(Translation)

TELEPARK
Toward the Future

May 8, 2007

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2007

Company name: Telepark Corp.
Listing: Tokyo Stock Exchange, First Section
Stock code: 3738
URL: http://www.teleparkcorp.com
Representative: Shigenori Miyazaki, President & CEO
Contact: Hideo Sugimura, Officer, General Manager, Corporate Planning Tel: +81-(0) 3-5804-7090
Scheduled date of Annual General Meeting of Shareholders: June 26, 2007
Scheduled date of filing of Securities Report: June 26, 2007
Dividend payment date: June 27, 2007

(All amounts are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Year Ended March 31, 2007 (April 1, 2006 – March 31, 2007)

(1) Results of operations

(Percentages shown for net sales, operating income, ordinary income and net income represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2006	355,401	18.2	7,314	16.4	7,330	16.2	4,115	16.0
FY2005	300,748	15.7	6,282	22.4	6,310	22.8	3,547	19.7

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2006	12,507.49	12,423.39	27.9	11.2	2.1
FY2005	10,704.29	10,627.69	29.1	11.6	2.1

Reference: Equity in earnings of affiliates (million yen) FY2006: - FY2005: -

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2006	71,701	16,116	22.5	48,945.34
FY2005	58,764	13,343	22.7	40,507.62

Reference: Shareholders equity (million yen): FY2006: 16,116 FY2005: 13,343

(3) Cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2006	2,562	(564)	(2,156)	177
FY2005	(1,172)	(1,052)	2,222	336

2. Dividends

	Dividends per share			Total dividends (annual)	Dividend payout ratio	Dividend on equity
(Record date)	Interim	Yearend	Annual			
	Yen	Yen	Yen	Million yen	%	%
FY2005	1,750.00	2,000.00	3,750.00	1,232	35.0	9.2
FY2006	2,000.00	2,500.00	4,500.00	1,481	36.0	10.1
FY2007 (forecasts)	2,500.00	2,500.00	5,000.00	-	36.6	-

Note: FY2005 interim dividend per share reflects the two-for-one stock splits on January 20, 2006

3. Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 – March 31, 2008)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	195,000	25.1	3,900	2.7	3,900	2.6	2,250	5.4	6,833.05
Full year	390,000	9.7	7,800	6.6	7,800	6.4	4,500	9.3	13,666.10

4. Others

(1) Change in significant accounting policies

1) Changes caused by revision of accounting standard: Yes

2) Other changes: None

Note: Please refer to "Change in Significant Accounting Policies" on page 22 for further information.

(2) Number of outstanding shares (common shares)

1) Number of shares outstanding at end of period (including treasury stock):	FY2006: 329,282 shares
	FY2005: 328,638 shares
2) Number of treasury stock at end of period (shares):	FY2006: -
	FY2005: -

Note: Please refer to "Per Share Information" on page 33 for the number of shares used in calculating net income per share.

*** Cautionary statement with respect to forward- looking statements**

The above forecasts are based on the Company's judgments in accordance with information currently available. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors, including but not limited to the operating environment.
Please see pages 3 and 4 for more information concerning these forecasts.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

(Translation)

1. Business Results

(1) Analysis of business results

1) Business results in the fiscal year under review

The Japanese economy remained in a gradual expansion path in the current fiscal year under review as consumer spending was firm and capital investment steadily rose on continued improvements in corporate profits.

Industry-wide mobile phone subscriptions increased a net 4.93 million in the current fiscal year under review, for only a slight increase over the previous fiscal year. Cumulative mobile phone subscriptions at the end of March 2007 totaled 96.72 million, an increase of only 5.4% from the end of March 2006. However, third-generation mobile phone subscriptions increased a net 21.58 million in the fiscal year (+20.0% year-over-year) as mobile carriers launched a slew of new mobile phone models, mostly third-generation types, in preparation for the introduction of mobile number portability from October 24, 2006. Cumulative third-generation mobile phone subscriptions increased 44.7% to 69.91 million. There were 35.53 million subscribers to NTT DoCoMo's 'FOMA' service at the end of March 2007 (+51.4% over the end of March 2006), 26.72 million subscribers to au's 'CDMA2000 1x' service (+22.4%), and 7.66 million subscribers to SoftBank's '3G' service (+152.2%) according to the Telecommunications Carriers Association. Upgrade demand, particularly for high-performance models, continued to steadily expand.

In the mobile phone business, we steadily increased sales of mobile phone units, particularly high-performance models, in the fiscal year under review owing to success of our strategy of expanding the sales network focused on sales agencies and large retailers. This strategy contributed to profits. Company-wide profits increased year-over-year due to a profit contribution from the network business which saw a steady increase in FTTH services.

Net sales in the fiscal year under review increased 18.2% year-over-year to a record 355,401 million yen, ordinary income 16.2% to a record 7,330 million yen, and net income 16.0% to a record 4,115 million yen.

Results by business segment as follows:

・**Mobile business**

Mobile phone sales increased 12.5% year-over-year to a record 3.6 million units in the fiscal year under review as we continued to focus on expanding the sales network centered on affiliated sales agencies and large retailers, and mobile carriers introduced a slew of new models in preparation for the introduction of mobile number portability. Unit sales of high-performance models increased particularly strongly. Group mobile phone sales totaled 3.63 million units including sales of subsidiary Mobitec. Also, we sold 36,000 PHS units.

Sales in the mobile business totaled 336,538 million yen (+17.2% year-over-year), and operating income 4,844 million yen (+16.8%).

・**Network business/others**

In the network business, steady growth in FTTH services contributed to profits in the fiscal year under review, and the level of volume incentives booked for 'MYLINE' subscriptions captured in the previous fiscal year was generally unchanged year-over-year. In the 'others' portion of the business, the electric payment settlement business, such as an electronic money leveraging the Personal Identity Number (PIN) sales system of convenience stores, contributed to sales growth.

Sales in the network business/others totaled 18,863 million yen (+37.8% year-over-year), and operating income 2,470 million yen (+15.7% year-over-year).

2) Forecasts for new fiscal year

We expect the Japanese economy to continue to expand at a moderate pace going forward as consumer spending remains firm due to recovering corporate profits, and capital spending continues to steadily increase.

We expect upgrade demand in the mobile phone market, our mainstay business, to remain strong going forward as the start of mobile number portability last year encouraged mobile phone carriers to launch a slew of new models in quick succession, such as 'one-seg broadcast'-capable mobile phones and slimmer mobile phones, revitalizing the market. In this environment, we will continue to expand our business in accordance with our management policy, improve operational efficiency across all businesses, and increase earnings. We aim to increase profits in the fixed-line telecommunications business by diversifying from our core ‘MYLINE’ business into new lines of business, including the rapidly expanding FTTH services market to take advantage of the accelerating spread of broadband.

Our non-consolidated forecasts (we do not have consolidated books) for the full fiscal year are net sales of 390,000 million yen, operating income of 7,800 million yen, ordinary income of 7,800 million yen, and net income of 4,500 million yen.

Please see the business risks section “(4)”of the business performance chapter “1.” regarding factors that could exert a material impact on our results.

3) Progress in the medium-term business plan

We target sales of 500 billion yen and mobile phone unit sales of 5 million by the fiscal year ending March 31, 2009 in our medium-term business plan Challenge 5000. We achieved a good start in the first fiscal year of the business plan, with net sales of 355.4 billion yen and mobile phone unit sales of 3.6 million in the fiscal year ended March 31, 2007, but the business environment is constantly changing, and we believe it will be difficult to achieve our medium-term targets at the current pace. In the mobile business, we have focused on developing a cooperative relationship with small and medium-sized sales agencies to expand the sales network, and have increased shops in pace with new store openings by leading large retailers, but now believe that M&A on a large scale is essential for future business expansion. In the network business, we have focused primarily on MYLINE service subscriptions, but in addition to this, we aim to expand FTTH services in light of the accelerating penetration of broadband, to expand profits going forward. Sales are also rising sharply in the payment settlements business, consisting of e-money and other services that use PIN sales systems at convenience stores, and we plan to continue developing this market to further expand profits.

4) Progress in achieving targeted performance indicators

We focus on return on assets (ROA) as an important performance indicator, and target an ROA above 10% which we have achieved every year since the fiscal year ended March 31, 2003. ROA was also above 10% in the current fiscal year under review, and we will continue to work to maintain high asset efficiency going forward.

(2) Financial condition

1) Assets, liabilities, and net assets

The balance of current assets at the end of the fiscal year under review increased 13,232 million yen over the end of the previous fiscal year to 67,849 million yen. The main factors were an increase in accounts receivable -trade (10,377 million yen) due to greater sales in the fiscal year, and an increase in product inventory (1,053 million yen) on firm mobile phone sales.

The balance of fixed assets at the end of the fiscal year decreased 296 million yen to 3,851 million yen. The main factors were impairment losses (100 million yen) on shop, branch store, and office facilities, and goodwill amortization (135 million yen).

The balance of current liabilities at the end of the fiscal year increased 10,093 million yen to 55,043 million yen. The main factors were an increase in accounts payable -trade (7,623 million yen) on a rise in amount of product purchased and commission payments on firm mobile phone sales.

The balance of long-term liabilities at the end of the fiscal year increased 69 million yen to 541 million yen. The main factor was an increase in liability for employees’ retirement benefits (62 million yen).

The balance of net assets at the end of the fiscal year increased 2,773 million yen to 16,116 million yen. The main factors were an increase in common stock (31 million yen) and capital surplus (31 million yen) from the exercise of stock options, net income (4,115 million yen), dividend payments (1,315 million yen), and a decline in net unrealized holding gain on securities (56 million yen).

2) Cash flows

Cash and cash equivalents at the end of the fiscal year totaled 177 million yen, a decrease of 158 million yen (-47.2%) year-over-year.

Cash flows and major components during the current fiscal year were as follows.

Cash flows from operating activities:

Cash flows from operating activities totaled 2,562 million yen (+318.7% year-over-year). The main items were 7,177 million yen in income before income taxes, and a 7,623 million yen increase in accounts payable, though 2,372 million yen in income tax payments, and a 10,375 million yen increase in accounts receivable.

Cash flows from investing activities:

Cash flows used in investing activities totaled 564 million yen (+46.3% year-over-year). The main items were 537 million yen in payments for purchase of property, plant and equipment for self-owned shop openings.

Cash flows from financing activities:

Cash flows used in financing activities totaled 2,156 million yen (-197.0% year-over-year). The main items were a 9 million yen decrease in borrowings, and 1,313 million yen in cash dividends paid.

The following table illustrates the historical movements of certain cash flow indices:

	FY2004	FY2005	FY2006
Shareholders' equity ratio (%)	22.0	22.7	22.5
Shareholders' equity ratio based on market prices (%)	114.4	176.2	78.5
Years debt ratio (years)	109.0	-	202.9
Interest coverage ratio (times)	191.3	-	133.7

Notes: 1. Cash flow indices are calculated as follows:
Shareholders' equity ratio: Shareholders' equity / Total assets
Shareholders' equity ratio based on market prices: Market capitalization / Total assets
Years debt ratio: Interest-bearing liabilities / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest payments
2. The Company used figures from consolidated financial statements for FY2004, and figures from non-consolidated financial statements for FY2005 and FY2006.
Market capitalization: Closing stock price on the balance sheet date x No. of shares outstanding on the balance sheet date
Operating cash flow is taken from the statement of cash flows.
Interest-bearing liabilities: Liabilities carried on the balance sheets that incur interest.
Interest payments in the calculation of the interest coverage ratio: Based on interest payments reported on the statement of cash flows.
3. The Company does not have "Years debt ratio" and "interest coverage ratio" for FY2005 because operating cash flow was negative in this period.

(3) Basic profit allocation policy, and dividends in the current and next fiscal year

Our basic profit allocation policy is to provide stable dividends, centered on a payout ratio more than 30%, while ensuring we secure sufficient retained earnings to strengthen and grow our business.

Based on this policy, we plan to pay an annual dividend of 4,500 yen per share for the current fiscal year under review, for a 750 yen increase over the 3,750 yen dividend (takes the stock split into account; see Note 1) paid in the previous fiscal year. The breakdown of the current fiscal year's annual dividend is as follows: we paid a 2,000 yen interim dividend last December, and plan to pay a 2,500 yen yearend dividend, or 500 yen higher than the 2,000 yen dividend we forecast when we announced interim results on November 7, 2006.

We plan a 5,000 yen annual dividend for the next fiscal year, dividend payout ratio of 36.6%, for a 500 yen increase over the 4,500 yen dividend in the current fiscal year under review. The breakdown will be as follows: we plan an interim and yearend dividend of 2,500 yen respectively.

We are not currently scheduled to revise the record date or number of dividend payments following implementation of the Company Law. For the time being, we will maintain the current system of paying two dividends, once at the end of the interim period and fiscal year.

We plan to use retained earnings to expand our mobile business, launch new businesses, train employees, and make strategic investments.

Note: 1. We paid an interim dividend of 3,500 yen per share applicable to the fiscal year ended March 31, 2006, but this translated to 1,750 yen per share when we retroactively apply the two-for-one stock split implemented effective January 20, 2006. We paid a yearend dividend of 2,000 yen per share last fiscal year, giving a total dividend of 3,750 yen per share.

(4) Business risk

Below we list risk factors to our business performance, financial condition, and share price.

1) Commissions from mobile carriers

We receive a commission from mobile phone carriers for each successfully brokered subscription contract. Commissionable service, commission levels, payment period duration, and the proportion of each subscription line's telecommunications charges all depend on the specific mobile carrier and period of the year. A significant change in contract conditions due to a change in policy by any or all of the mobile carriers could materially impact our earnings.

2) Industry competition

The mobile industry continues to evolve as technological progress brings about new services and products. There were 96 million users in Japan as of March 2007. However, the high penetration rate means that new subscriber growth continues to slow. This implies greater competition for new subscribers among mobile carriers, and among sales agencies including ourselves. Fiercer competition in the mobile phone market could lower our profit margins, and materially impact our earnings.

Broadband technology advances have rekindled competition for customers among fixed-line telecommunications carriers, and competition among sales agencies including ourselves may heat up as a result. Fiercer competition could lower our profit margins, and materially impact our earnings.

3) Business expansion through acquisitions

In addition to developing cooperative relationships with small and medium-sized sales agencies, and opening new shops, we may acquire industry peers to expand our business, and this could impact our financial condition and business performance. There is no guarantee that the acquisition will produce anticipated benefits due to changes in market trends and the economic environment. A poor performance at companies we acquire could make it difficult for us to recover invested capital, and this would impact our earnings and business plans.

4) Leaks of personal information

The Personal Information Protection Law went into effect on April 1, 2005, and based on the "Guidelines for personal information protection in the telecommunications industry" formulated by the Ministry of Internal Affairs and Communications (MIC; formerly the Ministry of Posts and Telecommunications), we have concluded confidentiality agreements with each mobile carrier with which we do business. Staff with access to the telecom carriers' customer information databases is given ID numbers or cards to ensure strict protection of customer information. Additionally, we have thoroughly trained all employees involved in our telecom businesses to observe personal information protection guidelines, particularly with regards to preventing data leaks. Despite our best efforts, the leak of customer data for whatever reason could diminish trust in our company, bring about damages suits, and materially impact our earnings.

5) Our relationship with Mitsui & Co., Ltd.

Mitsui & Co., Ltd. owns 50.84% of our outstanding stock of 329,282 shares as of March 31, 2007. As a consolidated subsidiary of Mitsui & Co., Ltd., we expect to remain a part of the Mitsui & Co.'s Group. However, a change in group strategy could alter our relationship with Mitsui & Co., Ltd.

However, we do not believe a change in our capital relationship with Mitsui & Co., Ltd. would materially impact our business since we operate our mobile and fixed-line sales and brokerage business independent of the parent company.

6) Study Group on Mobile Business

The Ministry of Internal Affairs and Communications in September 2006 announced a "New Competitive Promotion Program 2010" that outlines fair competition rules for the promotion of competition in the telecommunications market. In line with this, the Ministry launched a Study Group on Mobile Business in January 2007 to examine a wide array of issues including sales incentives (Note 1) and SIM locks. The Study Group on Mobile Business is scheduled to give a report sometime this summer, and depending on the content, this could impact our business and performance. Media reports suggest that the system of sales incentives could be abolished, but considering that sales incentives are behind the low market prices consumers currently pay for mobile phones, this would cause mobile phone prices to sharply rise and make it difficult for some customers to upgrade their mobile phones if no substitute plan were adopted. This would in turn cause the mobile phone market to shrink, and materially impact our business performance.

We hope that the Study Group on Mobile Business moves cautiously forward and focuses on customer convenience and how best to revitalize the mobile phone market. Also, we will work to ensure that the Council understands the role that we and other companies in the mobile phone sales industry play in the mobile phone market.

Note 1: Sales incentives are a portion of the commission that sales agencies like ourselves receive from mobile carriers for selling mobile phones; the incentive level is different for each phone model.

2. Corporate Group

The Telepark group, composed of Telepark Corp. and non-consolidated subsidiary Mobitec Co., Ltd., operates two main businesses: the mobile business, centered on the sale of mobile phones and PHS, and the network business, comprised of 'MYLINE,' dry copper, ADSL brokering, as well as FTTH services. Two other businesses include the contents business, comprised of contents distribution for mobile phones, and the distribution business that leverages a PIN (Personal Identity Number) sales system.

Main activities are as follows:

(1) Mobile business

The main activities of the mobile business are the brokering of mobile phone and PHS subscription services, and the sale of mobile phones and handsets. We broker communication subscription services for mobile phone carriers (NTT DoCoMo Group, KDDI Group, and SOFTBANK MOBILE Corp.), and receive a commission for each successfully concluded subscription contract based on our sales agent agreement with each carrier. We broker communication services and sell mobile phones to general users through our nationwide distribution channels, which include secondary sales agencies (volume electronics retailers and general sales agencies), self-owned shops, and direct sales to corporations. We also use nationwide convenience stores as secondary sales agents to sell pre-paid mobile phones and cards.

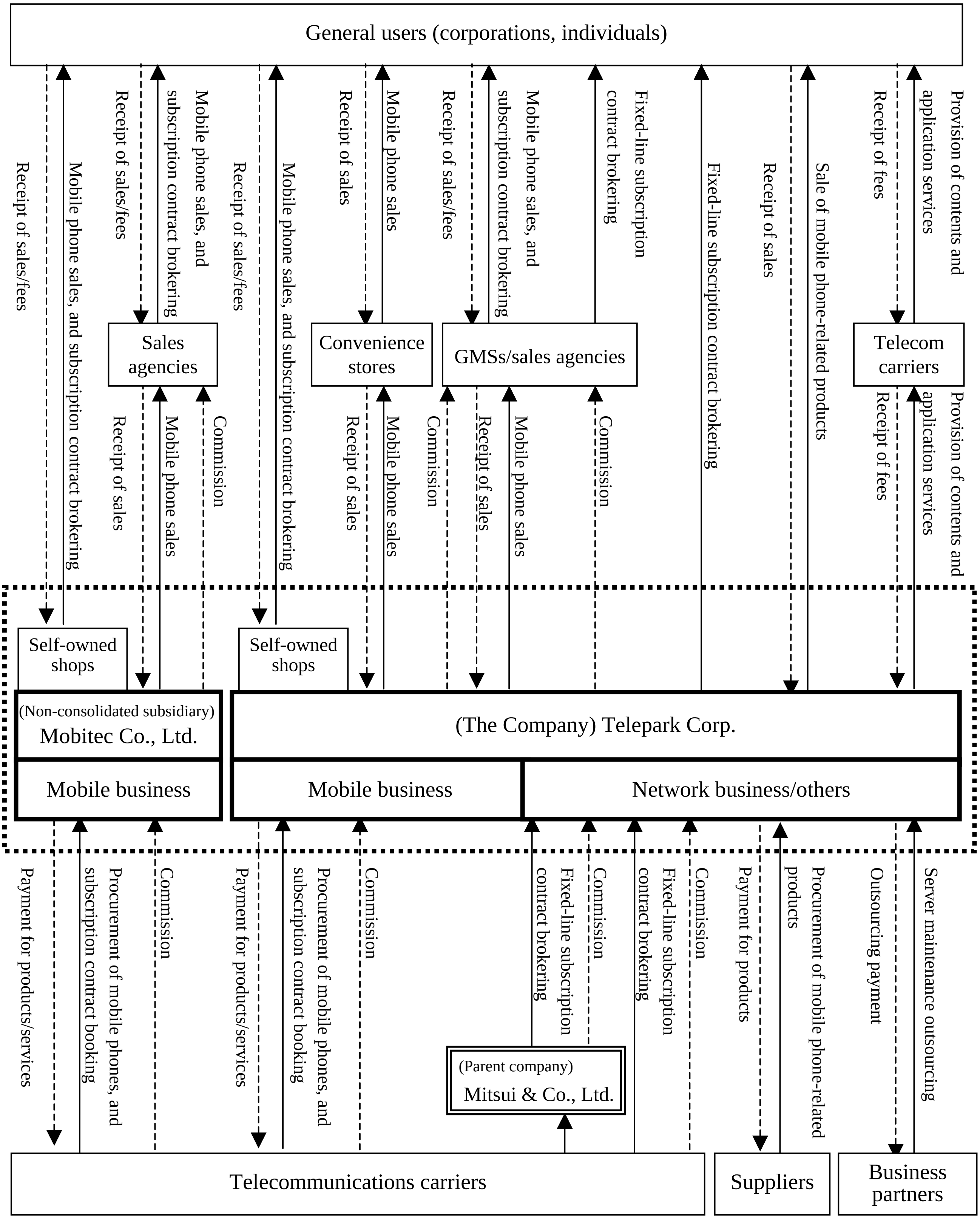
Also, our non-consolidated subsidiary Mobitec sells mobile phones at self-owned shops and group sales agencies in Kyushu and Okinawa based on a sales agent agreement concluded with NTT DoCoMo Kyushu.

(2) Network business/others

The main business activity of the network business is the brokering of 'MYLINE' and other fixed-line subscription services for individuals and corporations, as well as handling of fiber-optic lines (FTTH, etc.) associated with greater penetration of broadband services. We have concluded sales agent agreements with NTT Group companies NTT East, NTT West, and NTT Communications; newer telecommunications carriers such as SOFTBANK TELECOM and KDDI. Commissions paid to us by telecommunications carriers include broker commissions for each successfully brokered subscription contract, and a running commission based on a fixed proportion of each subscription line's telecommunications charges (running commissions are paid for a limited period).

We also operate two other businesses: 1) a mobile content business in which we provide content services, such as ringer melodies, for mobile phones; and 2) a distribution business that leverages a PIN (Personal Identity Number) sales system for entry into the electronic money and payment settlement markets (global phone payments, etc).

Below is a visual schematic of our business.



Notes:

1. Our group is represented within the dotted lines.
2. Our non-consolidated subsidiary Mobitec handles only NTT DoCoMo products in Kyushu and Okinawa area.
3. In the network business, business activities with some telecom carriers are carried out through our parent company Mitsui & Co., Ltd.

3. Management Policies

(1) Basic management policy

We have decided to focus our management resources on mobile and fixed-line telecommunications sales to strengthen our business foundation and maximize corporate value in the midst of a constantly changing business environment resulting from rapidly changing technologies.

In January 2003, we formulated a corporate code emphasizing implementation and respect for the 5Cs of Contribution, Challenging split, Creativity, Compliance and Corporate governance. We aim to become a company with full of challenging spirit and creativity, who can contribute to society through telecommunication services, to comply with laws, ethics, codes of conduct, and to implement strict corporate governance not swayed by near-term success.

(2) Performance targets

We place particular importance on ROA, and aim to establish a high-earnings structure in which we can maintain an ROA of over 10%.

(3) Medium to long-term business strategy

The mobile phone industry is undergoing momentous change now that the mobile phone market has matured. Slower market growth has intensified competition among sales agencies, and this has pressured profits particularly at small and medium-sized agencies. However, to raise ARPU, which has deteriorated with increased mobile phone penetration, mobile carriers have begun to introduce new services that have triggered greater diversity and sophistication of mobile phones, and mobile phone use. Users are now able to choose mobile phones that better match their individual lifestyles. We believe only mobile phone sales agencies with abundant funds, strong organizations, and superior information-gathering capabilities will succeed going forward. In the fixed-line telecommunications industry, the FTTH market is rapidly expanding in pace with full-scale development of the broadband market.

We aim to be a leader in the communications industry by contributing to the development of both mobile and fixed-line communications markets. We intend to carry out the following medium-term strategies to increase earnings, and by extension, enhance corporate value.

1) Strengthen our core business
   Increase our market share by flexibly expanding our nationwide sales network to take advantage of industry-wide consolidation.

2) Develop and cultivate new businesses
   Develop and cultivate new sources of revenue second only to the core business of selling mobile phones and brokering subscription services, by leveraging the company’s diverse sales network to enter into new business fields.

3) Improve efficiency and strengthen operations
   We aim to increase earnings in each business by improving efficiency, and to strengthen operations by recruiting and training talented employees, and solidifying our financial condition.

(4) Challenges

As we mentioned above, the mobile phone industry is undergoing momentous change now that the mobile phone market has matured, and realignment is proceeding rapidly among mobile phone sales agencies. We plan to focus our resources on our core mobile phone and fixed-line businesses, and strengthen our corporate structure, as we see these industry changes as an important opportunity to expand our business.

In the mobile business, for the reasons mentioned above, we aim to boost earnings by expanding our sales network through M&A activity and the establishment of partnerships with small and medium-sized sales agencies, and by selling in new stores opened by volume electronics retailers.

In the network and other businesses, we aim to expand business in the rapidly growing FTTH services market, in addition to our core MYLINE services business, to increase profits. Also, sales are rising sharply in the electronic payment settlements business, consisting of e-money and other services that use the PIN sales systems of convenience stores, and we plan to continue developing this market to further expand profits.

4. Financial Statements

(1) Balance Sheets

		FY2005 (As of Mar. 31, 2006)			FY2006 (As of Mar. 31, 2007)			YoY change
Account	*	Million yen		%	Million yen		%	Million yen
Assets								
I Current assets								
1. Cash on hand and in banks			336			177		
2. Notes receivable			2			1		
3. Accounts receivable -trade			34,863			45,241		
4. Merchandise			15,754			16,807		
5. Supplies			12			25		
6. Advances			46			10		
7. Prepaid expenses			290			255		
8. Deferred tax assets -current			1,371			1,034		
9. Short-term loans receivable from affiliate			330			150		
10. Accounts receivable -other			1,573			4,123		
11. Other current assets			70			76		
Allowance for doubtful accounts			(37)			(53)		
Total current assets			54,617	92.9		67,849	94.6	13,232
II Fixed assets								
1. Property, plant and equipment								
(1) Buildings		1,013			1,121			
Accumulated depreciation	*1	482	530		687	433		
(2) Structures		32			30			
Accumulated depreciation		11	20		20	9		
(3) Furniture and fixtures		1,063			1,156			
Accumulated depreciation	*1	780	283		895	260		
(4) Land			48			48		
Total property, plant and equipment			882	1.5		752	1.1	(129)
2. Intangible assets								
(1) Goodwill –previous accounting standard			403			-		
(2) Goodwill –revised accounting standard			-			268		
(3) Telephone rights			7			7		
Total intangible assets			411	0.7		276	0.4	(135)
3. Investments and other assets								
(1) Investment securities			469			394		
(2) Investments in affiliates			179			179		
(3) Long-term loans receivable			28			16		
(4) Claim in bankruptcy, rehabilitation or other similar claims			8			14		
(5) Long-term prepaid expenses			181			112		
(6) Deferred tax assets -non-current			397			473		
(7) Leasehold deposits			1,483			1,518		
(8) Others			147			177		
Allowance for doubtful accounts			(42)			(65)		
Total investments and other assets			2,853	4.9		2,821	3.9	(31)
Total fixed assets			4,147	7.1		3,851	5.4	(296)
Total assets			58,764	100.0		71,701	100.0	12,936

Account	*	FY2005 (As of Mar. 31, 2006) Million yen		%	FY2006 (As of Mar. 31, 2007) Million yen		%	YoY change Million yen
Liabilities								
I Current liabilities								
1. Accounts payable -trade			33,217			40,841		
2. Short-term borrowings			6,100			5,200		
3. Accounts payable -other			2,931			5,898		
4. Accrued expenses			42			43		
5. Accrued income taxes			1,280			1,703		
6. Deposits received			497			486		
7. Deferred revenues			4			4		
8. Reserve for employees' bonuses			355			361		
9. Allowance for early subscription cancellations			220			222		
10. Other current liabilities			299			282		
Total current liabilities			44,949	76.5		55,043	76.8	10,093
II Long-term liabilities								
1. Accrued employees' retirement benefits			432			494		
2. Accrued directors' severance benefits			39			46		
Total long-term liabilities			471	0.8		541	0.8	69
Total liabilities			45,421	77.3		55,584	77.5	10,163
Shareholders' equity								
I Common stock	*2		1,514	2.6		-	-	-
II Capital surplus								
1. Additional paid-in capital		1,633			-			
Total capital surplus			1,633	2.8		-	-	-
III Retained earnings								
1. Legal reserve		8			-			
2. Unappropriated retained earnings		9,947			-			
Total retained earnings			9,955	16.9		-	-	-
IV Net unrealized holding gain on securities			239	0.4		-	-	-
Total shareholders' equity			13,343	22.7		-	-	-
Total liabilities and shareholders' equity			58,764	100.0		-	-	-

Account	*	FY2005 (As of Mar. 31, 2006) Million yen		%	FY2006 (As of Mar. 31, 2007) Million yen		%	YoY change Million yen
Net assets								
I Shareholders' equity								
1. Common stock			-	-		1,545	2.2	-
2. Capital surplus								
Additional paid-in capital		-			1,664			
Total capital surplus			-	-		1,664	2.3	-
3. Retained earnings								
(1) Legal reserve		-			8			
(2) Other retained earnings								
Retained earnings carried forward		-			12,716			
Total retained earnings			-	-		12,724	17.7	-
Total shareholders' equity			-	-		15,933	22.2	-
II Valuation and translation adjustments								
1. Net unrealized holding gain on securities			-	-		182	0.3	-
Total valuation and translation adjustments			-	-		182	0.3	-
Total net assets			-	-		16,116	22.5	-
Total liabilities and net assets			-	-		71,701	100.0	-

(2) Statements of Income

Account	*	FY2005 (Apr. 1, 2005 – Mar. 31, 2006) Million yen		%	FY2006 (Apr. 1, 2006 – Mar. 31, 2007) Million yen		%	YoY change Million yen
I Net sales								
1. Product sales		129,898			164,037			
2. Commission receipts		170,850	300,748	100.0	191,364	355,401	100.0	54,653
II Cost of goods sold								
1. Inventories for merchandise at beginning of year		10,656			15,773			
2. Purchases for merchandise		160,665			191,998			
Subtotal		171,322			207,772			
3. Inventories for merchandise at end of year		15,773			16,812			
		155,548			190,959			
4. Loss on revaluation of merchandise		13			(14)			
Total cost of merchandise sold		155,562			190,945			
5. Commission payments		121,446	277,009	92.1	137,472	328,417	92.4	51,408
Gross profit			23,739	7.9		26,984	7.6	3,244
III Selling, general and administrative expenses								
1. Directors remuneration		77			87			
2. Employees' wages		1,595			1,763			
3. Temporary staff wages		3,707			4,396			
4. Provision of accrued directors' severance benefits		14			10			
5. Provision of reserves for employees' bonuses		355			361			
6. Dispatched staff wages		2,917			3,621			
7. Transportation		605			583			
8. Rent expenses		1,270			1,408			
9. Depreciation expenses		509			611			
10. Outsourcing expenses		567			491			
11. Provision of allowance for doubtful accounts		-			40			
12. Others		5,834	17,457	5.8	6,293	19,669	5.5	2,212
Operating income			6,282	2.1		7,314	2.1	1,032
IV Non-operating income								
1. Interest income		1			4			
2. Dividend income		0			0			
3. Rent income		16			17			
4. Insurance reimbursement		20			10			
5. Gain on reduction of debt		1			-			
6. Others		2	42	0.0	5	38	0.0	(4)
V Non-operating expenses								
1. Interest expenses		9			19			
2. Stock issue expenses		-			3			
3. New stock issue expenses		2			-			
4. Provision of allowance for doubtful accounts		2			-			
5. Others		0	14	0.0	-	23	0.0	9
Ordinary income			6,310	2.1		7,330	2.1	1,019

Account	*	FY2005 (Apr. 1, 2005 – Mar. 31, 2006) Million yen		%	FY2006 (Apr. 1, 2006 – Mar. 31, 2007) Million yen		%	YoY change Million yen
VI Extraordinary gains								
1. Reversal of allowance for doubtful accounts		36			-			
2. Gain on receipt of fixed assets	*1	15			-			
3. Gain on sales of fixed assets	*2	2	53	0.0	-	-	0.0	(53)
VII Extraordinary losses								
1. Loss on sales of fixed assets	*3	0			0			
2. Loss on removal of fixed assets	*4	86			43			
3. Impairment losses	*5	27			107			
4. Eviction fees		25	139	0.0	-	152	0.0	13
Income before income taxes			6,224	2.1		7,177	2.0	953
Income taxes -current		2,964			2,761			
Income taxes -deferred		(287)	2,677	0.9	300	3,062	0.9	384
Net income			3,547	1.2		4,115	1.2	568
Retained earnings brought forward			6,975			-		
Interim dividends paid			574			-		
Unappropriated retained earnings			9,947			-		

(3) Statements of Changes in Shareholders' Equity

FY2006 (Apr. 1, 2006 – Mar. 31, 2007)

(Million yen)

	Shareholders' equity						
		Capital surplus		Retained earnings			
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earnings: Retained earnings carried forward	Total retained earnings	Total shareholders' equity
Balance as of March 31, 2006	1,514	1,633	1,633	8	9,947	9,955	13,103
Changes during the fiscal year							
New stock issue (Note 1)	30	30	30	-	-	-	61
Dividend of surplus (Note 2)	-	-	-	-	(657)	(657)	(657)
Bonuses to directors (Note 2)	-	-	-	-	(31)	(31)	(31)
Interim dividends	-	-	-	-	(658)	(658)	(658)
Net income	-	-	-	-	4,115	4,115	4,115
Changes (net) in items other than shareholders' equity							
Total changes during the fiscal year	30	30	30	-	2,768	2,768	2,830
Balance as of March 31, 2007	1,545	1,664	1,664	8	12,716	12,724	15,933

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of March 31, 2006	239	239	13,343
Changes during the fiscal year			
New stock issue (Note 1)	-	-	61
Dividend of surplus (Note 2)	-	-	(657)
Bonuses to directors (Note 2)	-	-	(31)
Interim dividends	-	-	(658)
Net income	-	-	4,115
Changes (net) in items other than shareholders' equity	(56)	(56)	(56)
Total changes during the fiscal year	(56)	(56)	2,773
Balance as of March 31, 2007	182	182	16,116

Notes: 1. It was due to the exercise of stock options.

2. Appropriation of earnings resolved at the annual general meeting of shareholders on June 27, 2006.

(4) Statements of Cash Flows

Account	*	FY2005 (Apr. 1, 2005 – Mar. 31, 2006) Million yen	FY2006 (Apr. 1, 2006 – Mar. 31, 2007) Million yen	YoY change Million yen
I Cash flows from operating activities				
Income before income taxes		6,224	7,177	953
Depreciation and computer expenses		528	582	54
Amortization of goodwill -previous accounting standard		131	-	(131)
Amortization of goodwill -revised accounting standard		-	131	131
Impairment losses		27	107	79
New stock issue expenses		2	-	(2)
Stock issue expenses		-	3	3
Increase (decrease) in allowance for doubtful accounts		(266)	39	306
Increase (decrease) in reserve for employees' bonuses		81	5	(75)
Increase (decrease) in allowance for early subscription cancellations		63	2	(61)
Increase (decrease) in accrued employees' retirement benefits		26	62	35
Increase (decrease) in accrued directors' severance benefits		14	7	(7)
Interest and dividend income		(2)	(5)	(2)
Interest expenses		9	19	10
Loss (gain) on sale and removal of fixed assets		84	44	(39)
Gain on receipt of fixed assets		(15)	-	15
Decrease (increase) in account receivable		(3,095)	(10,375)	(7,279)
Decrease (increase) in inventories		(5,106)	(1,065)	4,040
Increase (decrease) in account payable		2,667	7,623	4,956
Payment of bonuses to directors		(20)	(31)	(10)
Others		567	618	50
Subtotal		1,923	4,948	3,024
Interests and dividends received		2	5	2
Interests paid		(9)	(19)	(9)
Income taxes paid		(3,089)	(2,372)	717
Net cash provided by (used in) operating activities		(1,172)	2,562	3,735

Account	*	FY2005 (Apr. 1, 2005 – Mar. 31, 2006) Million yen	FY2006 (Apr. 1, 2006 – Mar. 31, 2007) Million yen	YoY change Million yen
II Cash flows from investing activities				
Payment for purchase of property, plant and equipment		(544)	(537)	6
Proceeds from sales of property, plant and equipment		3	0	(2)
Payment for purchase of software		(125)	(118)	7
Payment for purchase of investment securities		(40)	(20)	19
Payment for loans receivable		(50)	(1,283)	(1,232)
Proceeds from collection of loans receivable		23	1,296	1,273
Net decrease (increase) in loans to affiliates		100	180	80
Payment for leasehold deposits		(149)	(97)	51
Proceeds from return of leasehold deposits		34	171	137
Payment for shop succession		(265)	(121)	143
Decrease (increase) in other assets		(38)	(33)	4
Net cash used in investing activities		(1,052)	(564)	487
III Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		3,600	(900)	(4,500)
Repayment for long-term borrowings		(12)	-	12
New stock issue expenses		(2)	(3)	(1)
Proceeds from issuance of new stock		28	61	33
Cash dividends paid		(1,390)	(1,313)	77
Net cash provided by (used in) financing activities		2,222	(2,156)	(4,378)
IV Increase (decrease) in cash and cash equivalents		(2)	(158)	(155)
V Cash and cash equivalents at beginning of period		339	336	(2)
VI Cash and cash equivalents at end of period	*	336	177	(158)

(5) Appropriation of Retained Earnings

Account	*	FY2005 Approved at the annual shareholders' meeting (June 27, 2006) Million yen	
I Unappropriated retained earnings			9,947
II Appropriations			
1. Dividends		657	
2. Bonuses to directors		31	
[Of which bonuses to auditors]		[-]	688
III Unappropriated retained earnings carried forward			9,258

Significant Accounting Policies

Item	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
1. Securities valuation basis and valuation method	(1) Subsidiary stock Subsidiaries are stated at cost, cost being determined by the moving-average method. (2) Other securities Securities with market quotations: Securities with market quotations are carried at fair value on the balance sheet date. Changes in unrealized holding gain or loss are included directly in shareholders' equity. The cost of securities sold is determined by the moving-average method. Securities without market quotations: Securities without market quotations are stated at cost, cost being determined by the moving-average method.	(1) Subsidiary stock Same as on the left. (2) Securities Securities with market quotations: Securities with market quotations are carried at fair value on the balance sheet date. Changes in unrealized holding gain or loss are included directly in net assets. The cost of securities sold is determined by the moving-average method. Securities without market quotations: Same as on the left.
2. Inventories valuation basis and valuation method	(1) Merchandise Merchandise is stated at the lower of the cost method by the first-in first-out method. (2) Supplies Supplies are stated at cost, cost being determined by the first-in first-out method.	(1) Merchandise Same as on the left. (2) Supplies Same as on the left.
3. Methods of depreciation and amortization	(1) Property, plant and equipment Depreciation of property, plant and equipment is calculated by the declining-balance method, except for buildings (excluding fixtures) acquired on or subsequent to April 1, 1998 on which depreciation is calculated by the straight-line method. Depreciation of equipment, furniture and fixtures of self-owned shops is calculated by the straight-line method (useful life of 3 years). Useful life of principle assets is as follows: Buildings: 3-20 years Furniture and fixtures: 2-10 years (2) Intangible assets Straight-line method. Goodwill: 5 years	(1) Property, plant and equipment Same as on the left. (2) Intangible assets Straight-line method. Goodwill: 5 years
4. Accounting for deferred assets	New stock issue expenses New stock issue expenses changed to income as accrued.	Stock issue expenses Same as on the left.
5. Recognition of significant allowances	(1) Allowance for doubtful accounts To prepare for credit losses on accounts receivable and loans receivable etc., allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.	(1) Allowance for doubtful accounts Same as on the left.

Item	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
	(2) Reserves for employees' bonuses To provide for employees' bonus obligations, the Company designates in the reserve account an amount estimated to have accrued for the current fiscal year. (3) Allowance for early subscription cancellations The Company books an allowance for early subscription cancellations based on historical figures, as the Company must return commissions back to telecom carriers (with which the Company has concluded sales agency agreements) when mobile phone users that have subscribed through the Company or network of sales agencies cancel their subscriptions within a short period of time. (4) Accrued employees' retirement benefits To provide for accrued employees' retirement benefits, the Company provides an allowance in the amount deemed to have accrued at the end of the current fiscal year based on projected benefit obligations at the end of the current fiscal year. The Company makes one-off disposals for prior service costs in the fiscal year they occur. The Company makes one-off disposals for actuarial differences in the fiscal year after they occur. (5) Accrued directors' severance benefits To provide for accrued directors' severance benefits, the Company provides an allowance for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.	(2) Reserves for employees' bonuses Same as on the left. (3) Allowance for early subscription cancellations Same as on the left. (4) Accrued employees' retirement benefits Same as on the left. (5) Accrued directors' severance benefits Same as on the left.
6. Lease transaction	Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by the method similar to that applicable to ordinary operating leases.	Same as on the left.
7. Scope of cash and cash equivalents on statements of cash flows	For the purpose of statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of 3 months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.	Same as on the left.
8. Other significant accounting policies in the preparation of financial statements	(1) Accounting for consumption taxes All amounts stated are exclusive of consumption taxes. Non-deductible consumption taxes on assets are charged to income in the year in which it is recognized.	(1) Accounting for consumption taxes Same as on the left.

Change in Significant Accounting Policies

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
(Accounting standard for impairment of fixed assets) Effective from the current fiscal year, the Company has adopted "Statement of Opinion, Accounting for Impairment of Fixed Assets" (Business Accounting Council, August 9, 2002) and "Guidance for Accounting Standards for Impairment of Fixed Assets," (ASBJ Guidance No. 6: October 31, 2003). This change in accounting policy has no significant effect on the amount of income. The amounts of impairment losses are directly deducted from the corresponding carrying amounts of assets, in accordance with the revised standards for the preparation of financial statements.	――――――
――――――	(Accounting standard for presentation of net assets on balance sheet) Effective from the current fiscal year, the Company has adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Statement No. 5: December 9, 2005) and "Guidance on Accounting Standards for Presentation of Net Assets in Balance Sheet" (ASBJ Guidance No. 8: December 9, 2005) The amount equivalent to the total of shareholders' equity under the former accounting standard is 16,116 million yen. In accordance with the revised regulations of financial statements, Net assets sections in the balance sheets conform to the revised regulations of financial statements.

Reclassifications

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
――――――	(Balance sheets) Effective from the current fiscal year, Goodwill, stated as a separate item under intangible assets in the prior periods, is renamed in Japanese due to conform to the revision of the regulations of financial statements.
――――――	(Statements of income) Effective from the current fiscal year, the Company has adopted "Tentative Solution on Accounting for Deferred Asset" (PITF No. 19: August 11, 2006). Accordingly, New stock issue expenses, stated as a separate item under non-operating expenses in the prior periods, is presented as Stock issue expenses.
――――――	(Statements of cash flow) Effective from the current fiscal year, Amortization of goodwill, stated as a separate item under intangible assets in the prior periods, is renamed in Japanese due to conform to the revision of the regulations of financial statements. In addition, the Company has adopted "Tentative Solution on Accounting for Deferred Asset" (PITF No. 19: August 11, 2006). Accordingly, New stock issue expenses, stated as a separate item under non-operating expenses in the prior periods, is presented as Stock issue expenses.

Notes to Financial Statements

Notes to Balance Sheets

(Million yen)

<table>
<tr><th>FY2005
(As of Mar. 31, 2006)</th><th>FY2006
(As of Mar. 31, 2007)</th></tr>
<tr><td>*1. Figure of accumulated depreciation includes accumulated impairment losses.

*2. Authorized and total outstanding shares
(Shares)
Authorized shares Common shares 1,160,000
Total outstanding shares Common shares 328,632

3. Restriction on dividends
Net assets increased by 239 million yen in consequence of market value added to the assets defined by Article 124-3 of the enforcement Ordinance of the Commercial Code of Japan.

4. The Company has current account overdraft agreements with a bank and commitment-line agreements with a financial institution, in order to raise funds efficiently. The balance of unused credit commitment lines based on these agreements at the end of fiscal year is as follows:
Current account commitment-line 1,100
Credit used 300
Credit available 799</td><td>*1. Figure of accumulated depreciation includes accumulated impairment losses.

*2. ――――――

3. ――――――

4. The Company has current account overdraft agreements with two banks in order to raise funds efficiently. Loans outstanding as of the end of fiscal year under these agreements is as follows:
Current account overdraft 1,100
Credit used -
Credit available 1,100</td></tr>
</table>

Notes to Statements of Income

(Million yen)

<table>
<tr><th>FY2005
(Apr. 1, 2005 – Mar. 31, 2006)</th><th>FY2006
(Apr. 1, 2006 – Mar. 31, 2007)</th></tr>
<tr><td>*1. Gain on receipt of fixed assets
Buildings 7
Furniture and fixtures 7</td><td>*1. ____________</td></tr>
<tr><td>*2. Gain on sales of fixed assets
Buildings 1
Furniture and fixtures 0
Telephone rights 0</td><td>*2. ____________</td></tr>
<tr><td>*3. Loss on sales of fixed assets
Furniture and fixtures 0</td><td>*3. Loss on sales of fixed assets
Buildings 0
Furniture and fixtures 0</td></tr>
<tr><td>*4. Loss on removal of fixed assets
Buildings 65
Furniture and fixtures 20</td><td>*4. Loss on removal of fixed assets
Buildings 32
Structures 2
Furniture and fixtures 8</td></tr>
<tr><td>*5. ____________</td><td>*5. Impairment losses
In the current fiscal year, the Company recognized impairment losses on the following groups of assets.
<table>
<tr><th>Location</th><th>Stores</th><th>Offices</th></tr>
<tr><td>Usage</td><td>Store equipment for self-owned shops</td><td>Equipment for branch offices</td></tr>
<tr><td>Assets</td><td>Building, structures, furniture and fixtures, goodwill and others</td><td>Building, structures, furniture and fixtures</td></tr>
<tr><td>Impairment loss (million yen)</td><td>100</td><td>7</td></tr>
</table>
The Company groups its stores as minimum cash-generating units, and common assets at the branch offices and store level. The Company examined stores and branch offices with ongoing negative operating cash flow as candidates for asset impairment, and reduced book value to recoverable amounts, booking the difference (107 million yen) as an extraordinary loss. The breakdown of impairment losses was as follows: buildings 70 million yen, structures 2 million yen, furniture and fixtures 27 million yen, and goodwill and others 6 million yen.
We calculated recoverable amounts for stores and branch office assets based on estimated net sales proceeds, which are nil because we believe it will be difficult to sell these assets.</td></tr>
</table>

Notes to Statements of Changes in Shareholders' Equity

FY2006 (Apr. 1, 2006 – Mar. 31, 2007)

1. Type and number of outstanding shares

	Number of shares as of March 31, 2006 (shares)	Increase during the fiscal year (shares)	Decrease during the fiscal year (shares)	Number of shares as of Mar. 31, 2007 (shares)
Outstanding shares				
Common shares (see note)	328,632	650	-	329,282

Note: The increase in the number of outstanding common shares (650 shares) is due to the issue of new shares on the exercise of stock options.

2. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 27, 2006	Common shares	657	2,000	March 31, 2006	June 27, 2006
Board of Directors meeting on November 7, 2006	Common shares	658	2,000	September 30, 2006	December 11, 2006

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (million yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders on June 26, 2007	Common shares	823	Retained earnings	2,500	March 31, 2007	June 27, 2007

Notes to Statements of Cash Flows

(Million yen)

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows: (As of March 31, 2006) Cash on hand and in banks 336 Cash and cash equivalents 336	Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the current fiscal year is made as follows: (As of March 31, 2007) Cash on hand and in banks 177 Cash and cash equivalents 177

Leases

(Million yen)

<table>
<tr><th>FY2005
(Apr. 1, 2005 – Mar. 31, 2006)</th><th>FY2006
(Apr. 1, 2006 – Mar. 31, 2007)</th></tr>
<tr><td>1. Finance lease transactions other than those in which the title of the leased property is transferred to the lessee
(1) Acquisition cost equivalents, accumulated depreciation equivalents and year-end balance equivalents of the leased property
Furniture and fixtures:
Acquisition cost equivalents 16
Accumulated depreciation equivalents 2
Year-end balance equivalents 13

Total:
Acquisition cost equivalents 16
Accumulated depreciation equivalents 2
Year-end balance equivalents 13

Note: Acquisition cost equivalents include amounts applicable to interest since the year-end balance of outstanding lease commitments are insignificant in the context of property, plant and equipment.

(2) Year-end balance equivalents of outstanding lease commitments
Within one year 3
Over one year 9
Total 13
Note: Year-end balance equivalents of outstanding lease commitments include amounts applicable to interest since the year-end balance of outstanding lease commitments is insignificant in the context of property, plant and equipment.

(3) Lease payments and depreciation equivalents
Lease payments 2
Depreciation equivalents 2

(4) Calculation of accumulated depreciation equivalents
Depreciation is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.
2. Operating lease transactions
Outstanding lease commitments
Within one year 8
Over one year 58
Total 66
(Impairment losses)
There are no impairment losses on leased asset-impairment account.</td><td>1. Finance lease transactions other than those in which the title of the leased property is transferred to the lessee
(1) Acquisition cost equivalents, accumulated depreciation equivalents and year-end balance equivalents of the leased property
Furniture and fixtures:
Acquisition cost equivalents 16
Accumulated depreciation equivalents 6
Year-end balance equivalents 9

Total:
Acquisition cost equivalents 16
Accumulated depreciation equivalents 6
Year-end balance equivalents 9

Note: Acquisition cost equivalents include amounts applicable to interest since the year-end balance of outstanding lease commitments are insignificant in the context of property, plant and equipment.

(2) Year-end balance equivalents of outstanding lease commitments
Within one year 3
Over one year 6
Total 9
Note: Year-end balance equivalents of outstanding lease commitments include amounts applicable to interest since the year-end balance of outstanding lease commitments is insignificant in the context of property, plant and equipment.

(3) Lease payments, reversal from lease asset impairment, depreciation equivalents, and impairment losses
Lease payments 3
Depreciation equivalents 3
(4) Calculation of accumulated depreciation equivalents
Same as on the left.

2. Operating lease transactions
Outstanding lease commitments
Within one year 8
Over one year 50
Total 58
(Impairment losses)
There are no impairment losses on leased asset-impairment account.</td></tr>
</table>

Securities

FY2005 (As of Mar. 31, 2006), FY2006 (As of Mar. 31, 2007)

1. The Company did not hold subsidiary stock with market quotations.
2. Other securities with market quotations

(Million yen)

	Type	FY2005 (As of Mar. 31, 2006)			FY2006 (As of Mar. 31, 2007)		
		Acquisition cost	Carrying value	Valuation gain	Acquisition cost	Carrying value	Valuation gain
Securities with carrying value exceeding acquisition cost	Equity	25	429	404	23	332	308
Securities with carrying value not exceeding acquisition cost	Equity	-	-	-	2	2	(0)
Total		25	429	404	25	334	308

3. Major securities without market quotations

(Million yen)

	FY2005 (As of Mar. 31, 2006)	FY2006 (As of Mar. 31, 2007)
	Carrying value	Carrying value
(1) Subsidiary stock	179	179
(2) Other securities		
Non-listed securities	39	59

Derivatives

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)

Not applicable. The Company was not involved in any derivative transactions.

FY2006 (Apr. 1, 2006 – Mar. 31, 2007)

Not applicable. The Company was not involved in any derivative transactions.

Retirement benefits

(Million yen)

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)		FY2006 (Apr. 1, 2006 – Mar. 31, 2007)	
(1) Retirement benefit plan The Company has defined benefit plans, i.e., retirement lump-sum payment systems based on an in-house fund in accordance with the Company's regulation.		(1) Retirement benefit plan The Company has defined benefit plans, i.e., retirement lump-sum payment systems based on an in-house fund in accordance with the Company's regulation.	
(2) The following table sets forth the funded and accrued status of the plans (As of Mar. 31, 2006)		(2) The following table sets forth the funded and accrued status of the plans (As of Mar. 31, 2007)	
1) Retirement benefit obligation	443	1) Retirement benefit obligation	499
2) Unrecognized actuarial differences	(11)	2) Unrecognized actuarial differences	4
3) Accrued employees' retirement benefits	432	3) Accrued employees' retirement benefits	494
(3) The following table sets forth the components of retirement benefit expenses (Apr. 1, 2005 – Mar. 31, 2006)		(3) The following table sets forth the components of retirement benefit expenses (Apr. 1, 2006 – Mar. 31, 2007)	
1) Service cost	63	1) Service cost	67
2) Interest costs	7	2) Interest costs	8
3) Write-downs of actuarial differences	(28)	3) Write-downs of actuarial differences	11
4) Total retirement benefit expenses	41	4) Total retirement benefit expenses	87
(4) Calculation method of retirement benefit obligation		(4) Calculation method of retirement benefit obligation	
1) Distribution of estimated retirement benefit obligations	Straight-line	1) Distribution of estimated retirement benefit obligations	Straight-line
2) Discount rate (%)	2.0	2) Discount rate (%)	2.0
3) Amortization of actuarial differences (years)	1	3) Amortization of actuarial differences (years)	1
4) Amortization of prior service cost (years)	1	4) Amortization of prior service cost (years)	1

Stock options

FY2006 (Apr. 1, 2006 – Mar. 31, 2007)

1. Description, size and changes in stock options

(1) Description of stock options

	Stock options (issued in 2003)	Stock options (issued in 2003)	Stock options (issued in 2004)	Stock options (issued in 2005)
Number and qualifications of individuals to be granted	Company's employees (253)	Company's directors (6) Company's employees (3)	Company's directors (6) Company's employees (286)	Company's directors (6) Company's employees (296)
Number of stock options	Common shares: 1,600	Common shares: 484	Common shares: 2,392	Common shares: 2,592
Date of grant	February 28, 2003	March 20, 2003	August 3, 2004	August 29, 2005
Terms of exercise	Of the person granted the stock options must consistently work with the Company from the date of grant (February 28, 2003) to the date of the establishment of the right of exercise (April 7, 2005).	Of the person granted the stock options must consistently work with the Company from the date of grant (March 20, 2003) to the date of the establishment of the right of exercise (April 7, 2005).	Of the person granted the stock options must consistently work with the Company from the date of grant (August 3, 2004) to the date of the establishment of the right of exercise (June 25, 2006).	Of the person granted the stock options must consistently work with the Company from the date of grant (August 29, 2005) to the date of the establishment of the right of exercise (June 28, 2007).
Period of service for eligibility	From February 28, 2003 to April 6, 2005	From February 28, 2003 to April 6, 2005	From August 3, 2004 to June 24, 2006	From August 29, 2005 to June 27, 2007
Exercise period	From April 7, 2005 to February 12, 2013. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retirees because they have reached the mandatory retirement age, or for any other retirees that have left the company for a legitimate reason.	From April 7, 2005 to February 12, 2013. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retirees because they have reached the mandatory retirement age, or for any other retirees that have left the company for a legitimate reason.	From June 25, 2006 to June 24, 2014. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retirees because they have reached the mandatory retirement age, or for any other retirees that have left the company for a legitimate reason.	From June 28, 2007 to June 27, 2010. It is still possible to exercise stock options in the exercise period for a director that retires because their term has expired, for an employee that retirees because they have reached the mandatory retirement age, or for any other retirees that have left the company for a legitimate reason.

(2) Size and changes in stock options

The following statement includes stock options valid during the current fiscal year and is presented as the number of shares resulting from the exercise of the stock options.

1) Number of stock options

	Stock options (issued in 2003)	Stock options (issued in 2003)	Stock options (issued in 2004)	Stock options (issued in 2005)
Before rights ascertainment (shares)				
As of March 31, 2006	-	-	2,248	2,556
Issued	-	-	-	-
Invalidated	-	-	8	172
Rights ascertained	-	-	2,240	-
Rights not ascertained	-	-	-	2,384
After rights ascertainment (shares)				
As of March 31, 2006	728	276	-	-
Rights ascertained	-	-	2,240	-
Rights exercised	184	140	326	-
Invalidated	12	-	90	-
Balance of unexercised rights	532	136	1,824	-

2) Price information

	Stock options (issued in 2003)	Stock options (issued in 2003)	Stock options (issued in 2004)	Stock options (issued in 2005)
Exercise price (yen)	32,500	32,500	156,838	179,500
Average stock price at the time of exercise (yen)	297,259	253,800	260,429	-
Fair value (date of issue) (yen)	-	-	-	-

2. Method of calculating the fair value of stock options

The Company did not issue any stock options in the fiscal year under review.

3. Method for estimating the exercise of stock options

The Company did not issue any stock options in the fiscal year under review.

4. Impact on financial statements

Not applicable.

Deferred tax accounting

1. Breakdown of origin of deferred tax assets and liabilities

(Million yen)

	FY2005 (As of Mar. 31, 2006)	FY2006 (As of Mar. 31, 2007)
Deferred tax assets		
Reserve for employees' bonuses	144	146
Provision of allowance for doubtful accounts in excess of maximum amount allowed for inclusion in expenses	16	9
Loss on revaluation of inventories	11	22
Accrued enterprise taxes and business office taxes	101	137
Advanced losses on mobile phone sales	440	127
Depreciation in excess of maximum amount	315	327
Accrued employees' retirement benefits	175	201
Allowance for early subscription cancellations	89	90
Others	637	570
Total deferred tax assets	1,934	1,633
Deferred tax liabilities		
Unrealized holding gain (loss) on other securities	(164)	(125)
Total deferred tax liabilities	(164)	(125)
Net deferred tax assets	1,769	1,507

2. Breakdown of origin of difference between corporate and other tax liabilities as calculated based on the effective tax rate and tax-effect accounting

(%)

	FY2005 (As of Mar. 31, 2006)	FY2006 (As of Mar. 31, 2007)
Statutory tax rate	40.7	-
(Adjustments)		
Entertainment expenses not deductible for tax purposes	1.1	-
Unrecognized amortization of goodwill	0.8	-
Residential tax	0.8	-
Tax exemption for IT investments	(0.1)	-
Others	(0.2)	-
Effective tax rate	43.0	-

Difference between statutory and effective tax rate after tax effect accounting for FY2006 is not presented because the difference is less than 5% of statutory tax rate.

Equity method income

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Not applicable.

FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
Not applicable.

Related party transaction

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Sister companies etc.

(Million yen)

Type of related party	Company name	Address	Paid-in capital and equity	Business	Ratio of voting rights	Relationship		Business transactions	Business transaction values	Account title	Term-end balance
						Concurrent directors, etc.	Business relationship				
Subsidiary of the parent company	Mitsui & Co. Financial Services Ltd.	Chiyoda ku, Tokyo	2,000	Finance business	-	-	Borrowing for financing working capital requirements and loans	Fund borrowing	3,000	Short-term borrowings	300
								Fund repayment	2,700	Short-term loans receivable	-

Notes: 1. Rates of borrowing for working capital and loans: Determination in a reasonable manner with reference to market interest rates.
2. The Company has commitment line agreements in order to raise funds efficiently.

FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
Sister companies etc.

(Million yen)

Type of related party	Company name	Address	Paid-in capital and equity	Business	Ratio of voting rights	Relationship		Business transactions	Business transaction values	Account title	Term-end balance
						Concurrent directors, etc.	Business relationship				
Subsidiary of the parent company	Mitsui & Co. Financial Services Ltd.	Chiyoda ku, Tokyo	2,000	Finance business	-	-	Borrowing for financing working capital requirements and loans	Fund lending/ collection	1,199	Short-term loans receivable	-
								Fund borrowing/ repayment	300	Short-term borrowings	-

Note: Rates of borrowing for working capital and loans: Determination in a reasonable manner with reference to market interest rates.

Per Share Information

(Yen)

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
Net assets per share 40,507.62 Net income per share 10,704.29 Diluted net income per share 10,627.69 The Company conducted a two-for-one stock split on January 20, 2006. Per share information calculated as if this split had occurred at the beginning of previous fiscal year is presented below. Net assets per share 33,590.63 Net income per share 8,995.76 Diluted net income per share 8,952.78	Net assets per share 48,945.34 Net income per share 12,507.49 Diluted net income per share 12,423.39

Note: The following is a reconciliation of net income per share and diluted net income per share

(Million yen)

	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
Net income per share		
Net income	3,547	4,115
Net income not available to common shareholders	31	-
[Of which bonuses to directors in the appropriation of retained earnings]	[31]	-
Net income available to common stock	3,515	4,115
Average number of common shares outstanding during the period	328,458 shares	329,050 shares
Diluted net income per share		
Increase in the number of common shares	2,367 shares	2,227 shares
[Of which stock acquisition rights]	[2,367 shares]	[2, 227 shares]
Summary of potential stock not included in the calculation of “diluted net income per share” since there was no dilutive effect in the period.	―――	―――

Subsequent Events

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)
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5. Other

(1) Changes in Directors

Please refer to “Notice of Executive Officer System Reforms, and Changes in Organization and Directors” (May 8, 2007) for details on changes in the composition of directors and auditors.

(2) Other

Business Segment Information

FY2006 (Apr. 1, 2006 – Mar. 31, 2007)

Business segment	Items	FY2006 (Apr. 1, 2006 – Mar. 31, 2007)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	YoY change	
		Million yen	Million yen	Million yen	%
Mobile business	Net sales	336,538	287,057	49,481	17.2
	Operating income	4,844	4,146	697	16.8
Network business/others	Net sales	18,863	13,691	5,172	37.8
	Operating income	2,470	2,135	334	15.7
Total	Net sales	355,401	300,748	54,653	18.2
	Operating income	7,314	6,282	1,032	16.4