

1-3 CYBIRD's Consolidated Companies

(As of September 30, 2006)

Company	Location	Foundation	Principal Business	Paid-in Capital	Shares Issued	CYBIRD's Stake (%)
GiGAFLOPS Japan Inc.	Minato-ku, Tokyo	February, 2000	Information Technology	¥70 mil.	1,150	100.0
CYB INVESTMENT INC.	Delaware, USA	June, 2005	Overseas Investment	US\$4,331	43,310,000	100.0
CYBIRD Investment Partners Inc.	Minato-ku, Tokyo	December, 2005	Investment	¥175 mil.	7,000	100.0
Airborne Entertainment Inc.	Quebec, Canada	October, 2000	Information Technology	US\$28 mil.	14,172,834	85.0 (85.0)
PLUS MOBILE COMMUNICATIONS Co., Ltd.	Minato-ku, Tokyo	August, 2005	Advertising Planning	¥50 mil.	2,000	60.0
AXISSOFT Corporation	Toshima-ku, Tokyo	November, 1987	Information Technology	¥639 mil.	4,028	40.8
DMOVE Co., Ltd.	Shinagawa-ku, Tokyo	February, 2002	Information Technology	¥79 mil.	1,590	48.7
JIMOS CO., LTD.	Fukuoka-shi, Fukuoka	September, 1998	Commerce	¥1,194 mil.	62,060	20.0

Notes: 1. The figure in parentheses under CYBIRD's Stake indicates the amount of indirect stake.

2. The figures for JIMOS CO., LTD., under Paid-In Capital and Shares Issued are as of June 30, 2006. Its CYBIRD's Stake is mentioned the proportion of the number of Shares Issued (12,381) of JIMOS as of June 30, 2006 to the number of Shares Issued (62,060) as of September 30, 2006.

3. The figures for Airborne Entertainment Inc., under Paid-In Capital, Shares Issued, and CYBIRD's Stake are as of June 30, 2006.

4. On October 1, 2006, the Company converted JIMOS CO., LTD., into a wholly owned subsidiary through a share exchange.

2. Business Policies (As of September 30, 2006)

2-1 Business Principles/Missions

Considering the maximization of shareholders' benefit, we consider that it is our basic business principle to create new values through the mobile Internet as "Best Partner for the Mobile Internet". In other words, we work to make people's lives fuller and more convenient by providing new method of society/life. Our business is driven by the four policies shown below.

- (1) Selection and Focus on Strategic Business Fields
- (2) Adaptation to Change in the Business Environment
- (3) Emphasis on Profitability, Sustainability and Expandability
- (4) Maximization of Synergies

2-2 Dividend Policy

We recognize returning profits to our shareholders as a top priority issue. Our basic dividend policy is to determine dividends after consideration of our business performance, financial position and the need to expand internal reserves for future business development. For the fiscal year under review, as part of the process of returning profits to shareholders, we plan to issue an annual cash dividend of ¥167 per share.

2-3 Stock Unit Adjustment Policy

From the aspect of increasing liquidity in the equity market and promoting the participation among broader range of investors, we regard it as a basic policy to review from time to time the stock unit adjustment.

2-4 Mid to Long-term Business Policy

The fundamental strategy of the CYBIRD Group is to provide convenience and enjoyment to users by combining various situations in life with "+mobile". Through this interface with users, the Company implements the basic strategy to expand our platform businesses.

The framework of the plan is as follows.

- (1) Based on business alliances with companies in a variety of business sectors, CYBIRD will supply business solutions that provide its alliance partners with business advantages while organizing a large-scale customer base by making it possible for the customers of its business alliance partners to use CYBIRD's services.
- (2) For customers in this pool of customers that can use CYBIRD's services, the Company will aim to keep them as long-term customers by constantly providing services that are "convenient and fun."
- (3) CYBIRD plans to maximize earning from its long-term customers by providing them with a variety of services, such as the e-commerce and advertising services that are just getting under way, in addition to its traditional mobile content services.

In its international business strategy, CYBIRD is emphasizing the North American and European mobile content markets, which are expected to experience high growth. The Company is targeting business expansion based on capital alliances with leading local content providers.

Furthermore, in October 2006, CYBIRD and JIMOS, having strength of direct marketing, integrated their businesses based on shifting to a holding company organization. As a result, the two partners have agreed on the fusion of CYBIRD's strength in mobile communications with JIMOS's strength in human communications in order to pursue the "creation of a one to only one platform" that cannot be imitated by others as their mid-to-long term business vision. Taking advantage of the business integration, the two partners will aim to achieve business synergies, expand and diversify the business domain of the Group, and achieve business efficiency through collective use of business resources, targeting greater earnings capability.

2-5 Corporate Governance

- (1) Relationships with parent company, etc.

No parent company

- (2) Status of Establishment and Operations of Internal Control Organization

The Company's Board of Directors, comprised of 9 directors including 3 outside directors, audits and monitors the important business decisions and activities.

CYBIRD uses an operating officer system whereby the business executions of decisions taken by the Board of Directors are carried out under the guidance and orders of representative operating officers. These officers delegate responsibility and authority to each operating officer in charge of a business, who then carry out operations in their own area of responsibility.

For major across-the-board items in the Company, the Executive Committee, comprised of all operating officers, deliberates beforehand which important items to be submitted to the Board of Directors. In addition, the Committee discusses, investigates, and reports on important issues in order that each operating officer may operate the business they are responsible for based on a overview of the Company's overall business.

The major organizations and functions regarding executive management are as follows.

- a) Board of Directors

The Board of Directors comprises 9 directors including 3 outside directors. The regular monthly meetings and special meetings of the Board are held to consider significant business decisions and to monitor business activities.

- b) Audit Committee

The Audit Committee comprises 3 outside auditors, with 1 serving as a standing auditor. The Audit Committee's meeting is held every month, implementing extensive audits of the appropriateness, efficiency and compliance of business activities, and provides advice and recommendations on the suitability of business activities.

- c) Executive Committee

The Executive Committee comprises 8 operating officers and a standing auditor. To be able to respond quickly to changes in markets and business environments, the Committee meets once a week. Depending of the topic of

discussion the Committee may have managers of specific business areas participate in the meeting. Through such a process, the Committee strives to ensure that the Company's business decisions take into account the facts and on-site conditions.

d) Overall Administration and Internal Control System

For the purpose of achieving compliance with rules and regulations, the following supervisory departments ensure that the Company's internal monitoring system functions appropriately and effectively.

- i) Corporate Affairs Dept. Facilities, official corporate seals, stock management, legal guidance, etc. and information security management, etc.
- ii) Finance Dept. Budgets, funds, accounting regulations, etc.
- iii) HR Dept. Personnel management, recruiting, job management, etc.

e) Crisis Management Committee

The committee oversees efforts to determine the risks CYBIRD is exposed to, and to consider counter measures, and carry out in-house education. Headed by our President, the committee's mission is to take preventative action against foreseen risks and minimize damage from unexpected events.

f) Internal Monitoring Office

The officer for Internal Monitoring Office reports directly to the President. In addition to monitoring special items indicated by the President, the office monitors compliance with critical decisions made by each department, other company regulations, and monitoring business efficiency.

g) Privacy Mark Management Committee

The Company formed this committee in September 2003 to fulfill its social obligation to protect personal data as a company in the mobile Internet business. The chairman is responsible for overseeing the activities of the committee, the mission of which is to properly protect the personal data used in our business. The Company acquired Privacy Mark[®] certification in March 2004. CYBIRD is first to be granted the Privacy Mark for all of its business divisions, among companies specializing in content services and corporate solutions for mobile phones.

h) Others

a) Protecting the privacy of personal information

In April 2005, the law concerning the protection of the privacy of personal information was enforced regarding private-sector companies. CYBIRD has already decided to handle its personal information data base in accordance with the law and the relevant government agencies. Specifically, we work to ensure the protection of the rights of users of all our content services by disclosing our policy on the use of the personal information we collect and explaining how users can check, adjust or cancel the personal information in the CYBIRD data base. Moreover, to safely manage the personal information we have received, we carry out thorough and structured program led by our Privacy Mark Management Committee that includes education and enlightenment courses for all employees and clearly defined responsibilities for those managing personal information. In addition, the number of people with access to this information is kept to a minimum and technological measures are used to restrict access to the data. The Company also carries out regular internal monitoring inspections concerning the protection of the privacy of personal information under its compliance program of all businesses and departments handling personal information. An Internal Monitoring Officer appointed in accordance with the Internal Monitoring Regulations Concerning the Protection of the Privacy of Personal Information is responsible for these inspections.

b) Environmental Preservation

We are voluntarily implementing environmental preservation measures, such as using recycled paper name card, and collection of waste paper. In this fiscal year, we have achieved a 917.84kg reduction of CO₂ (equivalent to saving 25.91 trees). We also reduce electricity costs by shortening the operating hours of our air conditioning systems.

2-6 Major Issues

As a company that has achieved rapid growth amid the highly fluctuating conditions in the mobile Internet industry, we see the following issues as the keys to further growth.

(1) Progress in Platform Business

As previously mentioned in section 2-4 on Mid to Long-term Business Policy, CYBIRD is pursuing the development of a platform business as a basic strategy. Toward the achievement of the goals of that plan, the Company is analyzing, evaluating, and revising its business platforms. Specifically, in addition to expanding earnings by increasing the competitiveness of its traditional Mobile Content and Marketing Solution businesses, the Company is proceeding with whole scale development of new Advertising and E-Commerce businesses. In its International Business, the Company is aiming for further expansion based primarily on establishing business bases through mergers and acquisitions activities.

(2) Strengthening internal control systems that support growth

We are taking various steps to strengthen our internal control systems. Some of the measures include establishing a well-defined decision-making system based on financial indicators, strengthening of the system for executive officers, establishing several committees, ensuring smooth operation of our new personnel system, increasing management control over affiliate companies, strengthening management system for personal data protection and strengthening risk control and compliance.

2-7 Key Managerial Indicators

Cash flow has top priority in our business. Return on Equity (ROE) is also considered to be a key business indicator. We work toward achieving ROE of more than 15% and maximizing Economic Value Added (EVA[®]) in the mid and long term.