

## **FINANCIAL RESULTS**

### **【Third Quarter Consolidated Financial Statements】**

**- Fiscal Year Ending March 31, 2006 -**

*Note: Prior year comparative financial statements are not shown, since the consolidated financial statements are adopted from this fiscal year.*

#### **1. Consolidated Balance Sheet**

(in million yen, %)

	Current Third Quarter End (As of December 31, 2005)	
	Amount	%
(ASSETS)		
Current Assets		
1 Cash		150,147
2 Accounts receivable		7,839
3 Inventory		47
4 Other current assets		1,025
Allowance for bad debt		7
Total current assets		159,052
Fixed Assets		87.5
1 Tangible fixed assets		
(1) Machinery and equipment	14,602	
(2) Others	964	15,566
2 Intangible assets		2,998
3 Investment and other assets		4,070
Total fixed assets		22,635
TOTAL ASSETS		181,686
		100.0

**Consolidated Balance Sheet (Continued)**

(in million yen, %)

	Current Third Quarter End (As of December 31, 2005)	
	Amount	%
(LIABILITIES)		
Current Liabilities		
1 Trade accounts payable	300	
2 Current portion of long-term debt	3,166	
3 Other accounts payable	3,239	
4 Accrued expenses	5,413	
5 Income taxes payable	2,665	
6 Current portion of capital lease obligations	3,761	
7 Stock purchase warrants	15	
8 Other current liabilities	286	
Total current liabilities	18,846	10.4
Long-term Liabilities		
1 Bonds	83,000	
2 Long-term debt	4,724	
3 Capital lease obligations, less current portion	2,155	
4 Others	125	
Total long-term liabilities	90,004	49.5
TOTAL LIABILITIES	108,850	59.9
(MINORITY INTERESTS)		
Minority interests in consolidated subsidiaries	42,405	23.3
(SHAREHOLDERS' EQUITY)		
Capital Shares	15,329	8.4
Capital Surplus	3,965	2.2
Retained Earnings	10,985	6.1
Unrealized gain on investment securities	152	0.1
TOTAL SHAREHOLDERS' EQUITY	30,431	16.8
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	181,686	100.0

## 2. Consolidated Statements of Operations

(in million yen, %)

	Current Third Quarter (Nine months ended December 31, 2005)		
	Amount	%	
Revenue		45,500	100.0
Cost of revenue		24,591	54.0
Gross profit		20,910	46.0
Selling, general and administrative expenses		14,738	32.4
Operating profit		6,172	13.6
Other income			
1 Dividend received	4		
2 Commission received	3		
3 Other income	15	22	0.0
Other expenses			
1 Interest expense	1,103		
2 Stock issuance costs	307		
3 Others	67	1,477	3.2
Recurring profit		4,717	10.4
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		4,703	10.3
Income tax expense - current	2,466		
Income tax expense - defferred	892	1,574	3.5
Minority interests in consolidated subsidiaries		145	0.3
Net income		3,274	7.2

### **3. Consolidated Statements of Capital Surplus and Retained Earnings**

(in million yen)

	Current Third Quarter (Nine months ended December 31, 2005)	
	Amount	
(CAPITAL SURPLUS)		
Balance at Beginning of Year		3,880
Additions		
Issuance of stocks	85	85
Balance at End of Period		3,965
(RETAINED EARNINGS)		
Balance at Beginning of Year		9,352
Additions		
Net income	3,274	3,274
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		10,985

#### 4. Consolidated Statements of Cash Flows

(in million yen)

	Current Third Quarter (Nine months ended December 31, 2005)
	Amount
Cash Flows from Operating Activities	
1 Income before income taxes	4,703
2 Depreciation	7,269
3 Amortization of intangible assets	944
4 Interest and dividend income	5
5 Interest expense	1,103
6 Stock issuance costs	307
7 Accounts receivable	2,165
8 Inventory	7
9 Other current assets	346
10 Investments and other assets	51
11 Trade accounts payable	595
12 Other accounts payable	1,354
13 Accrued expenses	1,384
14 Others	79
Subtotal	11,911
15 Interest and dividend received	5
16 Interest paid	854
17 Payments of income taxes	11
Net cash provided by operating activities	11,050
Cash Flows from Investing Activities	
1 Acquisition of investments	2,107
2 Acquisition of tangible assets	4,152
3 Acquisition of intangible assets	796
4 Acquisition of investments in subsidiaries	28
5 Others	3
Net cash used in investing activities	7,080
Cash Flows from Financing Activities	
1 Payments on capital lease obligations	4,045
2 Payments on installment obligations	162
3 Proceeds from long-term debt	6,000
4 Payments for long-term debt	1,460
5 Proceeds from issuance of stocks, net of registration tax	168
6 Proceeds from minority shareholders' payments	42,401
7 Payments for acquisition of consolidated subsidiary's stock	157
8 Payments of dividends	1,638
Net cash provided by financing activities	41,106
Net change in cash and cash equivalents	45,077
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	150,147