

FINANCIAL RESULTS

【Consolidated Financial Statements】

- Fiscal Year Ended 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 Year End (As of March 31, 2006)	
	Amount	%
(ASSETS)		
I Current Assets		
1 Cash	158,654	
2 Accounts receivable	5,452	
3 Merchandise	41	
4 Deferred income taxes	495	
5 Other current assets	2,043	
Allowance for bad debt	△7	
Total current assets	166,677	85.8
II Fixed Assets		
1 Tangible fixed assets		
(1) Machinery and equipment	38,420	
Accumulated depreciation	△24,123	14,296
(2) Construction in progress		35
(3) Other tangible fixed assets	3,709	
Accumulated depreciation	△2,783	925
Total tangible fixed assets		15,257
2 Intangible assets		
(1) Goodwill		772
(2) Software		1,909
(3) Construction in progress		298
(4) Other intangible assets		139
Total intangible assets		3,118
3 Investments and other assets		
(1) Investment securities		2,336
(2) Long-term prepaid expenses		5,205
(3) Deferred income taxes		769
(4) Others		812
Total investments and other assets		9,122
Total fixed assets		27,497
TOTAL ASSETS		194,174
		100.0

Consolidated Balance Sheet (Continued)

(in million yen, %)

	Current Year End (As of March 31, 2006)	
	Amount	%
(LIABILITIES)		
I Current liabilities		
1 Trade accounts payable	758	
2 Current portion of long-term debt	3,200	
3 Other accounts payable	4,335	
4 Accrued expenses	3,491	
5 Income taxes payable	4,127	
6 Current portion of capital lease obligations	3,247	
7 Bonus accrual for directors	30	
8 Stock purchase warrants	5	
9 Other current liabilities	122	
Total current liabilities	19,316	9.9
II Long-term liabilities		
1 Bonds	83,000	
2 Long-term debt	3,890	
3 Capital lease obligations, less current portion	1,519	
4 Other long-term liabilities	96	
Total long-term liabilities	88,504	45.6
TOTAL LIABILITIES	107,821	55.5
(MINORITY INTERESTS)		
Minority interests in consolidated subsidiaries	51,810	26.7
(SHAREHOLDER'S EQUITY)		
I Capital shares	16,403	8.4
II Capital surplus	5,049	2.6
III Retained earnings	13,074	6.7
IV Unrealized gain on investment securities	17	0.0
TOTAL SHAREHOLDER'S EQUITY	34,543	17.8
TOTAL LIAB., MINORITY INT., & SHE	194,174	100.0

2. Consolidated Statement of Operations

(in million yen, %)

		For the year ended (March 31, 2006)	
		Amount	%
I	Revenue	60,353	100.0
II	Cost of revenue	31,589	52.3
	Gross profit	28,764	47.7
III	Selling, general and administrative expenses		
1	Advertising	119	
2	Sales promotion	5,889	
3	Allowance for bad debt expense	6	
4	Salaries and benefits	2,519	
5	Rent	671	
6	Outsourcing	6,557	
7	Depreciation	299	
8	Amortization	967	
9	Research and development	737	
10	Others	1,626	
	Operating profit	9,375	15.5
IV	Other income		
1	Interest income	1	
2	Dividend income	4	
3	Commission received	5	
4	Other income	14	
		24	0.0
V	Other expenses		
1	Interest expense	1,435	
2	Stock issuance costs	350	
3	Commission	60	
4	Others	23	
	Recurring profit	7,531	12.5
VI	Non-recurring profit		
	Gains on sale of fixed assets	1	0.0
VII	Non-recurring loss		
1	Loss on devaluation of investments	16	
2	Loss on disposition of fixed assets	24	
	Income before income taxes	7,491	12.4
	Income tax expense - current	3,863	
	Income tax expense - deferred	△845	
	Minority interests in consolidated subsidiaries	547	0.9
	Net income	5,020	8.3

3. Consolidated Statement of Capital Surplus and Retained Earnings

(in million yen)

	For the year ended (March 31,2006)	
	Amount	
(CAPITAL SURPLUS)		
I Balance at beginning of year		3,880
II Additions		
Issuance of stocks	1,169	1,169
III Balance at end of period		5,049
(RETAINED EARNINGS)		
I Balance at beginning of year		9,352
II Additions		
1 Net income	5,020	
2 Gains on change in ownership interests in subsidiaries	343	5,363
III Appropriations		
1 Decrease due to inclusion of additional subsidiaries in the consolidation	3	
2 Cash dividends	1,638	1,641
IV Balance at end of period		13,074

4. Consolidated Statement of Cash Flows

(in million yen, %)

	For the year ended (March 31, 2006)
	Amount
I Cash Flows from Operating Activities	
1 Income before income taxes	7,491
2 Depreciation	9,577
3 Amortization of intangible assets	1,185
4 Bad debt expense	6
5 Interest and dividend received	△5
6 Interest paid	1,435
7 Stock issuance costs	350
8 Gains on sale of fixed assets	△1
9 Loss on devaluation of investments	16
10 Loss on disposition of fixed assets	24
11 Accounts receivable	223
12 Inventory	13
13 Long-term prepaid expenses	43
14 Other assets	△502
15 Trade accounts payable	△137
16 Other accounts payable	1,989
17 Accrued expenses	△3,056
18 Other liabilities	△23
Subtotal	18,629
19 Interest and dividend received	5
20 Interest paid	△1,437
21 Payments of income taxes	△11
Net cash provided by operating activities	17,186
II Cash Flows from Investing Activities	
1 Acquisition of investments	△2,107
2 Acquisition of investments in subsidiaries	△28
3 Acquisition of tangible assets	△5,952
4 Acquisition of intangible assets	△919
5 Others	3
Net cash used in investing activities	△9,003
III Cash Flows from Financing Activities	
1 Payments on capital lease obligations	△5,196
2 Payments on installment obligations	△172
3 Proceeds from long-term debt	6,000
4 Payments for long-term debt	△2,260
5 Payments for commission on commitment line	△6,000
6 Proceeds from issuance of stocks, net of registration tax	2,309
7 Proceeds from minority shareholders' interests in subsidiaries	52,515
8 Payments for issuance of subsidiary company stocks	△157
9 Payments of dividends	△1,638
Net cash provided by financing activities	45,401
IV Net change in cash and cash equivalents	53,583
V Cash and cash equivalents at beginning of period	104,770
VI Net change in cash and cash equivalents due to inclusion of additional subsidiaries in the consolidation	300
VII Cash and cash equivalents at end of period	158,654