

FINANCIAL RESULTS

【First Quarter Financial Statements】

- Fiscal Year Ending March 31, 2005 -

(1) **【Balance Sheets】**

(in million yen)

	Prior Year Quarter End (As of June 30, 2003)		Current Quarter End (As of June 30, 2004)		Prior Fiscal Year End - Condensed - (As of March 31, 2004)	
	Amounts	%	Amounts	%	Amounts	%
(ASSETS)						
Current Assets						
1 Cash	10,558		41,416		18,396	
2 Accounts Receivable	3,209		5,041		4,452	
3 Inventory	76		272		271	
4 Others	622		692		613	
Total current assets	14,465	34.0	47,422	65.7	23,732	48.2
Fixed Assets						
1 Tangible fixed assets						
(1) Building and structure	73		75		71	
(2) Machinery and equipment	22,106		20,001		20,598	
(3) Capitalized modems	2,386		835		1,098	
(4) Tools and furniture	179		292		311	
(5) Construction in progress	116		135		-	
Total tangible fixed assets	24,861		21,338		22,077	
2 Intangible assets	2,277		2,566		2,523	
3 Investments and other assets	991		833		870	
Total fixed assets	28,128	66.0	24,736	34.3	25,470	51.8
TOTAL ASSETS	42,593	100.0	72,158	100.0	49,202	100.0

	Prior Year Quarter End (As of June 30, 2003)		Current Quarter End (As of June 30, 2004)		Prior Fiscal Year End - Condensed - (As of March 31, 2004)		
	Amounts	%	Amounts	%	Amounts	%	
(LIABILITIES)							
Current Liabilities							
1 Trade accounts payable	364		1,053		755		
2 Short-term loan	2,384		-		-		
3 Current portion of long-term debt	4,267		5,387		5,453		
4 Other accounts payable	750		1,205		981		
5 Accrued expenses	5,437		4,580		3,599		
6 Income taxes payable	2		27		9		
7 Current portion of capital lease obligations	5,059		5,869		5,858		
8 Current portion of installment obligations	1,417		830		1,160		
9 Stock purchase warrants	29		29		29		
10 Other current liabilities	184		195		451		
Total current liabilities		19,891	46.7		19,174	26.6	
Long-term liabilities							
1 Bonds	-		23,000		-		
2 Long-term debt	5,067		4,020		5,350		
3 Capital lease obligations less current portion	10,643		8,163		9,207		
4 Installment obligations less current portion	1,064		50		155		
5 Long-term other payables	300		208		231		
Total long-term liabilities		17,074	40.1		35,440	49.1	
TOTAL LIABILITES		36,965	86.8		54,615	75.7	
(SHAREHOLDERS' EQUITY)							
Capital Shares							
		10,528	24.7		13,712	19.0	
Capital Surplus							
1 Additional paid-in capital	9,253		2,334		14,231		
Total capital surplus		9,253	21.7		2,334	3.2	
Retained Earnings (Accumulated Deficit)							
1 Unappropriated retained earnings or deficit () at end of period	14,154		1,499		11,938		
Total retained earnings (accumulated deficit)		14,154	33.2		1,499	2.1	
TOTAL SHAREHOLDERS' EQUITY		5,628	13.2		17,544	24.3	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		42,593	100.0		72,158	100.0	

(2) 【Statements of Operations】

(in million yen)

	Prior Year First Quarter (Three months ended June 30, 2003)		Current First Quarter (Three months ended June 30, 2004)		Prior Fiscal Year - Condensed - (Year ended March 31, 2004)	
	Amounts	%	Amounts	%	Amounts	%
Revenue	8,250	100.0	12,108	100.0	38,143	100.0
Cost of revenue	5,799	70.3	7,461	61.6	24,856	65.2
Gross profit	2,451	29.7	4,647	38.4	13,287	34.8
Selling, general and administrative expenses	1,992	24.1	2,854	23.6	9,147	24.0
Operating profit	459	5.6	1,793	14.8	4,140	10.9
Other income	3	0.0	5	0.0	27	0.1
Other expenses	319	3.9	297	2.5	1,442	3.8
Recurring profit	143	1.7	1,501	12.4	2,724	7.1
Non-recurring loss	-		-		359	0.9
Income before income taxes	143	1.7	1,501	12.4	2,366	6.2
Income taxes	2	0.0	3	0.0	9	0.0
Net income	141	1.7	1,499	12.4	2,356	6.2
Accumulated deficit from prior period	14,295		-		14,295	
Unappropriated retained earnings or deficit () at end of period	14,154		1,499		11,938	

(3) 【Statements of Cash Flows】

(in million yen)

	Prior Year First Quarter (Three months ended June 30, 2003)	Current First Quarter (Three months ended June 30, 2004)	Prior Fiscal Year - Condensed - (Year ended March 31, 2004)
	Amounts	Amounts	Amounts
Cash Flows from Operating Activities			
1 Income before income taxes	143	1,501	2,366
2 Depreciation	2,187	2,538	9,498
3 Accelerated depreciation on machinery and equipment	-	-	187
4 Amortization of intangible assets	153	197	730
5 Valuation loss on inventory	-	7	157
6 Loss on disposition of fixed assets	-	-	172
7 Interest income	0	4	0
8 Interest expenses	294	260	1,236
9 Accounts receivable	479	590	1,722
10 Inventory	24	1	220
11 Other current assets	567	79	855
12 Investments and other assets	27	37	281
13 Trade accounts payable	85	299	306
14 Other accounts payable	81	108	99
15 Accrued expenses	779	983	218
16 Other current liabilities	158	232	425
17 Long-term other payables	23	23	92
18 Others	-	15	87
Subtotal	3,616	4,798	13,946
19 Interest received	0	4	0
20 Interest paid	294	261	1,208
21 Payments of income taxes	7	9	7
Net cash provided by operating activities	3,314	4,531	12,732

	Prior Year First Quarter (Three months ended June 30, 2003)	Current First Quarter (Three months ended June 30, 2004)	Prior Fiscal Year - Consolidated - (Year ended March 31, 2004)
	Amounts	Amounts	Amounts
Cash Flows from Investing Activities			
1 Purchase of tangible assets	848	1,094	3,654
2 Acquisition of intangible assets	26	160	443
3 Others	0	0	43
Net cash used in investing activities	873	1,254	4,053
Cash Flows from Financing Activities			
1 Payments on capital lease obligations	1,165	1,493	5,317
2 Payments on installment obligations	346	436	1,527
3 Proceeds from long-term debt	-	-	4,825
4 Payments for short-term payable	716	-	3,100
5 Payments for long-term debt	1,067	1,397	4,597
6 Proceeds from share issuance	-	82	8,023
7 Proceeds from bonds issuance	-	22,986	-
Net cash provided by (used in) financing activities	3,294	19,742	1,693
Net change in cash and cash equivalents	853	23,020	6,986
Cash and cash equivalents at beginning of period	11,411	18,396	11,411
Cash and cash equivalents at end of period	10,558	41,416	18,396

FINANCIAL FORECASTS

(in million yen)

	Six-month Ending (September 30, 2004)	Year Ending (March 31, 2005)
	Amount	Amount
Revenue	27,000	57,000
Recurring Profit	2,400	5,500
Net Income	2,400	5,500