

FINANCIAL RESULTS

【First Quarter Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2007 -

Note: Prior year comparative quarterly financial statements are not provided, since the consolidated financial reporting began in second half of last fiscal year.

1. Consolidated Balance Sheets

(in million yen, %)

	Current Quarter End (As of June 30, 2006)		Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amounts	(%)
(ASSETS)				
Current assets				
1 Cash	187,074		158,654	
2 Accounts receivable	5,253		5,452	
3 Inventories	34		41	
4 Other current assets	1,762		2,538	
Allowance for bad debt	7		7	
Total current assets	194,115	88.1	166,677	85.8
Fixed assets				
1 Tangible fixed assets				
(1) Machinery and equipment	13,419		14,296	
(2) Others	1,453		960	
2 Intangible assets	2,983	1.4	3,118	1.6
3 Investments and other assets	8,276	3.8	9,122	4.7
Total fixed assets	26,131	11.9	27,497	14.2
TOTAL ASSETS	220,247	100.0	194,174	100.0

Consolidated Balance Sheets (Continued)

(in million yen, %)

	Current Quarter End (As of June 30, 2006)		Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amount	(%)
(LIABILITIES)				
Current liabilities				
1 Trade accounts payable	318		758	
2 Current portion of long-term debt	3,200		3,200	
3 Other accounts payable	2,117		4,335	
4 Accrued expenses	4,779		3,491	
5 Income taxes payable	824		4,127	
6 Current portion of capital lease obligations	2,736		3,247	
7 Provision for directors' bonus	-		30	
8 Stock purchase warrants	-		5	
9 Other current liabilities	441		122	
Total current liabilities	14,414	6.5	19,316	9.9
Long-term liabilities				
1 Bonds	83,000		83,000	
2 Long-term debt	3,090		3,890	
3 Capital lease obligations, less current portion	1,036		1,519	
4 Others	66		96	
Total long-term liabilities	87,193	39.6	88,504	45.6
TOTAL LIABILITIES	101,607	46.1	107,821	55.5

Consolidated Balance Sheets (Continued)

(in million yen, %)

	Current Quarter End (As of June 30, 2006)		Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amount	(%)
(MINORITY INTERESTS)				
Minority interests	-	-	51,810	26.7
(SHAREHOLDERS' EQUITY)				
Common stock	-	-	16,403	8.4
Capital surplus	-	-	5,049	2.6
Retained earnings	-	-	13,074	6.7
Unrealized gain on investment securities	-	-	17	0.0
TOTAL SHAREHOLDERS' EQUITY	-	-	34,543	17.8
TOTAL LIAB., MINORITY INT., & SHE	-	-	194,174	100.0
(NET ASSETS)				
Owners' equity				
1 Common stock	16,431		-	
2 Capital surplus	5,076		-	
3 Retained earnings	12,437		-	
Total owners' equity	33,944	15.4	-	-
Valuation and translation adjustments				
1 Valuation difference on investment securities	253		-	
Total valuation and translation adjustments	253	0.1	-	-
Subscription rights to shares	7	0.0	-	-
Minority interests	84,942	38.6	-	-
TOTAL NET ASSETS	118,640	53.9	-	-
TOTAL LIABILITIES AND NET ASSETS	220,247	100.0	-	-

2. Consolidated Statements of Operations

(in million yen, %)

	Current First Quarter (Three months ended June 30, 2006)		Prior Fiscal Year (Year ended March 31, 2006)	
	Amount	(%)	Amount	(%)
Revenue	14,291	100.0	60,353	100.0
Cost of revenue	7,763	54.3	31,589	52.3
Gross profit	6,529	45.7	28,764	47.7
Selling, general and administrative expenses	4,367	30.6	19,389	32.1
Operating profit	2,162	15.1	9,375	15.5
Other income				
1 Interest income	1		1	
2 Dividend income	4		4	
3 Commission received	-		5	
4 Other income	1		14	
Other expenses				
1 Interest expense	318		1,435	
2 Stock issuance costs	158		350	
3 Commission expense	369		60	
4 Others	0		23	
Recurring profit	1,321	9.2	7,531	12.5
Non-recurring profit				
1 Gains on sale of fixed assets	-		1	
2 Gains on sale of investments	12		-	
Non-recurring loss				
1 Loss on devaluation of investments	-		16	
2 Loss on disposition of fixed assets	-		24	
Income before income taxes and minority interests	1,333	9.3	7,491	12.4
Income tax expense - current	728	5.1	3,863	6.4
Income tax expense - deferred	470	3.3	845	1.4
Minority interests	834	5.8	547	0.9
Net income	969	6.8	5,020	8.3

3. Consolidated Statements of Changes in Net Assets, Capital Surplus and Retained Earnings

Three months ended June 30, 2006

(in million yen)

	Owners' equity				Valuation and translation adjustments	Subscription rights to shares	Minority interest	Total net assets
	Common stock	Capital surplus	Retained earnings	Total owners' equity	Valuation difference on investment securities			
Balance at March 31, 2006	16,403	5,049	13,074	34,526	17	7	51,810	86,360
Changes of items during the period:								
Proceeds from stock issuance, net	28	28		55				55
Change in the Company's ownership interests in eMobile			243	243				243
Cash dividends			1,849	1,849				1,849
Net income			969	969				969
Net changes of items other than owners' equity					270	-	33,132	32,862
Total changes of items during the period	28	28	638	582	270	-	33,132	32,280
Balance at June 30, 2006	16,431	5,076	12,437	33,944	253	7	84,942	118,640

Consolidated Statement of Capital Surplus and Retained Earnings

(in million yen)

	For the year ended (March 31, 2006)	
	Amount	
(CAPITAL SURPLUS)		
Balance at beginning of period		3,880
Additions		
Stock issuance	1,169	1,169
Balance at end of period		5,049
(RETAINED EARNINGS)		
Balance at beginning of period		9,352
Additions		
1 Net income	5,020	
2 Gains on change in ownership interests in subsidiaries	343	5,363
Appropriations		
1 Decrease due to a newly consolidated subsidiary	3	
2 Cash dividends	1,638	1,641
Balance at end of period		13,074

4. Consolidated Statements of Cash Flows

(in million yen)

	Current First Quarter (Three months ended June 30, 2006)	Prior Fiscal Year (Year ended March 31, 2006)
	Amount	Amount
Cash flows from operating activities		
1 Income before income taxes and minority interests	1,333	7,491
2 Depreciation	2,196	9,577
3 Amortization of intangible assets	243	1,185
4 Interest and dividend income	5	5
5 Interest expense	318	1,435
6 Stock issuance costs	158	350
7 Gains on sale of investments	12	-
8 Accounts receivable	199	223
9 Inventories	7	13
10 Other current assets	527	544
11 Investments and other assets	163	92
12 Trade accounts payable	440	137
13 Other accounts payable	2,036	1,989
14 Accrued expenses	1,040	3,056
15 Others	65	16
Subtotal	3,625	18,629
16 Interest and dividend received	5	5
17 Interest paid	70	1,437
18 Payments of income taxes	3,856	11
Net cash (used in) provided by operating activities	297	17,186
Cash flows from investing activities		
1 Payments for purchase of investment securities	-	2,107
2 Proceeds from sale of investment securities	363	-
3 Purchase of tangible assets	2,129	5,952
4 Purchase of intangible assets	369	919
5 Payments for investments in non-consolidated subsidiary	-	28
6 Others	-	3
Net cash used in investing activities	2,136	9,003
Cash flows from financing activities		
1 Repayments of capital lease obligations	993	5,196
2 Repayments of installment obligations	8	172
3 Proceeds from long-term debt	-	6,000
4 Repayments of long-term debt	800	2,260
5 Payments for commission on commitment line	-	6,000
6 Proceeds from stock issuance, net	55	2,309
7 Proceeds of capital increase from minority shareholders of eMobile	34,089	52,515
8 Payments for stock issuance by eMobile	39	157
9 Dividends paid	1,452	1,638
Net cash provided by financing activities	30,853	45,401
Net change in cash and cash equivalents	28,420	53,583
Cash and cash equivalents at beginning of period	158,654	104,770
Net change in cash and cash equivalents due to a newly consolidated subsidiary	-	300
Cash and cash equivalents at end of period	187,074	158,654