

FINANCIAL RESULTS

【Mid-Year Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2006 -

Note: Consolidated financial statements are adopted from the mid-year period for the fiscal year ending March 31, 2006.

1. Consolidated Balance Sheet

(in million yen, %)			
		Current Mid-Year End (As of September 30, 2005)	
		Amount	%
(ASSETS)			
Current Assets			
1	Cash	108,061	
2	Accounts receivable	5,692	
3	Inventory	47	
4	Other current assets	864	
	Allowance for bad debt	7	
	Total current assets	114,657	83.3
Fixed Assets			
1	Tangible fixed assets		
(1)	Machinery and equipment	15,441	
(2)	Others	1,021	
2	Intangible assets	2,773	
3	Investment and other assets	3,727	
	Total fixed assets	22,962	16.7
	TOTAL ASSETS	137,619	100.0

Consolidated Balance Sheet (Continued)

(in million yen, %)

	Current Mid-Year End (As of September 30, 2005)	
	Amount	%
(LIABILITIES)		
Current Liabilities		
1 Trade accounts payable	76	
2 Current portion of long-term debt	3,166	
3 Other accounts payable	1,086	
4 Accrued expenses	6,355	
5 Income taxes payable	1,488	
6 Current portion of capital lease obligations	4,319	
7 Stock purchase warrants	15	
8 Other current liabilities	252	
Total current liabilities	16,758	12.2
Long-term Liabilities		
1 Bonds	83,000	
2 Long-term debt	5,524	
3 Capital lease obligations, less current portion	2,894	
4 Others	155	
Total long-term liabilities	91,573	66.5
TOTAL LIABILITIES	108,331	78.7
(MINORITY INTERESTS)		
Minority interests in consolidated subsidiaries	50	0.0
(SHAREHOLDERS' EQUITY)		
Capital Shares	15,300	11.1
Capital Surplus	3,935	2.9
Retained Earnings	10,214	7.4
Unrealized loss () on investment securities	211	0.2
TOTAL SHAREHOLDERS' EQUITY	29,238	21.2
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	137,619	100.0

2. Consolidated Statements of Operations

(in million yen, %)

	Current Mid-Year (Six months ended September 30, 2005)		
	Amount		%
Revenue		30,351	100.0
Cost of revenue		16,446	54.2
Gross profit		13,906	45.8
Selling, general and administrative expenses		9,952	32.8
Operating profit		3,954	13.0
Other income			
1 Dividend received	4		
2 Commission received	3		
3 Other income	13	20	0.1
Other expenses			
1 Interest expense	752		
2 Stock issuance costs	106		
3 Others	39	897	3.0
Recurring profit		3,077	10.1
Non-recurring income			
Gains on sale of fixed assets	1	1	0.0
Non-recurring expenses			
Loss on devaluation of investments	15	15	0.0
Income before income taxes		3,063	10.1
Income tax expense - current	1,406		
Income tax expense - deferred	845	561	1.8
Minority interests in consolidated subsidiaries		0	0.0
Net income		2,502	8.2

3. Consolidated Statements of Capital Surplus and Retained Earnings

(in million yen)

	Current Mid-Year (Six months ended September 30, 2005)	
	Amount	
(CAPITAL SURPLUS)		
Balance at Beginning of Year		3,880
Additions		
Issuance of stocks	55	55
Balance at End of Period		3,935
(RETAINED EARNINGS)		
Balance at Beginning of Year		9,352
Additions		
Net income	2,502	2,502
Appropriations		
1 Decrease due to inclusion of additional subsidiaries in the consolidation	3	
2 Cash dividends	1,638	1,641
Balance at End of Period		10,214

4. Consolidated Statements of Cash Flows

(in million yen)

	Current Mid-Year (Six months ended September 30, 2005)
	Amount
Cash Flows from Operating Activities	
1 Income before income taxes	3,063
2 Depreciation	4,899
3 Amortization of intangible assets	713
4 Interest and dividend income	4
5 Interest expense	752
6 Stock issuance costs	106
7 Accounts receivable	17
8 Inventory	7
9 Other current assets	445
10 Investments and other assets	55
11 Trade accounts payable	819
12 Other accounts payable	114
13 Accrued expenses	185
14 Others	59
Subtotal	8,730
15 Interest and dividend received	5
16 Interest paid	760
17 Payments of income taxes	11
Net cash provided by operating activities	7,962
Cash Flows from Investing Activities	
1 Acquisition of investments	2,107
2 Acquisition of tangible assets	3,370
3 Acquisition of intangible assets	333
4 Acquisition of investments in subsidiaries	28
5 Others	3
Net cash used in investing activities	5,834
Cash Flows from Financing Activities	
1 Payments on capital lease obligations	2,748
2 Payments on installment obligations	146
3 Proceeds from long-term debt	6,000
4 Payments for long-term debt	660
5 Proceeds from issuance of stocks, net of registration tax	110
6 Proceeds from minority shareholders' payments	50
7 Payments for acquisition of consolidated subsidiary's stock	105
8 Payments of dividends	1,638
Net cash provided by financing activities	863
Net change in cash and cash equivalents	2,991
Cash and cash equivalents at beginning of period	104,770
Net change in cash and cash equivalents due to inclusion of additional subsidiaries in the consolidation	300
Cash and cash equivalents at end of period	108,061