

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheet

(Unit: Thousands of yen, Round down)

	Note	September 30, 2006		September 30, 2007		March 31, 2007				
		Thousands of yen	%	Thousands of yen	%	Thousands of yen	%			
Assets										
I Current assets										
1 Cash and cash equivalents	*2	2,060,808		4,199,821		4,614,251				
2 Accounts receivable	*2	3,949,713		4,652,932		5,141,826				
3 Securities		-		1,627,279		764,243				
4 Inventories		11,092		935,683		921,217				
5 Others		768,157		741,630		542,866				
Allowance for doubtful accounts		(25,185)		(29,635)		(39,343)				
Total current assets		6,764,586	40.8	12,127,711	53.8	11,945,062	52.9			
II Property and equipment										
1 Tangible fixed assets	*1,2	307,177	1.9	440,847	1.9	470,813	2.1			
2 Intangible fixed assets:										
(1) Software		599,658		1,026,401		887,282				
(2) Goodwill		5,917,427		6,199,196		6,144,710				
(3) Others		213,891	6,730,977	40.6	104,072	7,329,670	32.5	120,839	7,152,832	31.7
3 Investment and other assets:										
(1) Investment securities		1,547,163		1,210,619		1,410,355				
(2) Deposit with landlord		454,274		679,311		655,112				
(3) Others		766,702		780,947		957,040				
Allowance for doubtful accounts		-	2,768,140	16.7	(14,057)	2,656,820	11.8	(13,050)	3,009,457	13.3
Total property and equipment		9,806,295	59.2	10,427,337	46.2	10,633,103	47.1			
Total Assets		16,570,881	100.0	22,555,049	100.0	22,578,165	100.0			

(Unit: Thousands of yen, Round down)

	Note	September 30, 2006		September 30, 2007		March 31, 2007	
		Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
<b>Liabilities</b>							
<b>I Current liabilities</b>							
1 Accounts payable		1,666,526		1,863,917		2,409,710	
2 Short-term debt		2,654,855		2,619,707		2,773,979	
3 Current portion of Corporate bonds payable	*2	-		390,952		-	
4 Accrued expenses		417,792		804,581		1,284,584	
5 Accrued income taxes		34,404		212,240		129,891	
6 Bonus payment reserve		94,924		207,409		164,278	
7 Allowance for sales promotion		-		58,865		82,819	
8 Others		188,402		441,157		406,856	
Total current liabilities		5,056,906	30.5	6,598,833	29.2	7,252,121	32.1
<b>II Long-term liabilities</b>							
1 Corporate bond	*2	370,500		550,332		340,456	
2 Long-term debt		104,733		54,621		100,093	
3 Reserve for employee's retirement benefit		18,948		19,188		17,970	
4 Others		-		-		51,751	
Total fixed debt		494,182	3.0	624,141	2.8	510,271	2.3
Total liabilities		5,551,088	33.5	7,222,975	32.0	7,762,392	34.4
<b>Net Assets</b>							
<b>I Shareholders' equity</b>							
1 Common stock		5,503,317	33.2	5,503,317	24.4	5,503,317	24.4
2 Additional paid-in capital		5,560,012	33.6	9,019,584	40.0	14,469,049	64.0
3 Retained earnings		(771,358)	(4.7)	(555,736)	(2.5)	6,195,936)	(27.4)
Total shareholders' equity		10,291,971	62.1	13,967,165	61.9	13,776,430	61.0
<b>II Valuation and translation adjustments</b>							
1 Unrealized gain in available-for-sale securities		10,316	0.0	2,411	0.0	15,597	0.1
2 Foreign currency translation adjustments		(56,132)	(0.3)	413,550	1.9	138,720	0.6
Total valuation and translation adjustments		(45,816)	(0.3)	415,962	1.9	154,318	0.7
<b>III Subscription right</b>		3,555	0.0	65,894	0.3	15,848	0.1
<b>IV Minority interests</b>		770,082	4.7	883,052	3.9	869,175	3.8
Total net assets		11,019,793	66.5	15,332,073	68.0	14,815,773	65.6
Total		16,570,881	100.0	22,555,049	100.0	22,578,165	100.0

## (2) Consolidated Income Statements

(Unit: Thousands of yen, Round down)

	Note	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)			Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)			FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)		
		Thousands of yen		%	Thousands of yen		%	Thousands of yen		%
I Net Sales			8,450,215	100.0		15,264,049	100.0		23,571,145	100.0
II Cost of sales			4,884,096	57.8		8,598,281	56.3		12,868,382	54.6
Gross Profit			3,566,119	42.2		6,665,767	43.7		10,702,763	45.4
IIISelling, general and administrative expenses	*1		3,221,017	38.1		6,107,489	40.0		9,915,951	42.1
Operating Income			345,102	4.1		558,277	3.7		786,811	3.3
IVNon-operating income										
1 Interest received		170			5,928			6,820		
2 Grant money		-			23,030			29,840		
3 Equity in net gain of an affiliate		-			-			11,855		
4 Others		346	516	0.0	21,305	50,264	0.3	13,859	62,374	0.3
V Non-operating expenses										
1 Interest paid		63,384			102,596			148,321		
2 Foreign currency transaction gain		326,452			30,008			315,381		
3 Equity in net gain of an affiliate		1,900,976			-			1,908,341		
4 Others		-	2,290,813	27.1	30,627	163,232	1.1	29,475	2,401,519	10.2
Total ordinary income (loss)			(1,945,195)	(23.0)		445,309	2.9		(1,552,333)	(6.6)
VIExtraordinary profit										
1 Gain on sale of investment securities		-			21,734			7,481		
2 Equity in net gain of an affiliate		-			14,296			91,419		
3 Dilution gain		738			-			-		
4 Reversal of allowance for sales promotion		-			32,300			-		
5 Others		-	738	0.0	45	68,376	0.4	16,823	115,724	0.5
VII Extraordinary loss										
1 Loss on sale of property and equipment	*2	-			2,168			46,976		
2 Loss on sales of investment securities		-			81,886			36,047		
3 Software reevaluation loss	*3	47,864			1,003			190,687		
4 Loss on change in ownership ratio	*3	-			-			5,452,204		
5 Others		11,062	58,927	0.7	10,867	95,925	0.6	203,395	5,929,311	25.1
Income (Loss) Before Income Taxes and minority Interests			(2,003,384)	(23.7)		417,760	2.7		(7,365,920)	(31.2)
Income Taxes		17,306			213,636			155,895		
Prior Year income taxes		40,844			-			40,844		
Prior Year Adjustments of income taxes		98,650	156,801	1.8	(55,883)	157,752	1.0	310,375	507,115	2.2

Gain (loss) on minority interests		23,494	0.3		20,905	0.1		(42,423)	(0.2)
Net income (loss)		(2,183,680)	(25.8)		239,102	1.6		(7,830,611)	(33.2)

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

Interim period for FY ended March 31, 2007 (From April 1, 2006 to September 30, 2006)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at March 31, 2006 (thousands of yen)	5,451,700	5,508,395	1,450,860	12,410,956
Changes				
Share issue	51,616	51,616	-	103,233
Cash dividend (Note)	-	-	(38,538)	(38,538)
Net income (loss)	-	-	(2,183,680)	(2,183,680)
Net increase (decrease) except for items under shareholders' equity				
Total (thousands of yen)	51,616	51,616	(2,222,218)	(2,118,985)
Balance at September 30, 2006 (thousands of yen)	5,503,317	5,560,012	(771,358)	10,291,971

	Valuation / Translation Adjustment			Subscription right	Minority interests	Total
	Unrealized gain in available-for-sale securities	Foreign currency translation adjustments	Total			
Balance at March 31, 2006 (thousands of yen)	2,829	10,592	13,422	-	723,331	13,147,710
Changes						
Share issue	-	-	-	-	-	103,233
Cash dividend (Note)	-	-	-	-	-	(38,538)
Net income (loss)	-	-	-	-	-	(2,183,680)
Net increase (decrease) except for items under shareholders' equity	7,486	(66,725)	(59,238)	3,555	46,751	(8,932)
Total (thousands of yen)	7,486	(66,725)	(59,238)	3,555	46,751	(2,127,917)
Balance at September 30, 2006 (thousands of yen)	10,316	(56,132)	(45,816)	3,555	770,082	11,019,793

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

Interim period for FY ending March 31, 2008 (From April 1, 2007 to September 30, 2007)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at March 31, 2007 (thousands of yen)	5,503,317	14,469,049	(6,195,936)	13,776,430
Changes				
Cash dividend (Note)	-	(48,367)	-	(48,367)
Transfer from additional paid-in capital to retained earnings	-	(5,401,097)	5,401,097	-
Net income (loss)	-	-	239,102	239,102
Net increase (decrease) except for items under shareholders' equity				
Total (thousands of yen)	-	(5,449,464)	5,640,199	190,735
Balance at September 30, 2007 (thousands of yen)	5,503,317	9,019,584	(555,736)	13,967,165

	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 (thousands of yen)	15,597	138,720	154,318	15,848	869,175	14,815,773
Changes						
Cash dividend (Note)	-	-	-	-	-	(48,367)
Transfer from additional paid-in capital to retained earnings	-	-	-	-	-	-
Net income (loss)	-	-	-	-	-	239,102
Net increase (decrease) except for items under shareholders' equity	(13,185)	274,829	261,643	50,045	13,876	325,565
Total (thousands of yen)	(13,185)	274,829	261,643	50,045	13,876	516,300
Balance at September 30, 2007 (thousands of yen)	2,411	413,550	415,962	65,894	883,052	15,332,073

FY ended March 31, 2007 (From April 1, 2006 to March 31, 2007)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at March 31, 2006 (thousands of yen)	5,451,700	5,508,395	1,450,860	12,410,956
Changes				
Change of shares	-	8,909,037	-	8,909,037
Share issue	51,616	51,616	-	103,233
Gain on new consolidation	-	-	224,330	224,330
Loss on exclusion of consolidation	-	-	(1,977)	(1,977)
Cash dividend (Note)	-	-	(38,538)	(38,538)
Net income (loss)	-	-	(7,830,611)	(7,830,611)
Net increase (decrease) except for items under shareholders' equity				
Total (thousands of yen)	51,616	8,960,653	(7,646,796)	1,365,473
Balance at March 31, 2007 (thousands of yen)	5,503,317	14,469,049	(6,195,936)	13,776,430

	Valuation / Translation Adjustment			Subscription right	Minority interests	Total
	Unrealized gain in available-for-sale securities	Foreign currency translation adjustments	Total			
Balance at March 31, 2006 (thousands of yen)	2,829	10,592	13,422	-	723,331	13,147,710
Changes						
Change of shares	-	-	-	-	-	8,909,037
Share issue	-	-	-	-	-	103,233
Gain on new consolidation	-	-	-	-	-	224,330
Loss on exclusion of consolidation	-	-	-	-	-	(1,977)
Cash dividend (Note)	-	-	-	-	-	(38,538)
Net income (loss)	-	-	-	-	-	(7,830,611)
Net increase (decrease) except for items under shareholders' equity	12,768	128,127	140,895	15,848	145,844	302,589
Total (thousands of yen)	12,768	128,127	140,895	15,848	145,844	1,668,062
Balance at March 31, 2007 (thousands of yen)	15,597	138,720	154,318	15,848	869,175	14,815,773

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

## (4) Consolidated Cash Flow Statements

(Unit: Thousands of yen, Round down)

	Note	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	Summary of FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
		thousands of yen	thousands of yen	thousands of yen
I Operating activities:				
1		(2,003,384)	417,760	(7,365,920)
2		253,436	310,411	574,095
3		188,137	168,779	545,212
4		-	-	(17,283)
5		-	(23,954)	14,527
6		(4,720)	(8,700)	(13,583)
7		30,953	43,130	59,672
8		(3,378)	1,217	(4,434)
9		(170)	(5,928)	(7,212)
10		63,384	102,596	148,321
11		1,900,976	-	1,896,486
12		-	-	5,452,204
13		-	(21,734)	(7,481)
14		-	(14,296)	(91,419)
15		-	81,886	36,047
16		-	2,168	46,976
17		47,864	1,003	190,687
18		(738)	-	-
19		88,533	508,928	(331,369)
20		12,107	(14,465)	(93,025)
21		73,744	(555,619)	467,659
22		(259,898)	(487,377)	(88,764)
23		258,587	(30,077)	297,460
	Total	645,435	475,728	1,708,856
24		170	6,291	8,744
25		17,333	-	17,333
26		(63,881)	(104,075)	(144,561)
27		(324,198)	(212,423)	(361,660)
	Cash flow from operating activities	274,858	165,520	1,228,712
II Investing activities:				
1		(629)	-	270,870
2		(68,546)	(33,621)	(101,239)
3		(208,288)	(367,122)	(672,267)
4		7,000	-	7,000
5		-	(327,497)	-
6		-	(280,080)	-
7		50,665	372,069	497,196
8		-	38,774	-
9		(2,310,438)	-	(2,310,438)
10		(3,249)	(80,981)	(18,701)

11 Proceeds from deposits with landlord		300	9,562	36,713
12 Others	*2,3	(56,544)	2,131	(288,481)
Cash flow from investing activities		(2,589,730)	(666,767)	(2,579,347)
III Financing activities:				
1 Proceeds from short-term debt		2,680,438	225,879	2,980,438
2 Repayment of short-term debt		(290,006)	(300,000)	(459,290)
3 Proceeds from long-term debt		30,000	-	80,000
4 Repayment of long-term debt		(57,137)	(69,140)	(57,137)
5 Proceeds from issuance of new bonds		-	573,495	-
6 Expenditure for bond redemption		(25,000)	-	(25,000)
7 Proceeds from issuance of new shares		103,233	-	103,233
8 Capital subscription from minority share holders		25,000	-	445,000
9 Dividends payment		(34,762)	(48,302)	(55,350)
10 Others		-	-	(135,568)
Cash flow from financing activities		2,431,765	381,931	2,876,325
IV Foreign currency translation adjustment of cash and cash equivalents		(3,077)	23,715	(13,268)
V Increase (decrease) in cash and cash equivalents		113,816	(95,599)	1,512,422
VI Cash and cash equivalents at the beginning of period		1,697,936	5,164,251	1,697,936
VII Increase in cash and cash equivalents by exchange shares		-	-	1,953,893
VIII Cash and cash equivalents at the end of period	*1	1,811,752	5,068,652	5,164,251

Notes to Consolidated Financial Statements

	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
1 Basis of Consolidation	<p>(1) Number of Consolidated Companies: 9 Names of Consolidated Companies GiGAFLOPS Japan Inc. AXISSOFT Corporation CYB INVESTMENT INC. Airborne Entertainment Inc. Cellus U.S.A., INC. PLUS MOBILE COMMUNICATIONS Co., Ltd. CYBIRD Investment Partners Inc. CYBIRD Mobilecasting Inc. CYBIRD Plus Mobile Fund Investment Business Limited Partnership</p> <p>(2) Names of Significant Non-consolidated Subsidiaries  Not applicable</p>	<p>(1) Number of Consolidated Companies: 15 Names of Consolidated Companies CYBIRD Co., Ltd. JIMOS CO., LTD. GiGAFLOPS Japan Inc. CYB INVESTMENT INC. Airborne Entertainment Inc. Cellus U.S.A. INC. PLUS MOBILE COMMUNICATIONS Co., Ltd. CYBIRD Investment Partners Inc. CYBIRD Mobilecasting Inc. CYBIRD Plus Mobile Fund Investment Business Limited Partnership Outlet Plaza Co., Ltd. Doctor's Bio Laboratory Co., Ltd. Commerce21 Corporation JDM Investment Partnership S-CREW Inc.</p> <p>(2) Names of Significant Non-consolidated Subsidiaries  See left</p>	<p>(1) Number of Consolidated Companies: 15 Names of Consolidated Companies CYBIRD Co., Ltd. JIMOS CO., LTD. GiGAFLOPS Japan Inc. CYB INVESTMENT INC. Airborne Entertainment Inc. Cellus U.S.A. INC. PLUS MOBILE COMMUNICATIONS Co., Ltd. CYBIRD Investment Partners Inc. CYBIRD Mobilecasting Inc. CYBIRD Plus Mobile Fund Investment Business Limited Partnership Outlet Plaza Co., Ltd. Doctor's Bio Laboratory Co., Ltd. Commerce21 Corporation JDM Investment Partnership S-CREW Inc.</p> <p>Among consolidated subsidiaries, JIMOS CO., LTD., was previously an affiliate accounted for by the equity method. However, JIMOS became a wholly owned subsidiary following a share exchange concluded on October 1, 2006 and was made a consolidated subsidiary. JIMOS's subsidiaries, Outlet Plaza Co., Ltd.; Dr.'s Bio Laboratory Co., Ltd.; Commerce21 Corporation; and the JDM Investment Partnership are also consolidated subsidiaries. CYBIRD Co., Ltd. became a wholly owned subsidiary following a corporate split concluded on October 2, 2006 and was made a consolidated subsidiary. The Company acquired a 53.6% stake in S-CREW Inc. on November 30, 2006, also including it in consolidation. However, since the deemed date of acquisition was the end of the third quarter, only the balance sheet of S-CREW has been included in consolidation.</p> <p>AXISSOFT Corporation, a wholly owned subsidiary in previous consolidated fiscal year, has been removed from consolidation following the sale of its shares. However, for the period from April 1, 2006 to December 31, 2006 (deemed date of sale), the company's income statements and cash flow statements have been consolidated.</p> <p>(2) Names of Significant Non-consolidated Subsidiaries  See left</p>
2 Equity Method	<p>(1) The Company has no unconsolidated subsidiaries accounted for by the equity method.</p>	<p>(1) See left</p>	<p>(1) See left</p>

	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
	<p>(2) Number of affiliates accounted for by the equity method: 2</p> <p>Names of companies accounted for by the equity method:</p> <p>DMOVE Co., Ltd.</p> <p>JIMOS CO., LTD.</p> <p>(3)The Company has no affiliates not accounted for by the equity method and no unconsolidated subsidiaries.</p> <p>(4)Reason for not applying equity method to unconsolidated companies</p> <p>Not applicable</p> <p>(5)Matters that should be especially noted with regard to application of equity method:</p> <p>Among companies accounted for by the equity method, JIMOS CO., LTD., has its interim period end on December 31. In the preparation of the consolidated financial statements, therefore, a balance sheet of the most recent interim period was used. Important events subsequent to the end of JIMOS's interim period have been included in application of the equity method as necessary.</p>	<p>(2) Number of affiliates accounted for by the equity method: 0</p> <p>Names of companies accounted for by the equity method:</p> <p>DMOVE Co., Ltd., which was accounted for the by equity method in the previous fiscal year, is no longer being accounted for by the equity method because of the sale of its shares.</p> <p>(3) See left</p> <p>(4) Reason for not applying equity method to unconsolidated companies</p> <p>See left</p> <p>(5) Matters that should be especially noted with regard to application of equity method:</p> <p>Not applicable</p>	<p>(2) Number of affiliates accounted for by the equity method: 1</p> <p>Names of companies accounted for by the equity method:</p> <p>DMOVE Co., Ltd.</p> <p>JIMOS CO., LTD.</p> <p>JIMOS CO., LTD., is no longer an affiliate accounted for by the equity method since it became a wholly owned subsidiary on October 1, 2006, following a share exchange.</p> <p>However, it is accounted for by the equity method until September 30, 2006.</p> <p>(3) See left</p> <p>(4) Reason for not applying equity method to unconsolidated companies</p> <p>See left</p> <p>(5) Matters that should be especially noted with regard to application of equity method:</p> <p>JIMOS CO., LTD., accounted for by the equity method, has its fiscal year end on June 30. In the preparation of the consolidated financial statements, therefore, a balance sheet of the most recent fiscal year was used.</p>
3 Interim (fiscal) account date of Consolidated Subsidiaries	<p>Among consolidated subsidiaries, the accounting closing date for the interim periods of CYB INVESTMENT INC. and its consolidated subsidiary Airborne Entertainment Inc., Cellus U.S.A.,INC., and CYBIRD Plus Mobile Fund Investment Business Limited Partnership is June 30. In preparing the interim consolidated balance sheet, an interim consolidated balance sheet of CYB INVESTMENT was used. The consolidated statements have been adjusted for any material transactions that occurred subsequent to the subsidiary's interim closing date and the end of the consolidated interim period.</p> <p>For CYBIRD Plus Mobile Fund Investment Business Limited Partnership, a trial balance was taken on September 30 to be used</p>	<p>Among consolidated subsidiaries, the interim closing date for CYB INVESTMENT INC. and its subsidiary Airborne Entertainment Inc., Cellus U.S.A., INC., CYBIRD Plus Mobile Investment Business Partnership and Commerce 21 Corporation is June 30. The interim closing date for the JDM Investment Partnership is April 30, and that for S-CREW Inc. is February 28. In preparing interim consolidated financial statements, the financial statements as of the interim closing date of CYB INVESTMENT INC., Airborne Entertainment Inc. and Cellus U.S.A., INC. have been used and with respect to S-CREW Inc., the financial statements as of August 31, its account settlement date, have been used. Necessary adjustments have been made to the Company's consolidated statements</p>	<p>Among consolidated subsidiaries, the settlement of accounts date for CYB INVESTMENT INC. and its subsidiary Airborne Entertainment Inc., Cellus U.S.A., INC., CYBIRD Plus Mobile Investment Business Partnership and Commerce 21 Corporation is December 31. The account settlement date for the JDM Investment Partnership is October 31, and that for S-CREW Inc. is August 31. In preparing consolidated financial statements, the financial statements as of the account settlement date of CYB INVESTMENT INC., Airborne Entertainment Inc. and Cellus U.S.A., INC. have been used and with respect to S-CREW Inc., the financial statements as of February 28, its interim closing date, have been used. Necessary adjustments have been made to the Company's consolidated statements for</p>

	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
	in consolidation. The account closing dates for the interim period of all other consolidated subsidiaries are the same as the parent company.	for significant transactions occurring during the period from these interim closing dates and the account settlement date of interim consolidated financial statements.  For CYBIRD Plus Mobile Investment Partnership, JDM Investment Partnership, Commerce21 Corporation, and S-CREW Inc., provisional financial statements have been drawn up as of the consolidation account settlement date for interim period. The interim closing for all other consolidated subsidiaries is the same as the interim consolidation account settlement date.	significant transactions occurring during the period from these account settlement dates and the account settlement date of consolidated financial statements.  For CYBIRD Plus Mobile Investment Partnership, JDM Investment Partnership, Commerce21 Corporation, and S-CREW Inc., provisional financial statements have been drawn up as of the consolidation account settlement date for the third quarter. The settlement of account date for all other consolidated subsidiaries is the same as the consolidation account settlement date.
4 Summary of Significant Accounting Policies  (1) Asset Valuation Standards and Methods	<p>a. Securities</p> <p>Other Securities</p> <p>Marketable securities: Valuation at cost at fair value at the end of this interim, with unrealized gains and losses, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method.</p> <p>Non-marketable securities: stated at cost determined by the moving-average method.</p> <p>Investments to Investment Business Limited Partnership and Partnership of a similar type (regarded as securities for the purpose of Article 2, Paragraph 2 of the Securities and Exchange Act of Japan): Stated at the amount of interests based on the recent financial statements available as of the reporting date of the financial statements as provided under the Partnership Agreement</p> <p>b. Derivative</p> <p>Valuation at cost at fair</p> <p>c. Inventories</p> <p>- Merchandise</p> <p>Valuation at cost by the moving-average cost method</p> <p>- Work in Process</p> <p>Valuation at cost by the identified cost method</p>	<p>a. Securities</p> <p>Other Securities</p> <p>Marketable securities: See left</p> <p>Non-marketable securities: See left</p> <p>Investments to Investment Business Limited Partnership and Partnership of a similar type (regarded as securities for the purpose of Article 2, Paragraph 2 of the Securities and Exchange Act of Japan): See left</p> <p>b. Derivative</p> <p>See left</p> <p>c. Inventories</p> <p>- Merchandise</p> <p>Valuation at cost mainly by the moving-average cost method</p> <p>- Work in Process</p> <p>See left</p> <p>- Stored Items</p> <p>Recent purchase method</p>	<p>a. Securities</p> <p>Other Securities</p> <p>Marketable securities: Valuation at cost at fair value at the end of the period, with unrealized gains and losses, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the moving-average method.</p> <p>Non-marketable securities: See left</p> <p>Investments to Investment Business Limited Partnership and Partnership of a similar type (regarded as securities for the purpose of Article 2, Paragraph 2 of the Securities and Exchange Act of Japan): See left</p> <p>b. Derivative</p> <p>See left</p> <p>c. Inventories</p> <p>- Merchandise</p> <p>See left</p> <p>- Work in Process</p> <p>See left</p> <p>- Stored Items</p> <p>See left</p>
(2) Depreciation Method for	a. Tangible Fixed Asset	a. Tangible Fixed Asset	a. Tangible Fixed Asset

	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
Depreciable Asset	<p>Building was valued at the straight-line method. Other tangible fixed asset was valued at the declining-balance method.</p> <p>Useful lives : Leasehold improvements 8 to 50 years</p> <p>Furniture and fixtures 5 to 6 years</p> <p>b. Intangible Fixed Asset</p> <p>Software (in-house use).</p> <p>Valued at the straight-line method, based on a useful life of 3 to 5 years.</p> <p>Goodwill</p> <p>Goodwill is amortized on a straight-line basis over 2 years to 12 years depending on the accounting standards of the country of residency. However, of total amount of goodwill amount recorded for U.S. consolidated subsidiaries, the portion other than intangible fixed assets—which can be recognized separately—is not being amortized, in accordance with Statement No. 142 of the Financial Accounting Standards Board of the United States.</p>	<p>Building was valued at the straight-line method. Other tangible fixed asset was valued at the declining-balance method.</p> <p>Useful lives : Leasehold improvements 3 to 50 years</p> <p>Furniture and fixtures 3 to 15 years</p> <p>b. Intangible Fixed Asset</p> <p>Intangible Fixed Asset was valued at the declining-balance method.</p> <p>Software for in-house use is amortized using the straight-line method based on a useful life within the Company of 3 to 5 years. Software that is being sold by the Group is amortized as the greater of the amount of estimated sales value times the proportion of sales in the fiscal year under review or the amount calculated by the straight-line method based on the estimated effective shelf life (within three years).</p> <p>Goodwill</p> <p>See left</p>	<p>See left</p> <p>b. Intangible Fixed Asset</p> <p>See left</p> <p>Goodwill</p> <p>See left</p>
(3) Accounting Methods for Deferred Assets	<p>a. New share issuing expenses</p> <p>Fully expensed at time of payment</p> <p>b. Share exchange expenses</p> <p>Fully expensed at time of payment</p>	<p>-</p> <p>b. Share exchange expenses</p> <p>See left</p>	<p>-</p> <p>b. Share exchange expenses</p> <p>See left</p>
(4) Allowance or Reserve	<p>a. Allowance for Doubtful Accounts</p> <p>The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.</p> <p>b. Bonus Payment Reserve</p> <p>The bonus payment reserve is stated in amounts considered to be payable based on the amount of bonus forecast.</p>	<p>a. Allowance for Doubtful Accounts</p> <p>See left</p> <p>b. Bonus Payment Reserve</p> <p>See left</p>	<p>a. Allowance for Doubtful Accounts</p> <p>See left</p> <p>b. Bonus Payment Reserve</p> <p>To create a reserve for bonus payments to employees, the portion of bonus payments forecast for the following consolidated fiscal year that is ascribed to the current fiscal</p>

	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
	<p>c. Allowance for Retirement Benefits</p> <p>For a portion of domestic consolidated subsidiaries, in preparation to pay retirement benefits owed employees, the Company books amounts recognized as payable at the end of the interim period based on the expected retirement benefit obligations at the end of the interim period.</p> <p>-----</p>	<p>c. Allowance for Retirement Benefits</p> <p>See left</p>	<p>year is booked to the reserve</p> <p>c. Allowance for Retirement Benefits</p> <p>For a portion of domestic consolidated subsidiaries, in preparation to pay retirement benefits owed employees, the Company books amounts recognized as payable at the end of the fiscal year based on the expected retirement benefit obligations at the end of the fiscal period.</p>
	<p>d. Allowance for Sales Promotions</p> <p>To prepare for expenses related to the bonus points awarded to customers under the bonus point system used for sales promotions, an amount equivalent to the points expected to be used in future is booked based on actual results in prior years.</p>	<p>d. Allowance for Sales Promotions</p> <p>To prepare for expenses related to the bonus points awarded to customers under the bonus point system used for sales promotions, an amount equivalent to the points expected to be used in future is booked based on actual results in prior years.</p>	<p>d. Allowance for Sales Promotions</p> <p>See left</p>
(5) Converting Significant Foreign Currency-Denominated Assets and Liabilities to Japanese Yen	<p>Foreign currency denominated assets and liabilities are converted into Japanese yen at the spot exchange rate on the accounting settlement date of the interim period, and any differences with book value are charged as income or loss.</p> <p>The assets and liabilities of overseas subsidiaries are translated into Japanese yen using the spot exchange rate on the day on which the interim period of the relevant subsidiary ends, and translation differences are included in translation adjustments in shareholders' equity.</p>	<p>See left</p>	<p>Foreign currency denominated assets and liabilities are converted into Japanese yen at the spot exchange rate on the accounting settlement date of the fiscal year, and any differences with book value are charged as income or loss.</p> <p>The assets and liabilities of overseas subsidiaries are translated into Japanese yen using the spot exchange rate on the day on which the fiscal year of the relevant subsidiary ends, while income and expenses are converted using the average sport rate for the fiscal year. Translation differences are included in translation adjustments and in minority interests</p>
(6) Accounting for Significant Lease Transactions	<p>With the exception of leases in which ownership is deemed to have been transferred to the lessee, financial lease transitions are accounted for as an ordinary credit transaction.</p>	<p>See left</p>	<p>See left</p>
(7) Other Material Items in the Preparation of the Interim (Consolidated) Balance Sheets	<p>Accounting for consumption tax</p> <p>The exclusion method is employed.</p>	<p>Accounting for consumption tax</p> <p>See left</p>	<p>Accounting for consumption tax</p> <p>See left</p>
(8) Summary of Principle Differences in Accounting Standards of Parent Company and Consolidated Subsidiaries	<p>Consolidated subsidiary CYB INVESTMENT INC. is a U.S. corporation and follows U.S. accounting standards in the presentation of the interim period financial statements. The subsidiary uses a partial market value assessment method for the evaluation of its assets and liabilities. For differences in investment (goodwill), the subsidiary does not amortize those portions of goodwill that cannot be</p>	<p>See left</p>	<p>Consolidated subsidiary CYB INVESTMENT INC. is a U.S. corporation and follows U.S. accounting standards in the presentation of its fiscal financial statements. The subsidiary uses a partial market value assessment method for the evaluation of its assets and liabilities. For differences in investment (goodwill), the subsidiary does not amortize those portions of goodwill that cannot be recognized as</p>

	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
	recognized as intangible fixed assets in accordance with U.S. FASB Statement No. 142.		intangible fixed assets in accordance with U.S. FASB Statement No. 142.
5. Cash and Cash Equivalents in Interim Consolidated Cash Flow Statements	Cash (Cash and Cash Equivalents) in the Consolidated Cash Flow Statements for the interim period consists of cash on hand and deposits that can be withdrawn reasonably quickly or converted to cash and short-term investments that have only minor exposure to price fluctuations and their periods of redemption are within 3 months for the date of acquisition.	See left	Cash (Cash and Cash Equivalents) in the fiscal year end Consolidated Cash Flow Statements consists of cash on hand and deposits that can be withdrawn reasonably quickly or converted to cash and short-term investments that have only minor exposure to price fluctuations and their periods of redemption are within 3 months for the date of acquisition.

## Change of notes to Consolidated Financial Statements

	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
Accounting Standards for the Presentation of Shareholders' Equity in the Balance Sheets	Commencing with the interim period under review, "Accounting Standards for the Presentation of Shareholders' Equity on the Balance Sheets (Business Accounting Standards No. 5, December 9, 2005) and "Practical Guidelines on Accounting Standards for the Presentation of Shareholders' Equity on the Balance Sheets (Practical Guidance on Business Accounting Standards No. 8, December 9, 2005) are being applied. Using the previous method, total shareholders' equity would amount to ¥10,246,154,000. Based on the revision of the rules for presenting the interim consolidated financial statements, the presentation of shareholders' equity for the Interim Consolidated Balance Sheets has been prepared using the rules for presenting the interim consolidated financial statements following their revision.	----	Commencing with the fiscal year under review, "Accounting Standards for the Presentation of Shareholders' Equity on the Balance Sheets (Business Accounting Standards No. 5, December 9, 2005) and "Practical Guidelines on Accounting Standards for the Presentation of Shareholders' Equity on the Balance Sheets (Practical Guidance on Business Accounting Standards No. 8, December 9, 2005) are being applied. Using the previous method, total shareholders' equity would amount to ¥13,930,748,000. Based on the revision of the rules for presenting the interim consolidated financial statements, the presentation of shareholders' equity for the Interim Consolidated Balance Sheets has been prepared using the rules for presenting the interim consolidated financial statements following their revision.
Accounting Standards for Stock Options	Commencing with the interim period under review, "Accounting Standards for Stock Options (Business Accounting Standards No. 8, December 27, 2005) and "Practical Guidelines on Accounting Standards for Stock Options (Practical Guidance on Business Accounting Standards No. 11, May 31, 2006) are being applied. As a result of this application, operating income, ordinary income, and net income for the interim period under review are ¥3,555,000 lower compared with the previous accounting methods.	----	Commencing with the interim period under review, "Accounting Standards for Stock Options (Business Accounting Standards No. 8, December 27, 2005) and "Practical Guidelines on Accounting Standards for Stock Options (Practical Guidance on Business Accounting Standards No. 11, May 31, 2006) are being applied. As a result of this application, operating income, ordinary income, and net income for the fiscal year under review are ¥15,848,000 lower compared with the previous accounting methods.
Accounting standards for business integrations	----	----	Beginning with the consolidated accounting period under review, the Company is applying Accounting Standards for Business Integrations (Business Accounting Council October 31, 2003) and Practical Guidelines for Business Integration Accounting Standards and Business Split, etc. Accounting Standards (Accounting Standards Board of Japan December 27, 2005, Accounting Standards Guidelines No. 7) and Practical Guidelines for Business Integration Accounting Standards and Business Split, etc. Accounting Standards (Accounting Standards Board of Japan December 22, 2006, Accounting Standards Guidelines No. 10). As a result of the application of these new accounting standards, the consolidation accounting included under intangible assets on the

	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
			consolidated balance sheets of the previous consolidated accounting period are presented as Goodwill commencing with the consolidated accounting period under review.
Change in depreciation method	-----	Commencing with the interim period under review, due to a revision in the income taxation method for corporations, fixed assets acquired on or after April 1, 2007 shall apply the depreciation method stipulated under the revised corporation income tax method. This change had a minor impact on operating income, ordinary income, and income before income taxes and minority interests. The impact of the change in depreciation method on segment information is stated in the relevant section.	-----

## Changes in Presentation Method

Interim period ended September 30, 2006 (From April 1, 2006 to September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 to September 30, 2007)
( Consolidated interim balance sheets )	-----
There was no change in the account name for goodwill due to the revision of the rules for preparation of consolidated financial statements (change in Japanese account name only).	

## Notes

### Notes for Consolidated Balance Sheet

September 30, 2006	September 30, 2007	March 31, 2007
1. Accumulated depreciation of property and equipment ¥290 million	1. Accumulated depreciation of property and equipment ¥232 million	1. Accumulated depreciation of property and equipment ¥237 million
2. Assets used as collateral and related debt  Airborne Entertainment Inc. has pledged liquid assets totaling ¥284,181 thousand (US\$2,466 thousand) as collateral for corporate bonds issued at ¥355,815 thousand ( US\$3,087 thousand).  JIMOS CO., LTD has pledged cash and deposits totaling ¥400 thousand as collateral for business guarantees.	2. Assets used as collateral and related debt  Airborne Entertainment Inc. has pledged liquid assets totaling ¥918,304 thousand (US\$7,447 thousand) as collateral for corporate bonds issued at ¥1,419,298 thousand ( US\$11,510 thousand).  JIMOS CO., LTD has pledged cash and deposits totaling ¥400 thousand as collateral for business guarantees.	2. Assets used as collateral and related debt  Airborne Entertainment Inc. has pledged liquid assets totaling ¥320,461 thousand (US\$2,690 thousand) as collateral for corporate bonds issued at ¥392,300 thousand ( US\$3,293 thousand).  JIMOS CO., LTD has pledged cash and deposits totaling ¥400 thousand as collateral for business guarantees.
3. Current account overdraft agreement  To enable the effective financing of operating funds and to prepare for payment on the advances to the acquisition of Airborne Entertainment Inc., the Company concluded a current account draft agreement with four banks that it does business with.  The overdraft balance on the current account overdraft agreement at the end of the fiscal year under review was as follows.  Overdraft ceiling            ¥4,500 million Current overdraft balance    ¥100 million	3. Current account overdraft agreement  To enable the effective funding of operating funds, the Company concluded a current account draft agreement with two banks it does business with.  The overdraft balance on the current overdraft agreement at the end of the fiscal year under review was as follows.  Overdraft ceiling            ¥ 2,500 million <u>Current overdraft</u> - million yen Remaining balance            ¥ 2,500 million	3. Current account overdraft agreement  To enable the effective funding of operating funds, the Company concluded a current account draft agreement with two banks it does business with.  The overdraft balance on the current overdraft agreement at the end of the fiscal year under review was as follows.  Overdraft ceiling            ¥ 2,500 million <u>Current overdraft</u> ¥ 300 million Remaining balance            ¥ 2,200 million
-----	4. Commitment line agreement  To enable the effective funding of operating funds, the Company concluded a commitment line agreement with two banks it does business with.  The actual borrowings on the commitment line agreement at the end of the fiscal year under review were as follows.  Commitment line            ¥ 3,000,000 thousand <u>Borrowings</u> ¥ 1,715,651 thousand Remaining balance            ¥ 1,284,348 thousand	4. Commitment line agreement  To enable the effective funding of operating funds, the Company concluded a commitment line agreement with two banks it does business with.  The actual borrowings on the commitment line agreement at the end of the fiscal year under review were as follows.  Commitment line            ¥ 3,000,000 thousand <u>Borrowings</u> ¥ 1,762,486 thousand Remaining balance            ¥ 1,237,513 thousand
5. Contingent liability  With regard to the acquisition of Airborne Entertainment Inc., the Group plans to pay previous shareholders of the company a beneficial interest in retained earnings up to US\$17 million according to the attainment of its performance plan for 2006. Portions from 0% to 100% of this amount will be paid as additional amounts.	-----	-----

## Notes for Consolidated Income Statements

(Millions of yen: round down)

Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)																					
1. Selling, general and administrative expenses Advertisement 104 Allowance for doubtful accounts 26 Employees' salaries 725 Charge in bonus payment reserve 42 R&D costs 465 Charge and commission 859	1. Selling, general and administrative expenses Advertisement 1,368 Employees' salaries 1,263 Charge in bonus payment reserve 117 R&D costs 500 Charge and commission 1,136	1. Selling, general and administrative expenses Advertisement 1,767 Allowance for doubtful accounts 5 Compensation for director's 358 Employees' salaries 2,089 Welfare expense 263 Charge in bonus payment reserve 167 Transportation expense 167 R&D costs 943 Charge and commission 1,999																					
-----	2. Loss on disposal of fixed asset Building 2 Equipment 0	2. Loss on disposal of fixed asset Software 0 Building 31 Equipment 14																					
-----	3. Impairment losses (1) Assets recognizing impairment losses <table border="1" data-bbox="614 824 1008 1048"> <thead> <tr> <th>Application</th> <th>Type</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>Mobile Content Business operations related assets</td> <td>Software</td> <td>Minato-ku, Tokyo</td> </tr> <tr> <td>Solutions Business operations related assets</td> <td>Software</td> <td>Minato-ku, Tokyo</td> </tr> </tbody> </table> <p>(2) Background to recognition of impairment losses            Recognition of impairment loss on software is based on estimated lost revenues in comparison with the original estimated revenues of the business plan at time of purchase.</p> <p>(3) Amount of impairment loss            Software ¥1,003 thousand</p> <p>(4) Asset grouping method            The Company divides its asset groups for application of impairment loss based on the minimum independent cash flow units according to separate standards for different types of business segments. For software used by the Company (content), assets are grouped by content.</p> <p>(5) Calculation method for potential recovery value            The calculation of potential recovery value of operating asset is mainly based on utility value.</p>	Application	Type	Location	Mobile Content Business operations related assets	Software	Minato-ku, Tokyo	Solutions Business operations related assets	Software	Minato-ku, Tokyo	3. Impairment losses (1) Assets recognizing impairment losses <table border="1" data-bbox="1050 824 1444 1099"> <thead> <tr> <th>Application</th> <th>Type</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>Mobile Content Business operations related assets</td> <td>Software</td> <td>Minato-ku, Tokyo</td> </tr> <tr> <td>Solutions Business operations related assets</td> <td>Software</td> <td>Minato-ku, Tokyo</td> </tr> <tr> <td>Others</td> <td>Goodwill</td> <td>—</td> </tr> </tbody> </table> <p>(2) Background to recognition of impairment losses            Recognition of impairment loss on software is based on estimated lost revenues in comparison with the original estimated revenues of the business plan at time of purchase. Although the profitability of goodwill received remains firm, recognition of impairment loss on goodwill is based on a conservative estimate of its value based on consideration of future market conditions, etc.</p> <p>(3) Amount of impairment loss            Software ¥190,687 thousand            Goodwill ¥5,452,204 thousand            Total ¥5,642,892 thousand</p> <p>(4) Asset grouping method            Same as on left</p> <p>(5) Calculation method for potential recovery value            The calculation of potential recovery value of operating asset is mainly based on utility value.            For goodwill, it is based on stock value as calculated by an independent assessor.</p>	Application	Type	Location	Mobile Content Business operations related assets	Software	Minato-ku, Tokyo	Solutions Business operations related assets	Software	Minato-ku, Tokyo	Others	Goodwill	—
Application	Type	Location																					
Mobile Content Business operations related assets	Software	Minato-ku, Tokyo																					
Solutions Business operations related assets	Software	Minato-ku, Tokyo																					
Application	Type	Location																					
Mobile Content Business operations related assets	Software	Minato-ku, Tokyo																					
Solutions Business operations related assets	Software	Minato-ku, Tokyo																					
Others	Goodwill	—																					

( Changes in Capital during the Period )

Interim period for FY ended March 31, 2007 ( From April 1, 2006 to September 30, 2006 )

Type and total amount of issued shares and type and amount of treasury shares

	Number of shares at end of previous fiscal year ( Shares )	Increase in shares during the period ( Shares )	Decrease in shares during the period ( Shares )	Number of shares at end of the period ( Shares )
Issued shares				
Common shares (Note 1)	230,767	627	-	231,394
Total	230,767	627	-	231,394

Note: The increase by 627 shares of issued and outstanding common shares is attributable to the issue of 627 shares upon exercise of subscription rights.

Items regarding subscription rights

Category	Subscription right details	Type of shares exchanged for	Number of potential exchangeable shares (shares)				Interim period end balance (thousand of yen)
			Prior FY end	Interim period increase	Interim period decrease	Interim period end	
Parent company	FY 2002 subscription rights (Note 1)	Common shares	900	-	129	771	-
	FY 2003 subscription rights (Note 1)	Common shares	4,446	-	498	3,948	-
	FY 2004 subscription rights (Note 2)	Common shares	4,503	-	18	4,485	-
	Subscription rights issued as stock options	-	-	-	-	-	3,555
Consolidated subsidiaries	-	-	-	-	-	-	-
Total		-	-	-	-	-	3,555

Notes: 1. The decrease in subscription rights issued in FY 2002 and FY 2003 is due to the exercise of subscription rights.

2. The decrease in subscription rights issued in FY 2004 is due to the cancellation of subscription rights.

Stock Dividends

Amount of Dividends Paid

( Resolution )	Type of Shares	Total Dividend Amount ( Thousand of yen )	Dividend per Share ( Yen )	Date of Record	Effective Date
June 29, 2006 Regular General Meeting of Shareholders	Common shares	38,538	167	March 31, 2006	June 29, 2006

Interim period for FY ending March 31, 2008 ( From April 1, 2007 to September 30, 2007 )

Type and total amount of issued shares and type and amount of treasury shares

	Number of shares at end of previous fiscal year ( Shares )	Increase in shares during the period ( Shares )	Decrease in shares during the period ( Shares )	Number of shares at end of the period ( Shares )
Issued shares				
Common shares	289,623	-	-	289,623
Total	289,623	-	-	289,623

Items regarding subscription rights

Category	Subscription right details	Type of shares exchanged for	Number of potential exchangeable shares (shares)				Interim period end balance (thousand of yen)
			Prior FY end	Interim period increase	Interim period decrease	Interim period end	
Parent company	FY 2002 subscription rights (Note 1)	Common shares	771	-	111	660	-
	FY 2003 subscription rights (Note 2)	Common shares	3,888	-	357	3,531	-
	FY 2004 subscription rights (Note 3)	Common shares	4,335	-	831	3,504	-
	FY 2005 subscription rights	Common shares	200	-	-	200	-
	FY 2002 subscription rights (Note 4)	Common shares	400.14	-	-	400.14	-
	FY 2003 subscription rights (Note 4)	Common shares	2,221.83	-	-	2,221.83	-
	FY 2005 subscription rights (Note 4, 5)	Common shares	1,872	-	11.7	1,860.3	-
	FY 2005 subscription rights (Note 4, 5)	Common shares	1,368.9	-	830.7	538.2	-
	FY 2005 subscription rights (Note 6)	Common shares	244.53	-	58.5	186.03	-
	Subscription rights issued as stock options	-	-	-	-	-	65,894
Consolidated subsidiaries	-	-	-	-	-	-	
Total		-	15,301.4	-	2,199.9	13,101.5	65,894

Notes: 1. The decrease in subscription rights issued in FY 2002 is due to the exercise of subscription rights.

2. The decrease in subscription rights issued in FY 2003 is due to the cancellation of subscription rights.

3. The decrease in subscription rights issued in FY 2004 is due to the cancellation of subscription rights.

4. The decline in subscription rights in 2005 is with regard to the subscription rights that CYBIRD was obliged to assume from JIMOS under the share exchange agreement. The decline in subscription rights was effected by cancellation of subscription rights. Since the share exchange ratio was one common share of JIMOS stock for 1.17 common shares of CYBIRD stock, one transferred JIMOS subscription right could be exchanged for 10.53 CYBIRD shares in 2005.

5. The decline in subscription rights in 2005 is with regard to the subscription rights that CYBIRD was obliged to assume from JIMOS under the share exchange agreement. The decline in subscription rights was effected by cancellation of subscription rights. Since the share exchange ratio was one common share of JIMOS stock for 1.17 common shares of CYBIRD stock, one transferred JIMOS subscription right could be exchanged for 1.17 CYBIRD shares in 2005.

6. The decline in subscription rights in 2005 is with regard to the subscription rights that CYBIRD was obliged to assume from JIMOS under the share exchange agreement. The decline in subscription rights was effected by cancellation of subscription rights. Since the share exchange ratio was one common share of JIMOS stock for 1.17 common shares of CYBIRD stock, one transferred JIMOS subscription right could be exchanged for 1.17 CYBIRD shares in 2005. The start date for the exercise of these 2005 subscription rights has not yet arrived.

Dividends

Dividend Payments

( Resolution )	Share type	Total dividends ( Thousands of yen )	Dividend per share ( Yen )	Record date	Validity date
Regular general meeting of shareholders (June 28, 2007)	Common shares	48,367	167	March 31, 2007	June 29, 2007

FY ended March 31, 2007 ( From April 1, 2006 to March 31, 2007 )

Type and total amount of issued shares and type and amount of treasury shares

	Number of shares at end of previous fiscal year ( Shares )	Increase in shares during the period ( Shares )	Decrease in shares during the period ( Shares )	Number of shares at end of the period ( Shares )
Issued shares				
Common shares (Note 1)	230,767	58,856	-	289,623
Total	230,767	58,856	-	289,623
Treasury stocks				
Common shares (Note 2,3)	-	26	26	-
Total	-	26	26	-

(Note) 1. Of the increase in shares issue, exercise of stock options accounted for 627 shares and the share exchange accounted for 58,229 shares.

2. The increase of 26 shares in treasury stock was due to purchase requests related to the share exchange.

3. The decrease of 26 shares in treasury stock was due to the sale of shares on the market in accordance with purchase requests.

Items regarding subscription rights

Category	Subscription right details	Type of shares exchanged for	Number of potential exchangeable shares (shares)				Interim period end balance (thousand of yen)
			Prior FY end	Interim period increase	Interim period decrease	Interim period end	
Parent company	FY 2002 subscription rights (Note 1)	Common shares	900	-	129	771	-
	FY 2003 subscription rights (Note 2)	Common shares	4,446	-	558	3,888	-
	FY 2004 subscription rights (Note 3)	Common shares	4,503	-	168	4,335	-
	FY 2005 subscription rights	Common shares	-	200	-	200	-
	FY 2002 subscription rights (Note 4, 7)	Common shares	-	663.39	263.25	400.14	-
	FY 2003 subscription rights (Note 5, 7)	Common shares	-	2,485.08	263.25	2,221.83	-
	FY 2005 subscription rights (Note 6, 7)	Common shares	-	2,047.5	175.5	1,872	-
	FY 2005 subscription rights (Note 6, 7)	Common shares	-	1,462.5	93.6	1,368.9	-
	FY 2005 subscription rights (Note 7)	Common shares	-	244.53	-	244.53	-
	Subscription rights issued as stock options	-	-	-	-	-	15,848
Consolidated subsidiaries	-	-	-	-	-	-	
Total		-	9,849	7,103	1,650.6	15,301.4	15,848

Notes: 1. The decrease in subscription rights issued in FY 2002 is due to the exercise of subscription rights.

2. The decrease in 498 subscription rights issued in FY 2003 is due to the exercise of subscription rights and 60 are due to the cancellation of subscription rights.

3. The decrease in subscription rights issued in FY 2004 is due to the cancellation of subscription rights.

4. The decrease in subscription rights issued in FY 2002 is due to the cancellation of subscription rights.

5. The decrease in subscription rights issued in FY 2003 is due to the cancellation of subscription rights.

6. The decrease in subscription rights issued in FY 2005 is due to the cancellation of subscription rights.

7. The decline in subscription rights is with regard to the subscription rights that CYBIRD was obliged to assume from JIMOS under the share exchange agreement.

## Stock Dividends

### Amount of Dividends Paid

(Resolution)	Type of Shares	Total Dividend Amount (Thousand of yen)	Dividend per Share (Yen)	Date of Record	Effective Date
June 29, 2006 Regular General Meeting of Shareholders	Common shares	38,538	167	March 31, 2006	June 29, 2006

### Dividends (Date of Record is in this Period and Effective Date is in the Following Period.)

(Resolution)	Type of Shares	Total Dividend Amount (Thousand of yen)	Source of dividend	Dividend per Share (Yen)	Date of Record	Effective Date
June 28, 2007 Regular General Meeting of Shareholders	Common shares	48,367	Additional paid-in capital	167	March 31, 2007	June 29, 2007

Notes for Consolidated Cash Flow Statements

( Millions of yen: round down )

Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)																																																		
<p>1. Relationship between Balance of Cash and Cash Equivalents and Items in the Consolidated Balance Sheets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and deposit accounts</td> <td style="text-align: right;">2,060</td> </tr> <tr> <td>Fixed deposit over three months left</td> <td style="text-align: right;"><u>(249)</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>1,811</u></td> </tr> </table> <p style="text-align: center;">-----</p>	Cash and deposit accounts	2,060	Fixed deposit over three months left	<u>(249)</u>	Cash and cash equivalents	<u>1,811</u>	<p>1. 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Relationship between Balance of Cash and Cash Equivalents and Items in the Consolidated Balance Sheets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Cash and deposit accounts</td> <td style="text-align: right;">4,614</td> </tr> <tr> <td>Securities</td> <td style="text-align: right;"><u>550</u></td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;"><u>5,164</u></td> </tr> </table> <p>2. Major assets and liabilities of companies that became consolidated companies because they were acquired.</p> <p>(1) The major assets and liabilities acquired of JIMOS CO., LTD., and its 4 consolidated subsidiaries through the share exchange agreement were as follows. The increase in the Company's capital as a result of the share exchange was ¥8,909,037 thousand.</p> <p style="padding-left: 20px;">JIMOS CO., LTD. And 4 consol. subsidiaries</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Current assets</td> <td style="text-align: right;">¥4,116,415 thousand</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;"><u>¥2,211,895 thousand</u></td> </tr> <tr> <td style="padding-left: 20px;">Total assets</td> <td style="text-align: right;">¥6,328,310 thousand</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">¥1,334,686 thousand</td> </tr> <tr> <td>Long-term liabilities</td> <td style="text-align: right;"><u>¥19,724 thousand</u></td> </tr> <tr> <td style="padding-left: 20px;">Total liabilities</td> <td style="text-align: right;">¥1,354,411 thousand</td> </tr> </table> <p>3. The assets and liabilities of S-CREW at the time of consolidation and the relationship between the acquisition price of S-CREW and the expense (net amount) paid for acquiring the stock of S-CREW resulting from the consolidation of S-CREW Inc. due to the acquisition of its stock by the Company are as follows.</p> <p style="padding-left: 20px;">S-CREW Inc.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Current assets</td> <td style="text-align: right;">¥355,062 thousand</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">¥70,721 thousand</td> </tr> <tr> <td>Net difference ( goodwill )</td> <td style="text-align: right;">¥136,528 thousand</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(¥252,517 thousand)</td> </tr> <tr> <td>Long-term liabilities</td> <td style="text-align: right;">(¥148,132 thousand)</td> </tr> <tr> <td>Minority shareholders' interest</td> <td style="text-align: right;"><u>(¥11,662 thousand)</u></td> </tr> <tr> <td>Acquisition price of S-CREW</td> <td style="text-align: right;"><u>¥150,000 thousand</u></td> </tr> <tr> <td>Cash and cash equivalents of S-CREW</td> <td style="text-align: right;"><u>(¥38,891 thousand)</u></td> </tr> <tr> <td>Difference: expenses of acquiring stock of S-CREW</td> <td style="text-align: right;">¥111,108 thousand</td> </tr> </table>	Cash and deposit accounts	4,614	Securities	<u>550</u>	Cash and cash equivalents	<u>5,164</u>	Current assets	¥4,116,415 thousand	Fixed assets	<u>¥2,211,895 thousand</u>	Total assets	¥6,328,310 thousand	Current liabilities	¥1,334,686 thousand	Long-term liabilities	<u>¥19,724 thousand</u>	Total liabilities	¥1,354,411 thousand	Current assets	¥355,062 thousand	Fixed assets	¥70,721 thousand	Net difference ( goodwill )	¥136,528 thousand	Current liabilities	(¥252,517 thousand)	Long-term liabilities	(¥148,132 thousand)	Minority shareholders' interest	<u>(¥11,662 thousand)</u>	Acquisition price of S-CREW	<u>¥150,000 thousand</u>	Cash and cash equivalents of S-CREW	<u>(¥38,891 thousand)</u>	Difference: expenses of acquiring stock of S-CREW	¥111,108 thousand
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## Business Segment information

### a. Business segment information

Previous consolidated interim (April 1, 2006 to September 30, 2006)

The principle businesses of the Group are the provision of content via mobile phones, etc. and the development of content providing system.

A description of these business is omitted here because the amount of sales, operating income (loss) or assets from, or of, those business segments accounts for more than 90% of total sales, operating income (loss) or assets.

Current interim (April 1, 2007 to September 30, 2007)

(Thousands of yen)

	Mobile Content Business	Commerce Business	Marketing Solution Business	Advertising Business	Investment Business	International Business	Total	Eliminations or corporate	Consolidated
I Net sales and operating income or loss									
Net sales									
(1) Sales to non-Group customers	6,183,933	6,044,136	1,415,341	615,775	-	1,004,861	15,264,049	-	15,264,049
(2) Inter-segment sales or transfers	-	6,000	8,213	-	-	-	14,213	(14,213)	-
Total	6,183,933	6,050,136	1,423,554	615,775	-	1,004,861	15,278,262	(14,213)	15,264,049
Operating expenses	4,728,506	5,801,227	1,540,411	743,329	51,623	1,090,749	13,955,847	749,923	14,705,771
Operating income or loss	1,455,427	248,908	-116,856	-127,553	-51,623	-85,887	1,322,415	(764,137)	558,277

Notes: 1. Method of Classifying Business Segments

Business segments are classified based on business content.

2. Business content of each business segment.

Business Segment	Major products and responsibilities, etc.
Mobile Content	Internet-based content service for mobile phones
Commerce	Direct, retail, and wholesale sales of cosmetics, healthcare food products, wine and liquor, consumer electronics, fashion items, etc.
Marketing Solution	Consulting, mobile site building, direct sales support business, software development and sales, and system building
Advertising	Development, sales, and advertising agency for mobile advertising
Investment	Operation and management of investment fund
International	Mobile content provision business in North America

3. Among operating expenses, an amount totaling ¥1,137,019 thousand of unallocated expenses were included under eliminations or corporate. The majority of these eliminations or corporate expenses were related to the administration department of the Group.

4. Changes in accounting practices

As noted in Significant Changes in the Preparation of Financial Statements for the Interim Period, commencing with the interim period under review, the method of depreciation of fixed assets has been changed. This change had only a minor impact on segment performance.

Previous fiscal year ( April 1, 2006 to March 31, 2007)

(Thousands of yen )

	Mobile Content Business	Commerce Business	Marketing Solution Business	Advertising Business	Investment Business	International Business	Total	Eliminations or corporate	Consolidated
I Net sales and operating income or loss									
Net sales									
(1) Sales to non-Group customers	12,047,341	6,191,407	2,750,712	256,695	148,606	2,176,382	23,571,145	-	23,571,145
(2) Inter-segment sales or transfers	-	-	1,636	103	-	-	1,740	(1,740)	-
Total	12,047,341	6,191,407	2,752,349	256,799	148,606	2,176,382	23,572,886	(1,740)	23,571,145
Operating expenses	9,050,311	6,164,369	3,090,236	368,802	139,842	2,532,713	21,346,276	1,438,057	22,784,334
Operating income or loss	2,997,030	27,037	-337,887	-112,002	8,763	-356,331	2,226,609	(1,439,798)	786,811

Notes: 1. Method of Classifying Business Segments

Business segments are classified based on business content.

2. Business content of each business segment.

Business Segment	Major products and responsibilities, etc.
Mobile Content	Internet-based content service for mobile phones
Commerce	Direct, retail, and wholesale sales of cosmetics, healthcare food products, wine and liquor, consumer electronics, fashion items, etc.
Marketing Solution	Consulting, mobile site building, direct sales support business, software development and sales, and system building
Advertising	Development, sales, and advertising agency for mobile advertising
Investment	Operation and management of investment fund
International	Mobile content provision business in North America

3. Among operating expenses, an amount totaling ¥1,439,798 thousand of unallocated expenses were included under eliminations or corporate. The majority of these eliminations or corporate expenses were related to the administration department of the Group.

4. In the past, the Company's main businesses were content provision based on mobile phones and the development of systems to provide content. Following the October 1, 2006 business integration with JIMOS CO., LTD., however, the Company took the opportunity to change its business segment classification of Mobile Content Business commencing with the consolidated fiscal year under review, adding the five new business segments of the Commerce, Market Solutions, Advertising, Investment, and International businesses.

5. Changes in accounting practices

( Accounting standard for stock options, etc.)

As noted in Significant Changes in the Preparation of Financial Statements for the Interim Period, commencing with the interim period under review, the Company began applying Accounting Standards for Stock Options, etc. (ASBJ Statement No. 8, December 27, 2005) and Implementation Guidance on Accounting for Stock Options, etc. (ASBJ Guidance No. 11, May 31, 2006) As a result of implementation of these new standards, compared with the previously used standards, operating expenses for "eliminations and corporate," increased by ¥15,848,000 and ordinary loss and loss before income taxes and minority interests also increased by the same amount

b. Geographic segment information

Previous interim (From April 1, 2006 to September 30, 2006)

( Thousands of yen )

	Japan	North America	Total	Elimination or Corporate	Consolidated
Net Sales					
(1) Sales to external customers	7,336,858	1,113,356	8,450,215	-	8,450,215
(2) Sales or transfers between segments	-	-	-	-	-
Total	7,336,858	1,113,356	8,450,215	-	8,450,215
Operating expense	6,908,933	1,196,180	8,105,113	-	8,105,113
Operating income or loss	427,925	(82,823)	345,102	-	345,102

Note:1. Country or region is determined by geographic proximity.

2. U.S.A. and Canada belongs to North America.

Current interim (From April 1, 2007 to September 30, 2007)

Description is omitted, because the amount of sales in Japan was over 90% of consolidated sales.

Previous fiscal year (From April 1, 2006 to March 31, 2007)

( Thousands of yen )

	Japan	North America	Total	Elimination or Corporate	Consolidated
Net Sales					
(1) Sales to external customers	21,394,763	2,176,382	23,571,145	-	23,571,145
(2) Sales or transfers between segments	1,740	-	-	(1,740)	-
Total	21,396,503	2,176,382	23,572,886	(1,740)	23,571,145
Operating expense	18,813,563	2,532,713	21,346,276	1,438,057	22,784,334
Operating income or loss	2,582,940	(356,331)	2,226,609	(1,439,798)	786,811

Note: 1. Country or region is determined by geographic proximity.  
2. U.S.A. and Canada belongs to North America.

c. Overseas sales

Previous interim (From April 1, 2006 to September 30, 2006)

	North America	Total
I Overseas sales (thousands of yen)	1,113,356	1,113,356
II Consolidated sales (thousands of yen)		8,450,215
III Ratio of overseas sales in consolidated sales	13.2	13.2

Current interim (From April 1, 2007 to September 30, 2007) and previous fiscal year (from April 1, 2006 to March 31, 2007)

Description is omitted, because the amount of overseas sales was less than 10% of consolidated sales.

( Disclosure Omissions )

Notes regarding lease transactions, transactions with related parties, tax-effect accounting, securities, derivative transactions, pension plans, stock options, etc. have been omitted because they were not considered to be significantly material to warrant disclosure in the Results of Operations.

( Per Share Information )

Item	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
Net assets per share	¥44,280.12	¥49,661.55	¥48,099.59
Loss per share	(¥9,440.84)	¥825.56	(¥30,073.51)
Fully diluted net income per share	Due to a loss per share being recorded, fully diluted net income per share has not been noted.	¥823.77	Due to a loss per share being recorded, fully diluted net income per share has not been noted.

Note: The basic calculations of interim net income per share, interim loss per share, and fully diluted net income per share are as follows.

Item	Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)														
Gain or Loss per share																	
Gain or Loss ( Thousands of yen )	(2,183,680)	239,102	(7,830,611)														
Amounts not ascribed to common shareholders ( Thousands of yen )	-	-	-														
Gain or Loss for the period assigned to common shares ( Thousands of yen )	(2,183,680)	239,102	(7,830,611)														
Average issued common shares during the period ( Shares )	231,301	289,623	260,382														
Fully diluted net income per share																	
Net income (Thousands of yen)	-	-	-														
Increase in common shares (Shares)	-	631	-														
(Of that amount, number new subscription rights (Shares)	( - )	(631)	( - )														
Summary of dilutive shares that were not included in the calculation of fully diluted net income per share to avoid the effect of dilution		<p>7 categories of subscription rights (Number of shares to be exchanged for subscription rights: 9,350 shares)</p> <p>Summary of subscription rights issued by Airborne Entertainment Inc. is as follows.</p> <table border="1"> <tr> <td>ESOP-2004</td> <td>129,176 Units (129,176 shares)</td> </tr> <tr> <td>ESOP-2005</td> <td>899,000 units (899,000 shares)</td> </tr> </table> <p>Summary of warrants allotted with corporate bonds</p> <table border="1"> <tr> <td>Warrants issued Number of units and shares</td> <td>81,634 units ( 81,634 shares)</td> </tr> <tr> <td>Issue price of shares</td> <td>0.0005USD</td> </tr> <tr> <td>Total amount issued</td> <td>40.81USD</td> </tr> <tr> <td>Warrant allotment proportion (%)</td> <td>0.0</td> </tr> <tr> <td>Warrant exercise period</td> <td>5 years following public listing</td> </tr> </table>	ESOP-2004	129,176 Units (129,176 shares)	ESOP-2005	899,000 units (899,000 shares)	Warrants issued Number of units and shares	81,634 units ( 81,634 shares)	Issue price of shares	0.0005USD	Total amount issued	40.81USD	Warrant allotment proportion (%)	0.0	Warrant exercise period	5 years following public listing	
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Total amount issued	40.81USD																
Warrant allotment proportion (%)	0.0																
Warrant exercise period	5 years following public listing																

Significant Subsequent Events

Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)																																																			
<p>1. In a Board of Directors meeting held on November 17, 2006, the Company decided to set up a syndicate-based revolving credit facility. Structure of the syndicate-based revolving credit facility The syndicate-based revolving credit facility was established as follows.</p> <table border="1" data-bbox="167 589 558 1010"> <tr> <td>(1) Purpose and use of funds</td> <td>As of November 17, 2006, the purpose of the funds will be to systematically and effectively raise operating capital.</td> </tr> <tr> <td>(2) Arranger and agent</td> <td>The Bank of Tokyo-Mitsubishi UFJ Ltd.</td> </tr> <tr> <td>(3) Participating financial institutions</td> <td>Mizuho Bank, Ltd.</td> </tr> <tr> <td>(4) Loan ceiling</td> <td>¥3 billion</td> </tr> <tr> <td>(5) Contract term</td> <td>November 17, 2006 to November 16, 2007</td> </tr> </table> <p>2. In a Board of Directors meeting held on November 22, 2006, the Company decided to acquire shares of S-Crew Inc., and convert S-Crew into a subsidiary. (1) Purpose of acquisition The Company intends to position S-Crew as a strategic subsidiary responsible for the Mobile Commerce Business. By quickly achieving synergies between core companies CYBIRD and JIMOS and the Group, the Company will pursue a sharp acceleration of the development of the Mobile Commerce Business.</p> <p>(2) Content of acquisition November 30, 2006</p> <table border="1" data-bbox="167 1429 558 1559"> <tr> <td>Date of acquisition</td> <td>November 30, 2006</td> </tr> <tr> <td>Number of acquisition</td> <td>3,750 shares</td> </tr> <tr> <td>Price of acquisition</td> <td>¥150 million</td> </tr> <tr> <td>Ownership</td> <td>53.6%</td> </tr> </table> <p>(3) Outline of New Subsidiary</p> <table border="1" data-bbox="167 1608 558 2056"> <tr> <td>Company name</td> <td>S-CREW Inc.</td> </tr> <tr> <td>Representative</td> <td>Ken Masaoka, President and CEO</td> </tr> <tr> <td>Head office</td> <td>Shibuya-ku, Tokyo</td> </tr> <tr> <td>Establishment</td> <td>October 20, 1999</td> </tr> <tr> <td>Main business</td> <td>Planning, creating, and operating of, and consulting for official mobile content; constructing different types of systems; development of Web applications; Web site planning and development; Web site operation, management, and</td> </tr> </table>	(1) Purpose and use of funds	As of November 17, 2006, the purpose of the funds will be to systematically and effectively raise operating capital.	(2) Arranger and agent	The Bank of Tokyo-Mitsubishi UFJ Ltd.	(3) Participating financial institutions	Mizuho Bank, Ltd.	(4) Loan ceiling	¥3 billion	(5) Contract term	November 17, 2006 to November 16, 2007	Date of acquisition	November 30, 2006	Number of acquisition	3,750 shares	Price of acquisition	¥150 million	Ownership	53.6%	Company name	S-CREW Inc.	Representative	Ken Masaoka, President and CEO	Head office	Shibuya-ku, Tokyo	Establishment	October 20, 1999	Main business	Planning, creating, and operating of, and consulting for official mobile content; constructing different types of systems; development of Web applications; Web site planning and development; Web site operation, management, and	<p>1. Tender Offer by CJ Holdings Co., Ltd. for issued and outstanding shares and subscription rights of the Company In a Board of Directors meeting held on October 31, 2007, CYBIRD Holdings passed a resolution endorsing the tender offer by CJ Holdings to purchase all issued and outstanding shares and subscription rights and filed an Opinion Report subject to Article 27, Paragraph 10 of Financial Instruments and Exchange Act on November 1, 2007. (1) Outline of CJ Holdings Co., Ltd.</p> <table border="1" data-bbox="587 663 983 2056"> <tr> <td>(1) Company name</td> <td>CJ Holdings Co., Ltd.</td> </tr> <tr> <td>(2) Main business</td> <td>As a holding company for the different companies of its Group, the main business of CJ Holdings Co., Ltd., is to support and administer the business activities of those companies.</td> </tr> <tr> <td>(3) Establishment</td> <td>October 1, 2007</td> </tr> <tr> <td>(4) Head office</td> <td>1-7 Kojimachi, Chiyoda-ku, Tokyo</td> </tr> <tr> <td>(5) Representative</td> <td>Masamichi Yoshizawa, Representative Director</td> </tr> <tr> <td>(6) Amount of capital</td> <td>100,000 yen (as of October 31, 2007)</td> </tr> <tr> <td>(7) Major shareholders and their holdings</td> <td>Longreach Capital Partners 1, L.P., LONGREACH HOLDINGS IRELAND, and Longreach GP Commitment L.P. 100%</td> </tr> <tr> <td rowspan="4">(8) Relations between CJ Holdings and CYBIRD Holdings</td> <td>Capital relationship</td> <td>CJ Holdings owns a share of CYBIRD Holdings</td> </tr> <tr> <td>Human relationship</td> <td>n/a</td> </tr> <tr> <td>Business relationship</td> <td>n/a</td> </tr> <tr> <td>Condition of related parties</td> <td>n/a</td> </tr> </table>	(1) Company name	CJ Holdings Co., Ltd.	(2) Main business	As a holding company for the different companies of its Group, the main business of CJ Holdings Co., Ltd., is to support and administer the business activities of those companies.	(3) Establishment	October 1, 2007	(4) Head office	1-7 Kojimachi, Chiyoda-ku, Tokyo	(5) Representative	Masamichi Yoshizawa, Representative Director	(6) Amount of capital	100,000 yen (as of October 31, 2007)	(7) Major shareholders and their holdings	Longreach Capital Partners 1, L.P., LONGREACH HOLDINGS IRELAND, and Longreach GP Commitment L.P. 100%	(8) Relations between CJ Holdings and CYBIRD Holdings	Capital relationship	CJ Holdings owns a share of CYBIRD Holdings	Human relationship	n/a	Business relationship	n/a	Condition of related parties	n/a	<p>1. Reduction in Additional Paid-in Capital The Company passed a resolution as shown below to reduce the additional paid-in capital in the 9th ordinary general meeting of shareholders, held on June 28, 2007. (1) Purpose of Reduction in Additional Paid-In Capital To cover the loss recorded in the fiscal year ended March 2007, to acquire surplus capital for the payment of dividends, and to enable flexible capital strategies. (2) Summary of Reduction in Additional Paid-in Capital Of the total amount of additional paid-in capital of ¥12,045,032,870, the amount of ¥10,669,203,485 is to be transferred to other capital reserves. The amount of remaining additional paid-in capital after the reduction will be ¥1,375,829,385. (3) Schedule for Reduction in Additional Paid-In Capital I. Date of board of directors meeting May 22, 2007 II. Date of public announcement for creditor claims May 23, 2007 III. End of creditor claim period June 25, 2007 IV. Date of ordinary general meeting of shareholders June 28, 2007 (Planned) V. Effective date June 28, 2007 (Planned)</p> <p>2. Authorization of the Board of Directors to decide items regarding the free distribution of subscription rights in accordance with the continuation of the Takeover Protection Plan. In the 9<sup>th</sup> regular general meeting of shareholders held on June 28, 2007, the shareholders decided to authorize the Board of Directors to decide items regarding the free distribution of subscription rights in accordance with the introduction of a new Takeover Protection Plan. The plan is being introduced as a measure to protect the interests of shareholders and avoid takeovers that would prevent the Company from targeting continued growth and continued expansion of corporate value through its business activities.</p> <p>Outline of the Plan The plan requires that a specified procedure must be followed for the acquisition of or plan to acquire more than a fixed amount of shares of the Company and when such an Purchase, etc. does occur without following the procedure or even with following the procedure, the Company may take countermeasures against the Purchase, etc. by making a free distribution of subscription rights to its shareholders when the Acquisition, etc. is judged to be counterproductive to enhancing corporate value and realizing the interests of shareholders.</p> <p>Outline of Subscription Rights (1) Shareholders eligible for allotment Shareholders or beneficiary shareholders (excluding the Company) entered or registered in the final shareholders register on the day publicly announced by the board of directors</p>
(1) Purpose and use of funds	As of November 17, 2006, the purpose of the funds will be to systematically and effectively raise operating capital.																																																				
(2) Arranger and agent	The Bank of Tokyo-Mitsubishi UFJ Ltd.																																																				
(3) Participating financial institutions	Mizuho Bank, Ltd.																																																				
(4) Loan ceiling	¥3 billion																																																				
(5) Contract term	November 17, 2006 to November 16, 2007																																																				
Date of acquisition	November 30, 2006																																																				
Number of acquisition	3,750 shares																																																				
Price of acquisition	¥150 million																																																				
Ownership	53.6%																																																				
Company name	S-CREW Inc.																																																				
Representative	Ken Masaoka, President and CEO																																																				
Head office	Shibuya-ku, Tokyo																																																				
Establishment	October 20, 1999																																																				
Main business	Planning, creating, and operating of, and consulting for official mobile content; constructing different types of systems; development of Web applications; Web site planning and development; Web site operation, management, and																																																				
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Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)		Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)		FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)	
	maintenance; Web design business; and site consulting for different types of Web sites.	(2) Content of and Basis and Reason behind Opinion of Tender Offer 1. Content of opinion of tender offer In a Board of Directors meeting held on October 31, 2007, CYBIRD Holdings passed a resolution endorsing the tender offer by CJ Holdings to purchase all issued and outstanding shares and subscription rights. Consequently, CYBIRD Holdings recommends that all holders tender their shares and subscription rights. CYBIRD Holdings' management believes that planned series of transactions aimed at taking the Company private through a MBO, of which this tender offer is part, will strengthen its management base and contribute to increasing corporate value over the medium-to-long term. In addition, in view of the fairness of the bid price and other conditions of the tender offer, management believes that the offer represents an opportunity for shareholders to divest their holdings at a reasonable price.		of the Company (hereinafter referred to as the "Distribution Date,") shall be eligible to receive an allotment of one (1) Subscription Right for each share held.	
Fiscal year end	August 31			(2) Total number of Subscription Rights to be issued The number of Subscription Rights to be issued shall be the same number as the number of common shares of the Company issued and outstanding (excluding shares held by the Company) at the end of the Distribution Date.	
Number of employees	48 (including contracted employees)			(3) The type and number of shares for which Subscription Rights are to be issued (i) Type of shares for which Subscription Rights are to be issued The type of shares for which Subscription Rights are to be issued shall be the common shares of CYBIRD Co., Ltd.	
Main place of business	Same as head office			(ii) The number of shares for which a Subscription Right is to be issued The number of shares for which a Subscription Right is to be issued (hereinafter referred to as the "Conversion Number of Shares") shall be one (1) share, provided that Conversion Number of Shares may be adjusted in accordance with (4).	
Shares issued	7,000 shares			(4) Adjustment of the number of shares to be issued for a Subscription Right Should a stock split or reverse-stock split or a merger or corporate split or share exchange take place following the allotment of the Subscription Rights, the Conversion Number of Shares shall be adjusted appropriately in consideration of the circumstances. When the Conversion Number of Shares is being adjusted, the Company shall beforehand notify the holders of Subscription Rights in writing or by a method prescribed in the Articles of Incorporation of the purpose, reason, Conversion Number of Shares before and after adjustment, the date of the adjustment, and other necessary matters; provided that if the notification or public announcement cannot be made by the day before the date of adjustment, it shall be made promptly after the date of adjustment.	
(4) Scale of New Subsidiary FY ended August, 2006		2. Basis and reason for endorsing tender offer CYBIRD Holdings was founded as a mobile content provider that distributed mobile content mainly for Internet-enabled mobile phones through domestic mobile carriers in September 1998. Building on know how and technology developed through that business, the Company started up its Solutions and Mobile Commerce businesses. In October 2006, the Company transferred its businesses to a new CYBIRD Co., Ltd., based on a corporate split. At the same time, it integrated the businesses of JIMOS CO., LTD., the main operations of which were direct sales of cosmetics, emerging as the holding company for the Group, with CYBIRD and JIMOS as wholly owned subsidiaries. Following the business integration, the CYBIRD Group has been operating Mobile Content, Commerce, and Solutions businesses, aiming to "create a one to only one platform" to stand unrivaled by fusing the mobile communications strengths of CYBIRD with the human communications strengths of JIMOS. The Mobile Content Business has provided users with a wide variety of unique content over the years as one of the pioneers of mobile content. The Commerce Business's foundation essence, the core product in its mainstay cosmetics direct sales operations, is No. 1 in sales in its market (according to a survey by Fuji-Keizai Co., Ltd.) and has a strong reputation with customers. Consequently, the sales growth of the Mobile Content and the Commerce business have outpaced that of their markets. The Group also expects a certain level of growth to continue in these markets. In addition, along with the diversification and growth of the mobile Internet market in recent years, the mobile advertising market in particular is forecast to achieve a high growth rate up until 2011, averaging 26.9% annually. Within that period, 2007 is expected to post the highest annual growth rate of 42.5% according to a survey by Dentsu		(5) Issue price of Subscription Rights Gratis (6) Payment on exercise of Subscription Rights The amount of assets (cash) required for exercise of one (1) Subscription Right (hereinafter referred to as the "Exercise Price") shall be one (1) yen. The amount to be paid for the exercise of one (1) Subscription Right shall be the Exercise Price multiplied by the Conversion Number of Shares. (7) Exercise period of Subscription Rights The exercise period shall be a period decided by the board of directors not to exceed 120 days from the Allotment Date; provided that if the Company acquires Subscription Rights in accordance with Paragraph 9, the deadline for that acquisition shall be one day before the date of acquisition. If the final day of the exercise period falls on a banking holiday, the final day of the exercise period shall be the following banking day. (8) Exercise conditions 1. In this paragraph, the following words or phrases shall have the meaning as defined below unless otherwise provided for: a. "Specified Shareholder" is:	
Net sales	¥1,533 million				
Ordinary income	¥7 million				
Total assets	¥485 million				
Shareholders' equity	¥71 million				
Paid-in capital	¥35 million				

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	<p>Communication Institute Inc. With sharp growth expected in the mobile advertising market against this backdrop, the Group strongly believes the time has come to accelerate its pursuit of strategic business growth. It will do so by quickly taking advantage of growth opportunities arising from changes in the business climate with a view to increasing its corporate value in the medium-to-long term.</p> <p>To realize growth in the medium-to-long term, the Group will focus on such measures as expanding its business model for the mobile Internet market and strengthening its marketing capabilities in the increasingly competitive cosmetic direct market operations of its Commerce Business. To do so, however, the Group has determined that it will be necessary to maintain a fixed level of investment without worrying about short-term business performance.</p> <p>Specifically, the Group will promote further growth in the platform it has created over the years through its efforts to establish a solid base from the customers it acquired in its different businesses. This growth will be promoted by offering new services that are even more novel and appealing. The Group's goal will be to create a platform with a media value even higher than in the past. In addition, aiming to increase the number of commerce members or stimulate activity by members, the Group is taking such steps as initiating aggressive advertising and sales promotion strategies, enhancing product portfolios by introducing new products, and renewing existing product lines.</p> <p>The Group plans to build its mobile advertising business into a major source of income like its other businesses. This goal will be achieved by strengthening the new platform that it is developing and offering its customers the opportunity to advertise using the various new advertising products made available by the new media emerging from its platform. By channeling customers of the platform back into the Mobile Content, Commerce, Solutions, and other businesses, the Group also intends to expand the earnings of existing businesses. Moreover, circulating the customers acquired by each business within the platform, the Group will pursue synergies and target expanding earnings opportunities.</p> <p>The Group recognizes that the current ongoing alignment of market conditions represents a major opportunity to invest business resources for the purpose of realizing the previously mentioned increase in corporate value of the Group from a medium-to-long term point of view. Consequently, the Group has decided that it is urgent to establish the organization needed to create the new platform business and take action without being influenced by short-term performance concerns.</p> <p>Taking these steps toward increasing corporate value in the medium-to-long term by creating a new platform business and establishing a structure and taking action to strengthen such existing businesses as the</p>	<p>I. a Purchaser, etc. for which the Total Proportion of Share Ownership of an Owner that owns or will come to own shares, etc. of the Company, or</p> <p>II. a Purchaser, etc. for which the Total Proportion of Share Ownership of a Public Tender Offeror that owns or will come to own shares, etc. in the Company and the shares, etc. of Special Relationship Entities exceeds 20%, with the exception of the following entities:</p> <ul style="list-style-type: none"> <li>i. the Company or its subsidiaries (as defined in Article 8, Paragraph 3 of the Regulations on Financial Statement Terminology, Style, and Preparation Methods) or its affiliates (as defined in Article 8, Paragraph 5 of the Regulations on Financial Statement Terminology, Style, and Preparation Methods);</li> <li>ii. a shareholder that has inadvertently or without intention to gain control over the Company become a Specified Shareholder and that disposes of its Securities within 10 days (provided the board of directors may extend this period) after becoming a Specified Shareholder, thereby losing such designation; and</li> <li>iii. an entity that becomes a Specified Shareholder not of its own volition but because of the acquisition of treasury stock or other reasons (excluding the case where the entity of its own volition begins to acquire Securities in the Company after becoming a Specified Shareholder).</li> </ul> <p>b. "Ownership" has the meaning stipulated in Article 27-23, Paragraph 4 of the Securities and Exchange Act of Japan.</p> <p>c. "Owner" has the meaning stipulated in Article 27-23, Paragraph 1 of the Securities and Exchange Act of Japan, and includes those recognized as an Owner as provided for in Paragraph 3 of the same Article.</p> <p>d. "Public Tender Offeror" has the meaning stipulated in Article 27-3, Paragraph 2 of the Securities and Exchange Act of Japan.</p> <p>e. "Owner and Public Tender Offeror" is an Owner that is an Owner and Public Tender Offeror at the same time.</p> <p>f. "Co-owners" has the meaning stipulated in Article 27-23, Paragraph 5 of the Securities and Exchange Act of Japan, and includes those recognized as co-owners as provide for in Paragraph 6 of the same Article.</p> <p>g. "Special Relationship Entities" has the meaning stipulated in Article 27-2, Paragraph 7 of the Securities and Exchange Act of Japan; provided that entities stipulated in Item 1 of the same Paragraph exclude those entities stipulated in Article 3, Paragraph 1 of the Cabinet Office Ordinance Regarding Disclosure of Public Tender Offers for Securities by Entities Other than Issuers.</p> <p>h. "Total Proportion of Share Ownership" has the meaning stipulated in Article 27-23, Paragraph 4 of the Securities and Exchange Act of Japan.</p> <p>i. Entities Classified as Friendly" are: any of the following:</p> <ul style="list-style-type: none"> <li>I. CYBIRD or its subsidiaries (as defined in Article 8, Paragraph 3 of the Regulations on Financial Statement Terminology, Style, and Preparation Methods) or affiliates (as defined in</li> </ul>

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	<p>Mobile Content and Commerce businesses could be disappointing for shareholders. Performance growth may slow in the short term and there is the risk that fluctuation in profits may increase. For example, if the Group makes substantial capital investments in building its platform to achieve full-fledged profitability in its advertising business, costs are expected to rise and cash flows worsen temporarily. Similarly, the Group expects that performance will be affected if it increases its advertising to improve the competitiveness of its Commerce Business.</p> <p>President Kazutomo Robert Hori has carefully considered the situation taking into account the above points, and decided that the best course of action to flexibly and quickly achieve the Group's business strategy would be a management buyout (MBO). Taking the Group private would allow the Group to implement its business strategies from a medium-to-long term view, to avoid exposing general shareholders to the inherent risks of those strategies, and to rapid achieve growth in corporate value.</p> <p>CJ Holdings and the Longreach Group including the Funds have announced their intent to form a close cooperative structure with the management of the Group. As a partner, they are committed to contributing to the implementation of the Group's business strategy from a medium-to-long term point of view and to the Group's growth and enhanced competitiveness and growth in corporate value on not only a domestic but also a global scale.</p> <p>CYBIRD Holdings has decided that the tender offer by CJ Holdings for the purpose of converting CYBIRD Holdings into a wholly owned subsidiary represents an optimal solution for the CYBIRD Group. The reasoning behind that decision includes being able to avoid exposing general shareholders to the inherent risks of the previously mentioned medium-to-long term strategy and to pursue its business strategy in a flexible and dynamic manner from a medium-to-long term point of view.</p> <p>(3) Structural reorganization, etc. plans following the tender offer (regarding a so-called two-stage acquisition)</p> <p>If the tender offer is successful, CJ Holdings will acquire two thirds or more of the issued and outstanding shares of the Company. However, should not all of the common shares (excluding treasury stock) be acquired, CJ Holdings plans to make the Company into a wholly owned subsidiary using the following method.</p> <p>Following the successful tender offer, CJ Holdings will set a date after the settlement date for the tender offer on which CJ Holdings intends to request a general meeting of shareholders and a general meeting of the common share class shareholders. CJ Holdings will also request that the following two resolutions be placed on the agenda of the general meeting of shareholders: 1) a clause be included in the</p>	<p>Article 8, Paragraph 5 of the Regulations on Financial Statement Terminology, Style, and Preparation Methods);</p> <p>II. a shareholder that has inadvertently or without intention to gain control over the Company become a Specified Shareholder and that disposes of its Securities within 10 days (provided the board of directors may extend this period) after becoming a Specified Shareholder, thereby losing such designation;</p> <p>III. an entity that becomes a Specified Shareholder not of its own volition but because of the acquisition of treasury stock or other reasons (excluding the case where the entity of its own volition begins to acquire Securities in the Company after becoming a Specified Shareholder);</p> <p>IV. an entity that becomes a Specified Shareholder and which the board of directors deems there to be no concern that becoming a Specified Shareholder runs counter to the maximization of corporate value or the realization of the interests of shareholders (the board may determine this point; furthermore, in the event that the board of directors deems that under certain conditions there is no concern that it runs counter to the maximization of corporate value or to the realization of the interests of shareholders, the entity shall be deemed friendly only if those certain conditions are met).</p> <p>j. "Acquiring, etc." has the meaning defined in Article 27-2, Paragraph 1 of the Securities and Exchange Act of Japan.</p> <p>k. "Shares, etc." has the meaning stipulated in Article 27-23, Paragraph 1 of the Securities and Exchange Act; provided that in II. above Shares, etc. shall be as stipulated in Article 27-2, Paragraph 1 of the Securities and Exchange Act.</p> <p>2. The following entities may not exercise Subscription Rights.</p> <p>Specified Shareholder, Co-owners, and Special Relationship Entities or entities that have acquired the Subscription Rights of the above (excluding entities for which this succession has been approved by the board of directors) or entities that the board of directors has deemed being practically controlled by the above or entities that are cooperating with the above and being practically controlled or entities that the above are cooperating with.</p> <p>3. In the case that under the applying laws a shareholder residing in that jurisdiction will be in violation of or in conflict with the law if he or she exercise the Subscription Rights without performing certain procedures or meeting certain conditions (temporary prohibition of exercise, including requirement of submission of specified documentation, etc.), or both of these requirements (hereinafter referred to as "Local Legal Requirements"), said shareholder will be entitled to exercise the Subscription Rights only if he or she provides evidence that those procedures and conditions have been fully performed or fulfilled; provided that the Company will not be obligated to perform or fulfill any procedures or conditions if the jurisdiction that the shareholder resides in requires the Company to do so before the shareholder may exercise the Subscription Rights. Moreover, in the case where the shareholder residing in that jurisdiction is deemed not to be able to exercise the Subscription Rights</p>

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	<p>articles of incorporation enabling the Company to acquire all of its common shares 2) in exchange for acquiring all the common shares of the Company, the Company will issue another class of shares to shareholders. In addition, CJ Holdings will request that resolution 1) will be on the agenda of the general meeting of the common share class shareholders. The Company is considering meeting this request and holding a general meeting of shareholders and a general meeting of common share class shareholders. Should the tender offer be successful, CJ Holdings expects to acquire two thirds or more of the voting rights of the Company, and plans to vote for the previously mentioned two resolutions in the general meeting of shareholders and the general meeting of common share class shareholders. If the above mentioned steps are taken, by right of the clause enabling the Company to acquire all of its common shares, the Company will be able to buy up all of its common shares. Shareholders will sell their common shares in exchange for the issue of another class of shares. In the case of holders of fractional shares less than one share eligible for exchange, in accordance with laws and ordinances, the amount received shall be cash determined based on shareholders selling the total number of fractional shares for cash. The Company plans to set the selling price of the total number of fractional shares based on the tender offer bid price, but since the timing of the calculation will differ, the selling price of the fractional shares may differ from the tender offer bid price. The number of shares to be exchanged in payment for the common shares that fall under the clause enabling the acquisition of all shares has not been determined as of the date of submission of the official notification. However, in order for the Company to become the wholly owned subsidiary of CJ Holdings, the Company plans to set the number of the new class of shares to be issued to shareholders other than CJ Holdings who did not tender their common shares in the tender offer to be a fractional amount less than one (1) share per shareholder.</p> <p>During the procedures regarding the two resolutions given above, the Company will take the following steps to protect the interest of minority shareholders in accordance with the Corporation Law of Japan: (i) when the articles of incorporation are revised to add the clause enabling the acquisition of all common shares as stated in resolution 1) above, in accordance with the provisions of articles 116 and 117 of the Corporation Law and other related laws and ordinances, shareholders may demand that the Company purchase their common shares and (ii) if the general meeting of shareholders passes the resolution in 2) above regarding the acquisition of all the common shares, in accordance with the provisions of Article 172 of the Corporation Law and other related laws and ordinances, the shareholders may petition a decision regarding the setting of a</p>	<p>under the laws of that country, that shareholder shall not be entitled to exercise the Subscription Rights.</p> <p>4. Notwithstanding the previous 3., persons residing in the United States of America must:</p> <p>I Personally declare and certify that they are an accredited investor as defined in Rule 501(a) of the 1933 Securities Law, and</p> <p>II will only be permitted to exercise the Subscription Rights if they pledge to only to sell the common shares of the Company acquired as the result of the exercise of the Subscription Rights in regular trading on the exchange of Nasdaq Securities Exchange, Inc.; provided that there are no arrangements or solicitations made for the sale beforehand). CYBIRD will, if required, perform procedures or fulfill conditions under Regulation D of the 1933 Securities Law or the laws of the states of the United States of America if it is deemed necessary in order for the shareholder residing in the United States to exercise the Subscription Rights.</p> <p>In the case that the board of directors determines that changes in the laws or regulations of the United States have resulted in shareholders residing in the United States not being able to exercise their Subscription Rights even if the conditions of I and II above are met, the shareholders residing the United States will not be able to exercise their Subscription Rights.</p> <p>5. If a shareholder possessing the Subscription Rights is not able to exercise those Subscription Rights in accordance with the provisions of items 2. to 4. above, CYBIRD shall not be liable for compensation or have any other responsibility to said shareholder.</p> <p>6. Shareholders may not partially exercise a Subscription Right.</p> <p>(9) Acquisition of Subscription Rights by the Company</p> <p>(i) Up until the day before the commencing date of the exercise period for the Subscription Rights, the Company may acquire all of the Subscription Rights without cost on a day set by the board of the directors if the board of directors decides that such action is appropriate.</p> <p>(ii) Based on a decision by the board of directors in accordance with the provisions of Article 274, Paragraphs 1 &amp; 2 of the Corporate Law of Japan, during the exercise period for the Subscription Rights stated in Paragraph 7, the Company may at any time acquire the Subscription Rights of shareholders able to exercise Subscription Rights in accordance with Paragraph 8 by exchanging the Conversion Number of Shares for each Subscription Right on a date determined by the board of directors.</p> <p>(10) Exercise of voting rights at Company general shareholders meeting by shareholders who have acquired shares through exercise of Subscription Rights or purchase of Subscription Rights by Company</p> <p>Shareholders who have acquired shares with voting rights through exercise of Subscription Rights or purchase of Subscription Rights by Company after the record date for voting at a general shareholders meeting is set by the</p>

Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
	<p>cash price for the acquisition of the shares. In both these cases, since the purchase price and the acquisition price per share will be subject to the court's decision, they may differ from the tender offer bid price. Shareholders should be aware that each shareholder will be responsible for undertaking the necessary procedures and make their own decision after seeking legal and other advice.</p> <p>Different methods from the two resolutions mentioned above that have an equivalent result may be used depending on the interpretation of the related laws by the government authorities and on the size of the holdings of CJ Holdings and of shareholders other than CJ Holdings following the tender offer. However, even in such a case, in the end, the Company plans to cash out shareholders with the exception of CJ Holdings. The Company plans to use the tender offer bid price as the standard in calculating the cash amount exchanged for the common shares in that situation. But again, because the timing of the calculation will differ, the cash amount may differ from the tender offer bid price.</p> <p>(4) Expectation of delisting of shares and reason for agreeing to a tender offer that aims to delist shares</p> <p>Since CJ Holdings has not set an upper limit on the number of shares to be acquired in the tender offer, the result of the tender offer may cause the stock to fall within JASDAQ's criteria for delisting and trigger the application of the delisting rule. Even if the result does not place the stock within the delisting criteria, plans call for making the Company a wholly owned subsidiary as outlined in "3. Structural reorganization, etc. plans following the tender offer," which would result in the delisting of the Company's stock. Following delisting of the stock, no one will be able to trade CYBIRD Holdings shares on the JASDAQ exchange.</p> <p>(5) Outline of public offering for the Company's shares made by CJ Holdings</p> <p>1) Type of shares, etc. to be acquired Common shares and subscription rights</p> <p>2) Offering period</p> <p>I. First period following submission of offer From November 1 (Thursday), 2007 to December 13 (Thursday), 2007 (Total of 30 business days)</p> <p>II. Public announcement date November 1, 2007 (Thursday)</p> <p>III. Possibility of extension of offer period by those targeted Not applicable</p> <p>3) Offering price</p> <p>I. Shares ¥60,000 per share</p> <p>II. Subscription rights</p> <p>a. 1<sup>st</sup> subscription rights b. 2<sup>nd</sup> subscription rights c. 3<sup>rd</sup> subscription rights d. 4<sup>th</sup> subscription rights e. JIMOS subscription rights 1. f. JIMOS subscription rights 2.</p>	<p>Company may still exercise their voting rights at the general shareholders meeting.</p> <p>(11) Conditions for transfer of Subscription Rights</p> <p>Acquiring Subscription Rights through the transfer of those rights requires the approval of the board of directors. In the case that the shareholder transferring the Subscription Rights is a shareholder residing outside Japan who for the reasons stipulated in 3. to 4. of Paragraph 8 cannot exercise his or her Subscription Rights, the board of directors will decide whether to allow or disallow the transfer base on consideration of the following matters.</p> <p>1. The person acquiring the Subscription Rights or a portion of the Subscription Rights of the said shareholder residing outside Japan has submitted a certification document (Declaring and certifying items 2. to 4. below, and including compensation clauses and breach of contract penalties) signed or affixed with their seal.</p> <p>2. The entities selling and acquiring the Subscription Rights are not equivalent to entities stipulated in Paragraph 8 2.</p> <p>3. The entity acquiring the Subscription Rights does not reside in the said jurisdiction and is not acquiring the Subscription Rights on behalf of the seller.</p> <p>4. The entity acquiring the Subscription Rights is not doing so on behalf of either of the entities provided for in 2. 3. above.</p> <p>(12) The delivery and its conditions of Subscription Rights in the case of a merger, corporate split, share exchange or share conversion</p> <p>These matters are to be decided by the board of directors in accordance with their decision regarding the free distribution of Subscription Rights.</p> <p>No issuance of Subscription Rights certificates The Company shall not issue Subscription Right certificates.</p> <p>(13) Increase in capital stock and capital surplus when shares issued on exercise of Subscription Rights</p> <p>If common shares of the Company are issued on exercise of Subscription Rights, the increase in capital stock shall be the full amount of the exercise price and there shall be no increase in capital surplus.</p> <p>(14) Method of exercise request and payment of Subscription Rights</p> <p>When holders of Subscription Rights wish to exercise those rights, they shall do so by filling in the necessary items in the prescribed exercise request form (including the details and number of Subscription Rights to be exercised, the necessary matters regarding the date of exercise of the Subscription Rights, etc., and all declarations, guarantees, compensation clauses, and other pledges regarding the fulfillment of the conditions for exercise of the Subscription Rights by the shareholder in a format specified by the Company) and affixing their personal seal as well as providing other documentation required for the exercise of the Subscription Rights as necessary including documentation required by the Corporation Law, the Securities Exchange Act, and other related regulations (including the regulations of the Japan Securities Dealer</p>

Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
	<p>g. JIMOS subscription rights 3. h. JIMOS subscription rights 4. i. JIMOS subscription rights 5. Price for all subscription rights is ¥1 per right</p> <p>4) Basis for calculation of offering price</p> <p>I. Shares</p> <p>To determine the bid price, CJ Holdings requested its financial advisor for the tender offering and independent price assessor, Nikko Citigroup Limited, to decide a method of calculating the value of the stock of the target company. CJ Holdings has received a tender offer bid price calculation report from Nikko Citigroup.</p> <p>Based on the price calculation price report, CJ Holdings has compared different evaluation methods. In determining the bid price, in addition to the market price method, CJ Holdings has taken into consideration corporate value of the target company and the a share price evaluation based on the discounted cash flow method that takes into account the future earning power of the Company and appropriately reflects its business strategies. In addition, because of the relatively low turnover of shares of the target company compared with companies in the same industry, it is possible that the share price may not necessarily reflect the true value of the stock. Therefore, the comparative method, in which assessments of the multiples of stock values of similar listed companies are considered, was also used in assessing the share value. After separate discussions and negotiations with the independent committee of the target company and the representative director, president, and major shareholder of the target company Mr. Hori, and in consideration of whether the target company would agree to the tender offer and the outlook for the tender offer, it was decided that in making an offer to existing shareholders of the target company it would be appropriate to add an adequate premium to the value of the shares. As a result, on October 31, 2007, CJ Holdings set a tender offer bid price of ¥60,000 per share.</p> <p>The tender offer bid price represents a premium of 22.38% over the average closing price of the shares of the target company on the JASDAQ exchange before October 31, 2007 over the previous one month of ¥49,026 (rounded up), a premium of 40.83% over the closing price of the shares of the target company over the previous three months of ¥42,606 (rounded up), and a premium of 31.68% over the closing price of the shares of the target company over the previous six months of ¥45,564 (rounded up).</p> <p>II. Subscription rights</p> <p>All of the exercise prices of the subscription rights for one common share exceed the tender offer bid price for one common share.</p> <p>Nevertheless, the subscription rights</p>	<p>Association and the relevant securities exchange) and other documentation that might be required at the time (hereinafter referred to as the "Attached Documentation"). Said materials shall be submitted to the settlement agent during the period stipulated in Paragraph 8. above and payment made to the settlement agent in an amount equivalent to the total Exercise Price for the shares for which the Subscription Rights are being exercised.</p> <p>(15) Method of exercise of Subscription Rights and exercise request location</p> <p>When holders of Subscription Rights wish to exercise those rights, they shall do so by filling in the necessary items in the prescribed exercise request form (including the details and number of Subscription Rights to be exercised, the necessary matters regarding the date of exercise of the Subscription Rights, etc., and all declarations, guarantees, compensation clauses, and other pledges regarding the fulfillment of the conditions for exercise of the Subscription Rights by the shareholder in a format specified by the Company) and affixing their personal seal as well as providing other documentation required for the exercise of the Subscription Rights as necessary including documentation required by the Corporation Law, the Securities Exchange Act, and other related regulations (including the regulations of the Japan Securities Dealer Association and the relevant securities exchange) and other documentation that might be required at the time (hereinafter referred to as the "Attached Documentation"). Said materials shall be submitted to the settlement agent during the period stipulated in Paragraph 7. above and payment made to the settlement agent in an amount equivalent to the total Exercise Price for the shares for which the Subscription Rights are being exercised.</p> <p>(16) Timing of the validity of exercise of Subscription Rights</p> <p>The exercise of Subscription Rights shall become valid at the point in time when the exercise request form and Attached Documentation of Paragraph 15 have arrived at the settlement agent's location and the full Exercise Price payment has been made to the settlement agent's designated account.</p> <p>(17) Revisions of laws, etc.</p> <p>Should revisions be required in the clauses and items of the Rights Plan due to the enactment of new laws or revisions or abolishment of laws following the free distribution of the Subscription Rights, the meaning of the clauses and items may be practically interpreted in the light of the purpose and content of the new laws, revisions or abolishment.</p>

Interim period ended September 30, 2006 (From April 1, 2006 To September 30, 2006)	Interim period ended September 30, 2007 (From April 1, 2007 To September 30, 2007)	FY ended March 31, 2007 (From April 1, 2006 To March 31, 2007)
	<p>have been granted to directors, corporate auditors, and employees of the target company or its subsidiaries as stock options and require that 1) at the time of execution, the option holders be directors, corporate auditors, and employees of the target company or its subsidiaries (excepting cases where people have quit after ending their term of office or having reached retirement age) and 2) based on the share subscription right allotment agreement between the Company and the stock option holder, the stock options cannot be transferred, used as collateral, pawned or disposed of in any other way. Since CJ Holdings will not be able to exercise the share subscription rights if purchased, the purchase price for the share subscription rights eligible for the tender offer has been set at one (1) yen per share subscription right.</p> <p>5) Planned number of shares to be purchased 203,282 common shares</p> <p>Notes: 1. Should the total number of shares tendered be less than the planned number of shares to be purchased; none of the tendered shares will be purchased. 2. Should the total number of shares tendered be greater than the planned number of shares to be purchased, all of the tendered shares will be purchased.</p> <p>6) Changes in ownership ratios due to the purchase</p> <p>I. Number of voting rights held by CJ Holdings before the purchase 1 right (Ownership ratio before purchase: 0.00%)</p> <p>II. Number of voting rights held by CJ Holdings after the purchase 203,282 rights (Ownership ratio after purchase: 66.67%)</p> <p>Note: The number of voting rights held by CJ Holdings after the purchase is based on CJ Holdings acquiring the planned number of 203,282 shares to be purchased in the tender offer.</p> <p>7) Purchase price ¥12,196,920,000</p> <p>Note: The purchase price is an estimate based on the planned number of shares to be purchased (203,282 shares) being acquired at the bid price (¥60,000).</p> <p>8) Transfer agent for the tender offer Nikko Citigroup Limited</p> <p>The transfer agent for the tender offer bid has commissioned the following deputy transfer agent to carry out some of the duties of the transfer agent. Nikko Cordial Securities Inc.</p>	