

6. Consolidated Financial Statements (Quarter)

(1) Consolidated Balance Sheet (Quarter)

(Unit: Thousands of yen, Round down)

	September 30, 2006		September 30, 2007		Changes	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
Assets						
I Current assets						
1 Cash and cash equivalents	2,060,808		4,199,821			
2 Accounts receivable	3,949,713		4,652,932			
3 Securities	-		1,627,279			
4 Inventories	11,092		935,683			
5 Others	768,157		741,630			
Allowance for doubtful accounts	(25,185)		(29,635)			
Total current assets	6,764,586	40.8	12,127,711	53.8	5,363,125	79.3
II Property and equipment						
1 Tangible fixed assets	307,177	1.9	440,847	1.9	133,669	43.5
2 Intangible fixed assets:						
(1) Software	599,658		1,026,401			
(2) Goodwill	5,917,427		6,199,196			
(3) Others	213,891	6,730,977	104,072	7,329,670	598,692	8.9
3 Investment and other assets:						
(1) Investment securities	1,547,163		1,210,619			
(2) Deposit with landlord	454,274		679,311			
(3) Others	766,702		780,947			
Allowance for doubtful accounts	-	2,768,140	(14,057)	2,656,820	(111,319)	(4.0)
Total property and equipment	9,806,295	59.2	10,427,337	46.2	621,042	6.3
Total Assets	16,570,881	100.0	22,555,049	100.0	5,984,167	36.1

(Unit: Thousands of yen, Round down)

	September 30, 2006		September 30, 2007		Changes	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
Liabilities						
I Current liabilities						
1 Accounts payable	1,666,526		1,863,917			
2 Short-term debt	2,654,855		2,619,707			
3 Current portion of Corporate bonds payable	-		390,952			
4 Accrued expenses	417,792		804,581			
5 Accrued income taxes	34,404		212,240			
6 Bonus payment reserve	94,924		207,409			
7 Allowance for sales promotion	-		58,865			
8 Others	188,402		441,157			
Total current liabilities	5,056,906	30.5	6,598,833	29.2	1,541,926	30.5
II Long-term liabilities						
1 Corporate bond	370,500		550,332			
2 Long-term debt	104,733		54,621			
3 Reserve for employee's retirement benefit	18,948		19,188			
Total fixed debt	494,182	3.0	624,141	2.8	129,959	26.3
Total liabilities	5,551,088	33.5	7,222,975	32.0	1,671,886	30.1
Net Assets						
I Shareholders' equity						
1 Common stock	5,503,317	33.2	5,503,317	24.4	-	-
2 Additional paid-in capital	5,560,012	33.6	9,019,584	40.0	3,459,572	62.2
3 Retained earnings	(771,358)	(4.7)	(555,736)	(2.5)	215,621	-
Total shareholders' equity	10,291,971	62.1	13,967,165	61.9	3,675,193	35.7
II Valuation and translation adjustments						
1 Unrealized gain in available-for-sale securities	10,316	0.0	2,411	0.0	(7,904)	(76.6)
2 Foreign currency translation adjustments	(56,132)	(0.3)	413,550	1.9	469,683	-
Total valuation and translation adjustments	(45,816)	(0.3)	415,962	1.9	461,778	-
III Subscription right	3,555	0.0	65,894	0.3	62,338	-
IV Minority interests	770,082	4.7	883,052	3.9	112,969	14.7
Total net assets	11,019,793	66.5	15,332,073	68.0	4,312,280	39.1
Total	16,570,881	100.0	22,555,049	100.0	5,984,167	36.1

(2) Consolidated Income Statements (Quarter)

(Unit: Thousands of yen, Round down)

	2 nd Quarter FY ended March 31, 2007 (From July 1, 2006 To September 30, 2006)		2 nd Quarter FY ending March 31, 2008 (From July 1, 2007 To September 30, 2007)		Changes	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
Net sales	4,418,822	100.0	7,608,197	100.0	3,189,375	72.2
Cost of sales	2,517,862	57.0	4,325,052	56.8	1,807,190	71.8
Gross profit	1,900,959	43.0	3,283,144	43.2	1,382,184	72.7
Selling, general and administrative expenses	1,593,309	36.0	3,063,008	40.3	1,469,699	92.2
Operating Income	307,650	7.0	220,135	2.9	(87,514)	(28.5)
Non-operating income	512	0.0	33,219	0.4	32,706	-
Non-operating expenses	1,945,700	44.1	94,320	1.2	(1,851,380)	-
Ordinary Profit (Loss)	(1,637,537)	(37.1)	159,034	2.1	1,796,572	-
Extraordinary profit	738	0.0	20,179	0.2	19,441	-
Extraordinary loss	58,927	1.3	39,473	0.5	(19,454)	(33.0)
Income (loss) before income taxes and minority interests	(1,695,727)	(38.4)	139,740	1.8	1,835,467	-
Income taxes	13,617	0.3	22,204	0.3	8,587	63.1
Prior year adjustments of income taxes	40,844	0.9	-	-	(40,844)	(100.0)
Income taxes of prior year	98,650	2.2	(84,544)	(1.1)	(183,195)	-
Profit (loss) on minority interests	64,499	1.5	16,943	0.2	(47,556)	(73.7)
Net income (loss)	(1,913,338)	(43.3)	185,136	2.4	2,098,475	-

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

2nd Quarter of FY ended March 31, 2007 (From July 1, 2006 to September 30, 2006) (Unit: thousands of yen, round down)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at June 30, 2006	5,503,317	5,560,012	1,141,980	12,205,310
Changes				
Net loss	-	-	(1,913,338)	(1,913,338)
Net increase (decrease) except for items under shareholders' equity				
Total	-	-	(1,913,338)	(1,913,338)
Balance at September 30, 2006	5,503,317	5,560,012	(771,358)	10,291,971

(Unit: thousands of yen, round down)

	Valuation / Translation Adjustment			Subscription right	Minority interests	Total
	Unrealized gain in available-for-sale securities	Foreign currency translation adjustments	Total			
Balance at June 30, 2006	6,199	(10,727)	(4,528)	6,601	682,114	12,889,498
Changes						
Net loss	-	-	-	-	-	(1,913,338)
Net increase (decrease) except for items under shareholders' equity	4,117	(45,405)	(41,288)	(3,045)	87,968	43,633
Total	4,117	(45,405)	(41,288)	(3,045)	87,968	(1,869,705)
Balance at September 30, 2006	10,316	(56,132)	(45,816)	3,555	770,082	11,019,793

2nd Quarter of FY ending March 31, 2008 (From July 1, 2007 to September 30, 2007) (Unit: thousands of yen, round down)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at June 30, 2007	5,503,317	9,067,951	(789,240)	13,782,028
Changes				
Transfer from additional paid-in capital to retained earnings	-	(48,367)	48,367	-
Net income	-	-	185,136	185,136
Net increase (decrease) except for items under shareholders' equity				
Total	-	(48,367)	233,503	185,136
Balance at September 30, 2007	5,503,317	9,019,584	(555,736)	13,967,165

(Unit: thousands of yen, round down)

	Valuation / Translation Adjustment			Subscription right	Minority interests	Total
	Unrealized gain in available-for-sale securities	Foreign currency translation adjustments	Total			
Balance at June 30, 2007	46,620	43,011	89,632	59,575	865,710	14,796,946
Changes						
Transfer from additional paid-in capital to retained earnings	-	-	-	-	-	-
Net income	-	-	-	-	-	185,136
Net increase (decrease) except for items under shareholders' equity	(44,209)	370,538	326,329	6,318	17,341	349,990
Total	(44,209)	370,538	326,329	6,318	17,341	535,127
Balance at September 30, 2007	2,411	413,550	415,962	65,894	883,052	15,332,073

(4) Consolidated Cash Flow Statements (Quarter)

(Unit: Thousands of yen, Round down)

	2 nd Quarter FY ended March 31, 2007 (From July 1, 2006 To September 30, 2006)	2 nd Quarter FY ending March 31, 2008 (From July 1, 2007 To September 30, 2007)
	thousands of yen	thousands of yen
I Operating activities:		
1 Income (loss) before income taxes and minority interest	(1,695,727)	139,740
2 Depreciation and amortization	83,335	164,645
3 Goodwill amortization	94,068	85,702
4 Increase in allowance for sales promotion	-	2,845
5 Decrease in allowance for doubtful accounts	(4,720)	(23,299)
6 Increase (decrease) in bonus payment reserve	59,699	97,645
7 Increase (decrease) in reserve for employee's retirement benefits	(2,372)	666
8 Interests and dividend earned	(166)	(4,714)
9 Interest expenses	49,785	45,012
10 Equity in net losses of an affiliate	1,874,525	-
11 Gain on sales of investment securities	-	(21,734)
12 Appraisal loss on investment securities	-	31,577
13 Loss on disposal of properties	-	2,151
14 Impairment of software	47,864	1,003
15 Gain (loss) on change of equity	(738)	-
16 (Increase) decrease in accounts receivable	(130,102)	380,565
17 Decrease in inventories	27,704	141,831
18 Increase (decrease) in accounts payable	106,619	(240,915)
19 Decrease in accrued expenses	(105,620)	(314,049)
20 Others	160,597	(95,605)
Total	564,753	393,068
21 Interests and dividends received	166	5,374
22 Dividend income from affiliate	17,333	-
23 Interest paid	(50,279)	(42,666)
24 Income tax paid	(40,327)	131,906
Cash flow from operating activities	491,645	487,683
II Investing activities:		
1 Increase (decrease) in fixed deposit	(251)	-
2 Expenditures for property and equipment	(22,498)	(18,634)
3 Expenditure for intangible fixed assets	(91,439)	(209,971)
4 Proceeds from intangible fixed assets	7,000	-
5 Expenditure for sales of securities	-	(280,422)
6 Expenditure for sales of investment securities	-	(280,080)
7 Proceeds from sales of investment securities	-	372,069
8 Expenditure for purchase of stocks of subsidiaries	(2,310,438)	-
9 Expenditures for deposits with landlord	-	(69,060)
10 Proceeds from deposits with landlord	300	270
11 Others	(13,864)	11,543
Cash flow from investing activities	(2,431,191)	(474,285)
III Financing activities:		
1 Proceeds from short-term debt	2,430,438	20,630
2 Repayment of short-term debt	(270,000)	-

3 Expenditure for long-term debt	30,000	-
4 Repayment of long-term debt	(27,597)	(33,320)
5 Proceeds from issuance of new bonds	-	60,373
6 Expenditure for bond redemption	(25,000)	-
7 Proceeds from subscription for stock by minority shareholders	25,000	-
8 Dividends payment	3,820	(20,167)
Cash flow from financing activities	2,166,661	27,516
IV Foreign currency translation adjustment of cash and cash equivalents	(3,161)	14,084
V Increase in cash and cash equivalents	223,954	54,999
VI Cash and cash equivalents at the beginning of period	1,587,797	5,013,652
VII Cash and cash equivalents at the end of period	1,811,752	5,068,652