

Consolidated Financial Results for Fiscal Year Ended March 31, 2007

C  BIRD HOLDINGS

CYBIRD HOLDINGS Co., Ltd.

May 22, 2007

Financial Topics

1. Core businesses

Marked improvement in consolidated profit and cash flow

- Commerce income increased following business integration with JIMOS and the commencement of full-scale consolidation
- Double-digit growth in Mobile Content maintained, to achieve new record sales
- Number of unprofitable Group subsidiaries reduced

2. Financial impact

Amortization of goodwill of shares in subsidiaries

- Stepped up amortization of goodwill of JIMOS and overseas subsidiaries
- As a result, the impact of JIMOS goodwill from FY2007 is almost eliminated

3. Achievements in growth areas

Bolster of customer assets and the income base to accelerate earnings power

- Mobile commerce platform acquired by making S-CREW Inc. a subsidiary
- Customer assets centering on target members for advertisement delivery steadily increased

FY2006 Consolidated Results (Summary)

(Unit: Million yen, Rounded down)

	FY05	FY06	YoY Change	Change (%)	Major factors
Net Sales	15,089	23,571	8,482	156.2%	<ul style="list-style-type: none"> ➤ Substantial increase in commerce sales with the consolidation of JIMOS in the second half ➤ Mobile Content continued to set new sales records
Gross Profit (% of sales)	5,562 (36.9%)	10,702 (45.4%)	5,140 (+8.5pt)	192.4%	<ul style="list-style-type: none"> ➤ The profit margin rose 8.5 points year on year The positive effect of an improvement in the cost ratio of Mobile Content and consolidation of the direct marketing business with a low cost ratio
Operating Income	- 247	786	1,033	—	<ul style="list-style-type: none"> ➤ Enhanced earnings power of core businesses (Mobile Content, Commerce) ➤ Reduction in unprofitable Group subsidiaries ➤ ¥540 million fixed amortization of subsidiary goodwill posted in SG&A
Ordinary Income	35	- 1,552	- 1,588	—	<ul style="list-style-type: none"> ➤ 1Q: Translation loss (¥0.3 billion) associated with overseas subsidiary transactions ➤ 1H: Additional amortization of JIMOS shares (¥1.9 billion) (In interim results, this was posted as equity in the losses of non-consolidated subsidiaries and affiliates, as JIMOS was an affiliate)
Net Income	- 143	- 7,830	- 7,687	—	<ul style="list-style-type: none"> ➤ Year-end: Additional amortization of JIMOS shares (¥4.98 billion) ➤ Year-end: Additional amortization of overseas subsidiaries goodwill (¥0.43 billion)
Operating Cash Flow	- 1,628	1,228	Operating cash flow improved substantially thanks to an increase in the earnings strength of core businesses		

Amortization of goodwill from shares in subsidiaries

➤ JIMOS

- Annual amortization: ¥7 billion
- Ending balance reduced to ¥24 million

- Annual amortization expected for FY2007: Approximately ¥1 million
- Financial impact initially expected (annual amortization of ¥0.35 billion (for 20 years)) was almost eliminated

➤ Airborne, Cellus (overseas subsidiaries)

- Annual amortization: ¥0.37 billion (¥0.16 billion for Cellus)
- Impairment loss for irregular amortization (*): ¥430 million

- Annual amortization expected for FY2007: Approximately ¥0.2 billion
- ¥0.16 billion for Cellus will not arise in FY2007

➤ Other subsidiaries in Japan

- Annual amortization: ¥50 million

- Annual amortization expected for FY2007: Approximately ¥0.1 billion

Total annual amortization in FY2006: ¥7.8 billion

Annual fixed amortization expected for FY2007: Approximately ¥0.3 billion

* For irregular amortization of overseas subsidiaries

Write-downs in FY2006: ¥0.43 billion

<Background and reason for amortization>

- The profitability of these subsidiaries' businesses remained firm
 - Competition in local content markets is expected to be more intense going forward
- => Goodwill of shares in these subsidiaries was written down from a conservative perspective**

FY2006 Consolidated Results (Sales by Segment)

(Unit: Million yen, Rounded down)

	FY05	FY06	YoY Change	Change (%)	Major factors
Mobile Content	10,808	12,047	1,238	111.5%	➤ Execution of strategic initiatives to attract customers and effective sales promotion
Commerce	253	6,191	5,937	2440.2%	➤ Consolidation of income of JIMOS's direct marketing business and a subsidiary Outlet Plaza
Solution	3,074	2,750	- 323	89.5%	➤ Disposition of unprofitable subsidiaries
Advertising	67	256	189	381.3%	➤ Increase in target members for mail magazine delivery and the strengthening of sales systems for advertised merchandize
Investment	—	148	148	—	➤ Capital gain on investment in a company ➤ Currently invested in six companies
International	885	2,176	1,291	245.9%	➤ Overseas subsidiaries consolidated in second half of FY2005 ➤ These subsidiaries consolidated in the FY2006 full term
Total	15,089	23,571	8,482	156.2%	

Supporting Material

FY2006 Consolidated Results (Profit by Segment)

(Unit: Million yen, Rounded down)

	Mobile Content	Commerce	Solution	Advertising	Investment	International	Head office	Total
Net sales	12,047	6,191	2,750	256	148	2,176	—	23,571
Operating income (margin)	2,997 (24.9%)	27 (0.4%)	- 337 (—)	- 112 (—)	8 (5.9%)	- 356 (—)	- 1,439	786 (3.3%)

- Mobile Content: Operating income margin of 24.9% recorded, and currently the key income generator for the Group
- Commerce: Aggressively invested in developing new products and acquiring new customers to develop the cosmetics business of JIMOS from the next fiscal year
¥0.13 billion fixed amortization of JIMOS goodwill posted in this segment in the second half
- Solution: Despite the adverse effect of indirect costs such as company-wide infrastructure expenses prorated according to the number of personnel, the core business of commissioned mobile site development effectively posted operating income before indirect costs.
- International: Goodwill amortization of ¥0.37 billion recorded in this segment. Core businesses effectively posted operating income.

FY2006 Consolidated Results (Quarterly Sales by Segment)

Quarterly Sales by Segment

(Unit: Million yen, Rounded down)

	FY05	FY06				QoQ Change (Compared to the most recent 3Q)	Major factors for the change from 3Q
	4Q	1Q	2Q	3Q	4Q		
Mobile Content	2,948	2,873	2,866	2,960	3,346	385 (113.0%)	Effective sales promotion before and after the new year
Commerce	87	62	91	3,160	2,876	- 284 (91.0%)	Reaction to the year-end shopping season in 3Q
Solution	883	542	686	892	628	- 263 (70.5%)	Disposition of unprofitable subsidiaries
Advertising	51	30	38	56	130	74 (231.6%)	Success in increasing sales of agents based on reinforced sales capability
Investment	—	—	143	5	—	- 5 (—)	Currently invested in six companies
International	473	522	591	533	529	- 3 (99.4%)	Focusing on response to developments in the market environment such as 3G
Total	4,445	4,031	4,418	7,608	7,512	- 96 (98.7%)	

FY2006 Consolidated Results (SG&A Expenses)

Personnel and strategic expenses (advertising expense, etc.)
Increased substantially with the management integration

(Unit: Million yen, Rounded down)

	FY05	FY06	Change	Major factors for the change
Personnel expenses	1,611	2,879	1,268	Personnel expense increased with the integration with JIMOS
Advertising expenses	236	1,767	1,530	Advertising expense mainly related to the direct marketing business of JIMOS increased
Research and development expenses	972	943	- 29	
Commissions paid	1,852	1,999	146	Commissions paid to billing agencies increased because of the growth of Mobile Content, and charges related to the direct marketing business of JIMOS rose.
Goodwill amortization	216	545	328	Amortization of goodwill of overseas subsidiaries started in the second half of the previous year. Amortization of goodwill of JIMOS and its subsidiaries started in the second half of FY2006.
Others	919	1,781	861	Packaging and freight charges related to the direct marketing business of JIMOS and rents increased in association with the integration
Total	5,809 (38.5%)	9,915 (42.1%)	4,106 (+3.6pt)	

* Figures in parenthesis are the ratio to net sales

FY2006 Consolidated Financial Position

Total asset increased due to the management integration with JIMOS and improvement of earnings in core businesses

(Unit: Million yen, Rounded down)

	End of FY2005	End of FY2006	YoY Change	Major factors for the change
Current assets	6,778	11,945	5,166	Cash and deposits increased ¥3.6 billion (increase in operating cash flows by ¥1.2 billion and integration of cash of JIMOS into the Group)
Tangible and intangible fixed assets	7,475	7,623	147	Amortization of JIMOS goodwill was virtually completed during the period
Investments and other assets	4,702	3,009	- 1,693	
Total assets	18,957	22,578	3,620	
Liabilities	5,809	7,762	1,952	The major factor was an increase in accounts payable and accrued liabilities following the new consolidation of JIMOS and other subsidiaries
Net assets	13,147	14,815	1,668	
Capital surplus	(5,508)	(14,469)	8,960	Consideration for the issuing of new shares with the acquisition of JIMOS shares (stock swap)
Retained earnings	(1,450)	(- 6,195)	- 7,646	Amortization of goodwill of JIMOS and overseas subsidiaries
Total liabilities and net assets	18,957	22,578	3,620	

FY2006 Consolidated Cash Flows

Operating cash flows significantly improved due to the expansion of core businesses

(Unit: Million yen, Rounded down)

	FY04	FY05	FY06	Major factors
Operating cash flows	597	- 1,628	1,228	Positive factors: Operating income ¥0.78 billion; Depreciation and amortization ¥1.1 billion, etc. Negative factors: Income taxes, interest payment ¥0.5 billion; Other payments ¥0.1 billion, etc.
Investing cash flows	- 1,029	- 4,919	- 2,579	Negative factors: Acquisition of shares in consolidated subsidiaries including overseas subsidiaries ¥2.3 billion
Financing cash flows	503	5,064	2,876	Positive factors: Borrowing to acquire shares in overseas subsidiaries
Change	71	- 1,556	1,512	
Translation difference of cash, etc.	0	- 72	- 13	
Ending balance of cash	3,253	1,697	5,164	

(Note) Cash increase/decrease = Operating CF + Investing CF + Financing CF + Cash etc. translation difference

(Note) Balance of cash at the end of FY2006 includes ¥1,953 million cash of JIMOS due to its consolidation.