

FINANCIAL RESULTS

【First Quarter Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2008 -

1. Consolidated Balance Sheets

(in million yen,%)

	Prior First Quarter End (As of June 30, 2006)		Current First Quarter End (As of June 30, 2007)		Change Increase/ Decrease	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%		Amount	%
(ASSETS)							
Current assets							
1 Cash and cash equivalents	187,074		62,039		125,035	160,926	
2 Accounts receivable	5,253		7,523		2,270	7,913	
3 Inventories	34		201		168	3,711	
4 Other current assets	1,762		1,835		74	6,525	
Allowance for bad debt	7		1		6	1	
Total current assets	194,115	88.1	71,598	53.5	122,518	179,073	75.2
Fixed assets							
1 Tangible fixed assets							
(1) Machinery and equipment	13,419		12,177		1,241	12,914	
(2) Others	1,453		1,186		267	24,915	
Total tangible assets	14,872	6.8	13,364	10.0	1,508	37,829	15.9
2 Intangible assets	2,983	1.4	2,816	2.1	167	9,808	4.1
3 Investments and other assets							
(1) Affiliated company stock	-		40,480		40,480	-	
(2) Others	8,276		5,475		2,801	11,366	
Total investments and other assets	8,276	3.8	45,955	34.4	37,679	11,366	4.8
Total fixed assets	26,131	11.9	62,135	46.5	36,004	59,002	24.8
TOTAL ASSETS	220,247	100.0	133,733	100.0	86,514	238,076	100.0

Consolidated Balance Sheets (Continued)

(in million yen,%)

	Prior First Quarter End (As of June 30, 2006)		Current First Quarter End (As of June 30, 2007)		Change	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%	Increase/ Decrease	Amount	%
(LIABILITIES)							
Current liabilities							
1 Trade accounts payable	318		1,685		1,367	5,268	
2 Current portion of Long-term debt	3,200		2,260		940	2,590	
3 Other accounts payable	2,117		2,321		204	23,460	
4 Accrued expenses	4,779		4,852		74	6,921	
5 Income taxes payable	824		2,288		1,464	2,581	
6 Current portion of capital lease obligations	2,736		957		1,779	1,325	
7 Current portion of installment obligations	26		26		0	247	
8 Bonus accrual for directors	-		-		-	50	
9 Other current liabilities	414		437		22	276	
Total current liabilities	14,414	6.5	14,826	11.1	411	42,717	18.0
Long-term liabilities							
1 Bonds	83,000		83,000		-	83,000	
2 Long-term debt	3,090		830		2,260	1,300	
3 Capital lease obligations, less current portion	1,036		76		961	183	
4 Installment obligations, less current portion	43		17		26	1,254	
5 Interest swap	-		1,376		1,376	1,161	
7 Other long-term liabilities	23		-		23	-	
Total long-term liabilities	87,193	39.6	85,300	63.8	1,893	86,898	36.5
TOTAL LIABILITIES	101,607	46.1	100,125	74.9	1,482	129,616	54.5

Consolidated Balance Sheets (Continued)

(in million yen,%)

	Prior First Quarter End (As of June 30, 2006)		Current First Quarter End (As of June 30, 2007)		Change Increase/ Decrease	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%		Amount	%
(NET ASSETS)							
Owners' equity							
1 Common stock	16,431	7.5	17,043	12.7	613	17,034	7.2
2 Capital surplus	5,076	2.3	5,694	4.3	618	5,685	2.4
3 Retained earnings	12,437	5.6	11,041	8.3	1,396	10,180	4.3
Total owners' equity	33,944	15.4	33,778	25.3	166	32,898	13.8
Valuation and translation adjustments							
1 Valuation difference on investment securities	253		31			668	
2 Deferred hedge gain and loss	-		816			1,096	
Total valuation and translation adjustments	253	0.1	847	0.6	594	1,765	0.7
Stock purchase warrants	7	0.0	2	0.0	5	2	0.0
Minority interests	84,942	38.6	675	0.5	84,267	77,087	32.4
TOTAL NET ASSETS	118,640	53.9	33,608	25.1	85,032	108,222	45.5
TOTAL LIABILITES AND NET ASSETS	220,247	100.0	133,733	100.0	86,514	237,837	100.0

2. Consolidated Statements of Operations

(in million yen,%)

	Prior First Quarter (Three months ended June 30, 2006)		Current First Quarter (Three months ended June 30, 2007)		Difference	Prior Fiscal Year (Year ended March 31, 2007)	
	Amount	%	Amount	%		Amount	%
Revenue	14,291	100.0	15,104	100.0	812	56,250	100.0
Cost of revenue	7,763	54.3	10,561	69.9	2,799	31,767	56.5
Gross profit	6,529	45.7	4,542	30.1	1,986	24,483	43.5
Selling, general and administrative expenses	4,367	30.6	6,049	40.0	1,682	23,434	41.7
Operating profit/(loss)	2,162	15.1	1,506	10.0	3,668	1,049	1.9
Other income							
1 Interest income	1		67			190	
2 Dividend income	4		4			69	
3 Other income	1		9			10	
Other expenses							
1 Interest expense	318		322			1,216	
2 Commission expense	369		264			1,484	
3 Stock issuance costs	158		0			167	
4 Equity in net losses of affiliates	-		1,251			-	
5 Others	0		17			14	
Recurring profit/(loss)	1,321	9.2	3,280	21.7	4,601	1,564	2.8
Non-recurring profit							
1 Gains on sale of fixed assets	-		0			-	
2 Gains on sale of investments	12		-			12	
3 Reversal of allowance for bad debt	-		-			1	
4 Gains on sale of subsidiary company stocks	-		4,641			-	
Non-recurring loss							
1 Loss on disposition of fixed assets	-		15			48	
2 Impairment losses	-		-			134	
Income/(loss) before income taxes and minority interests	1,333	9.3	1,346	8.9	13	1,733	3.1
Income tax expense-current	728	5.1	2,252	14.9	1,524	4,303	7.6
Income tax expense-deferred	470	3.3	131	0.9	339	290	0.5
Minority interest	834	5.8	2,553	16.9	1,718	7,235	12.9
Net income	969	6.8	1,516	10.0	547	909	1.6

3. Consolidated Statements of Changes in Net Assets

Prior First Quarter (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

Current First Quarter (Three months ended June 30, 2007)

(in million yen)

	OWNERS' EQUITY			
	Common stock	Capital surplus	Retained earnings	Total owners' equity
Balance at March 31, 2007	17,034	5,685	10,180	32,898
Change of items during the period				
Proceeds from stock issuance, net	9	9		19
Cash dividends			655	655
Net income			1,516	1,516
Net changes of items other than owners' equity				
Total changes of items during the period	9	9	861	880
Balance at June 30, 2007	17,043	5,694	11,041	33,778

	Valuation and translation adjustments			Subscription rights to shares	Minority interest	Total net assets
	Valuation difference on investment securities	Loss on deferred hedge	Total			
Balance at March 31, 2007	668	1,096	1,765	2	77,087	108,222
Change of items during the period						
Proceeds from stock issuance, net						19
Cash dividends						655
Net income						1,516
Net changes of items other than owners' equity	638	280	918		76,412	75,494
Total changes of items during the period	638	280	918	-	76,412	74,614
Balance at June 30, 2007	31	816	847	2	675	33,608

Prior Fiscal Year (Year ended March 31, 2007)

(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	631	631		1,262
Exercise of stock purchase warrants		5		5
Change in the Company' s ownership interests in EMOBILE			243	243
Realization of deferred income tax on change in the ownership interest			238	238
Cash dividends			3,809	3,809
Net income			909	909
Net changes of items other than owners' equity				
Total changes of items during the period	631	636	2,895	1,628
Balance at March 31, 2007	17,034	5,685	10,180	32,898

	Valuation and translation adjustments			Subscription rights to share			Minority interest	Total Net Assets
	Valuation deference on investment securities	Loss on deferred hedge	Total	Subscription rights to share	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								1,262
Exercise of stock purchase warrants								5
Change in the Company' s ownership interests in EMOBILE								243
Realization of deferred income tax on change in the ownership interest								238
Cash dividends								3,809
Net income								909
Net changes of items other than owners' equity	686	1,096	1,782	-	5	5	25,276	23,489
Total changes of items during the period	686	1,096	1,782	-	5	5	25,276	21,862
Balance at March 31, 2007	668	1,096	1,765	2	-	2	77,087	108,222

4. Consolidated Statements of Cash Flows

(in million yen)

	Prior First Quarter (Three months ended June 30, 2006)	Current First Quarter (Three months ended June 30, 2007)	Prior Fiscal Year (Year ended March 31, 2007)
	Amount	Amount	Amount
Cash flows from operating activities			
1 Income / (loss) before income taxes and minority interests	1,333	1,346	1,733
2 Depreciation	2,196	2,428	8,286
3 Amortization of intangible assets	243	470	1,107
4 Bad debt expense	-	0	6
5 Increase in bonus accrual for directors	30	50	20
6 Interest and dividend income	5	71	259
7 Interest expense	318	322	1,216
8 Stock issuance costs	158	0	167
9 Equity in net losses of affiliates	-	1,251	-
10 Gain of sales of fixed assets	-	0	-
11 Gains on sale of EMOBILE stocks	-	4,641	-
12 Loss on disposition of fixed assets	-	15	48
13 Impairment losses	-	-	134
14 Gain on sale of investments	12	-	12
15 Trade accounts receivable	199	257	2,461
16 Inventory	7	1,888	3,671
17 Long-term prepaid expense	186	89	645
18 Other assets	345	6,258	2,879
19 Trade accounts payable	440	2,517	4,510
20 Other accounts payable	2,036	186	682
21 Accrued expenses	1,040	1,429	3,434
22 Others	123	135	87
Subtotal	3,625	11,512	6,661
23 Interest and dividend received	5	17	166
24 Interest paid	70	73	1,221
25 Payments on interest rate cap	-	-	1,212
26 Payments of income taxes	3,856	2,369	5,798
Net cash used in operating activities	297	13,936	1,404
Cash flows from investing activities			
1 Payments for purchase of investment securities	-	4	1,725
2 Proceeds from sale of investment securities	363	-	363
3 Proceeds from sales of investment in EMOBILE results in charge in scope of consolidation	-	71,154	-
4 Purchase of tangible fixed assets	2,129	6,899	15,886
5 Proceeds from sale of tangible fixed assets	-	6	-
6 Purchase of intangible assets	369	4,880	3,087
7 Proceeds from sale of intangible assets	-	-	-
Net cash used in investing activities	2,136	82,932	20,335
Cash flows from financing activities			
1 Repayments of capital lease obligations	993	475	3,258
2 Repayments of installment obligations	8	131	28
3 Repayments of long-term obligations	800	800	3,200
4 Proceeds from stock issuance, net	55	19	1,253
5 Proceeds from minority interest shareholders	34,089	551	34,223
6 Payments for additional acquisition of EMOBILE stock	39	-	1,199
7 Payments for stock issuance by EMOBILE	-	-	39
8 Payments for change in condition for commitment line	-	605	-
9 Dividends paid	1,452	578	3,743
Net cash provided by (used in) financing activities	30,853	2,019	24,010
Net change in cash and cash equivalents	28,420	98,887	2,272
Cash and cash equivalents at beginning of period	158,654	160,926	158,654
Cash and cash equivalents at end of period	187,074	62,039	160,926