

FINANCIAL RESULTS

【Third Quarter Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2007 -

1. Consolidated Balance Sheets

(in million yen, %)

	Prior Third Quarter End (As of December 31, 2005)		Current Third Quarter End (As of December 31, 2006)		Difference	Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amount	(%)		Amount	(%)
(ASSETS)							
I Current assets							
1 Cash	150,147		174,096		23,948	158,654	
2 Accounts receivable	7,839		7,495		344	5,452	
3 Inventories	47		7		40	41	
4 Other current assets	1,025		2,477		1,451	2,538	
Allowance for bad debt	7		7		-	7	
Total current assets	159,052	87.5	184,068	85.1	25,016	166,677	85.8
II Fixed assets							
1 Tangible fixed assets							
(1) Machinery and equipment	14,602		11,774		2,828	14,296	
(2) Others	964		4,888		3,924	960	
Total tangible assets	15,566		16,662		1,096	15,257	
2 Intangible assets	2,998		4,062		1,064	3,118	
3 Investments and other assets	4,070		11,394		7,324	9,122	
Total fixed assets	22,635	12.5	32,118	14.9	9,483	27,497	14.2
TOTAL ASSETS	181,686	100.0	216,185	100.0	34,499	194,174	100.0

Consolidated Balance Sheets (Continued)

(in million yen, %)

	Prior Third Quarter End (As of December 31, 2005)		Current Third Quarter End (As of December 31, 2006)		Difference	Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amount	(%)		Amount	(%)
(LIABILITIES)							
Current liabilities							
1 Trade accounts payable	300		1,810		1,510	758	
2 Current portion of long-term debt	3,166		2,920		246	3,200	
3 Other accounts payable	3,239		3,338		99	4,335	
4 Accrued expenses	5,413		5,318		96	3,491	
5 Income taxes payable	2,665		1,368		1,297	4,127	
6 Current portion of capital lease obligations	3,761		1,752		2,009	3,247	
7 Provision for directors' bonus	-		-		-	30	
8 Stock purchase warrants	15		-		15	5	
9 Other current liabilities	286		295		9	122	
Total current liabilities	18,846	10.4	16,802	7.8	2,044	19,316	9.9
Long-term liabilities							
1 Bonds	83,000		83,000		-	83,000	
2 Long-term debt	4,724		1,770		2,954	3,890	
3 Capital lease obligations, less current portion	2,155		398		1,756	1,519	
4 Others	125		30		95	96	
Total long-term liabilities	90,004	49.5	85,199	39.4	4,805	88,504	45.6
TOTAL LIABILITIES	108,850	59.9	102,001	47.2	6,849	107,821	55.5

Consolidated Balance Sheets (Continued)

(in million yen, %)

	Prior Third Quarter End (As of December 31, 2005)		Current Third Quarter End (As of December 31, 2006)		Difference	Prior Year End (As of March 31, 2006)	
	Amount	(%)	Amount	(%)		Amount	(%)
(MINORITY INTERESTS)							
Minority interests	42,405	23.3	-	-	42,405	51,810	26.7
(SHAREHOLDERS' EQUITY)							
Common stock	15,329	8.4	-	-	15,329	16,403	8.4
Capital surplus	3,965	2.2	-	-	3,965	5,049	2.6
Retained earnings	10,985	6.0	-	-	10,985	13,074	6.7
Unrealized gain on investment securities	152	0.1	-	-	152	17	0.0
TOTAL SHAREHOLDERS' EQUITY	30,431	16.7	-	-	30,431	34,543	17.8
TOTAL LIAB., MINORITY INT., & SHE	181,686	100.0	-	-	181,686	194,174	100.0
(NET ASSETS)							
Owners' equity							
1 Common stock	-		16,991		16,991	-	
2 Capital surplus	-		5,641		5,641	-	
3 Retained earnings	-		11,966		11,966	-	
Total owners' equity	-	-	34,598	16.0	34,598	-	-
Valuation and translation adjustments							
1 Valuation difference on investment securities	-		338		338	-	
2 Loss on deferred hedge	-		305		305	-	
Total valuation and translation adjustments	-	-	643	0.3	643	-	-
Subscription rights to shares	-	-	2	0.0	2	-	-
Minority interests	-	-	80,227	37.1	80,227	-	-
TOTAL NET ASSETS	-	-	114,185	52.8	114,185	-	-
TOTAL LIABILITIES AND NET ASSETS	-	-	216,185	100.0	216,185	-	-

2. Consolidated Statements of Operations

(in million yen, %)

	Prior Third Quarter (Nine months ended December 31, 2005)		Current Third Quarter (Nine months ended December 31, 2006)		Difference	Prior Fiscal Year (Year ended March 31, 2006)	
	Amount	(%)	Amount	(%)		Amount	(%)
Revenue	45,500	100.0	42,092	100.0	3,408	60,353	100.0
Cost of revenue	24,591	54.0	22,987	54.6	1,604	31,589	52.3
Gross profit	20,910	46.0	19,106	45.4	1,804	28,764	47.7
Selling, general and administrative expenses	14,738	32.4	15,737	37.4	999	19,389	32.1
Operating profit	6,172	13.6	3,368	8.0	2,803	9,375	15.5
Other income							
1 Interest income	-		18		18	1	
2 Dividend income	4		4		-	4	
3 Commission received	3		-		3	5	
4 Other income	15		8		7	14	
Other expenses							
1 Interest expense	1,103		925		178	1,435	
2 Stock issuance costs	307		167		140	350	
3 Commission expense	44		1,105		1,061	60	
4 Others	22		7		15	23	
Recurring profit	4,717	10.4	1,195	2.8	3,522	7,531	12.5
Non-recurring profit							
1 Gains on sale of fixed assets	1		-		1	1	
2 Gains on sale of investments	-		12		12	-	
Non-recurring loss							
1 Loss on devaluation of investments	15		-		15	16	
2 Loss on disposition of fixed assets	-		4		4	24	
Income before income taxes and minority interests	4,703	10.3	1,203	2.9	3,500	7,491	12.4
Income tax expense - current	2,466	5.4	3,068	7.3	602	3,863	6.4
Income tax expense - deferred	892	2.0	425	1.0	1,317	845	1.4
Minority interests	145	0.3	4,095	9.7	3,950	547	0.9
Net income	3,274	7.2	1,804	4.3	1,469	5,020	8.3

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

Nine months ended December 31, 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	588	588		1,175
Exercise of stock purchase warrants		5		5
Change in the Company's ownership interests in eMobile			243	243
Cash dividends			3,155	3,155
Net income			1,804	1,804
Net changes of items other than owners' equity				
Total changes of items during the period	588	593	1,108	72
Balance at December 31, 2006	16,991	5,641	11,966	34,598

(in million yen)

	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								1,175
Exercise of stock purchase warrants								5
Change in the Company's ownership interests in eMobile								243
Cash dividends								3,155
Net income								1,804
Net changes of items other than owners' equity	355	305	660	-	5	5	28,417	27,752
Total changes of items during the period	355	305	660	-	5	5	28,417	27,824
Balance at December 31, 2006	338	305	643	2	-	2	80,227	114,185

Consolidated Statements of Capital Surplus and Retained Earnings

(in million yen)

	Prior Third Quarter (Nine months ended December 31, 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	85	85	1,169	1,169
III Balance at end of period		3,965		5,049
(RETAINED EARNINGS)				
I Balance at beginning of period		9,352		9,352
II Additions				
1 Net income	3,274		5,020	
2 Gain on change in ownership interests in subsidiaries	-	3,274	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		10,985		13,074

4. Consolidated Statements of Cash Flows

(in million yen)

	Prior Third Quarter (Nine months ended December 31, 2005)	Current Third Quarter (Nine months ended December 31, 2006)	Prior Fiscal Year (Year ended March 31, 2006)
	Amount	Amount	Amount
Cash flows from operating activities			
1 Income before income taxes and minority interests	4,703	1,203	7,491
2 Depreciation	7,269	6,130	9,577
3 Amortization of intangible assets	944	744	1,185
4 Interest and dividend income	5	22	5
5 Interest expense	1,103	925	1,435
6 Stock issuance costs	307	167	350
7 Gains on sale of investments	-	12	-
8 Accounts receivable	2,165	2,044	223
9 Inventories	7	33	13
10 Other current assets	346	27	544
11 Investments and other assets	51	928	92
12 Trade accounts payable	595	1,052	137
13 Other accounts payable	1,354	1,766	1,989
14 Accrued expenses	1,384	1,580	3,056
15 Payment of directors' bonus	-	30	-
16 Others	79	184	16
Subtotal	11,911	6,820	18,629
17 Interest and dividend received	5	22	5
18 Interest paid	854	678	1,437
19 Purchase of interest rate cap	-	1,212	-
20 Payments of income taxes	11	5,784	11
Net cash provided by (used in) operating activities	11,050	832	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	4,152	6,848	5,952
4 Purchase of intangible assets	796	1,534	919
5 Payments for investments in non-consolidated subsidiary	28	-	28
6 Others	3	-	3
Net cash used in investing activities	7,080	9,619	9,003
Cash flows from financing activities			
1 Repayments of capital lease obligations	4,045	2,615	5,196
2 Repayments of installment obligations	162	21	172
3 Proceeds from long-term debt	6,000	-	6,000
4 Repayments of long-term debt	1,460	2,400	2,260
5 Payments for commission on commitment line	-	-	6,000
6 Proceeds from stock issuance, net	168	1,167	2,309
7 Proceeds of capital increase from minority shareholders of eMobile	42,401	34,089	52,515
8 Payments for additional acquisition of eMobile stock	-	1,199	-
9 Payments for stock issuance by eMobile	157	39	157
10 Dividends paid	1,638	3,090	1,638
Net cash provided by financing activities	41,106	25,892	45,401
Net change in cash and cash equivalents	45,077	15,442	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	150,147	174,096	158,654