

4. Consolidated Financial Statements (Quarter)

(1) Consolidated Balance Sheet (Quarter)

(Unit: Thousands of yen, Round down)

	December 31, 2006		December 31, 2007		Changes		March 31, 2007	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
Assets								
I Current assets								
1 Cash and cash equivalents	4,808,911		4,591,386		(217,524)		4,614,251	
2 Accounts receivable	4,666,334		4,843,888		177,554		5,141,826	
3 Securities	367,585		1,412,872		1,045,286		764,243	
4 Inventories	861,682		1,014,543		152,861		921,217	
5 Others	973,425		691,878		(281,546)		542,866	
Allowance for doubtful accounts	(49,109)		(32,096)		17,012		(39,343)	
Total current assets	11,628,829	41.3	12,522,473	55.9	893,643	7.7	11,945,062	52.9
II Property and equipment								
Tangible fixed assets	535,465	1.9	400,301	1.8	(135,164)	(25.2)	470,813	2.1
Intangible fixed assets:								
1 Software	920,443		1,048,403		127,959		887,282	
2 Goodwill	11,689,002		5,733,111		(5,955,891)		6,144,710	
3 Others	281,445		200,233		(81,211)		120,839	
Total intangible fixed assets	12,890,891	45.7	6,981,748	31.2	(5,909,143)	(45.8)	7,152,832	31.7
Investment and other assets:								
1 Investment securities	1,792,161		1,155,079		(637,082)		1,410,355	
2 Deposit with landlord	681,021		644,970		(36,050)		655,112	
3 Deferred tax assets	560,847		413,764		(147,082)		464,782	
4 Others	102,664		285,457		182,793		492,257	
Allowance for doubtful accounts	(13,100)		(14,067)		(967)		(13,050)	
Total investment and other assets	3,123,594	11.1	2,485,204	11.1	(638,389)	(20.4)	3,009,457	13.3
Total property and equipment	16,549,951	58.7	9,867,253	44.1	(6,682,697)	(40.4)	10,633,103	47.1
Total Assets	28,178,781	100.0	22,389,727	100.0	(5,789,053)	(20.5)	22,578,165	100.0

(Unit: Thousands of yen, Round down)

	December 31, 2006		December 31, 2007		Changes		March 31, 2007	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
Liabilities								
I Current liabilities								
1 Accounts payable	2,291,887		2,012,558		(279,328)		2,409,710	
2 Short-term debt	2,988,433		2,561,647		(426,785)		2,773,979	
3 Current portion of Corporate bonds payable	45,000		391,203		346,203		-	
4 Accrued expenses	1,036,785		931,057		(105,727)		1,284,584	
5 Accrued income taxes	178,248		205,062		26,814		129,891	
6 Bonus payment reserve	82,626		110,040		27,414		164,278	
7 Allowance for sales promotion	76,992		60,715		(16,277)		82,819	
8 Allowance for compensation	12,033		-		(12,033)		-	
9 Others	485,038		498,073		13,035		406,856	
Total current liabilities	7,197,044	25.5	6,770,360	30.2	(426,683)	(5.9)	7,252,121	32.1
II Long-term liabilities								
1 Corporate bond	383,733		551,568		167,835		340,456	
2 Long-term debt	268,962		32,037		(236,925)		100,093	
3 Reserve for employee's retirement benefit	37,412		19,600		(17,811)		17,970	
4 Others	1,835		-		(1,835)		51,751	
Total long-term liabilities	691,942	2.5	603,205	2.7	(88,736)	(12.8)	510,271	2.3
Total	7,888,987	28.0	7,373,566	32.9	(515,420)	(6.5)	7,762,392	34.4
Net Assets								
I Shareholders' equity								
1 Common stock	5,503,317	19.5	5,510,877	24.6	7,559	0.1	5,503,317	24.4
2 Additional paid-in capital	14,469,049	51.4	9,027,144	40.3	(5,441,904)	(37.6)	14,469,049	64.0
3 Retained earnings	(653,655)	(2.3)	(470,511)	(2.1)	183,143	(28.0)	(6,195,936)	(27.4)
Total shareholders' equity	19,318,711	68.6	14,067,509	62.8	(5,251,201)	(27.2)	13,776,430	61.0
II Valuation and translation adjustments								
1 Unrealized gain in available-for-sale securities	24,678	0.1	(1,479)	(0.0)	(26,158)	-	15,597	0.1
2 Foreign currency translation adjustments	145,971	0.5	37,239	0.2	(108,731)	(74.5)	138,720	0.6
Total valuation and translation adjustments	170,650	0.6	35,760	0.2	(134,890)	(79.0)	154,318	0.7
III Subscription right	12,961	0.0	64,510	0.3	51,548	397.7	15,848	0.1
IV Minority interests	787,471	2.8	848,381	3.8	60,910	7.7	869,175	3.8
Total net assets	20,289,794	72.0	15,016,161	67.1	(5,273,632)	(26.0)	14,815,773	65.6
Total	28,178,781	100.0	22,389,727	100.0	(5,789,053)	(20.5)	22,578,165	100.0

(2) Consolidated Income Statements (Quarter)

(Unit: Thousands of yen, Round down)

	3 rd Quarter FY ended March 31, 2007 (From October 1, 2006 To December 31, 2006)		3 rd Quarter FY ending March 31, 2008 (From October 1, 2007 To December 31, 2007)		Changes		FY ended March 31, 2007	
	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%	Thousands of yen	%
Net Sales	7,608,694	100.0	8,210,667	100.0	601,973	7.9	23,571,145	100.0
Cost of sales	4,038,453	53.1	4,586,275	55.9	547,822	13.6	12,868,382	54.6
Gross Profit	3,570,240	46.9	3,624,391	44.1	54,150	1.5	10,702,763	45.4
Selling, general and administrative expenses	3,263,863	42.9	3,139,780	38.2	(124,082)	(3.8)	9,915,951	42.1
Operating Income	306,377	4.0	484,611	5.9	178,233	58.2	786,811	3.3
Non-operating income	43,448	0.6	17,129	0.2	(26,318)	(60.6)	62,374	0.3
Non-operating expenses	93,627	1.2	120,492	1.5	26,864	28.7	2,401,519	10.2
Ordinary Profit (Loss)	256,197	3.4	381,248	4.6	125,050	48.8	(1,552,333)	(6.6)
Extraordinary profit	8,778	0.1	-	-	(8,778)	-	115,724	0.5
Extraordinary loss	97,129	1.3	146,706	1.8	49,577	51.0	5,929,311	25.1
Income (Loss) Before Income Taxes and minority Interests	167,847	2.2	234,541	2.8	66,694	39.7	(7,365,920)	(31.2)
Income Taxes	153,764	2.0	133,744	1.6	(20,020)	(13.0)	155,895	0.7
Prior Year income taxes	-	-	-	-	-	-	40,844	0.2
Prior Year Adjustments of income taxes	91,387	1.2	40,018	0.5	(51,368)	(56.2)	310,375	1.3
Profit (Loss) on minority interest	(30,098)	(0.4)	(24,446)	(0.3)	5,651	(18.8)	(42,423)	(0.2)
Net Income (Loss)	(47,206)	(0.6)	85,225	1.0	132,431	-	(7,830,611)	(33.2)

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

3rd Quarter of FY ended March 31, 2007 (From October 1, 2006 to December 31, 2006)

(Unit: thousands of yen, round down)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at September 30, 2006	5,503,317	5,560,012	(771,358)	10,291,971
Changes				
Share issue	-	8,909,037	-	8,909,037
New consolidation	-	-	164,908	164,908
Net income	-	-	(47,206)	(47,206)
Net increase (decrease) except for items under shareholders' equity	-	-	-	-
Total	-	8,909,037	117,702	9,026,739
Balance at December 31, 2006	5,503,317	14,469,049	(653,655)	19,318,711

(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 September 30, 2006	10,316	(56,132)	(45,816)	3,555	770,082	11,019,793
Changes						
Share issue	-	-	-	-	-	8,909,037
New consolidation	-	-	-	-	-	164,908
Net income	-	-	-	-	-	(47,206)
Net increase (decrease) except for items under shareholders' equity	14,362	202,104	216,466	9,405	17,388	243,261
Total	14,362	202,104	216,466	9,405	17,388	9,270,000
Balance at December 31, 2006	24,678	145,971	170,650	12,961	787,471	20,289,794

3rd Quarter of FY ending March 31, 2008 (From October 1, 2007 to December 31, 2007)

(Unit: thousands of yen, round down)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at September 30, 2007	5,503,317	9,019,584	(555,736)	13,967,165
Changes				
Share issue	7,559	7,559	-	15,119
Net income	-	-	85,225	85,225
Net increase (decrease) except for items under shareholders' equity	-	-	-	-
Total	7,559	7,559	85,225	100,344
Balance at December 31, 2007	5,510,877	9,027,144	(470,511)	14,067,509

(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 September 30, 2007	2,411	413,550	415,962	65,894	883,052	15,332,073
Changes						
Share issue	-	-	-	-	-	15,119
Net income	-	-	-	-	-	85,225
Net increase (decrease) except for items under shareholders' equity	(3,891)	(376,310)	(380,201)	(1,384)	(34,670)	(416,256)
Total	(3,891)	(376,310)	(380,201)	(1,384)	(34,670)	(315,912)
Balance at December 31, 2007	(1,479)	37,239	35,760	64,510	848,381	15,016,161

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

(Unit: thousands of yen, round down)

	Shareholders' equity			
	Common stock	Additional paid-in capital	Retained earnings	Total
Balance at March 31, 2006	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	51,616	8,960,653	(7,646,796)	1,365,473
Balance at March 31, 2007	5,503,317	14,469,049	(6,195,936)	13,776,430

(Unit: thousands of yen, round down)

	Valuation / Translation Adjustment			Subscription right	Minority interests	Total
	Unrealized gain in available-for-sale securities	Foreign currency translation adjustments	Total			
Balance at March 31, 2006	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	12,768	128,127	140,895	15,848	145,844	1,668,062
Balance at March 31, 2007	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 (Quarter)

(Unit: Thousands of yen, Round down)

	3 rd Quarter FY ended March 31, 2007	3 rd Quarter FY ending March 31, 2008	FY ended March 31, 2007
	thousands of yen	thousands of yen	thousands of yen
I Operating activities:			
1 Income (loss) before income taxes and minority interest	167,847	234,541	(7,365,920)
2 Depreciation and amortization	169,536	171,803	574,095
3 Goodwill amortization	180,498	82,625	545,212
4 Increase in allowance for doubtful accounts	951	2,470	(13,583)
5 Decrease in bonus payment reserve	(52,933)	(97,368)	59,672
6 Decrease in allowance for sales promotion	8,700	1,850	14,527
7 Decrease in allowance for compensation	(5,250)	-	(17,283)
8 Increase (decrease) in reserve for employee's retirement benefit	(1,261)	411	(4,434)
9 Interest and dividend earned	(2,883)	(2,665)	(7,212)
10 Interest expenses	38,825	65,885	148,321
11 Equity in net losses of an affiliate	-	-	1,908,341
12 Loss on impairments of goodwill	-	-	5,452,204
13 Loss on sales of tangible fixed assets	-	4,345	46,976
14 Decrease in accounts receivable	251,673	(231,001)	(331,369)
15 (Increase) decrease in inventories	1,901	(78,860)	(93,025)
16 Increase (decrease) in accounts payable	180,387	165,582	467,659
17 Increase (decrease) in accrued expenses	(87,434)	112,923	(88,764)
18 Others	(312,681)	212,347	413,438
Total	537,878	644,890	1,708,856
19 Interests and dividends received	2,027	2,472	8,744
20 Dividends received from affiliates	-	-	17,333
21 Interest paid	(38,894)	(71,803)	(144,561)
22 Income tax paid	(35,321)	(140,922)	(361,660)
Cash flow from operating activities	465,691	434,637	1,228,712
II Investing activities:			
1 Increase (decrease) in fixed deposit	9,611	-	270,870
2 Proceeds from sales of investment securities	-	49,000	497,196
3 Expenditures for purchase of stock of a subsidiary in change of scope of consolidation	(111,108)	-	(111,108)
4 Expenditures for purchase of additional stocks of a subsidiary	-	-	(2,310,438)
5 Expenditures for property and equipment	(21,054)	(6,133)	(101,239)
6 Proceeds from sales of intangible fixed assets	3,300	-	7,000
7 Expenditure for intangible fixed assets	(202,931)	(234,640)	(672,267)
8 Expenditures for deposits with landlord	(6,450)	(7,790)	(18,701)
9 Proceeds from deposits with landlord	2,510	15,606	36,713
10 Others	78,232	32,981	(177,373)
Cash flow from investing activities	(247,890)	(150,977)	(2,579,347)
III Financing activities:			
1 Proceeds from short-term debt	300,000	-	2,980,438
2 Repayment of short-term debt	(133,464)	-	(459,290)
3 Proceeds from long-term debt	50,000	-	80,000
4 Repayment of long-term debt	-	(28,320)	(57,137)
5 Proceeds from issuance of new shares	-	15,119	103,233
6 Expenditure for corporate bond redemption	-	-	(25,000)
7 Proceeds from subscription for stock by minority shareholder	-	-	445,000
8 Dividends payment	(18,607)	(762)	(55,350)
9 Others	(20,000)	-	(135,568)
Cash flow from financing activities	177,928	(13,963)	2,876,325

IV Foreign currency translation adjustment of cash and cash equivalents	(14,751)	(54,523)	(13,268)
V Increase (decrease) in cash and cash equivalents	380,977	215,173	1,512,422
VI Cash and cash equivalents at the beginning of period	1,811,752	5,068,652	1,697,936
VII Increase in cash and cash equivalent by exchange shares	1,953,893	-	1,953,893
VIII Cash and cash equivalents at the end of period	4,146,623	5,283,825	5,164,251