

Additional Document

Net sales: Large increase YoY driven by Mobile Content and International businesses. New interim high.

Operating income: Strong growth even after overseas subsidiary goodwill amortization (¥0.18B) due to higher sales and lower cost of sales

Ordinary income: Additional JIMOS goodwill amortization (¥1.9B), translation loss (¥0.3B) have large impact

(Unit: Millions of yen, Round down)

	FY04 Interim	FY05 Interim	FY06 Interim	YoY Change	
Net sales	6,170	6,819	8,450	1,630	+23.9%
Gross profit (% of sales)	2,392 (38.8%)	2,311 (33.9%)	3,566 (42.2%)	1,254 (8.3pt)	+54.3%
Operating income (% of sales)	228 (3.7%)	21 (0.3%)	345 (4.1%)	323 (3.8pt)	+1,518.3%
Ordinary income	237	64	(1,945)	(2,010)	-
Net income	1,037	97	(2,183)	(2,281)	-

FY2007/3 Interim Nonconsolidated Results

Net sales: Double-digit growth by Mobile Content Business supports record interim high.

Operating income: Increased operating profits due to benefits of higher sales and improved cost of sales.

Ordinary income: Translation cost (¥0.3B) posted..

Net income: Evaluation loss (¥1.9B) booked on JIMOS stock.

(Unit: Millions of yen, Round down)

	FY04 Interim	FY05 Interim	FY06 Interim	YoY Change	
Net sales	5,430	6,129	6,567	437	+7.1%
Gross profit (% of sales)	1,976 (36.4%)	2,151 (35.1%)	2,494 (38.0%)	342 (2.9pt)	+15.9%
Operating income (% of sales)	202 (3.7)	239 (3.9%)	453 (6.9%)	213 (3.0pt)	+89.0%
Ordinary income	210	293	202	(91)	(31.2%)
Net income	997	238	(1,946)	(2,185)	-

Sales, General and Administrative Expenses (Consol)

Domestic: Effective cost control implemented despite growth in sales, particularly mobile content bus.

International: Consolidation of subsidiary increased expenses. Goodwill amortization (¥0.18B) due to start of consolidation also increased expenses.

(Unit: Millions of yen, Round down)

	FY04 Interim	FY05 Interim	FY05 % of sales	FY06 Interim	FY06 % of sales	Major Factors
Personnel Expenses	696	773	11.3%	995	11.8%	• Increase due to consolidation of overseas subsidiary
Advertising Expenses	134	78	1.2%	104	1.2%	• Despite sales growth, cost control keeps % of sales at same level as last year.
R & D	261	227	3.3%	465	5.5%	• Although consolidation of overseas subsidiary increased costs, effective cost control was implemented domestically.
Commission Paid	656	800	11.7%	859	10.2%	• Despite increase in commission fees paid for fee collection agency in accordance with growth in mobile content sales, measures to restrain various costs resulted in improvement in percentage of sales (1.6 pts).
Others	415	409	6.0%	795	9.4%	• Increased expenses due to consolidation of overseas subsidiary (including approx. ¥0.18B) in goodwill amortization).
Total	2,164	2,290	33.6%	3,221	38.1%	

Improvement in AXISOFT profitability (Last interim operating loss was ¥0.11B).
 Improvement in profit level of international business (excluding goodwill amortization).
 Start of consolidation of investment subsidiary.
 Additional JIMOS stock goodwill amortization (¥1.9B) had large impact on ordinary income

(Unit: Millions of yen, Round down)

	Consolidated	Noncons	Difference	Major Factors
Net sales	8,450	6,567	1,883	CYB(AE) 1,113 AXISOFT 614
Gross profit (% of sales)	3,566 (42.2%)	2,494 (38.0%)	1,071 (+ 4.2%)	CYB(AE) 789 AXISOFT 219
Operating income (% of sales)	345 (4.1%)	453 (6.9%)	(108) (-2.8%)	CYB(AE) -88 including goodwill amortization. (-188)
Ordinary income	(1,945)	202	(2,147)	JIMOS stock equity method loss -1,900

CYB: CYB INVESTMENT INC. AE: Airborne Entertainment Inc.

Financial Position (Consolidated)

Substantial drop in investment account due to additional JIMOS stock goodwill amortization (¥1.9B).

(Unit: Millions of yen, Round down)

	FY05 Interim	FY05 Year-end	FY06 Interim	Change from year-end
Current Assets	7,020	6,778	6,764	-14
Tangible and Intangible Fixed Assets	7,326	7,475	7,038	-437
Investment and Other Assets	4,408	4,702	2,768	-1,934
Total	18,755	18,957	16,570	-2,386
Liabilities	5,896	5,809	5,551	-258
Shareholders' Equity	12,858	13,147	11,019	-2,127
Minority Interest	(402)	(723)	(770)	(46)
Total	18,755	18,957	16,570	-2,386

Cash Flow (Consolidated)

Income and expenses of core businesses were firm. Operating CF ¥274 million (EBITDA ¥786 million).

Funds to acquire further shares of overseas subsidiary raised through \$20 million short-term loan

(Unit: Millions of yen, Round down)

	FY04 Interim	FY05 Interim	FY06 Interim	Major Factors
Operating CF	130	(905)	274	Operating income 345 } Amortization expense 441 } EBITDA 786 Incr/decrease in working capital, etc. (188) Income taxes, etc. (324) Operating CF 274
Investment CF	1,380	(3,987)	(2,589)	Add. acquisition of stock of overseas sub. (\$20 M)
Financial CF	431	4,429	2,431	Add. loan for acquisition of above stock \$20 M
Cash incr/decrease	1,943	(567)	113	

Cash, etc. translation	0	(103)	(3)
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Cash increase/decrease = Operating CF + Investment CF + Financial CF + cash, etc. translation amounts