

Financial Results for the Interim Period of the Fiscal Year ending March 31, 2007

C  B I R D[®] H O L D I N G S

CYBIRD Holdings Co., Ltd.

November 22, 2006

Substantial YoY growth in net sales and operating income

Net sales: New record highs for non-consolidated (up 7.1%) & consolidated (up 23.9%)

Operating income: Marked growth due to higher sales and reduced cost of sales for non-consolidated (up 89.0%) & consolidated (up 1,518.3%)

Special items impact on ordinary and net income

Translation loss: Loss on transactions by overseas subsidiary (¥0.3 billion) ^()

Stock evaluation loss: Loss on JIMOS stock (¥1.9 billion)

() Exchange rate loss resulted from foreign currency loan to overseas subsidiary, which has already been converted to equity in the overseas subsidiary, eliminating further exchange risk exposure in related to the profit and loss statement.

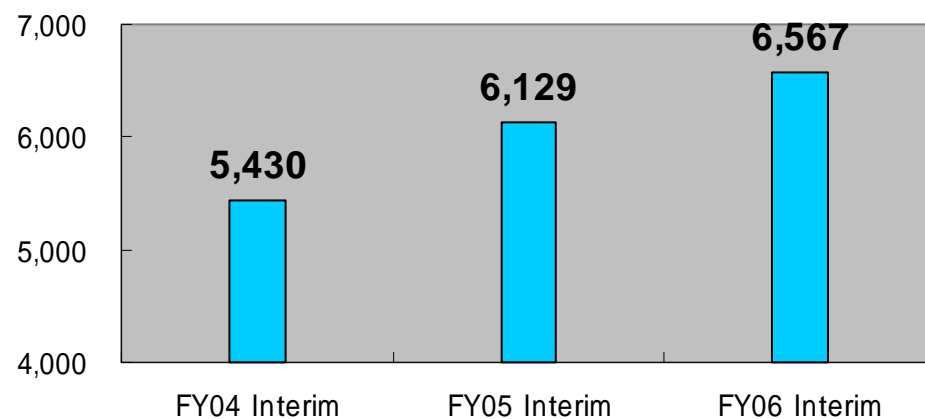
Substantial YoY growth in net sales

(Unit: Millions of yen, Round down)

		Interim Results	YoY Change	Major Points
Net sales	Non-consol	6,567	+437 (+7.1%)	<ul style="list-style-type: none"> • Mobile Content Business continued to generate double digit growth • Contribution of new consolidated subsidiaries in International Business and others
	Consol	8,450	+1,630 (+23.9%)	

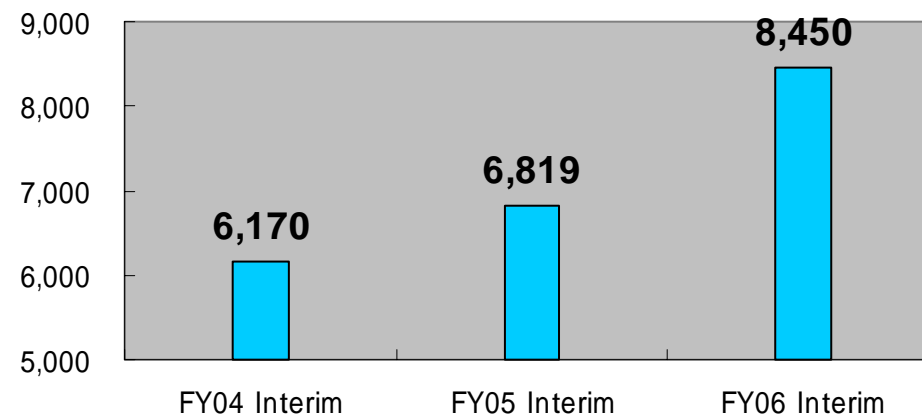
Net Sales (non-consol)

(Unit: millions of yen, round down)



Net Sales (consol)

(Unit: millions of yen, round down)

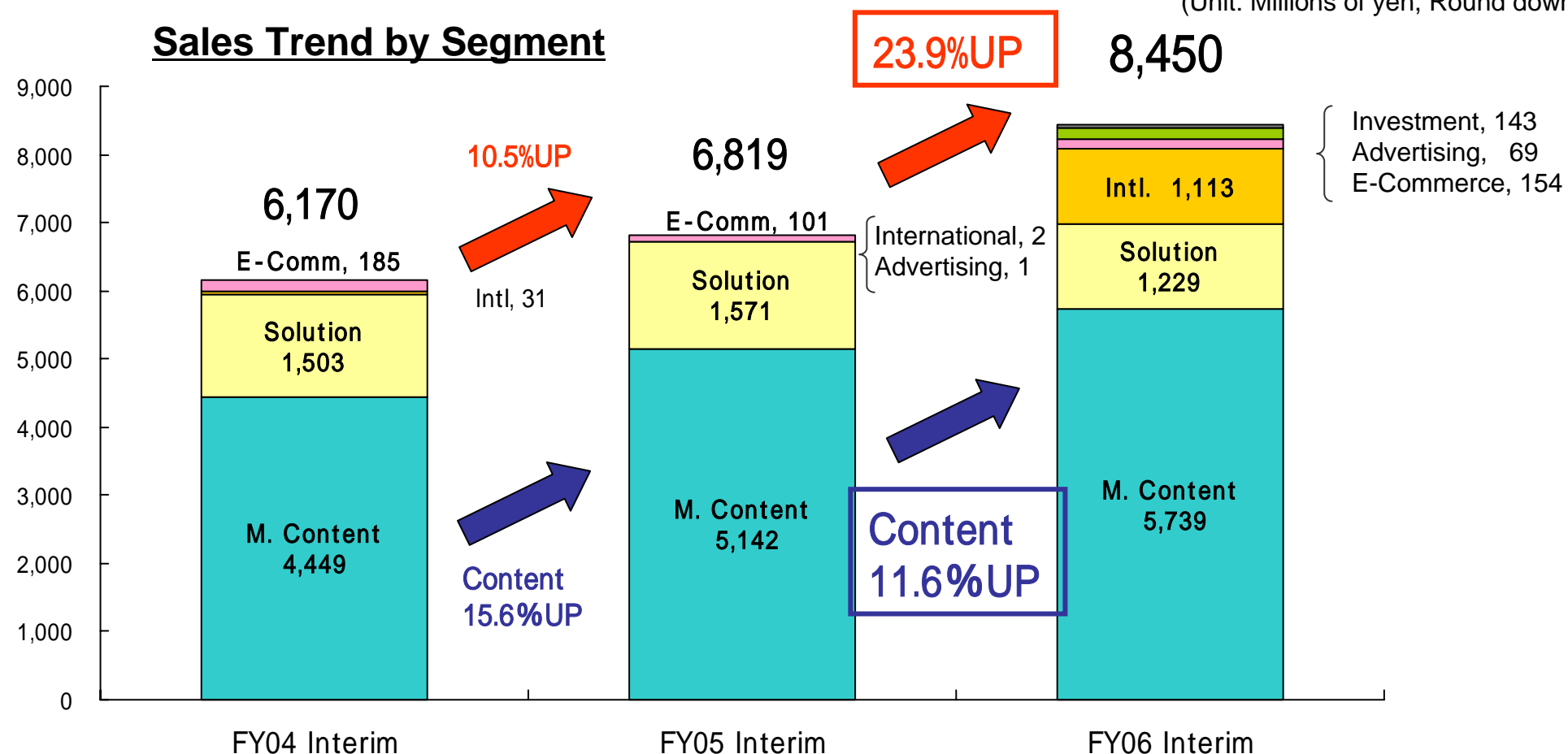


Mobile Content: Double-digit growth maintained, new record high for interim period

International: Consolidation of overseas subsidiary boosts sales. Firm growth in revenues from content fee collection

Marketing Solutions: Elimination of unprofitable subsidiary from consolidation main reason for sales drop

(Unit: Millions of yen, Round down)



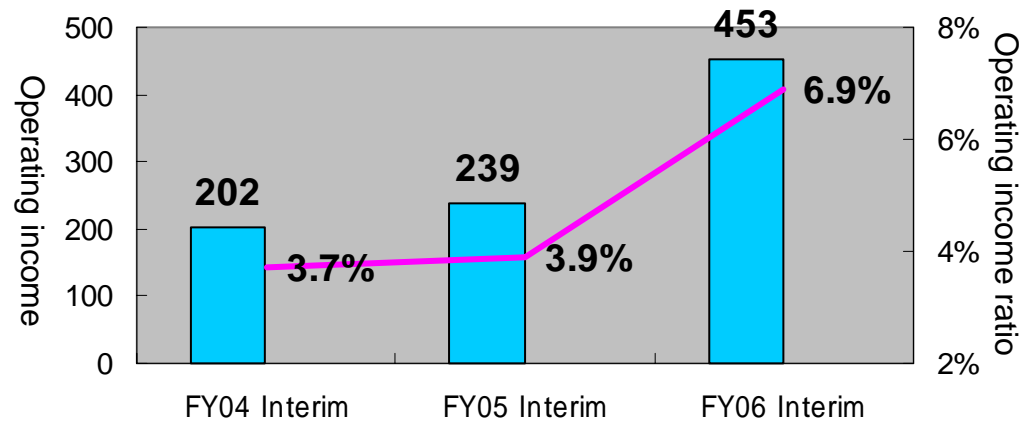
Substantial YoY growth in operating income

(Unit: Millions of yen, Round down)

		Interim Results	YoY Change	Major Points
Operating income	Non-consol	453	+213 (+89.0%)	<ul style="list-style-type: none"> • Sales growth and improved cost of sales, particularly in Mobile Content Business, resulted in higher operating income • Despite booking of goodwill amortization costs for International Business, restructuring of unprofitable subsidiaries and improved subsidiary profits contributed to consolidated net income growth
	Consol	345	+323 (+1,518.3%)	

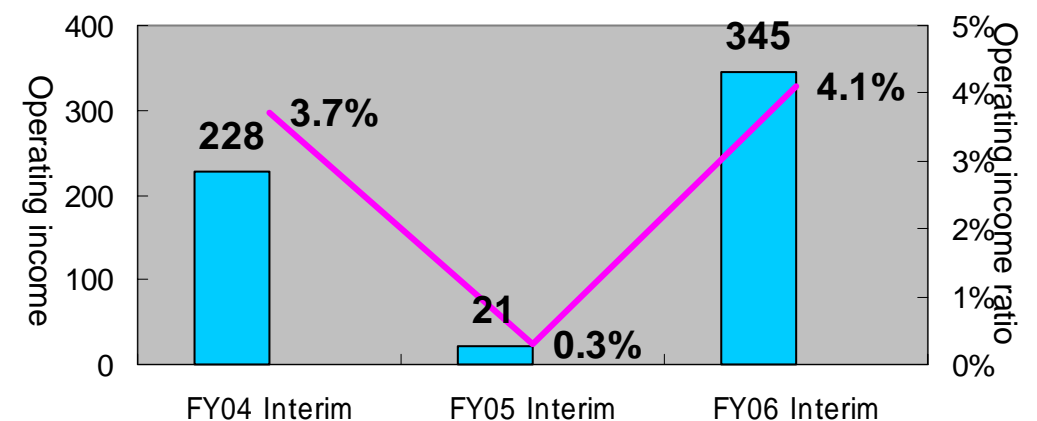
Operating Income (non-consol)

(Unit: millions of yen, round down)



Operating Income (consol)

(Unit: millions of yen, round down)



Special items impact on ordinary and net income

(Unit: Millions of yen, Round down)

		Interim Results	YoY Change	Major Points
Ordinary income	Non-conso	202	-91 (-31.2%)	· Impact of translation loss on transactions with overseas subsidiary(¥300 million)
	Conso	-1,945	-2,010 (-)	· Impact of translation loss (¥300 million) similar to non-consolidation · Investment loss on JIMOS stock accounted for by equity method (¥1.9 billion, booked as non-operating expense on consolidated basis)
Net income	Non-conso	-1,946	-2,185 (-)	· Evaluation loss on affiliate stock (JIMOS) (¥1.9 billion, booked as extraordinary loss on non-consolidated basis)
	Conso	-2,183	-2,281 (-)	

<Goodwill on 20% JIMOS Stock>

Balance before amortization approx. ¥2.12B
Interim amortization amt approx. ¥1.92B
 Balance at end of period approx. ¥0.2B

<Goodwill on Additional Acquisition of 80% JIMOS Stock>

Balance on 80% stock acquisition approx. ¥4.92B
Year-end amortization amt (Planned) approx. ¥4.79B
 Balance at end of FY (Planned) approx. ¥0.14B

Additional Document

FY2007/3 Interim Consolidated Results

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