

## FINANCIAL RESULTS

### **【Third Quarter Consolidated Financial Statements】**

**- Fiscal Year Ending March 31, 2008 -**

#### **1. Consolidated Balance Sheets**

(in million yen,%)

	Prior Third Quarter End (As of December 31, 2006)		Current Third Quarter End (As of December 31, 2007)		Change Increase/ (Decrease)	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%		Amount	%
<b>(ASSETS)</b>							
<b>Current assets</b>							
1 Cash and cash equivalents	174,096		49,976		(124,120)	160,926	
2 Accounts receivable	7,495		8,028		533	7,913	
3 Inventories	7		188		181	3,711	
4 Other current assets	2,477		3,258		781	6,525	
Allowance for bad debt	(7)		(1)		6	(1)	
Total current assets	184,068	85.1	61,449	50.7	(122,618)	179,073	75.3
<b>Fixed assets</b>							
1 Tangible fixed assets							
(1) Machinery and equipment	11,774		11,002		(772)	12,914	
(2) Others	4,888		1,104		(3,784)	24,915	
Total tangible assets	16,662	7.7	12,106	10.0	(4,556)	37,829	15.9
2 Intangible assets	4,062	1.9	2,419	2.0	(1,644)	9,808	4.1
3 Investments and other assets							
(1) Affiliated company stock	-		40,338		40,338	-	
(2) Others	11,394		4,840		(6,554)	11,127	
Total investments and other assets	11,394	5.3	45,177	37.3	33,784	11,127	4.7
Total fixed assets	32,118	14.9	59,702	49.3	27,585	58,764	24.7
<b>TOTAL ASSETS</b>	<b>216,185</b>	<b>100.0</b>	<b>121,151</b>	<b>100.0</b>	<b>(95,034)</b>	<b>237,837</b>	<b>100.0</b>

## Consolidated Balance Sheets (Continued)

(in million yen,%)

	Prior Third Quarter End (As of December 31, 2006)		Current Third Quarter End (As of December 31, 2007)		Change	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%	Increase/ (Decrease)	Amount	%
<b>(LIABILITIES)</b>							
<b>Current liabilities</b>							
1 Trade accounts payable	1,810		2,026		215	5,268	
2 Current portion of Long-term debt	2,920		1,770		(1,150)	2,590	
3 Other accounts payable	3,338		1,433		(1,905)	23,460	
4 Accrued expenses	5,318		4,640		(678)	6,921	
5 Income taxes payable	1,368		1,972		604	2,581	
6 Current portion of capital lease obligations	1,752		398		(1,354)	1,325	
7 Bonus accrual for directors	-		-		-	50	
8 Other current liabilities	295		634		339	522	
Total current liabilities	16,802	7.8	12,873	10.6	(3,928)	42,717	18.0
<b>Long-term liabilities</b>							
1 Bonds	83,000		83,000		-	83,000	
2 Long-term debt	1,770		-		(1,770)	1,300	
3 Capital lease obligations, less current portion	398		0		(398)	183	
4 Interest swap	-		507		507	1,161	
5 Others	30		4		(26)	1,254	
Total long-term liabilities	85,199	39.4	83,511	68.9	(1,688)	86,898	36.5
<b>TOTAL LIABILITIES</b>	<b>102,001</b>	<b>47.2</b>	<b>96,385</b>	<b>79.6</b>	<b>(5,616)</b>	<b>129,616</b>	<b>54.5</b>

(in million yen,%)

	Prior Third Quarter End (As of December 31, 2006)		Current Third Quarter End (As of December 31, 2007)		Change	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%	Increase/ (Decrease)	Amount	%
<b>(NET ASSETS)</b>							
<b>Owners' equity</b>							
1 Common stock	16,991		17,071		81	17,034	
2 Capital surplus	5,641		5,722		81	5,685	
3 Retained earnings	11,966		5,273		(6,693)	10,180	
4 Treasury stock	-		(3,000)		(3,000)	-	
Total owners' equity	34,598	16.0	25,066	20.7	(9,532)	32,898	13.8
<b>Valuation and translation adjustments</b>							
1 Valuation difference on investment securities	(338)		(652)			(668)	
2 Deferred hedge gain and loss	(305)		(300)			(1,096)	
Total valuation and translation adjustments	(643)	(0.3)	(952)	(0.8)	(310)	(1,765)	(0.7)
<b>Stock purchase warrants</b>	<b>2</b>	<b>0.0</b>	<b>2</b>	<b>0.0</b>	<b>-</b>	<b>2</b>	<b>0.0</b>
<b>Minority interests</b>	<b>80,227</b>	<b>37.1</b>	<b>651</b>	<b>0.5</b>	<b>(79,576)</b>	<b>77,087</b>	<b>32.4</b>
<b>TOTAL NET ASSETS</b>	<b>114,185</b>	<b>52.8</b>	<b>24,767</b>	<b>20.4</b>	<b>(89,418)</b>	<b>108,222</b>	<b>45.5</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>216,185</b>	<b>100.0</b>	<b>121,151</b>	<b>100.0</b>	<b>(95,034)</b>	<b>237,837</b>	<b>100.0</b>

## 2. Consolidated Statements of Operations

(in million yen,%)

	Prior Third Quarter (Nine months ended December 31, 2006)		Current Third Quarter (Nine months ended December 31, 2007)		Difference	Prior Fiscal Year (Year ended March 31, 2007)	
	Amount	%	Amount	%		Amount	%
<b>Revenue</b>	42,092	100.0	45,278	100.0	3,186	56,250	100.0
<b>Cost of revenue</b>	22,987	54.6	28,094	62.0	5,107	31,767	56.5
<b>Gross profit</b>	19,106	45.4	17,184	38.0	(1,921)	24,483	43.5
<b>Selling, general and administrative expenses</b>	15,737	37.4	13,532	29.9	(2,205)	23,434	41.7
<b>Operating profit</b>	3,368	8.0	3,652	8.1	284	1,049	1.9
<b>Other income</b>							
1 Interest income	18		131			190	
2 Dividend income	4		36			69	
3 Other income	8		37			10	
<b>Other expenses</b>							
1 Interest expense	925		1,392			1,216	
2 Commission expense	1,105		280			1,484	
3 Stock issuance costs	167		0			167	
4 Equity in net losses of affiliates	-		7,851			-	
5 Others	7		19			14	
<b>Recurring profit /(loss)</b>	1,195	2.8	(5,686)	(12.6)	(6,881)	(1,564)	(2.8)
<b>Non-recurring profit</b>							
1 Gains on sale of fixed assets	-		2			-	
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			-	
<b>Non-recurring loss</b>							
1 Loss on disposition of fixed assets	4		15			48	
2 Impairment losses	-		-			134	
<b>Income /(loss) before income taxes and minority interests</b>	1,203	2.9	(1,059)	(2.3)	(2,262)	(1,733)	(3.1)
<b>Income tax expense-current</b>	3,068	7.3	3,916	8.6	848	4,303	7.6
<b>Income tax expense-deferred</b>	425	1.0	176	0.4	(249)	290	0.5
<b>Minority interest</b>	(4,095)	(9.7)	(2,575)	(5.7)	1,520	(7,235)	(12.9)
<b>Net income/(loss)</b>	1,804	4.3	(2,575)	(5.7)	(4,380)	909	1.6

### 3. Consolidated Statements of Changes in Net Assets

Prior Third Quarter (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

	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

Current Third Quarter (Nine months ended December 31, 2007)

(in million yen)

	OWNERS' EQUITY				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
<b>Balance at March 31, 2007</b>	17,034	5,685	10,180	-	32,898
<b>Change of items during the period</b>					
Proceeds from stock issuance, net	37	37			75
Cash dividends			(2,331)		(2,331)
Net loss			(2,575)		(2,575)
Purchase of treasury stock				(3,000)	(3,000)
Net changes of items other than owners' equity					
<b>Total changes of items during the period</b>	37	37	(4,906)	(3,000)	(7,832)
<b>Balance at December 31, 2007</b>	17,071	5,722	5,273	(3,000)	25,066

	Valuation and translation adjustments			Subscription rights to shares	Minority interest	Total net assets
	Valuation difference on investment securities	Loss on deferred hedge	Total			
<b>Balance at March 31, 2007</b>	(668)	(1,096)	(1,765)	2	77,087	108,222
<b>Change of items during the period</b>						
Proceeds from stock issuance, net						75
Cash dividends						(2,331)
Net loss						(2,575)
Purchase of treasury stock						(3,000)
Net changes of items other than owners' equity	16	796	813	-	(76,436)	(75,623)
<b>Total changes of items during the period</b>	16	796	813	-	(76,436)	(83,455)
<b>Balance at December 31, 2007</b>	(652)	(300)	(952)	2	651	24,767

*Prior Fiscal Year (Year ended March 31, 2007)*

(in million yen)

	OWNERS' EQUITY			
	Common stock	Capital surplus	Retained earnings	Total owners' equity
<b>Balance at March 31, 2006</b>	16,403	5,049	13,074	34,526
<b>Changes of items during the period</b>				
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				
<b>Total changes of items during the period</b>	631	636	(2,895)	(1,628)
<b>Balance at March 31, 2007</b>	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		
<b>Balance at March 31, 2006</b>	17	-	17	2	5	7	51,810	86,360
<b>Changes of items during the period</b>								
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
<b>Total changes of items during the period</b>	(686)	(1,096)	(1,782)	-	(5)	(5)	25,276	21,862
<b>Balance at March 31, 2007</b>	(668)	(1,096)	(1,765)	2	-	2	77,087	108,222

#### 4. Consolidated Statements of Cash Flows

(in million yen)

	Prior Third Quarter (Nine months ended December 31, 2006)	Current Third Quarter (Nine months ended December 31, 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	1,203	(1,059)	(1,733)
2 Depreciation	6,130	5,633	8,286
3 Amortization of intangible assets	744	974	1,107
4 Impairment losses	-	-	134
5 Bad debt expense	-	(0)	(6)
6 Increase in bonus accrual for directors	(30)	(50)	20
7 Interest and dividend income	(22)	(167)	(259)
8 Interest expense	925	1,392	1,216
9 Stock issuance costs	167	0	167
10 Equity in net losses of affiliates	-	7,851	-
11 Gain on sale of investments	(12)	-	(12)
12 Gains on sale of EMOBILE stocks	-	(4,641)	-
13 Trade accounts receivable	(2,044)	(762)	(2,461)
14 Inventory	33	(1,833)	(3,671)
15 Other current assets	(27)	(2,051)	(2,639)
16 Investments and other assets	(928)	87	(886)
17 Trade accounts payable	1,052	(2,176)	4,510
18 Other accounts payable	(1,766)	(844)	(682)
19 Accrued expenses	1,580	(1,694)	3,434
20 Others	(184)	15	135
Subtotal	6,820	677	6,661
21 Interest and dividend received	22	147	166
22 Interest paid	(678)	(1,091)	(1,221)
23 Payments on interest rate cap	(1,212)	-	(1,212)
24 Payments of income taxes	(5,784)	(4,347)	(5,798)
Net cash used in operating activities	(832)	(4,615)	(1,404)
Cash flows from investing activities			
1 Payments for purchase of investment securities	(1,600)	(568)	(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 affiliated company stock	-	(6,500)	-
5 Purchase of tangible fixed assets	(6,848)	(14,744)	(15,886)
6 Purchase of intangible assets	(1,534)	(5,004)	(3,087)
7 Proceeds from sale of tangible fixed assets	-	206	-
8 Proceeds from sale of intangible assets	-	109	-
Net cash used in investing activities	(9,619)	(97,656)	(20,335)
Cash flows from financing activities			
1 Repayments of capital lease obligations	(2,615)	(1,109)	(3,258)
2 Repayments of installment obligations	(21)	(144)	(28)
3 Repayments of long-term obligations	(2,400)	(2,120)	(3,200)
4 Proceeds from stock issuance, net	1,167	74	1,253
5 Proceeds from minority interest shareholders	34,089	551	34,223
6 Purchase of treasury stock	-	(3,000)	-
7 Payments for additional acquisition of EMOBILE stock	(1,199)	-	(1,199)
8 Payments for stock issuance by EMOBILE	(39)	-	(39)
9 Payments for change in condition for commitment line	-	(605)	-
10 Dividends paid	(3,090)	(2,326)	(3,743)
Net cash provided by (used in) financing activities	25,892	(8,679)	24,010
Net change in cash and cash equivalents	15,442	(110,950)	2,272
Cash and cash equivalents at beginning of period	158,654	160,926	158,654
Cash and cash equivalents at end of period	174,096	49,976	160,926