

# Consolidated Financial Results of 3Q for Fiscal Year ending March 31, 2008

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C  B I R D<sup>®</sup> H O L D I N G S

CYBIRD Holdings Co., Ltd.

February 12, 2008

## **Record consolidated quarterly sales coupled with a continued strong performance in terms of profits**

- Sales continued to perform steadily in the content business, centered around the principal content.
- With a strong showing from cosmetic mail order sales as a result of relaunching products and effective promotion, combined with increased revenue from subsidiary Outlet Plaza thanks to an expanded range of products, e-commerce sales also rose.
- Our operating profit margin grew on the back of effective cost control measures, enabling us to achieve an increase in profit.

## FY2007 3Q Consolidated Results (Quarter)

### Record high quarterly consolidated sales coupled with a strong performance in terms of profits

(Unit: Millions of yen, Rounded down)

	FY06 3Q	FY06 4Q	FY07 1Q	FY07 2Q	FY07 3Q	YoY Change	Major Factors
Net Sales	7,608	7,512	7,655	7,608	<b>8,210</b>	601 (107.9%)	Commerce sales: +699 year on year
Gross Profit (% of Sales)	3,570 (46.9%)	3,566 (47.5%)	3,382 (44.2%)	3,283 (43.2%)	<b>3,624</b> (44.1%)	54 (101.5%)	Gross profit margin down from same period in previous year, mainly because of a change in the structure of sales from commerce business (increased sales of home appliances and other products with high cost percentages)
Operating Income (% of Sales)	306 (4.0%)	135 (1.8%)	338 (4.4%)	220 (2.9%)	<b>484</b> (5.9%)	178 (158.2%)	Percentage of SG&A expenses down due to factors such as effective cost control measures targeting areas such as advertising expenses and a fall in quarterly goodwill straight-line amortization compared to 3 <sup>rd</sup> quarter the previous year
Ordinary Income	256	136	286	159	<b>381</b>	125 (148.8%)	
Net Sales	-47	-5,599	53	185	<b>85</b>	132 ( - %)	Extraordinary losses of 146 million yen due to factors such as 3 <sup>rd</sup> quarter project reviews
EBITDA(Note)	656	463	566	470	<b>739</b>	82 (112.6%)	3Q=Operating income 484 + Depreciation expense 171 + Goodwill amortization 82

(Note) Operating income + Depreciation expense + Goodwill amortization

## FY2007 3Q Consolidated Results (Sales by Segment)

### Sales by Segment

(Unit: Millions of yen, Rounded down)

	FY06 3Q	FY06 4Q	FY07 1Q	FY07 2Q	FY07 3Q	YoY change	Major Factor
M o b i l e C o n t e n t	2,960	3,346	3,105	3,078	<b>3,011</b>	50 (101.7%)	Steady performance, centered around main contents
Commerce	3,160	2,876	2,925	3,118	<b>3,860</b>	699 (122.1%)	Increased JIMOS cosmetic mail order sales and increased sales from subsidiary Outlet Plaza
S o l u t i o n	892	628	752	663	<b>700</b>	-191 (78.5%)	AXISSOFT Corporation sold and removed from consolidated results during 4 <sup>th</sup> quarter of last year (including 200 million in AXISSOFT sales for 3 <sup>rd</sup> quarter of last year)
Advertising	56	130	351	263	<b>192</b>	135 (340.6%)	Underlying stability in mobile advertising sales (focus on large scale corporate mail order advertising agent business during 1 <sup>st</sup> and 2 <sup>nd</sup> quarters)
Investment	5	-	-	-	-	-5 (-%)	Investment in eight companies at present
International	533	529	521	483	<b>446</b>	-86 (83.7%)	Currently addressing growth in 3G content on the North American market
T o t a l	7,608	7,512	7,655	7,608	<b>8,210</b>	601 (107.9%)	

## FY2007 3Q Consolidated Results (SG&A Expenses)

### SG&A Expenses

(Unit: Millions of yen, Rounded down)

	FY06 3Q	FY06 4Q	FY07 1Q	FY07 2Q	FY07 3Q	YoY changes	Major Factor
Personnel expenses	935 (12.3%)	915 (12.2%)	923 (12.1%)	865 (11.4%)	852 (10.4%)	-82	
Advertising expenses	854 (11.2%)	808 (10.8%)	644 (8.4%)	724 (9.5%)	787 (9.6%)	-66	Increase in cosmetic mail order sales thanks to effective advertising investment, in spite of a fall in advertising expenses year on year
R&D expenses	236 (3.1%)	241 (3.2%)	248 (3.2%)	252 (3.3%)	262 (3.2%)	26	
Commission paid	501 (6.6%)	591 (7.9%)	574 (7.5%)	562 (7.4%)	568 (6.9%)	67	
Goodwill amortization	180 (2.4%)	176 (2.3%)	83 (1.1%)	85 (1.1%)	82 (1.0%)	-98	Substantial decrease in straight-line amortization for the current year due to accelerated goodwill amortization by JIMOS during the previous year
Others	555 (7.3%)	698 (9.3%)	571 (7.5%)	573 (7.5%)	585 (7.1%)	29	
Total	3,263 (42.9%)	3,431 (45.7%)	3,044 (39.8%)	3,063 (40.3%)	3,139 (38.2%)	-124	

% of sales are in parentheses.

## FY2007 3Q Consolidated Cash Flow

### A continued strong performance in terms of cash flow

(Unit: Millions of yen, Rounded down)

	FY06 3Q	FY06 4Q	FY07 1Q	FY07 2Q	FY07 3Q	Major Factor
<b>Operating cash flow</b>	<b>465</b>	<b>488</b>	<b>(322)</b>	<b>487</b>	<b>434</b>	
<b>EBITDA</b>	<b>656</b>	<b>463</b>	<b>566</b>	<b>470</b>	<b>739</b>	Operating profit (484) + depreciation expenses (171) + goodwill amortization (82)
Changes of floating capital	433	(565)	(342)	281	(144)	Increase in working capital due to year-end sales push
Others	(552)	627	(141)	(358)	50	
Balance of financial and tax expenses	(72)	(37)	(404)	94	(210)	Income taxes paid (-140)
<b>Investing cash flow</b>	<b>(247)</b>	<b>258</b>	<b>(192)</b>	<b>(474)</b>	<b>(150)</b>	Software purchases (-234)
<b>Financial cash flow</b>	<b>177</b>	<b>266</b>	<b>354</b>	<b>27</b>	<b>(13)</b>	Repayment of long-term loans (-28)
<b>Changes</b>	<b>380</b>	<b>1,017</b>	<b>(150)</b>	<b>54</b>	<b>215</b>	
<b>Ending balance of cash</b>	<b>4,146</b>	<b>5,164</b>	<b>5,013</b>	<b>5,068</b>	<b>5,283</b>	