1,700	(542)

Assets, depreciation and capital expenditure:			
Assets	\$2,203,261	\$37,460	\$ 29,952
Depreciation	62,187	887	5,619
Impairment loss on fixed assets	284,482	1,528	641
Capital expenditure	37,526	1,314	887

Estimated useful life of property and equipment of the Shop-in chain was shortened in order to meet the change of business environment based on the actual history of renewals and closing down of stores.

Decrease in operating income Retail: ¥57 million (\$468 thousand) Total: ¥57 million (\$468 thousand)

Effective February 1, 2006, estimated costs related to future use of purchase points are accrued at the time points are earned by customers. Previously, the cost related to use of purchase points was expensed when the points are used by customers.

This change was made in order to state expenses more appropriately because Shop-in chain points have a one-year history and actual use rate of customer points for a year is available to estimate the cost related to future use of purchase points.

Accrued expense related to the points earned in the year ended January 31, 2007 is expensed as cost of sales and operating expenses and the points earned in the year ended January 31, 2006 or before are expensed as other expense.

Decrease in operating income Leisure: ¥39 million (\$320 thousand)

Increase in operating income Retail: ¥1 million (\$8 thousand)

Decrease in operating income Total: ¥38 million (\$312 thousand)

Millions of yen			
Others	Total	Elimination or corporate assets	Consolidated
¥ 6,229	¥ 96,752	¥ –	¥ 96,752
4,190	5,657	(5,657)	–
10,419	102,409	(5,657)	96,752
9,680	84,440	(1,333)	83,107
¥ 739	¥ 17,969	¥ (4,324)	¥ 13,645

¥ 17,362	¥ 293,771	¥ 52,197	¥ 345,968
380	8,742	146	8,888
4,222	39,116	701	39,817
147	4,983	34	5,017

Millions of yen			
Others	Total	Elimination or corporate assets	Consolidated
¥ 6,872	¥ 98,370	¥ –	¥ 98,370
3,983	5,498	(5,498)	–
10,855	103,868	(5,498)	98,370
10,042	87,973	(2,191)	85,782
813	15,895	(3,307)	12,588

¥ 26,858	¥ 473,256	¥ 66,070	¥ 539,326
390	10,007	147	10,154
300	6,089	121	6,210

Thousands of U.S. dollars			
Others	Total	Elimination or corporate assets	Consolidated
\$ 51,171	\$ 794,808	\$ –	\$ 794,808
34,420	46,471	(46,471)	–
85,591	841,279	(46,471)	794,808
79,520	693,666	(10,950)	682,716
6,071	147,613	(35,521)	112,092

\$142,627	\$2,413,300	\$ 428,793	\$2,842,093
3,122	71,815	1,199	73,014
34,683	327,093	5,759	327,093
1,208	40,935	279	41,214

Effective February 1, 2006, the Company and its consolidated domestic subsidiaries adopted accounting standards for impairment of fixed assets (“Opinion on Establishment of Accounting Standards for Impairment to Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the guidance on accounting standards for impairment of fixed assets (the “Financial Accounting Standard Guidance No. 6” issued by the Accounting Standards Board of Japan on October 31, 2003).

Increase in operating income (loss)	Leisure: ¥637 million (\$5,233 thousand)	Retail: ¥6 million (\$49 thousand)
Finance: ¥8 million (\$65 thousand)	Others: ¥28 million (\$230 thousand)	Total: ¥686 million (\$5,635 thousand)

Decrease in long-lived assets	Leisure: ¥33,905 million (\$278,526 thousand)	Retail: ¥179 million (\$1,470 thousand)
Finance: ¥69 million (\$567 thousand)	Others: ¥4,193 million (\$34,445 thousand)	Total: ¥39,043 million (\$320,734 thousand)

Amortization of negative goodwill was previously offset against amortization of goodwill and accounted for as other income. Effective February 1, 2007, amortization of goodwill is accounted for as operating expense in the consolidated statements of income.

Decrease in operating income	Elimination or corporate assets: ¥159 million (\$1,306 thousand)	Total: ¥159 million (\$1,306 thousand)
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The Companies had no sales nor other operating revenues outside of Japan and no exports for the years ended January 31, 2007 and 2006.

17. Business Combination

On November 1, 2006, Matsudo Kousan acquired the lease business from Korakuen Finance Co., Ltd., a consolidated subsidiary. This acquisition is expected to expand the business of Matsudo Kousan. No new shares were issued upon acquisition.

This acquisition is being accounted for as a transaction under common control according to “Accounting Standard for Business Combination” and ASBJ Guideline No. 10, “Guidance on Accounting Standard for Business Combination and Accounting Standard for Business Divestitures.” Therefore, there was no impact on the consolidated statements of income.

18. Subsequent Events

(a) Business divestitures

At the Board of Directors meeting held on February 23, 2007, the directors resolved the sale of the golf resort business to Morgan Stanley Securities Inc. and made letter of understanding with Morgan Stanley Securities Inc.

This business divestitures is expected to achieve goals by selling impaired business including golf resorts along with the restructuring of group business expressed in the “future management package and financial plan” announced on September 28, 2006.

The business to be divested is as follows:

Sapporo Korakuen Country Club, Maiko Korakuen Skiing Area and Hotel, Batoh Korakuen Golf Course and Hotel, Mito Korakuen Country Club, Ichihara Korakuen Golf and Sports, Kijima Korakuen Amusement Park, Hotel, Country Club.

At the Board of Directors’ meeting held on April 26, 2007, the directors resolved to conclude an asset sales agreement and business transfer agreement based on the aforementioned letter of understanding. The conclusion of agreements is scheduled on April 27 and the sale of assets and the business transfer is scheduled on May 31.

(b) Issuance of unsecured bonds

At a meeting of the Board of Directors on March 30, 2007, the following terms and conditions were set for the issuance of unsecured bonds:

The outline of the 28th issuance of unsecured bonds

- a) Total amount of bond issue: ¥1,500 million (\$12,322 thousand)
- b) Issue price: ¥100 with a par value of ¥100
- c) Interest rate: 1.31%
- d) Payment date: March 30, 2007
- e) Redemption date: March 30, 2012
- f) Redemption condition: Semiannual equal installments from September 30, 2007
- g) Funds for redemption of corporate bonds and syndicated loans

INDEPENDENT AUDITORS' REPORT

監査報告書

To the Board of Directors of
TOKYO DOME CORPORATION:

We have audited the accompanying consolidated balance sheets of TOKYO DOME CORPORATION (a Japanese corporation) and consolidated subsidiaries as of January 31, 2007 and 2006, the related consolidated statements of operations for the years then ended, the consolidated statement of net assets for the year ended January 31, 2007, the consolidated statement of shareholders' equity for the year ended January 31, 2006, and the consolidated statements of cash flows for the years ended January 31, 2007 and 2006, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOKYO DOME CORPORATION and subsidiaries as of January 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.

- (1) As discussed in Note 2 to the consolidated financial statements, effective February 1, 2005, two consolidated subsidiaries of the Company changed the method of accounting for depreciation of property and equipment from the declining balance method to the straight-line method.
- (2) As discussed in Note 2 to the consolidated financial statements, effective February 1, 2006, TOKYO DOME CORPORATION and consolidated domestic subsidiaries adopted new accounting standards for the impairment of fixed assets.
- (3) As discussed in Note 18 to the consolidated financial statements, TOKYO DOME CORPORATION resolved to conclude the basic agreement concerning the golf resort business transfer at the board of directors' meeting held on April 26, 2007.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended January 31, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
April 26, 2007

CONSOLIDATED SIX-YEAR FINANCIAL SUMMARY (Years ended January 31)

連結6年間の要約財務データ (1月31日で終了した1年間)

		Millions of yen (except where noted) 単位: 百万円						Thousands of U.S. dollars (except where noted) (Note 1) 単位: 千ドル (注1)
		2002	2003	2004	2005	2006	2007	2007
Balance-sheet data:	貸借対照表データ							
Total assets	資産合計	¥640,890	¥611,859	¥585,570	¥549,008	¥539,326	¥345,968	\$2,842,093
Total current assets	流動資産合計	256,050	233,566	214,558	169,321	163,460	28,638	235,258
Total property and equipment	固定資産合計	308,157	304,063	296,352	310,145	304,946	260,072	2,136,466
Total current liabilities	流動負債合計	274,534	271,772	220,006	100,660	122,011	76,859	631,389
Total long-term liabilities	固定負債合計	266,731	241,963	259,876	328,413	277,565	225,863	1,855,442
Total net assets (Note 2)	純資産合計 (注2)	99,621	98,124	105,688	119,935	139,750	43,246	355,262
Income statement data:	損益計算書データ							
Sales and other operating revenues	売上高	¥101,157	¥ 95,793	¥ 96,971	¥ 92,087	¥ 98,370	¥ 96,752	\$ 794,808
Cost of sales and operating expenses	売上原価	77,752	72,666	74,446	70,546	75,628	73,784	606,128
General and administrative expenses	一般管理費	9,713	8,724	8,528	7,297	10,154	9,323	76,588
Operating income	営業利益	13,692	14,403	13,997	14,244	12,588	13,645	112,092
Income taxes	法人税等	(581)	1,519	6,176	2,962	3,925	(8,686)	(71,355)
Net income (loss)	当期純利益 (損失)	(1,195)	1,834	3,509	4,532	6,652	(86,660)	(711,903)
Per share amounts	1株当たり情報							
(in yen and U.S. dollars):								
Net income (loss) (Note 3)	1株当たり純利益 (損失) (注3)	¥ (7.36)	¥ 11.33	¥ 21.69	¥ 27.50	¥ 36.69	¥ (464.89)	\$ (3.82)
Cash dividends	1株当たり配当金	—	—	3.00	5.00	5.00	—	—
Net assets	1株当たり純資産	613.68	606.80	653.65	670.26	751.87	231.86	1.90
Liquidity:	財務流動性							
Working capital	運転資本	¥(18,484)	¥(38,206)	¥ (5,448)	¥ 68,661	¥ 41,449	¥(48,221)	\$ 396,131
Equity ratio (percent)	株主資本比率	15.5%	16.0%	18.0%	21.8%	25.9%	12.5%	
Current ratio (percent)	流動比率	93.3%	85.9%	97.6%	168.2%	134.0%	37.3%	
Other:	その他							
Capital expenditures	設備投資額	¥ 9,283	¥ 7,169	¥ 12,208	¥ 3,357	¥ 6,434	¥ 4,912	\$ 40,352
Capital expenditures as a % of net sales (percent)	売上高に対する設備投資額の比率	9.2%	7.5%	12.6%	3.6%	6.5%	5.1%	

Notes: 1. The U.S. dollar amounts are translated from Japanese yen at the rate of ¥121.73= US\$1, the prevailing exchange rate at January 31, 2007.

2. The amount of total net assets/net assets per share at January 31, 2006, 2005, 2004, 2003 and 2002 represents the value of total shareholders' equity/shareholders' equity per share.

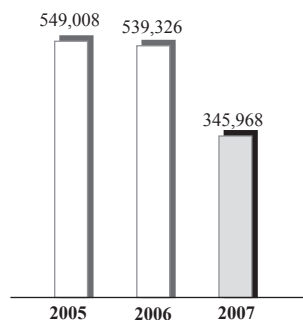
3. Net income (loss) per share is based on the weighted average number of shares of common stock outstanding during each year.

注: 1. 米国ドル金額は、期末日である2007年1月31日現在のレート、1ドル121.73円にて換算しています。

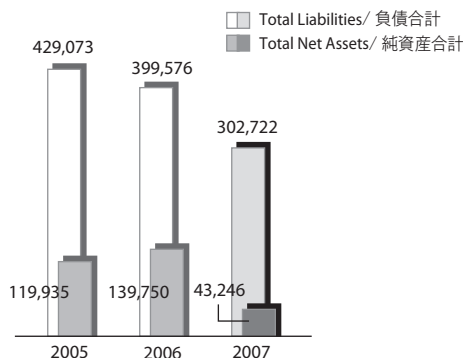
2. 2002年、2003年、2004年、2005年および2006年1月期の純資産合計・1株当たり純資産は、それぞれ、資本合計・1株当たり株主資本を表します。

3. 1株当たりの当期純利益 (損失) は各年度の発行済み普通株数の加重平均値をベースに算出しています。

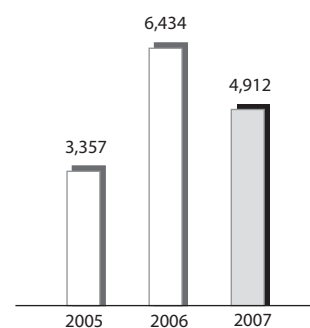
Total Assets (Millions of yen)
資産合計 (百万円)



Total Liabilities and Total Net Assets
(Millions of yen)
負債合計・純資産合計 (百万円)



Capital Expenditures (Millions of yen)
設備投資額 (百万円)



Note: The amount of total net assets for 2005 and 2006 represents the value of total shareholders' equity.

注: 2005年および2006年1月期の純資産合計は、資本合計を表します。

NON-CONSOLIDATED SIX-YEAR FINANCIAL SUMMARY (Years ended January 31)

個別6年間の要約財務データ (1月31日で終了した1年間)

		Millions of yen (except where noted) 単位: 百万円						Thousands of U.S. dollars (except where noted) (Note 1) 単位: 千ドル(注1)
		2002	2003	2004	2005	2006	2007	2007
Balance-sheet data:	貸借対照表データ							
Total assets	資産合計	¥ 396,388	¥ 412,667	¥ 406,981	¥ 515,673	¥ 501,691	¥ 342,831	\$ 2,816,323
Total current assets	流動資産合計	17,076	18,596	18,321	12,721	21,467	17,746	145,782
Total property and equipment	固定資産合計	254,397	259,454	254,799	247,541	480,224	325,086	2,670,550
Total current liabilities	流動負債合計	136,671	141,080	112,761	87,708	113,743	72,168	592,853
Total long-term liabilities	固定負債合計	180,138	192,019	209,177	302,606	252,505	214,918	1,765,530
Total net assets (Note 2)	純資産合計 (注2)	79,578	79,566	85,043	125,359	135,443	55,745	457,940
Income statement data:	損益計算書データ							
Sales and other operating revenues	売上高	¥ 57,930	¥ 56,381	¥ 61,359	¥ 62,365	¥ 61,059	¥ 60,657	\$ 498,291
Cost of sales and operating expenses	売上原価	42,661	41,660	46,571	46,319	45,308	43,680	358,827
General and administrative expenses	一般管理費	6,146	5,611	5,466	4,882	5,107	4,874	40,039
Operating income	営業利益	9,122	9,110	9,322	11,164	10,644	12,103	99,425
Income taxes	法人税等	(1,829)	613	5,665	3,119	3,224	(11,974)	(98,365)
Net income (loss)	当期純利益 (損失)	(5,675)	1,210	1,415	2,795	2,857	(71,958)	(591,128)
Per share amounts	1株当たり情報							
(in yen and U.S. dollars):								
Net (loss) income (Note 3)	1株当たり純利益 (損失) (注3) ¥	(34.96)	¥ 7.46	¥ 8.72	¥ 16.73	¥ 14.93	¥ (376.12)	\$ (3.09)
Cash dividends	1株当たり配当金	—	—	3.00	5.00	5.00	—	—
Net assets	1株当たり純資産	490.22	490.55	524.41	654.80	707.87	291.46	2.39
Liquidity:	財務流動性							
Working capital	運転資本	¥(119,595)	¥(122,484)	¥(94,440)	¥(74,987)	¥(92,276)	¥ (54,422)	\$ (447,071)
Equity ratio (percent)	株主資本比率	20.1%	19.3%	20.9%	24.3%	27.0%	16.3%	
Current ratio (percent)	流動比率	12.5%	13.2%	16.2%	14.5%	18.9%	24.6%	

Notes: 1. The U.S. dollar amounts are translated from Japanese yen at the rate of ¥121.73=US\$1, the prevailing exchange rate at January 31, 2007.

2. The amount of total net assets/net assets per share at January 31, 2006, 2005, 2004, 2003 and 2002 represents the value of total shareholders' equity/shareholders' equity per share.

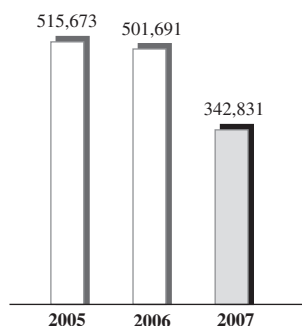
3. Net income (loss) per share is based on the weighted average number of shares of common stock outstanding during each year.

注: 1. 米国ドル金額は、期末日である2007年1月31日現在のレート、1ドル121.73円にて換算しています。

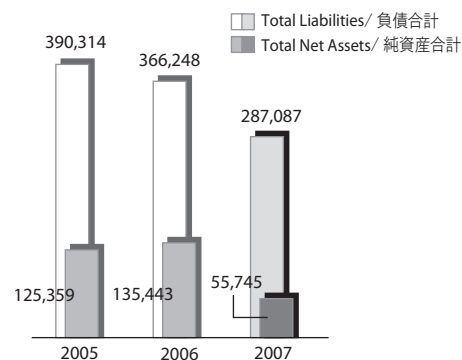
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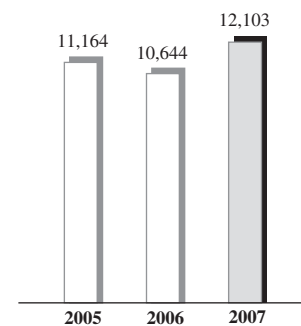
Total Assets (Millions of yen)
資産合計 (百万円)



Total Liabilities and Total Net Assets
(Millions of yen)
負債合計・純資産合計 (百万円)



Operating Income (Millions of yen)
営業利益 (百万円)



Note: The amount of total net assets for 2005 and 2006 represents the value of total shareholders' equity.

注: 2005年および2006年1月期の純資産合計は、資本合計を表します。

TOKYO DOME CORPORATION

株式会社東京ドーム

〒112-8575 東京都文京区後楽1丁目3番61号

TEL: 03-3811-2111 (大代表)

URL: <http://www.tokyo-dome.co.jp>

Tokyo Dome Corporation

1-3-61, Koraku, Bunkyo-ku,

Tokyo 112-8575, Japan

Tel: +81-3-3811-2111

URL: <http://www.tokyo-dome.co.jp>



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