


# FY2007/3 Fiscal Performance Targets

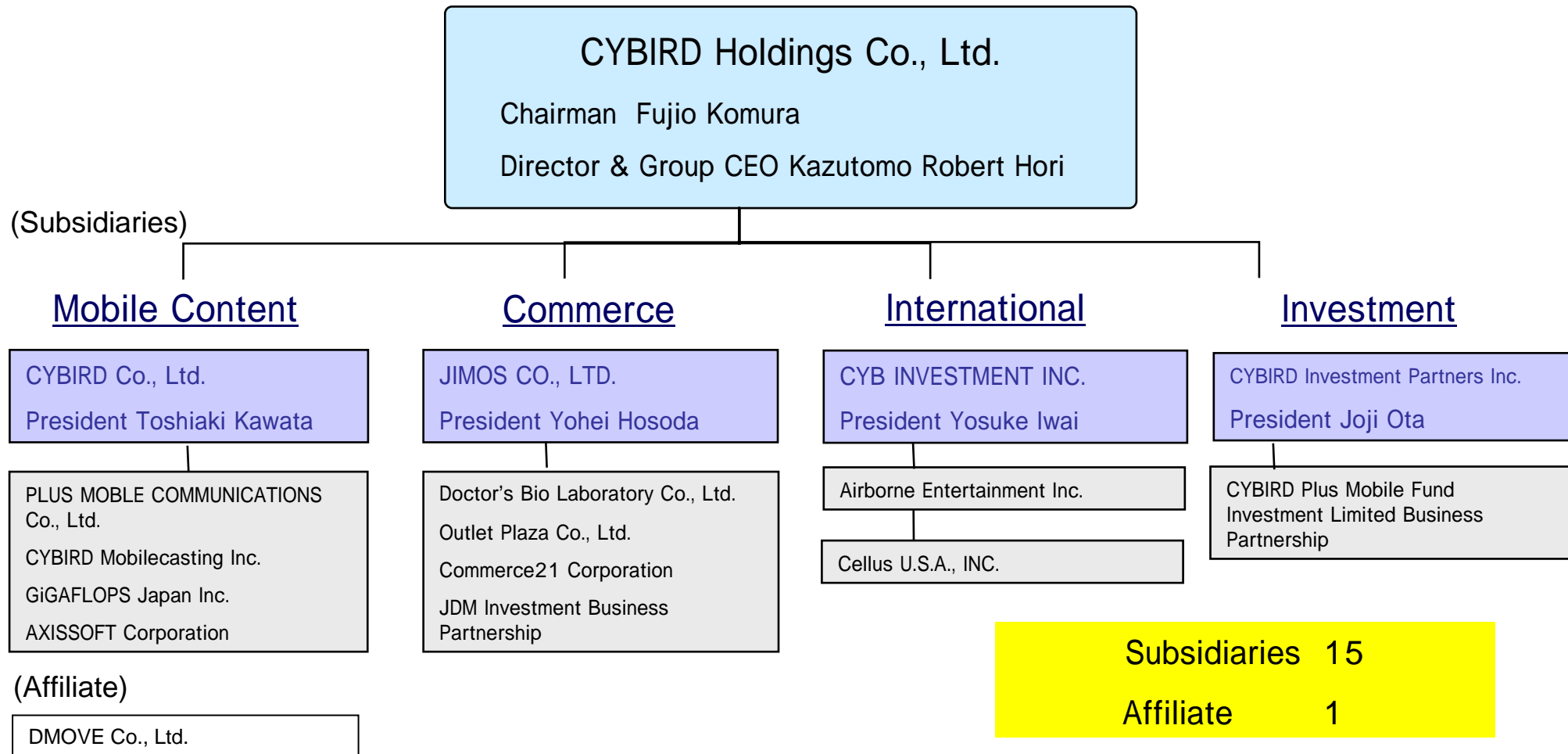
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C  B I R D<sup>®</sup> H O L D I N G S

CYBIRD Holdings Co., Ltd.

November 24, 2006

## C BIRD GROUP one to only one



# FY2007/3 Fiscal Performance Targets (Consolidated)

Starting with 2nd half, full consolidation of JIMOS results

(Unit: Millions of yen, Round down)

	FY2006	FY2007 plan	Change (%)	Main Points
Net sales	15,089	<b>24,450</b>	+9,360 (+62.0%)	Based on business integration, performance of JIMOS businesses will begin contributing fully to consolidated performance
Operating income	(247)	Approx. <b>500</b>	+747 ( - )	Substantial improvement from previous fiscal year Fixed amount JIMOS stock goodwill amortization of ¥0.12 billion booked as SG&A expense (Scheduled as one-time only booking)
Ordinary income	35	<b>(1,850)</b>	(1,885) ( - )	Impact of loss on JIMOS stock held by equity method (¥1.9 billion) (Booked as non-operating expense)
Net income	(143)	<b>(7,200)</b>	(7,056) ( - )	Additional goodwill amortization expense scheduled to be booked in second half (Approx. ¥4.6 billion) (Scheduled to be booked as extraordinary loss)

FY2006 results  
FY2007 estimates

Full year consolidated performance of CYBIRD before business integration  
Consolidated interim performance forecasts for CYBIRD before business integration  
+ Second half performance forecasts of CYBIRD Holdings after business integration

**Evaluation loss on JIMOS stock (acquisition of additional 80% portion)**

**Background to evaluation loss**

- Large drop in final market price compared with acquisition price  
Afterward, stock delisted due to share exchange
- Earning power declined compared with the previous fiscal year

**Mainly for the reasons given above, Company will book  
evaluation loss at fiscal year-end (planned)**

**Impact on 2nd half performance**

- Nonconsolidated: extraordinary loss of ¥4.7 billion (evaluation loss on subsidiary stock)
- Consolidated: extraordinary loss of ¥4.6 billion (additional amortization of goodwill)

Goodwill on acquisition of JIMOS stock

Goodwill on 20% acquisition	¥2.2 billion
Goodwill on <u>80% acquisition</u>	<u>¥4.7 billion</u>
Total goodwill	¥6.9 billion

Over 20 years equals amortization of **¥350 million annually**

Goodwill amortization amount and balance

Prior year amortization amount	(¥0.1 billion)
FY2007/3 interim additional amortization	(¥1.9 billion) ( )
<u>FY2007/3 year-end additional amortization</u>	<u>(¥4.8 billion) (scheduled )</u>
Goodwill balance after amortization	(¥0.14 billion (scheduled))

Over 20 years equals amortization of **¥7 million annually**

Including straight line amortization for the period

Reference: Goodwill Amortization Amounts Related to Overseas Subsidiaries

Airborne ¥0.2B/year

Airborne subsidiary (Cellus) ¥0.17B/year (Write off completed in FY06)



# FY2007/3 Fiscal Performance Targets (Consolidated)

## Sales by Business Segment

(Unit: Millions of yen, Round down)

(Consolidated)	FY2006 Fiscal Result	FY2007 Fiscal Target	Change (%)	YoY Change Factors
Mobile Content	10,808	12,090	+1,281 (+11.9%)	Centered on core content services, expected to continue double-digit growth
Marketing Solutions	3,074	3,380	+305 (+10.0%)	Although revenue will fall due to removal of unprofitable subsidiary from consolidation, start of consolidation of JIMOS direct marketing support business
Commerce	253	6,240	+5,986 (+2,359.3%)	Revenues up due to growth of mobile commerce and start of consolidation of JIMOS's core direct marketing business
Advertising	67	400	+332 (+494.1%)	Full-scale start up of revenues not expected until after next fiscal year, but making progress with large-scale customer acquisition alliances and development of 3G advertising. Also, began consolidating JIMOS's ad agency business.
Investment	—	140	+140 ( - )	New business and other fiscal targets achieved in 1st half. Investments already made in various other companies as well
International	885	2,200	+1,314 (+148.6%)	Consolidated since 2nd half of last fiscal year. North American content delivery business firming up
<b>Total</b>	<b>15,089</b>	<b>24,450</b>	<b>+9,360</b> <b>(+62.0%)</b>	

# New Business Segments (Consolidated)

[Post-Integration Segments] From 2nd half of FY2007/3

Pre-Integration CYBIRD  
[Business Segments]

Pre-Integration JIMOS  
[Business Segments]

➤ Mobile Content Business

- Own and other IP services

Mobile Content

➤ Marketing Solutions Business

- Commissioned development and operation and direct sales agency

Marketing Solutions

Direct marketing support  
(Direct sales agency)  
others (Development)

➤ Commerce Business

- Mobile commerce and direct sales of cosmetics and health foods
- Concierge shopping
- Wholesale (Outlet stores & WEB sales)

E-Commerce

Direct sales, wholesale,  
others (online sales)

Joint Mobile Commerce  
Business

➤ Advertising Business

- Mobile ads and ad agency

Advertising

Direct marketing support  
(Ad agency)

➤ Investment Business

Investment

➤ International Business

International

# Mobile Content Business

FY2007/3 Fiscal Sales Target (millions of yen)

FY05	FY06	
Fiscal Results	Interim	Fiscal Target
10,808	5,739	12,090

**[Strategies]**

As from the beginning of the fiscal year

Continue to maintain long-term growth by investing resources in strategic content services

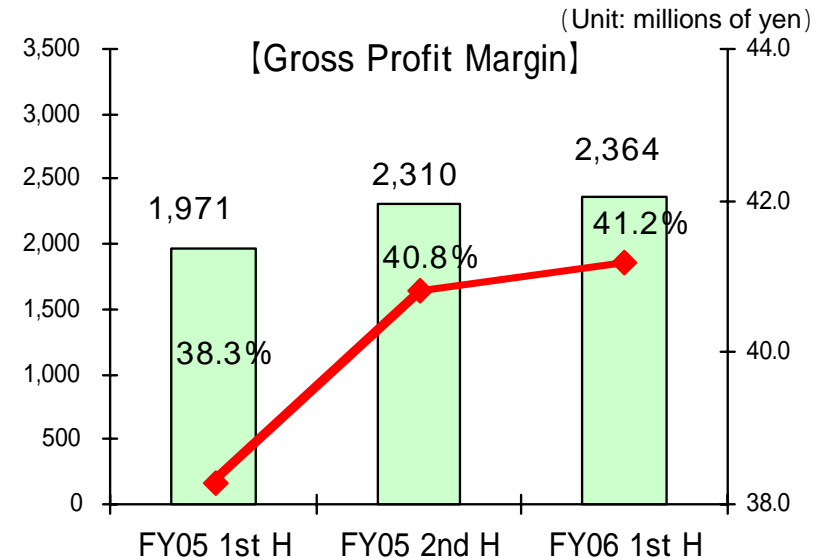
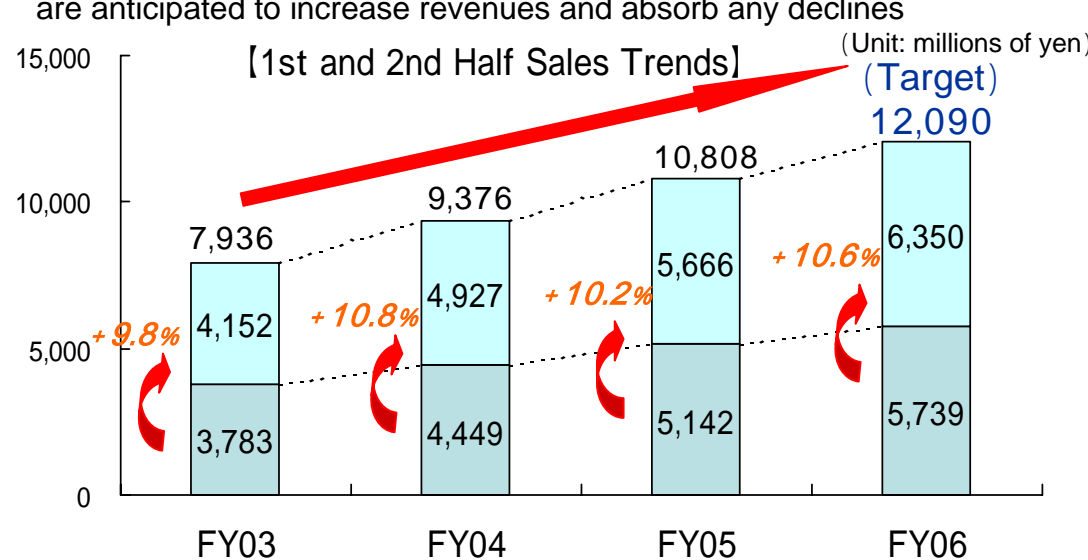
Strengthen earning power by revising cost structure and restructuring unprofitable content services

**[Fiscal Targets]**

In addition to progress made up to the interim period, possible to reach goal because of annual second half growth trend (1st + about 10%)

Despite the expectation of some impact from mobile number portability (MNP) in the second half, because of

- The trend in membership growth in the second half, particularly among core content services and benefits of sales promotions, and
  - The start to monthly billing by au
- are anticipated to increase revenues and absorb any declines



# Marketing Solutions Business

FY2007/3 Fiscal Sales Target (millions of yen)

FY05		FY06	
Fiscal Result	Interim	Fiscal Target	
3,074	1,229	3,380	

**[Strategies]**

Expand BtoB revenues through business integration  
 In addition to CYBIRD's commissioned development of sites business, consolidate revenues of JIMOS's DM support business

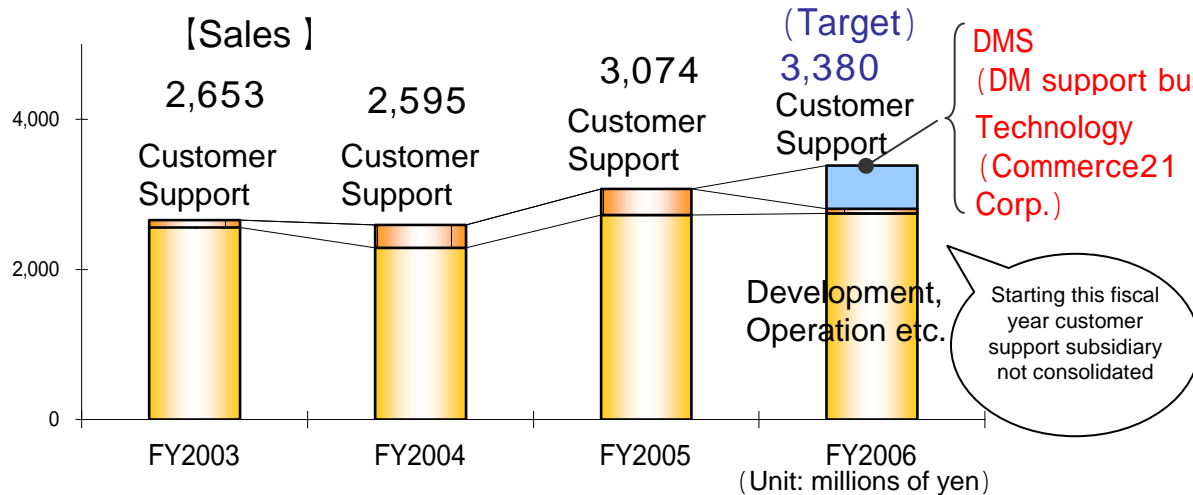
**[Fiscal Targets]**

From 2nd half, newly consolidate revenues of JIMOS's DM support business and commerce site development

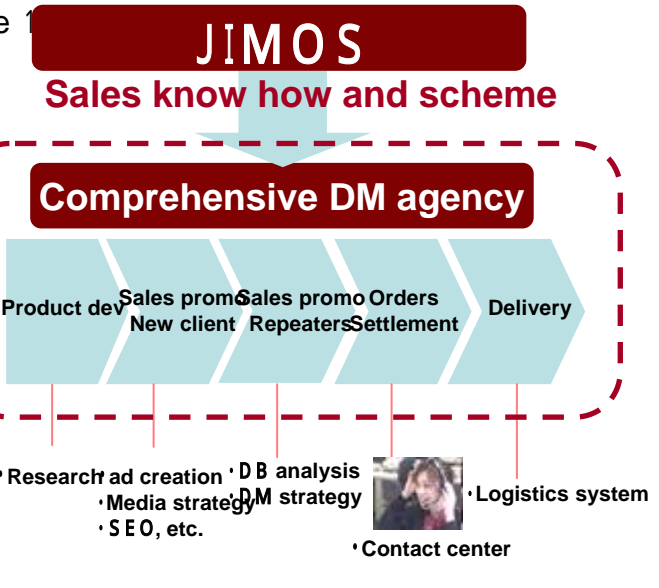
Post increases in stable client site operation revenues and 2nd half development revenues  
 Better earning power of other subsidiaries (Technology-Rel. subsidiaries, etc.)  
 Sold shares in unprofitable subsidiary, eliminated from consolidation starting this fiscal year

[Table 1] Technology-Related Subsidiary (AXISSOFT) Business Results (Unit: millions of yen)

	FY05 Interim	FY06 Interim	Change
Net sales	525	614	+89
Operating income	(116)	18	+134



**< DM Support Business >**



# Commerce Business

FY2007/3 Fiscal Sales Target (millions of yen)

FY05		FY06	
Fiscal Result	Interim	Fiscal Target	
253	154	6,240	

### [Strategies]

#### < Mobile Commerce >

Accelerate revenue growth from deBINGO Square and other commerce sites

#### < Direct Marketing >

Introduce new items

- Contribution from new "pelluice" series (Foundation, etc.)
- Sales of year-end item (Luxury cream) (November)
- Sales of 30-year-old Shochu "Kocho no Yume" (December)
- Sales of new series of basic cosmetics (mid February)
- Expand media scope
- Expand and develop TV Infomercials
- Increase cross media affiliates

### [Fiscal Targets]

#### < Mobile Commerce >

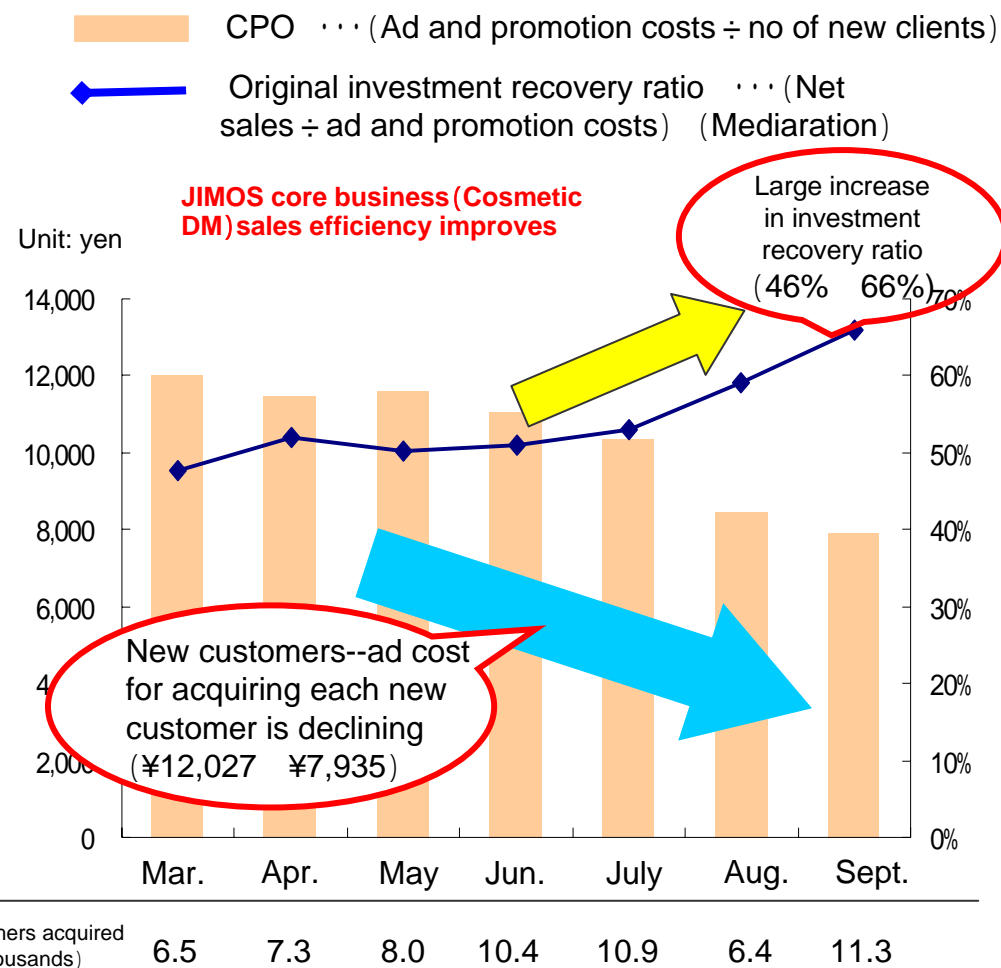
Commerce site sales base 1 Q 2 Q expand by about 50%

#### < Direct Marketing >

Newly consolidate revenues of JIMOS's core businesses (direct marketing of cosmetics and health food) in second half

(Reference: JIMOS's direct marketing sales for 2nd half of FY ended June 2006 were ¥4,377 million)

Strengthen acquisition of customers with aggressive advertising and expanded new item lineup



Above data is calculated based on cosmetic business figures

FY2007/3 Fiscal Sales Target (millions of yen)

FY05	FY06	
Fiscal Result	Interim	Fiscal Target
67	69	400

## [Strategies]

### < Acquiring customer base >

Pursuing alliances with companies with large customer bases  
 Pursuing reduced cancellation ratios by implementing measures to keep members  
 (Moving picture: NTV news and others, 2 G content collections: howzy series)



< User retention rate 8 weeks after registration >  
**Retention rate using 3G email 85% to 90%**  
 (Average retention rate using previous 2G service was about 50%)

### < Establishing earnings sources >

Using 3G email magazines to

**Increase user click rates and advertising viewing rates** →

**Company's actual CTR using 3G email is over 20%** (Ordinarily, other medias are 5% to 6%)

Achieving effective advertising with persuasive power by using moving picture infomercials

Starting selling product to major advertising clients, such as Matsushita Electric Industrial Co, Ltd., Sanyo Electric Co., Ltd., NEC Corp.

## [Fiscal Targets]

### < Acquiring customers and creating revenues >

Increase number of target customers by pursuing alliances with companies with major customer drawing power

Raising unit price for advertising by utilizing 3G email, 3G marketing solutions

Increase user loyalty by renewing well-established services

Start consolidating JIMOS Advertising agency business in the 2nd half (propose mobile advertising to corporations)

# Investment Business

FY2007/3 Fiscal Revenue Target (millions of yen)

FY06	
Interim	Fiscal Target
140(Note)	140



Note: Interim net sales totaled ¥143 million, but the figure on the left has been rounded off to the 10s of millions.

## [Strategies]

Invest in companies that have potential to increase corporate value based on Plus Mobile services  
Invest in middle and later stage companies to realize stable earnings, while investing in early stage companies in search of higher returns

## [Fiscal Targets]

Based on the Bit-isle Inc. IPO, already achieved fiscal revenue target of ¥140 million.  
Being conservative because of the budget, the company is not anticipating any revenues other than Bit-isle for the fiscal year under review.

### < Companies invested in >



Bit-isle Inc.  
The company manages and operates an inner city Internet data center as well as offering SI services. Listed on the Hercules Market of the Osaka Securities Exchange on July 19, 2006.



MIC Medical Corporation  
Contract research organization (CRO) for clinical trials for pharmaceuticals and medical devices.



GONZO Rosso Online K.K.  
Operating online games, this company is a subsidiary of GDH K.K., which is listed on the Mothers Market of the Tokyo Stock Exchange.

# International Business

FY2007/3 Fiscal Sales Target (millions of yen)

FY05	FY06	
Fiscal Result	Interim	Fiscal Target
885	1,113	2,200

**[Strategies]**

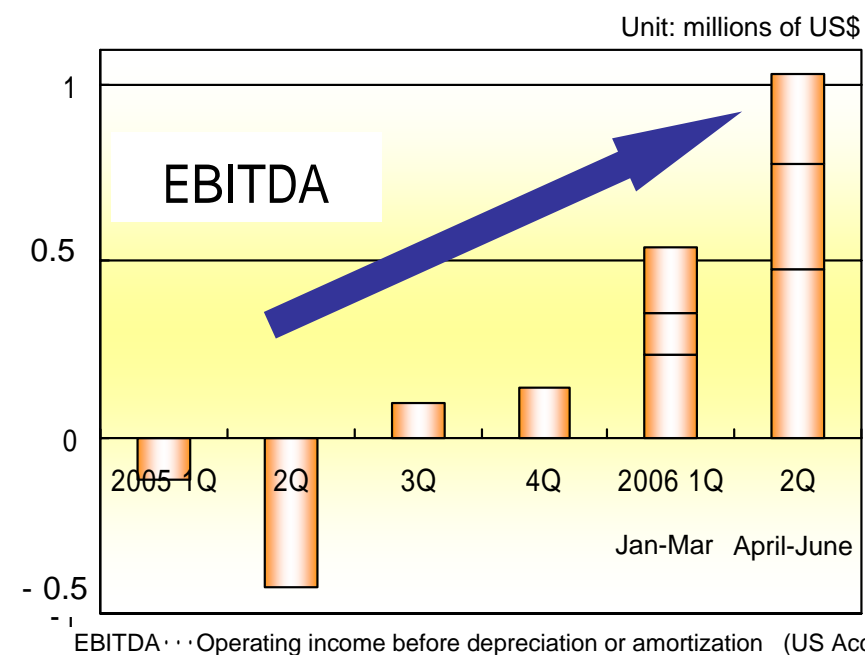
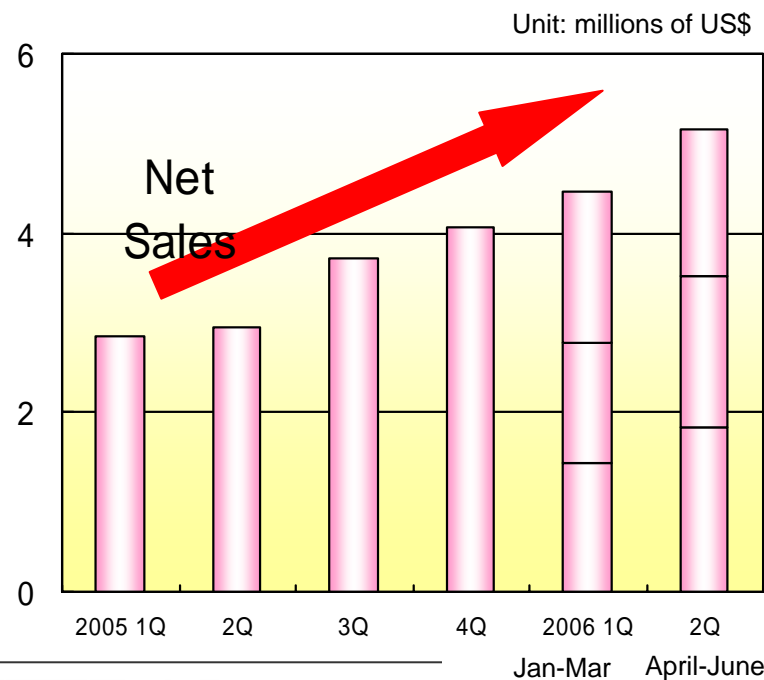
Using multiple content genres, flexibly respond to changes in market (Wallpaper games, moving pictures)

With business relationships with all major North American carriers, the business has no special dependence on the growth rate of any one carrier, and is maintaining stable distribution of services

**[Fiscal Targets]**

Performance growth is steadily driving up net sales and EBITDA

At the end of the interim period, net sales growth was approx. 50% of fiscal year



## Recent Highlights

Airborne will begin offering *Family Guy*, one of its popular content services, in Europe and elsewhere  
To start with, the service will be offered in the U.K., Ireland, Australia and New Zealand, and Holland.

*SPEED TV D2C Site Launched*  
(Direct to consumer site)

Launched simultaneously on major four carriers  
(Cingular, Verizon, Sprint, T-Mobile)



International Business

2006 Deloitte Technology Fast 50

- 1 . Westport Innovations Inc. (42,889%)
- 2 . Redline Communications (37,583%)
- 3 . Airborne Entertainment Inc. (33,322%)
- 4 . RuggedCom Inc.(20,545%)
- 5 . DragonWave Inc. (18,968%)



Ranked No. 3 among Canadian growth IT companies!

Ranked No. 3 among North American growth IT companies!

