

4. Consolidated Financial Statements (Quarter)

(1) Consolidated Balance Sheet (Quarter)

(Unit: Thousands of yen, Round down)

	June 30, 2006		June 30, 2007		Changes	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
Assets						
I Current assets						
Cash and cash equivalents	1,836,602		3,611,131			
Accounts receivable	3,830,685		5,008,208			
Securities	153,951		1,604,198			
Inventories	38,797		1,077,514			
Others	428,944		910,061			
Allowance for doubtful accounts	(29,905)		(53,942)			
Total current assets	6,259,076	34.1	12,157,173	53.5	5,898,096	94.2
II Property and equipment						
Tangible fixed assets	308,304	1.7	455,375	2.0	147,070	47.7
Intangible fixed assets:						
Software	707,827		1,007,762			
Software in progress	137,951		58,310			
Goodwill	-		6,100,067			
Goodwill	6,083,984		-			
Others	116,429		1,739			
Total intangible fixed assets	7,046,192	38.4	7,167,880	31.5	121,687	1.7
Investment and other assets:						
Investment securities	3,407,226		1,350,965			
Deposit with landlord	454,844		625,746			
Others	865,758		986,251			
Allowance for doubtful accounts	-		(13,050)			
Total investment and other assets	4,727,829	25.8	2,949,913	13.0	(1,777,915)	(37.6)
Total property and equipment	12,082,326	65.9	10,573,169	46.5	(1,509,157)	(12.5)
Total Assets	18,341,402	100.0	22,730,342	100.0	4,388,939	23.9

(Unit: Thousands of yen, Round down)

	June 30, 2006		June 30, 2007		Changes	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
<b>Liabilities</b>						
<b>I Current liabilities</b>						
Accounts payable	1,564,003		2,092,665			
Short-term debt	60,000		-			
Current portion of Corporate bonds payable	2,755,465		2,744,634			
Accrued expenses	400,371		1,151,282			
Accrued income taxes	11,445		262,016			
Bonus payment reserve	35,225		109,763			
Others	132,376		637,263			
Total current liabilities	4,958,887	27.0	6,997,625	30.8	2,038,737	41.1
<b>II Long-term liabilities</b>						
Corporate bond	369,811		816,719			
Long-term debt	98,906		100,093			
Reserve for employee's retirement benefit	21,321		18,522			
Others	2,978		435			
Total fixed debt	493,016	2.7	935,770	4.1	442,753	89.8
Total liabilities	5,451,904	29.7	7,933,396	34.9	2,481,491	45.5
<b>Net Assets</b>						
<b>I Shareholders' equity</b>						
1 Common stock	5,503,317	30.0	5,503,317	24.2	-	-
2 Additional paid-in capital	5,560,012	30.4	9,067,951	39.9	3,507,939	63.1
3 Retained earnings	1,141,980	6.2	(789,240)	(3.5)	(1,931,221)	-
Total shareholders' equity	12,205,310	66.6	13,782,028	60.6	1,576,718	12.9
<b>II Valuation and translation adjustments</b>						
1 Unrealized gain in available-for-sale securities	6,199	0.0	46,620	0.2	40,421	652.1
2 Foreign currency translation adjustments	(10,727)	(0.0)	43,011	0.2	53,738	-
Total valuation and translation adjustments	(4,528)	(0.0)	89,632	0.4	94,160	-
<b>III Subscription right</b>	6,601	0.0	59,575	0.3	52,974	802.5
<b>IV Minority interests</b>	682,114	3.7	865,710	3.8	183,595	26.9
Total net assets	12,889,498	70.3	14,796,946	65.1	1,907,448	14.8
Total	18,341,402	100.0	22,730,342	100.0	4,388,939	23.9

## (2) Consolidated Income Statements (Quarter)

(Unit: Thousands of yen, Round down)

	1 <sup>st</sup> Quarter FY ended March 31, 2007 (From April 1, 2006 To June 30, 2006)		1 <sup>st</sup> Quarter FY ended March 31, 2008 (From April 1, 2007 To June 30, 2007)		Changes	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
Net Sales	4,031,393	100.0	7,655,852	100.0	3,624,458	89.9
Cost of sales	2,366,233	58.7	4,273,228	55.8	1,906,994	80.6
Gross Profit	1,665,159	41.3	3,382,623	44.2	1,717,463	103.1
Selling, general and administrative expenses	1,627,708	40.4	3,044,481	39.8	1,416,773	87.0
Operating Income	37,451	0.9	338,142	4.4	300,690	802.9
Non-operating income	3	0.0	17,084	0.2	17,080	-
Non-operating expenses	345,112	8.5	68,951	0.9	(276,161)	(80.0)
Ordinary Profit (Loss)	(307,657)	(7.6)	286,275	3.7	593,933	-
Extraordinary profit	-	-	48,196	0.6	48,196	-
Extraordinary loss	-	-	56,451	0.7	56,451	-
Income (Loss) Before Income Taxes and minority Interests	(307,657)	(7.6)	278,020	3.6	585,678	-
Income Taxes	3,688	0.1	191,432	2.5	187,743	-
Prior Year Adjustments of income taxes	-	-	28,660	0.4	28,660	-
Profit (Loss) on minority interest	(41,005)	(1.0)	3,962	0.0	44,967	-
Net Income (Loss)	(270,341)	(6.7)	53,965	0.7	324,306	-

## (3) Consolidated Statement of Changes in Shareholders' Equity (Quarter)

1<sup>st</sup> Quarter of FY ending March 31, 2008 (From April 1, 2007 to June 30, 2007) (Unit: thousands of yen, round down)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at March 31, 2007	5,503,317	14,469,049	(6,195,936)	13,776,430
Changes				
Dividend from additional paid-in capital	-	(48,367)	-	(48,367)
Transfer from capital reserve to earned reserve	-	(5,352,730)	5,352,730	-
Net income	-	-	53,965	53,965
Net increase (decrease) except for items under shareholders' equity	-	-	-	-
Total	-	(5,401,097)	5,406,695	5,598
Balance at June 30, 2007	5,503,317	9,067,951	(789,240)	13,782,028

(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 March 31, 2007	15,597	138,720	154,318	15,848	869,175	14,815,773
Changes						
Dividend from additional paid-in capital	-	-	-	-	-	(48,367)
Transfer from capital reserve to earned reserve	-	-	-	-	-	-
Net income	-	-	-	-	-	53,965
Net increase (decrease) except for items under shareholders' equity	31,023	(95,709)	(64,687)	43,727	(3,465)	(24,425)
Total	31,023	(95,709)	(64,687)	43,727	(3,465)	(18,827)
Balance at June 30, 2007	46,620	43,011	89,632	59,575	865,710	14,796,946

## (4) Consolidated Cash Flow Statements (Quarter)

(Unit: Thousands of yen, Round down)

	1 <sup>st</sup> Quarter FY ended March 31, 2007 (From April 1, 2006 To June 30, 2006)	1 <sup>st</sup> Quarter FY ended March 31, 2008 (From April 1, 2007 To June 30, 2007)
	thousands of yen	thousands of yen
<b>I Operating activities:</b>		
Income (loss) before income taxes and minority interest	(307,657)	278,020
Depreciation and amortization	264,170	145,765
Goodwill amortization	-	83,076
Increase in allowance for doubtful accounts	-	14,598
Decrease in bonus payment reserve	(28,745)	(54,514)
Decrease in allowance for sales promotion	-	(26,800)
Increase (decrease) in reserve for employee's retirement benefits	(1,006)	551
Interest and dividend earned	(3)	(1,213)
Interest expenses	13,599	57,584
Equity in net losses of an affiliate	26,451	-
Decrease in accounts receivable	218,635	128,363
(Increase) decrease in inventories	(15,597)	(156,297)
Increase (decrease) in accounts payable	(32,874)	(314,703)
Increase (decrease) in accrued expenses	(154,277)	(173,328)
Others	97,990	101,557
Total	80,682	82,660
Interests and dividends received	3	916
Interest paid	(13,601)	(61,409)
Income tax paid	(283,871)	(344,329)
<b>Cash flow from operating activities</b>	<b>(216,786)</b>	<b>(322,162)</b>
<b>II Investing activities:</b>		
Increase (decrease) in fixed deposit	(378)	-
Expenditures for purchase of investment securities	-	(47,075)
Proceeds from sales of stocks of affiliate	-	38,774
Expenditures for property and equipment	(46,047)	(14,987)
Expenditure for intangible fixed assets	(116,849)	(157,151)
Proceeds from sales of investment securities	86,157	-
Expenditures for deposits with landlord	(3,249)	(11,921)
Proceeds from deposits with landlord	-	9,292
Others	(78,172)	(9,412)
<b>Cash flow from investing activities</b>	<b>(158,539)</b>	<b>(192,481)</b>
<b>III Financing activities:</b>		
Proceeds from short-term debt	250,000	205,248
Repayment of short-term debt	(20,006)	(300,000)
Expenditure for long-term debt	(29,540)	(35,820)
Proceeds from issuance of new shares	103,233	-
Proceeds from issuance of new bonds	-	513,121
Dividends payment	(38,583)	(28,135)
<b>Cash flow from financing activities</b>	<b>265,104</b>	<b>354,415</b>
IV Foreign currency translation adjustment of cash and cash equivalents	83	9,630
V Increase (decrease) in cash and cash equivalents	(110,138)	(150,598)
VI Cash and cash equivalents at the beginning of period	1,697,936	5,164,251
VII Cash and cash equivalents at the end of period	1,587,797	5,013,652