

FINANCIAL RESULTS

【First Half Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2008 -

1. Consolidated Balance Sheets

(in million yen,%)

	Prior Mid-Year End (As of September 30, 2006)		Current Mid-Year End (As of September 30, 2007)		Change Increase/ Decrease	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%		Amount	%
(ASSETS)							
Current assets							
1 Cash and cash equivalents	181,800		54,838		126,962	160,926	
2 Accounts receivable	7,494		8,848		1,355	7,913	
3 Inventories	22		173		151	3,711	
4 Other current assets	1,821		2,123		302	6,525	
Allowance for bad debt	7		1		6	1	
Total current assets	191,129	86.8	65,981	50.5	125,148	179,073	75.3
Fixed assets							
1 Tangible fixed assets							
(1) Machinery and equipment	12,075		11,830		245	12,914	
(2) Others	2,419		1,218		1,201	24,915	
Total tangible assets	14,494	6.6	13,048	10.0	1,446	37,829	15.9
2 Intangible assets	3,409	1.5	2,493	1.9	916	9,808	4.1
3 Investments and other assets							
(1) Affiliated company stock	-		43,945		43,945	-	
(2) Others	11,241		5,306		5,936	11,127	
Total investments and other assets	11,241	5.1	49,251	37.7	38,010	11,127	4.7
Total fixed assets	29,145	13.2	64,792	49.5	35,647	58,764	24.7
TOTAL ASSETS	220,274	100.0	130,773	100.0	89,501	237,837	100.0

Consolidated Balance Sheets (Continued)

(in million yen,%)

	Prior Mid-Year End (As of September 30, 2006)		Current Mid-Year End (As of September 30, 2007)		Change Increase/ Decrease	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%		Amount	%
(LIABILITIES)							
Current liabilities							
1 Trade accounts payable	1,237		3,083		1,845	5,268	
2 Current portion of Long-term debt	3,250		2,240		1,010	2,590	
3 Other accounts payable	1,737		1,580		156	23,460	
4 Accrued expenses	4,837		4,017		819	6,921	
5 Income taxes payable	2,254		3,344		1,090	2,581	
6 Current portion of capital lease obligations	2,193		686		1,507	1,325	
7 Current portion of installment obligations	26		26		0	247	
8 Bonus accrual for directors	-		-		-	50	
9 Other current liabilities	264		529		265	276	
Total current liabilities	15,797	7.2	15,505	11.9	292	42,717	18.0
Long-term liabilities							
1 Bonds	83,000		83,000		-	83,000	
2 Long-term debt	2,240		-		2,240	1,300	
3 Capital lease obligations, less current portion	695		8		687	183	
4 Installment obligations, less current portion	37		11		26	1,254	
5 Interest swap	-		1,009		1,009	1,161	
Total long-term liabilities	85,972	39.0	84,028	64.3	1,944	86,898	36.5
TOTAL LIABILITIES	101,769	46.2	99,533	76.1	2,236	129,616	54.5

(in million yen,%)

	Prior Mid-Year End (As of September 30, 2006)		Current Mid-Year End (As of September 30, 2007)		Change Increase/ Decrease	Prior Year End (As of March 31, 2007)	
	Amount	%	Amount	%		Amount	%
(NET ASSETS)							
Owners' equity							
1 Common stock	16,976	7.7	17,066	13.0	89	17,034	7.2
2 Capital surplus	5,627	2.6	5,716	4.4	89	5,685	2.4
3 Retained earnings	13,365	6.1	8,620	6.6	4,745	10,180	4.3
Total owners' equity	35,968	16.3	31,402	24.0	4,566	32,898	13.8
Valuation and translation adjustments							
1 Valuation difference on investment securities	753		224			668	
2 Deferred hedge gain and loss	276		598			1,096	
Total valuation and translation adjustments	1,029	0.5	822	0.6	207	1,765	0.7
Stock purchase warrants	2	0.0	2	0.0	-	2	0.0
Minority interests	83,563	37.9	658	0.5	82,906	77,087	32.4
TOTAL NET ASSETS	118,505	53.8	31,240	23.9	87,265	108,222	45.5
TOTAL LIABILITIES AND NET ASSETS	220,274	100.0	130,773	100.0	89,501	237,837	100.0

2. Consolidated Statements of Operations

(in million yen,%)

	Prior Mid-Year (Six months ended September 30, 2006)		Current Mid-Year (Six months ended September 30, 2007)		Difference	Prior Fiscal Year (Year ended March 31, 2007)	
	Amount	%	Amount	%		Amount	%
Revenue	28,253	100.0	30,140	100.0	1,887	56,250	100.0
Cost of revenue	15,389	54.5	19,334	64.1	3,945	31,767	56.5
Gross profit	12,864	45.5	10,806	35.9	2,058	24,483	43.5
Selling, general and administrative expenses	8,962	31.7	9,399	31.2	437	23,434	41.7
Operating profit	3,902	13.8	1,407	4.7	2,495	1,049	1.9
Other income							
1 Interest income	18		124			190	
2 Dividend income	4		36			69	
3 Other income	8		34			10	
Other expenses							
1 Interest expense	631		1,071			1,216	
2 Commission expense	737		270			1,484	
3 Stock issuance costs	162		0			167	
4 Equity in net losses of affiliates	-		4,250			-	
5 Others	3		18			14	
Recurring profit/(loss)	2,398	8.5	4,008	13.3	6,407	1,564	2.8
Non-recurring profit							
1 Gains on sale of investments	12		-			12	
2 Reversal of allowance for bad debt	-		-			1	
3 Gains on sale of subsidiary company stocks	-		4,641			-	
Non-recurring loss							
1 Loss on disposition of fixed assets	2		15			48	
2 Impairment losses	-		-			134	
Income/(loss) before income taxes and minority interests	2,407	8.5	618	2.0	1,790	1,733	3.1
Income tax expense-current	2,062	7.3	3,211	10.7	1,149	4,303	7.6
Income tax expense-deferred	303	1.1	41	0.1	262	290	0.5
Minority interest	1,855	6.6	2,568	8.5	714	7,235	12.9
Net income/(loss)	1,897	6.7	67	0.2	1,964	909	1.6

3. Consolidated Statements of Changes in Net Assets

Prior First Half (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

Current First Half (Six months ended September 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	32	32		63
Cash dividends			1,493	1,493
Net income			67	67
Net changes of items other than owners' equity				
Total changes of items during the period	32	32	1,560	1,496
Balance at September 30, 2007	17,066	5,716	8,620	31,402

	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						63
Cash dividends						1,493
Net income						67
Net changes of items other than owners' equity	445	498	943	-	76,429	75,486
Total changes of items during the period	445	498	943	-	76,429	76,982
Balance at September 30, 2007	224	598	822	2	658	31,240

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 Mid-Year (Six months ended September 30, 2006)	Current Mid-Year (Six months ended September 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	2,407	618	1,733
2 Depreciation	4,232	4,065	8,286
3 Amortization of intangible assets	491	734	1,107
4 Bad debt expense	-	0	6
5 Increase in bonus accrual for directors	30	50	20
6 Interest and dividend income	22	160	259
7 Interest expense	631	1,071	1,216
8 Stock issuance costs	162	0	167
9 Equity in net losses of affiliates	-	4,250	-
10 Gains on sale of EMOBILE stocks	-	4,641	-
11 Impairment losses	-	-	134
12 Gain on sale of investments	12	-	12
13 Trade accounts receivable	2,042	1,582	2,461
14 Inventory	19	1,824	3,671
15 Other current assets	455	928	2,639
16 Investments and other assets	1,104	75	886
17 Trade accounts payable	479	1,119	4,510
18 Other accounts payable	1,840	885	682
19 Accrued expenses	1,342	2,012	3,434
20 Others	48	34	135
Subtotal	5,215	2,422	6,661
21 Interest and dividend received	22	88	166
22 Interest paid	627	1,074	1,221
23 Payments on interest rate cap	1,212	-	1,212
24 Payments of income taxes	3,856	2,300	5,798
Net cash used in operating activities	458	5,708	1,404
Cash flows from investing activities			
1 Payments for purchase of investment securities	1,600	191	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	4,160	13,714	15,886
6 Purchase of intangible assets	873	4,759	3,087
7 Others	-	6	-
Net cash used in investing activities	6,271	96,312	20,335
Cash flows from financing activities			
1 Repayments of capital lease obligations	1,877	814	3,258
2 Repayments of installment obligations	15	137	28
3 Repayments of long-term obligations	1,600	1,650	3,200
4 Proceeds from stock issuance, net	1,143	63	1,253
5 Proceeds from minority interest shareholders	34,089	551	34,223
6 Payments for additional acquisition of EMOBILE stock	-	-	1,199
7 Payments for stock issuance by EMOBILE	39	-	39
8 Payments for change in condition for committed line	-	605	-
9 Dividends paid	1,827	1,475	3,743
Net cash provided by (used in) financing activities	29,874	4,067	24,010
Net change in cash and cash equivalents	23,146	106,088	2,272
Cash and cash equivalents at beginning of period	158,654	160,926	158,654
Cash and cash equivalents at end of period	181,800	54,838	160,926