

5. Consolidated Financial Statements (Quarter)

(1) Consolidated Balance Sheet (Quarter)

(Unit: Thousands of yen, Round down)

	March 31, 2006		March 31, 2007		Changes	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	
Assets						
I Current assets						
1 Cash and cash equivalents	1,946,363		4,614,251			
2 Accounts receivable	4,051,301		5,141,826			
3 Securities	241,336		764,243			
4 Inventories	23,199		921,217			
5 Deferred tax assets	95,696		168,639			
6 Others	450,810		374,226			
Allowance for doubtful accounts	(29,905)		(39,343)			
Total current assets	6,778,802	35.8	11,945,062	52.9	5,166,260	
II Property and equipment						
1 Tangible fixed assets						
(1) Building	241,490		319,829			
Accumulated depreciation	53,538	187,952	70,709	249,120		
(2) Land		-		39,935		
(3) Others	322,768		348,172			
Accumulated depreciation	196,480	126,287	166,414	181,758		
Total tangible fixed assets	314,239	1.6	470,813	2.1	156,573	
2 Intangible fixed assets:						
(1) Software		692,842		887,282		
(2) Software in progress		151,603		118,860		
(3) Goodwill		6,157,484		-		
(4) Goodwill		-		6,144,710		
(5) Others		159,734		1,978		
Total intangible fixed assets		7,161,665		7,152,832	31.7	(8,833)
3 Investment and other assets:						
(1) Investment securities		3,430,311		1,410,355		
(2) Deferred tax assets		687,814		464,782		
(3) Deposit with landlord		451,594		655,112		
(4) Others		133,059		492,257		
Allowance for doubtful accounts		-		(13,050)		
Total investment and other assets		4,702,779		3,009,457	13.3	(1,693,321)
Total property and equipment		12,178,684		10,633,103	47.1	(1,545,581)
Total Assets		18,957,486		22,578,165	100.0	3,620,679

(Unit: Thousands of yen, Round down)

	March 31, 2006		March 31, 2007		Changes
	Thousands of yen	%	Thousands of yen	%	Thousands of yen
Liabilities					
I Current liabilities					
1 Accounts payable	1,597,519		2,409,710		
2 Short-term debt	244,747		2,773,979		
3 Current portion of Corporate bonds payable	50,000		-		
4 Accrued expenses	2,870,721		1,284,584		
5 Accrued income taxes	295,156		129,891		
6 Accrued consumption taxes	40,774		44,714		
7 Deferred tax assets	-		195		
8 Bonus payment reserve	63,971		164,278		
9 Allowance for sales promotion	-		82,819		
10 Others	131,332		361,946		
Total current liabilities	5,294,222	28.0	7,252,121	32.1	1,957,898
II Long-term liabilities					
1 Corporate bond	379,477		340,456		
2 Long-term debt	112,237		100,093		
3 Reserve for employee's retirement benefit	22,327		17,970		
4 Deferred tax assets	-		51,751		
5 Others	1,511		-		
Total fixed debt	515,553	2.7	510,271	2.3	(5,282)
Total liabilities	5,809,776	30.7	7,762,392	34.4	1,952,616
Minority interests					
Minority interests	723,331	3.8	-	-	(723,331)
Shareholders' Equity					
I Common stock	5,451,700	28.8	-	-	(5,451,700)
II Additional paid-in capital	5,508,395	29.1	-	-	(5,508,395)
III Retained earnings	1,450,860	7.6	-	-	(1,450,860)
IV Unrealized gain in available-for-sale securities	2,829	0.0	-	-	(2,829)
V Foreign currency transaction adjustment	10,592	0.0	-	-	(10,592)
Total shareholders' equity	12,424,378	65.5	-	-	(12,424,378)
Total	18,957,486	100.0	-	-	(18,957,486)
Net Assets					
I Shareholders' equity					
1 Common stock	-	-	5,503,317	24.4	5,503,317
2 Additional paid-in capital	-	-	14,469,049	64.0	14,469,049
3 Retained earnings	-	-	(6,195,936)	(27.4)	6,195,936
Total shareholders' equity	-	-	13,776,430	61.0	13,776,430

II	Valuation and translation adjustments						
1	Unrealized gain in available-for-sale securities	-	-		15,597	0.1	15,597
2	Foreign currency translation adjustments	-	-		138,720	0.6	138,720
	Total valuation and translation adjustments	-	-		154,318	0.7	154,318
III	Subscription right	-	-		15,848	0.1	15,848
IV	Minority interests	-	-		869,175	3.8	869,175
	Total net assets	-	-		14,815,773	65.6	14,815,773
	Total	-	-		22,578,165	100.0	22,578,165

(2) Consolidated Income Statements (Quarter)

(Unit: Thousands of yen, Round down)

	4 th Quarter FY ended March 31, 2006 (From January 1, 2006 To March 31, 2006)		4 th Quarter FY ended March 31, 2007 (From January 1, 2007 To March 31, 2007)		Changes Thousands of yen
	Thousands of yen	%	Thousands of yen	%	
Net Sales	4,445,698	100.0	7,512,236	100.0	3,066,538
Cost of sales	2,501,137	56.3	3,945,833	52.5	1,444,695
Gross Profit	1,944,560	43.7	3,566,403	47.5	1,621,842
Selling, general and administrative expenses	2,085,740	46.9	3,431,071	45.7	1,345,330
Operating Income (Loss)	(141,179)	(3.2)	135,331	1.8	276,511
Non-operating income	21,295	0.5	6,554	0.1	(14,740)
Non-operating expenses	29,935	0.7	5,222	0.1	(24,713)
Ordinary Profit (Loss)	(149,820)	(3.4)	136,664	1.8	286,485
Extraordinary profit	-	-	106,207	1.4	106,207
Extraordinary loss	300,297	6.7	5,773,254	76.8	5,472,956
Loss Before Income Taxes and minority interests	(450,118)	(10.1)	(5,530,382)	(73.6)	(5,080,264)
Income Taxes	109,420	2.5	(15,175)	(0.2)	(124,596)
Prior Year Adjustments of income taxes	(248,796)	(5.6)	120,336	1.6	369,133
Profit (Loss) on minority interests	(38,439)	(0.9)	(35,819)	(0.5)	2,620
Net Loss	(272,303)	(6.1)	(5,599,725)	(74.5)	(5,327,421)

(3) Consolidated Statement of Retained Earnings (Quarter)

		4 th Quarter FY ended March 31, 2006 (From January 1, 2006 To March 31, 2006)
		Thousands of yen
Additional paid-in capital:		
I	Balance at the beginning of period	5,483,621
II	Increase in additional paid-in capital	
	1. Increase due to share issuance	24,774
III	Balance at the end of period	5,508,395
Retained earnings:		
I	Balance at the beginning of period	1,723,163
II	Increase in retained earnings	
	1. Net loss for the quarter	(272,303)
III	Decrease in retained earnings	-
IV	Balance at the end of period	1,450,860

Consolidated Statement of Changes in Shareholders' Equity (Quarter)

4th Quarter of FY ended March 31, 2007 (From January 1, 2007 to March 31, 2007) (Unit: thousands of yen, round down)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at December 31, 2006	5,503,317	14,469,049	(653,655)	19,318,711
Changes				
Gain on new consolidation	-	-	59,421	59,421
Loss on exclusion of consolidation	-	-	(1,977)	(1,977)
Net loss	-	-	(5,599,725)	(5,599,725)
Net increase (decrease) except for items under shareholders' equity	-	-	-	-
Total	-	-	(5,542,281)	(5,542,281)
Balance at March 31, 2007	5,503,317	14,469,049	(6,195,936)	13,776,430

(Unit: thousands of yen, round down)

	Valuation / Translation Adjustment			Subscription right	Minority interests	Total
	Unrealized gain in available-for-sale securities	Foreign currency translation adjustments	Total			
Balance at December 31, 2006	24,678	145,971	170,650	12,961	787,471	20,289,794
Changes						
Gain on new consolidation	-	-	-	-	-	59,421
Loss on exclusion of consolidation	-	-	-	-	-	(1,977)
Net income	-	-	-	-	-	(5,599,725)
Net increase (decrease) except for items under shareholders' equity	(9,081)	(7,250)	(16,331)	2,887	81,704	68,260
Total	(9,081)	(7,250)	(16,331)	2,887	81,704	(5,474,020)
Balance at March 31, 2007	15,597	138,720	154,318	15,848	869,175	14,815,773

(4) Consolidated Cash Flow Statements (Quarter)

(Unit: Thousands of yen, Round down)

	4 th Quarter FY ended March 31, 2006 (From January 1, 2006 To March 31, 2006)	4 th Quarter FY ended March 31, 2007 (From January 1, 2007 To March 31, 2007)
	thousands of yen	thousands of yen
I Operating activities:		
1 Income (loss) before income taxes and minority interest	(450,118)	(5,530,382)
2 Depreciation and amortization	287,308	151,122
3 Write-down of consolidation adjustment account	69,896	-
4 Goodwill amortization	-	176,575
5 Restructuring expenses	(441)	-
6 Increase (decrease) in bonus payment reserve	34,862	81,652
7 Decrease in allowance for doubtful accounts	(5,066)	(9,814)
8 Decrease in allowance for damage	-	(12,033)
9 Increase in allowance for sales promotion	-	5,827
10 Increase (decrease) in reserve for employee's retirement benefits	(1,396)	205
11 Interests and dividend earned	(7,976)	(4,157)
12 Interest expenses	27,600	46,110
13 Loss on impairments of goodwill	-	5,452,204
14 Gain on sales of investment securities	-	(7,481)
15 Gain on sales of shares of affiliate	-	(91,419)
16 (Increase) decrease in accounts receivable	(490,769)	(671,576)
17 (Increase) decrease in inventories	59,648	(107,034)
18 Increase (decrease) in accounts payable	163,770	213,527
19 Increase (decrease) in accrued expenses	(816,222)	258,567
20 Others	447,105	573,648
Total	(681,798)	525,541
21 Interests and dividends received	7,484	6,546
22 Interest paid	(26,624)	(41,785)
23 Income tax paid	2,789	(2,139)
Cash flow from operating activities	(698,149)	488,162
II Investing activities:		
1 Increase (decrease) in fixed deposit	(501)	261,888
2 Expenditures for property and equipment	(30,701)	(11,638)
3 Proceeds from property and equipment	-	600
4 Expenditure for intangible fixed assets	(237,681)	(261,047)
5 Expenditure for sales of investment securities	(108,000)	-
6 Proceeds from sales of investment securities	-	446,530
7 Expenditure for purchase of stocks of subsidiaries changing consolidation scope	565,077	-
8 Proceeds from sales of stocks of subsidiaries changing consolidation scope	(112,278)	(248,679)
9 Proceeds from investment securities	75,049	-
10 Expenditure for short-term lending	9,500	-
11 Proceeds from short-term lending	-	95,263
12 Expenditures for deposits with landlord	(24,012)	(9,001)
13 Proceeds from deposits with landlord	400	33,903
14 Others	(43,878)	(49,544)
Cash flow from investing activities	92,973	258,273

III Financing activities:		
1 Proceeds from short-term debt	120,000	-
2 Repayment of short-term debt	(146,664)	(35,820)
3 Expenditure for long-term debt	(34,817)	-
4 Proceeds from issuance of new bonds	319,224	-
5 Expenditure for bond redemption	(25,000)	-
6 Proceeds from issuance of new shares	37,590	-
7 Dividends payment	(184)	(1,980)
8 Others	375,000	304,431
Cash flow from financing activities	645,148	266,631
IV Foreign currency translation adjustment of cash and cash equivalents	1,098	4,560
V Increase (decrease) in cash and cash equivalents	41,070	1,017,628
VI Cash and cash equivalents at the beginning of period	1,656,865	4,146,623
VII Cash and cash equivalents at the end of period	1,697,936	5,164,251