

FINANCIAL RESULTS

【Mid-Year Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2007 -

1. Consolidated Balance Sheets

(in million yen, %)

	Prior Mid-Year End (As of September 30, 2005)		Current Mid-Year End (As of September 30, 2006)		Change	Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amount	(%)		Amount	(%)
(ASSETS)							
I Current assets							
1 Cash	108,061		181,800		73,738	158,654	
2 Accounts receivable	5,692		7,494		1,802	5,452	
3 Inventories	47		22		25	41	
4 Other current assets	864		1,821		957	2,538	
Allowance for bad debt	7		7		-	7	
Total current assets	114,657	83.3	191,129	86.8	76,472	166,677	85.8
II Fixed assets							
1 Tangible fixed assets							
(1) Machinery and equipment	15,441		12,075		3,366	14,296	
(2) Others	1,021		2,419		1,398	960	
Total tangible assets	16,462		14,494		1,968	15,257	
2 Intangible assets	2,773		3,409		637	3,118	
3 Investments and other assets	3,727		11,241		7,514	9,122	
Total fixed assets	22,962	16.7	29,145	13.2	6,183	27,497	14.2
TOTAL ASSETS	137,619	100.0	220,274	100.0	82,655	194,174	100.0

Consolidated Balance Sheets (Continued)

(in million yen, %)

	Prior Mid-Year End (As of September 30, 2005)		Current Mid-Year End (As of September 30, 2006)		Change	Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amount	(%)		Amount	(%)
(LIABILITIES)							
I Current liabilities							
1 Trade accounts payable	76		1,237		1,161	758	
2 Current portion of long-term debt	3,166		3,250		84	3,200	
3 Other accounts payable	1,086		1,737		651	4,335	
4 Accrued expenses	6,355		4,837		1,519	3,491	
5 Income taxes payable	1,488		2,254		766	4,127	
6 Current portion of capital lease obligations	4,319		2,193		2,126	3,247	
7 Provision of directors' bonus	-		-		-	30	
8 Stock purchase warrants	15		-		15	5	
9 Other current liabilities	252		289		37	122	
Total current liabilities	16,758	12.2	15,797	7.2	961	19,316	9.9
II Long-term liabilities							
1 Bonds	83,000		83,000		-	83,000	
2 Long-term debt	5,524		2,240		3,284	3,890	
3 Capital lease obligations, less current portion	2,894		695		2,199	1,519	
4 Others	155		37		118	96	
Total long-term liabilities	91,573	66.5	85,972	39.0	5,601	88,504	45.6
TOTAL LIABILITIES	108,331	78.7	101,769	46.2	6,562	107,821	55.5

Consolidated Balance Sheets (Continued)

(in million yen, %)

	Prior Mid-Year End (As of September 30, 2005)		Current Mid-Year End (As of September 30, 2006)		Change	Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amount	(%)		Amount	(%)
(MINORITY INTERESTS)							
Minority interests	50	0.0	-	-	50	51,810	26.7
(SHAREHOLDERS' EQUITY)							
I Common stock	15,300	11.1	-	-	15,300	16,403	8.4
II Capital surplus	3,935	2.9	-	-	3,935	5,049	2.6
III Retained earnings	10,214	7.4	-	-	10,214	13,074	6.7
IV Unrealized gain on investment securities	211	0.2	-	-	211	17	0.0
TOTAL SHAREHOLDERS' EQUITY	29,238	21.2	-	-	29,238	34,543	17.8
TOTAL LIAB., MINORITY INT., & SHE	137,619	100.0	-	-	137,619	194,174	100.0
(NET ASSETS)							
I Owners' equity							
1 Common stock	-	-	16,976	16.3	16,976	-	-
2 Capital surplus	-	-	5,627	5.2	5,627	-	-
3 Retained earnings	-	-	13,365	12.4	13,365	-	-
Total owners' equity	-	-	35,968	16.3	35,968	-	-
II Valuation and translation adjustments							
1 Valuation difference on investment securities	-	-	753	0.7	753	-	-
2 Loss on deferred hedge	-	-	276	0.3	276	-	-
Total valuation and translation adjustments	-	-	1,029	0.5	1,029	-	-
III Subscription rights to share	-	-	2	0.0	2	-	-
IV Minority interests	-	-	83,563	37.9	83,563	-	-
TOTAL NET ASSETS	-	-	118,505	53.8	118,505	-	-
TOTAL LIABILITIES AND NET ASSETS	-	-	220,274	100.0	220,274	-	-

2. Consolidated Statements of Operations

(in million yen, %)

	Prior Mid-Year (Six months ended September 30, 2005)		Current Mid-Year (Six months ended September 30, 2006)		Change	Prior Fiscal Year (Year ended March 31, 2006)	
	Amount	(%)	Amount	(%)		Amount	(%)
I Revenue	30,351	100.0	28,253	100.0	2,098	60,353	100.0
II Cost of revenue	16,446	54.2	15,389	54.5	1,056	31,589	52.3
Gross profit	13,906	45.8	12,864	45.5	1,042	28,764	47.7
III Selling, general and administrative expenses	9,952	32.8	8,962	31.7	990	19,389	32.1
Operating profit	3,954	13.0	3,902	13.8	52	9,375	15.5
IV Other income							
1 Interest income	-	-	18	0.1	18	1	0.0
2 Dividend income	4	0.0	4	0.0	-	4	0.0
3 Commission received	3	0.0	-	-	3	5	0.0
4 Other income	13	0.0	8	0.0	5	14	0.0
V Other expenses							
1 Interest expense	752	2.5	631	2.2	122	1,435	2.4
2 Stock issuance costs	106	0.3	162	0.6	57	350	0.6
3 Commission expense	-	-	737	2.6	737	60	0.1
4 Others	39	0.1	3	0.0	36	23	0.0
Recurring profit	3,077	10.1	2,398	8.5	679	7,531	12.5
VI Non-recurring profit							
1 Gain on sale of fixed assets	1	0.0	-	-	1	1	0.0
2 Gain on sale of investments	-	-	12	0.0	12	-	-
VII Non-recurring loss							
1 Loss on devaluation of investments	15	0.0	-	-	15	16	0.0
2 Loss on disposition of fixed assets	-	-	2	0.0	2	24	0.0
Income before income taxes and minority interests	3,063	10.1	2,407	8.5	655	7,491	12.4
Income tax expense - current	1,406	4.6	2,062	7.3	656	3,863	6.4
Income tax expense - deferred	845	2.8	303	1.1	1,148	845	1.4
Minority interests	0	0.0	1,855	6.6	1,854	547	0.9
Net income	2,502	8.2	1,897	6.7	605	5,020	8.3

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

Six months ended September 30, 2006

(in million yen)

	Owners' equity			
	Common stock	Capital surplus	Retained earnings	Total owners' equity
Balance at March 31, 2006	16,403	5,049	13,074	34,526
Changes of items during the period:				
Proceeds from stock issuance, net	573	573		1,147
Exercise of stock purchase warrants		5		5
Change in the Company's ownership interests in eMobile			243	243
Cash dividends			1,849	1,849
Net income			1,897	1,897
Net changes of items other than owners' equity				
Total changes of items during the period	573	578	291	1,442
Balance at September 30, 2006	16,976	5,627	13,365	35,968

	Valuation and translation adjustments			Subscription rights to shares			Minority interest	Total net assets
	Valuation difference on investment securities	Loss on deferred hedge	Total	Subscription rights to shares	Stock purchase warrants	Total		
Balance at March 31, 2006	17	-	17	2	5	7	51,810	86,360
Changes of items during the period:								
Proceeds from stock issuance, net								1,147
Exercise of stock purchase warrants								5
Change in the Company's ownership interests in eMobile								243
Cash dividends								1,849
Net income								1,897
Net changes of items other than owners' equity	770	276	1,046	-	5	5	31,753	30,702
Total changes of items during the period	770	276	1,046	-	5	5	31,753	32,145
Balance at September 30, 2006	753	276	1,029	2	-	2	83,563	118,505

Consolidated Statement of Capital Surplus and Retained Earnings

(in million yen)

	Prior Mid-Year (Six months ended September 30, 2005)		Prior Fiscal Year (Year ended March 31, 2006)	
	Amount		Amount	
(CAPITAL SURPLUS)				
I Balance at beginning of period		3,880		3,880
II Additions				
Stock issuance	55	55	1,169	1,169
III Balance at end of period		3,935		5,049
(RETAINED EARNINGS)				
I Balance at beginning of period		9,352		9,352
II Additions				
1 Net income	2,502		5,020	
2 Gain on change in ownership interests in subsidiaries	-	2,502	343	5,363
III Appropriations				
1 Decrease due to a newly consolidated subsidiary	3		3	
2 Cash dividends	1,638	1,641	1,638	1,641
IV Balance at end of period		10,214		13,074

4. Consolidated Statements of Cash Flows

(in million yen)

	Prior Mid-Year (Six months ended September 30, 2005)	Current Mid-Year (Six months ended June 30, 2006)	Prior Fiscal Year (Year ended March 31, 2006)
	Amount	Amount	Amount
I Cash flows from operating activities			
1 Income before income taxes and minority interests	3,063	2,407	7,491
2 Depreciation	4,899	4,232	9,577
3 Amortization of intangible assets	713	491	1,185
4 Interest and dividend income	4	22	5
5 Interest expense	752	631	1,435
6 Stock issuance costs	106	162	350
7 Gain on sale of investments	-	12	-
8 Accounts receivable	17	2,042	223
9 Inventories	7	19	13
10 Other current assets	445	455	544
11 Investments and other assets	55	1,104	92
12 Trade accounts payable	819	479	137
13 Other accounts payable	114	1,840	1,989
14 Accrued expenses	185	1,342	3,056
15 Payments of directors' bonus	-	30	-
16 Others	59	48	16
Subtotal	8,730	5,215	18,629
17 Interest and dividend received	5	22	5
18 Interest paid	760	627	1,437
19 Purchae of interest rate cap	-	1,212	-
20 Payments of income taxes	11	3,856	11
Net cash provided by (used in) operating activities	7,962	458	17,186
Cash flows from investing activities			
1 Payments for purchase of investment securities	2,107	1,600	2,107
2 Proceeds from sale of investment securities	-	363	-
3 Purchase of tangible assets	3,370	4,160	5,952
4 Purchase of intangible assets	333	873	919
5 Payments for investments in non-consolidated subsidiary	28	-	28
6 Others	3	-	3
Net cash used in investing activities	5,834	6,271	9,003
Cash flows from financing activities			
1 Repayments of capital lease obligations	2,748	1,877	5,196
2 Repayments of installment obligations	146	15	172
3 Proceeds from long-term debt	6,000	-	6,000
4 Repayments of long-term debt	660	1,600	2,260
5 Payments for commission on commitment line	-	-	6,000
6 Proceeds from stock issuance, net	110	1,143	2,309
7 Proceeds of capital increase from minority shareholders of eMobile	50	34,089	52,515
8 Payments for stock issuance by eMobile	105	39	157
9 Dividends paid	1,638	1,827	1,638
Net cash provided by financing activities	863	29,874	45,401
Net change in cash and cash equivalents	2,991	23,146	53,583
Cash and cash equivalents at beginning of period	104,770	158,654	104,770
Net change in cash and cash equivalents due to a newly consolidated subsidiary	300	-	300
Cash and cash equivalents at end of period	108,061	181,800	158,654