

6. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(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	600,567		1,656,633		
2 Accounts receivable	3,233,188		-		
3 Merchandise	11,082		-		
4 Work in process	167		-		
5 Prepaid expenses	21,495		-		
6 Advances paid	2,510,864		-		
7 Advance payment	94,477		83,266		
8 Deferred tax assets	95,696		-		
9 Advance to affiliate	-		2,526,736		
10 Accrued revenue	-		633,176		
11 Others	248,891		4,973		
Allowance for doubtful accounts	(29,905)		-		
Total current assets	6,786,525	38.5	4,904,786	28.0	(1,881,738)
II Property and equipment					
1 Tangible fixed assets					
(1) Building	226,535		272,148		
Accumulated depreciation	44,765	181,769	61,444	210,704	
(2) Equipment	109,839		68,537		
Accumulated depreciation	54,402	55,436	18,394	50,142	
Total tangible fixed assets	237,206	1.3	260,847	1.5	23,640
2 Intangible fixed assets:					
(1) Software	457,985		35,666		
(2) Software in progress	43,646		-		
(3) Telephone subscription right	1,167		1,167		
Total intangible fixed assets	502,799	2.9	36,833	0.2	(465,965)
3 Investment and other assets:					
(1) Investment securities	265,224		149,558		
(2) Investment in subsidiaries and affiliates	4,218,536		11,200,900		
(3) Other securities of affiliates	-		100,000		
(4) Long-term loan of affiliates	4,807,619		304,500		
(5) Long-term advanced payment	14,655		-		
(6) Deferred tax assets	292,274		-		
(7) Deposit with	419,337		506,550		

landlord							
(8) Others		92,214			58,975		
Total investment and other assets		10,109,861	57.3		12,320,484	70.3	2,210,622
Total property and equipment		10,849,867	61.5		12,618,165	72.0	1,768,297
Total Assets		17,636,393	100.0		17,522,952	100.0	(113,440)

(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	1,351,533		-		
2 Short-term debt	-		2,652,736		
3 Accrued expenses	2,687,564		158,651		
4 Accrued liability	6,511		54,118		
5 Accrued income taxes	281,032		6,580		
6 Accrued consumption taxes	10,091		-		
7 Deposit received	25,779		24,954		
8 Deferred revenue	36,860		-		
9 Bonus payment reserve	53,360		33,068		
10 Others	2,508		-		
Total current liabilities	4,455,240	25.3	2,930,111	16.7	(1,525,129)
Total liabilities	4,455,240	25.3	2,930,111	16.7	(1,525,129)
Shareholders' Equity					
I Common stock	5,451,700	30.9	-	-	(5,451,700)
II Additional paid-in capital					
1 Capital reserve	3,084,379		-		
2 Others					
(1) Marginal gain on common stock and additional paid-in capital	2,424,016		-		
Total additional paid-in capital	5,508,395	31.2	-	-	(5,508,395)
III Retained earnings					
1 Unappropriated retained earnings for the year	1,980,917		-		
Total retained earnings	1,980,917	11.2	-	-	(1,980,917)
IV Unrealized gain in available-for-sale securities	240,138	1.4	-	-	(240,138)
Total shareholders' equity	13,181,152	74.7	-	-	(13,181,152)
Total	17,636,393	100.0	-	-	(17,636,393)
Net Assets					
I Shareholders' equity					
1 Common stock	-	-	5,503,317	31.4	5,503,317
2 Additional paid-in capital					
(1) Capital reserve	-		12,045,032		
(2) Others	-		2,424,016		
Total additional paid-in capital	-	-	14,469,049	82.6	14,469,049
3 Retained earnings					

(1) Other retained earnings							
Retained earnings carried forward	-			(5,401,097)			
Total retained earnings		-	-		(5,401,097)	(30.8)	(5,401,097)
Total shareholders' equity		-	-		14,571,269	83.2	14,571,269
II Subscription right		-	-		21,571	0.1	21,571
Total net assets		-	-		14,592,841	83.3	14,592,841
Total		-	-		17,522,952	100.0	17,522,952

(2) Non-Consolidated Income Statements

(Unit: Thousands of yen, Round down)

	FY ended March 31, 2006 (From April 1, 2005 To March 31, 2006)			FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)			Changes Thousands of yen
	Thousands of yen		%	Thousands of yen		%	
I Operating profit							
1 Net sales	12,731,139			6,567,211			
2 Operating revenue of subsidiaries	-	12,731,139	100.0	1,318,727	7,885,939	100.0	(4,845,199)
II Expenses of sales							
1 Cost of sales	8,164,788	8,164,788	64.1	4,072,787	4,072,787	51.6	(4,092,001)
Gross Profit		4,566,350	35.9		3,813,151	48.4	(753,198)
III Selling, general and administrative expenses							
1 Advertisement expenses	149,639			27,255			
2 Allowance for doubtful accounts	29,905			26,931			
3 Compensation paid to directors	246,948			242,022			
4 Salaries	737,213			677,039			
5 Provision for bonus payment reserve	29,345			33,068			
6 Welfare expenses	115,590			39,242			
7 Traveling and transportation expenses	68,665			43,818			
8 R&D costs	596,820			186,809			
9 Charge and commission	1,607,561			1,061,826			
10 Depreciation expense	7,472			38,494			
11 Rent	179,009			439,141			
12 Supplies expenses	40,772			43,918			
13 Others	310,596	4,119,540	32.4	424,038	3,283,609	41.7	(835,931)
Operating Income		446,809	3.5		529,542	6.7	82,732
IV Non-operating income							
1 Interest received	13,287			162,823			
2 Interest earned	14,918			17,333			
3 Commission fees	6,000			-			
4 Foreign exchange gain	313,532			-			
5 Others	2,237	349,975	2.7	2,013	182,170	2.3	(167,805)
V Non-operating expenses							

1 Interest paid	15			112,728			
2 Share issue expenses	18,720			-			
3 Trust expenses for subscription rights	14,503			-			
4 Foreign currency transaction gain	-			311,624			
5 Others	-	33,239	0.2	16,278	440,631	5.6	407,392
Total ordinary income		763,545	6.0		271,080	3.4	(492,464)
VI Extraordinary profit							
1 Gain on sale of shares of affiliate	923,000	923,000	7.3	-	-	-	(923,000)
VII Extraordinary loss							
1 Loss on sale of property and equipment	6,124			85,611			
2 Appraisal loss on shares of affiliate	578,391			7,126,424			
3 Software reevaluation loss	70,556			-			
4 Loss on sale of associated company shares	209,660			-			
5 Integration expenses	-	864,732	6.8	83,518	7,295,554	92.5	6,430,821
Income Before Income Taxes and minority Interests		821,813	6.5		(7,024,473)	(89.1)	(7,846,286)
Income Taxes	610,667			22,411			
Prior Year income taxes	-			46,875			
Prior Year Adjustments of income taxes	(168,802)	441,864	3.5	249,716	319,003	4.0	(122,861)
Net Income (Loss)		379,948	3.0		(7,343,476)	(93.1)	(7,723,425)
Unappropriated retained earnings brought forward		1,600,968			-		
Unappropriated income for the current year		1,980,917			-		

(3) Non-Consolidated Statement of Retained Earnings

	FY ended March 31, 2006 (June 29, 2006)
	Thousands of yen
I Unappropriated retained earnings at the end of the period	1,980,917
II Unappropriated retained earnings	
Dividend	38,538
III retained earnings carried forward	1,942,379

(Note) Date is on an annual shareholders' meeting.

Non-Consolidated Statement of Changes in Shareholders' Equity
FY ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

	Shareholders' equity						
	Common stock	Additional paid-in capital			Retained earnings		Total
		Capital reserve	Others	Total	Others Retained earnings carry forward	Total	
Balance at March 31, 2006 (thousands of yen)	5,451,700	3,084,379	2,424,016	5,508,395	1,980,917	1,980,917	12,941,014
Changes							
Share issue	51,616	51,616	-	51,616	-	-	103,233
Change of shares	-	8,909,037	-	8,909,037	-	-	8,909,037
Cash dividend	-	-	-	-	(38,538)	(38,538)	(38,538)
Net income	-	-	-	-	(7,343,476)	(7,343,476)	(7,343,476)
Net increase (decrease) except for items under shareholders' equity	-	-	-	-	-	-	-
Total (thousands of yen)	51,616	8,960,653	-	8,960,653	(7,382,014)	(7,382,014)	1,630,255
Balance at March 31, 2007 (thousands of yen)	5,503,317	12,045,032	2,424,016	14,469,049	(5,401,097)	(5,401,097)	14,571,269

	Valuation / Translation Adjustment		Subscription right	Total
	Unrealized gain in available-for-sale securities	Total		
Balance at March 31, 2006 (thousands of yen)	240,138	240,138	-	13,181,152
Changes				
Share issue	-	-	-	103,233
Change of shares	-	-	-	8,909,037
Cash dividend	-	-	-	(38,538)
Net income	-	-	-	(7,343,476)
Net increase (decrease) except for items under shareholders' equity	(240,138)	(240,138)	21,571	(218,566)
Total (thousands of yen)	(240,138)	(240,138)	21,571	1,411,688
Balance at March 31, 2007 (thousands of yen)	-	-	21,571	14,592,841

(Note) Appropriation of earnings related to Regular General Meeting of Shareholders held in June 2006