(Translation)

TELEPARK
Toward the Future

November 7, 2006

Non-consolidated Interim Financial Results for the Fiscal Year Ending March 2007

Company name: Telepark Corp.
Listing: Tokyo Stock Exchange, First Section
Stock code: 3738
Company domicile: Tokyo, Japan
(URL: http://www.teleparkcorp.com)
Representative: Shigenori Miyazaki, President & CEO
Contact: Hideo Sugimura, Officer, General Manager, Corporate Planning
Tel: +81-(0) 3-5804-7090
Date of board meeting for approving financial results: November 7, 2006
Dividend payment date: December 11, 2006
Adoption of the unit stock system: Not adopted
Name of the parent company, etc.: Mitsui & Co., Ltd. (Stock code: 8031)
Voting rights: 61.8%

1. Financial Results for the First Half Year Ended September 30, 2006 (April 1, 2006 – September 30, 2006)

(1) Results of Operations

All amounts are rounded down to the nearest million yen

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
1H FY2006	155,819	11.2	3,797	(3.5)	3,801	(3.8)
1H FY2005	140,075	19.9	3,934	46.2	3,952	47.0
FY2005	300,748		6,282		6,310	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
1H FY2006	2,134	(5.8)	6,490.85	6,438.74
1H FY2005	2,266	44.3	13,806.28	13,748.46
FY2005	3,547		10,704.29	10,627.69

Notes: 1. Equity in earnings of affiliates (million yen) 1H FY2006: - 1H FY2005: - FY2005: -
2. Avg. number of shares outstanding (shares) 1H FY2006: 328,875 1H FY2005: 164,165 FY2005: 328,458
3. Changes in accounting principles applied: None
4. The percentages shown for net sales, operating income, ordinary income, and net income represent changes from the same period in the previous fiscal year.
5. We implemented a two-for-one stock split effective January 20, 2006. 1H FY2005 net income per share (basic) becomes 6,903.14 yen, and net income per share (diluted) 6,874.23 yen, if we retroactively apply the stock split to the start of FY2005.

(2) Financial Position

All amounts are rounded down to the nearest million yen

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1H FY2006	50,939	14,798	29.1	44,956.78
1H FY2005	45,756	12,536	27.4	76,311.14
FY2005	58,764	13,343	22.7	40,507.62

Notes: 1. No. of shares outstanding at end of period (shares) 1H FY2006: 329,176 1H FY2005: 164,282 FY2005: 328,632
2. No. of treasury stock at end of period (shares): 1H FY2006: - 1H FY2005: - FY2005: -
3. We implemented a two-for-one stock split effective January 20, 2006. 1H FY2005 net assets per share becomes 38,155.57 yen if we retroactively apply the stock split to the start of FY2005.

(3) Cash Flow Position

All amounts are rounded down to the nearest million yen

	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
1H FY2006	5,118	(410)	(3,908)	1,134
1H FY2005	2,698	(288)	(1,506)	1,242
FY2005	(1,172)	(1,052)	2,222	336

2. Forecast for the Fiscal Year Ending March 31, 2007 (April 1, 2006 – March 31, 2007)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full Year	350,000	7,500	4,200

Reference: Estimated net income per share for the full year: 12,759.13 yen

3. Dividends

Cash dividends	Dividends per share (yen)		
	Interim	Yearend	Annual
FY2005	1,750.00	2,000.00	3,750.00
FY2006 (actual)	2,000.00	-	4,000.00
FY2006 (forecasts)	-	2,000.00	

Note: We implemented a two-for-one stock split effective January 20, 2006. FY2005 interim dividend per share is retroactively adjusted for the stock split to the start of FY2005 (dividends of 3,500 yen per share before the stock split).

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.

Please see page 7 for more information concerning these forecasts.

(Translation)

1. 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.

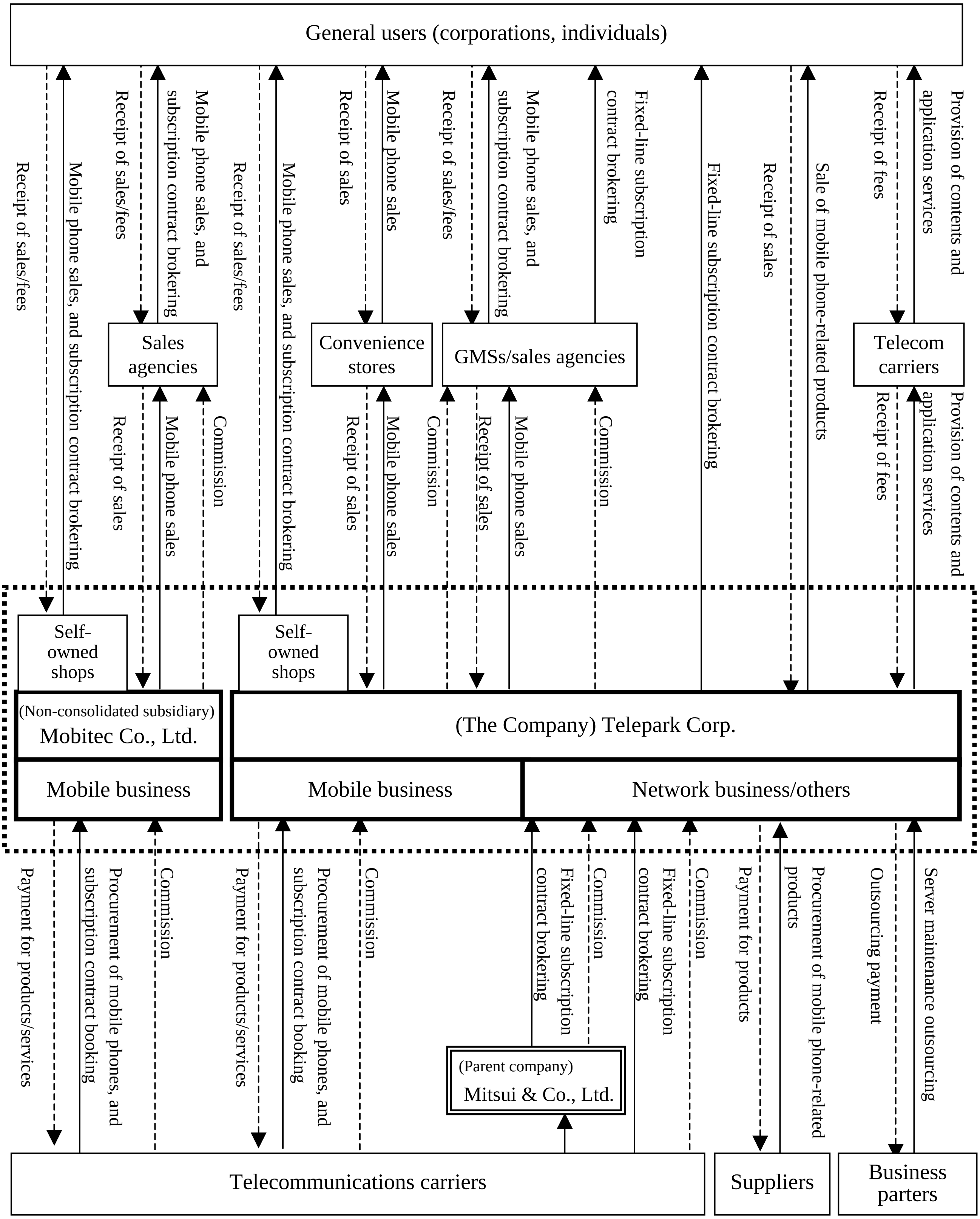
(2) Network business/others

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).

(Translation)

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.

Affiliate company

Name	Address	Capital (Million yen)	Main business	Voting rights [owned] (%)	Relationship	Remark
Mitsui & Co., Ltd. (Parent company) (Note)	Chiyoda-ku, Tokyo	295,797	Comprehensive trading house	[61.79]	Sales and brokerage services for Telepark's product line-up. Concurrent directors: 4	(Note)

Note: Mitsui & Co., Ltd. submits a marketable securities report (Yuka Shoken Hokokusho).

2. 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) Basic profit allocation policy

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

We plan to pay an interim dividend of 2,000 yen per share this fiscal year, or 250 yen higher than the interim dividend of the previous fiscal year. We paid an interim dividend of 3,500 yen per share last fiscal year, but this translates to 1,750 yen per share when we retroactively apply the two-for-one stock split implemented effective January 20, 2006. We plan a yearend dividend of 2,000 yen per share, giving a total dividend of 4,000 yen per share for the current fiscal year.

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.

(3) Basic stance and policy on lowering the minimum investment lot

We recognize that lowering the minimum investment lot is an important means to promote greater individual investor participation in the stock market, and to improve stock liquidity. In light of our share price performance since listing on April 7, 2004, we initiated a two-for-one stock split effective July 9, 2004 for shareholders on record as of May 31, 2004. We implemented a two-for-one stock split effective January 20, 2006 for shareholders on record as of November 30, 2005. A general target is to keep the minimum investment lot below 500,000 yen, a level the Tokyo Stock Exchange has determined should be, as a general rule, the largest investment lot.

(4) 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%.

(5) 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. The same can be said of the fixed-line communications industry. ADSL, FTTH, and VoIP technologies have attracted a lot of attention over the past years, but the business potential of these technologies has just begun to be realized.

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.

(6) 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, we expect the start of mobile number portability (MNP) from October 24, 2006 to revitalize the market. Also, 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 business, our main focus has been brokering 'MYLINE' service subscriptions. However, in light of the full-scale penetration of broadband services, we aim to diversify into FTTH services to expand our business and earnings.

(7) Other important management items

Not applicable.

3. Business Results and Financial Condition

(1) Business results

1) Overall business conditions

The Japanese economy remained on a steady expansion path in the first half (Apr. - Sep. 2006) of the current fiscal year as consumer spending was firm and capital investment strong on expanding corporate profits.

Cumulative mobile phone subscriptions totaled 93.81 million units at the end of September 2006, an increase of only 2.02 million units (+2.2%) over the end of March 2006. However, third-generation mobile phones began to penetrate the mobile phone market in earnest: as of end-September 2006, there were 29.09 million subscribers to NTT DoCoMo's 'FOMA' (+24.0% over the end of previous fiscal year), 23.76 million subscribers to au's 'CDMA2000 1x' (+8.9% over the end of previous fiscal year), and 4.56 million subscribers to Softbank's '3G' service (+50.2% over the end of previous fiscal year), according to the Telecommunications Carriers Association. The strong increase in third-generation mobile phone subscribers suggests that consumer interest is shifting to new and more highly functional models.

In this environment, we increased profits year-over-year due to success in increasing mobile phone unit sales owing to strengthening and expanding of the sales network in line with our basic strategy of raising market share.

In the fixed-line telecommunications business, sales of FTTH services were steady, contributing to profits. However, profits declined slightly year-over-year mainly due to a decline in new dry copper subscription growth.

Net sales in the first half of FY2006 totaled 155,819 million yen (+11.2% year-over-year), ordinary income 3,801 million yen (-3.8%), and net income 2,134 million yen (-5.8%).

2) Results by business segment

i) Mobile business

Mobile phone sales increased 7.7% year-over-year to a record 1.55 million units and profits rose year-over-year in the first half of current fiscal year due to strong sales of NTT DoCoMo and au third-generation mobile phones, and an increase in sales agencies and volume electronics retailers. Group mobile phone sales totaled 1.57 million units including sales of subsidiary Mobitec.

Sales in the mobile business totaled 147,865 million yen (+11.5% year-over-year), and operating income 2,533 million yen (+4.5%).

ii) Network business/others

In the network business, steady growth in FTTH services contributed to profits, and the level of volume incentives booked for 'MYLINE' subscriptions captured in the previous fiscal year was generally unchanged year-over-year. However, operating income declined slightly year-over-year mainly due to a decline in new subscription growth for 'Otoku Line.' In the 'others' portion of the business, electronic money sales leveraging the Personal Identity Number (PIN) sales system of convenience stores contributed to sales growth.

Sales in the network business and other businesses totaled 7,954 million yen (+6.9% year-over-year), and operating income 1,263 million yen (-16.3%).

3) Forecasts for the 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 demand in the mobile phone market, our mainstay business, to expand as start of mobile number portability from October 24, 2006 revitalizes the market, and as users upgrade their mobile phones to take advantage of the start of 'one-seg broadcasting' from April 2006. In this environment, we will continue to expand our business in line with our management policy, improve operational efficiency across all businesses, and increase earnings. Regarding the fixed-line telecommunications business, we aim to expand the business and increase profits by diversifying from our core 'MYLINE' business into new lines of business, including FTTH services, to take advantage of the accelerating spread of broadband.

We raise our full-year forecasts by the amount that actual interim results exceeded our previous interim forecasts (announced along with our FY2005 results report released May 9, 2006).

Earnings forecast for the FY2006 ending March 2007 (April 1, 2006 – March 31, 2007) (Million yen)

	FY2005 results (for reference)	FY2006 previous forecast (as of May 9, 2006)	FY2006 revised forecast (as of November 7, 2006)	Difference
Net sales	300,748	350,000	350,000	-
Ordinary income	6,310	7,000	7,500	500
Net income	3,547	4,000	4,200	200

(2) Financial condition

Cash flows in the first half of current fiscal year

Cash and cash equivalents at the end of the first half totaled 1,134 million yen, a decrease of 107 million yen (-8.7%) year over year.

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

Cash flows from operating activities:

Cash flows from operating activities totaled 5,118 million yen (+89.6% year-over-year). The main items were 3,695 million yen in income before income taxes, and an 8,207 million yen decrease in accounts receivable, though 1,124 million yen in income tax payments, and a 6,618 million yen decrease in accounts payable.

Cash flows from investing activities:

Cash flows used in investing activities totaled 410 million yen (+42.3% year-over-year). The main items were 303 million yen in payments for purchase of property, plant and equipment for self-owned shop openings, and 121 million yen in payments for shop succession.

Cash flows from financing activities:

Cash flows used in financing activities totaled 3,908 million yen (+159.5% year-over-year). The main items were a 3,300 million yen decrease in borrowings, and 655 million yen in cash dividends paid.

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

	FY2004		FY2005		FY2006
	Interim	Yearend	Interim	Yearend	Interim
Shareholders’ equity ratio (%)	25.1	22.0	27.4	22.7	29.1
Shareholders’ equity ratio based on market prices (%)	110.2	114.4	144.7	176.2	192.6
Debt to annual cash flow (year)	0.8	1.1	0.3	-	0.3
Interest coverage ratio (times)	209.0	191.3	652.5	-	501.8

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
Debt to annual cash flow: Interest-bearing liabilities / Operating cash flow
(The Company doubled interim cash flow to arrive at an annual figure)
Interest coverage ratio: Operating cash flow / Interest payments
2. The Company used figures from consolidated financial statements for FY2004 (both interim and yearend), 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. We have omitted “debt to annual cash flow” and “interest coverage ratio” for FY2005 (yearend) because operating cash flow was negative in this period.

(3) 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 93 million users in Japan as of September 2006. 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

We may acquire industry peers to expand our business going forward, and this may 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) Legal regulations

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 telecommunications 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.

4. Interim Financial Statements

(1) Interim Balance Sheets

(Million yen)

		1H FY2005 (As of Sep. 30, 2005)			1H FY2006 (As of Sep. 30, 2006)			YoY change	FY2005 summary (As of March 31, 2006)		
Account	*	Amount		%	Amount		%	Amount	Amount		%
Assets											
I Current assets											
1. Cash on hand and in banks		1,242			1,134				336		
2. Notes receivable		4			4				2		
3. Accounts receivable -trade		24,390			26,654				34,863		
4. Inventories		13,015			15,960				15,767		
5. Deferred tax assets -current		1,297			954				1,371		
6. Other current assets		2,035			2,307				2,312		
Allowance for doubtful accounts		(38)			(48)				(37)		
Total current assets			41,948	91.7		46,969	92.2	5,020		54,617	92.9
II Fixed assets											
1. Property, plant and equipment	*1	602			792				882		
2. Intangible assets		435			345				411		
3. Investments and other assets											
(1) Investment securities		262			425				469		
(2) Investments in affiliates		179			179				179		
(3) Deferred tax assets –non-current		520			436				397		
(4) Leasehold deposits		1,484			1,457				1,483		
(5) Others		594			376				365		
Allowance for doubtful accounts		(271)			(43)				(42)		
Total investments and other assets		2,770			2,832				2,853		
Total fixed assets			3,808	8.3		3,970	7.8	161		4,147	7.1
Total assets			45,756	100.0		50,939	100.0	5,182		58,764	100.0

(Million yen)

		1H FY2005 (As of Sep. 30, 2005)			1H FY2006 (As of Sep. 30, 2006)			YoY change	FY2005 summary (As of March 31, 2006)		
Account	*	Amount		%	Amount		%	Amount	Amount		%
Liabilities											
I Current liabilities											
1. Accounts payable -trade		25,791			26,598				33,217		
2. Short-term borrowings	*2	1,800			2,800				6,100		
3. Accounts payable -other		2,237			2,742				2,931		
4. Reserve for employees' bonuses		305			330				355		
5. Reserve for directors' bonuses		-			18				-		
6. Allowance for early subscription cancellations		181			196				220		
7. Other current liabilities		2,456			2,949				2,124		
Total current liabilities			32,772	71.6		35,636	69.9	2,863		44,949	76.5
II Long-term liabilities											
1. Liability for employees' retirement benefits		418			463				432		
2. Liability for directors' severance benefits		29			41				39		
Total long-term liabilities			448	1.0		504	1.0	56		471	0.8
Total liabilities			33,220	72.6		36,140	70.9	2,920		45,421	77.3

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(Million yen)

		1H FY2005 (As of Sep. 30, 2005)			1H FY2006 (As of Sep. 30, 2006)			YoY change	FY2005 summary (As of March 31, 2006)		
Account	*	Amount		%	Amount		%	Amount	Amount		%
Shareholders' equity											
I Common stock			1,513	3.3		-	-	-		1,514	2.6
II Capital surplus											
Additional paid-in capital		1,632			-				1,633		
Total capital surplus			1,632	3.6		-	-	-		1,633	2.8
III Retained earnings											
1. Legal reserve		8			-				8		
2. Unappropriated retained earnings		9,241			-				9,947		
Total retained earnings			9,249	20.2		-	-	-		9,955	16.9
IV Net unrealized holding gain on securities			140	0.3		-	-	-		239	0.4
Total shareholders' equity			12,536	27.4		-	-	-		13,343	22.7
Total liabilities and shareholders' equity			45,756	100.0		-	-	-		58,764	100.0
Net assets											
I Shareholders' equity											
1. Common stock			-	-		1,538	3.0	-		-	-
2. Capital surplus											
Additional paid-in capital		-			1,657				-		
Total capital surplus			-	-		1,657	3.3	-		-	-
3. Retained earnings											
(1) Legal reserve		-			8				-		
(2) Other retained earnings											
Retained earnings carried forward		-			11,393				-		
Total retained earnings			-	-		11,401	22.4	-		-	-
Total shareholders' equity						14,597	28.7	-			
II Valuation and translation adjustments											
1. Net unrealized holding gain on securities			-	-		201	0.4	-		-	-
Total valuation and translation adjustments			-	-		201	0.4	-		-	-
Total net assets			-	-		14,798	29.1	-		-	-
Total liabilities and net assets			-	-		50,939	100.0	-		-	-

(2) Interim Statements of Income

(Million yen)

		1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)			1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)			YoY change	FY2005 summary (Apr. 1, 2005 – March 31, 2006)		
Account	*	Amount		%	Amount		%	Amount	Amount		%
I Net sales			140,075	100.0		155,819	100.0	15,743		300,748	100.0
II Cost of goods sold			127,937	91.3		142,713	91.6	14,775		277,009	92.1
Gross profit			12,138	8.7		13,105	8.4	967		23,739	7.9
III Selling, general and administrative expenses			8,203	5.9		9,308	6.0	1,104		17,457	5.8
Operating income			3,934	2.8		3,797	2.4	(137)		6,282	2.1
IV Non-operating income	*1		21	0.0		15	0.0	(6)		42	0.0
V Non-operating expenses	*2		4	0.0		11	0.0	6		14	0.0
Ordinary income			3,952	2.8		3,801	2.4	(150)		6,310	2.1
VI Extraordinary gains	*3		18	0.0		-	0.0	(18)		53	0.0
VII Extraordinary losses	*4,5		64	0.0		106	0.0	41		139	0.0
Income before income taxes			3,906	2.8		3,695	2.4	(210)		6,224	2.1
Income taxes -current		1,907			1,157				2,964		
Income taxes -deferred		(267)	1,639	1.2	404	1,561	1.0	(78)	(287)	2,677	0.9
Net income			2,266	1.6		2,134	1.4	(131)		3,547	1.2
Retained earnings brought forward			6,975			-				6,975	
Interim dividends paid			-			-				574	
Unappropriated retained earnings			9,241			-				9,947	

(3) Interim Statements of Changes in Shareholders' Equity

1H FY2006 (Apr. 1, 2006 - Sep. 30, 2006)

(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 period							
New stock issue (see note)	23	23	23	-	-	-	47
Dividend of surplus	-	-	-	-	(657)	(657)	(657)
Bonuses to directors in the appropriation of retained earnings	-	-	-	-	(31)	(31)	(31)
Net income	-	-	-	-	2,134	2,134	2,134
Changes (net) in items other than shareholders' equity							
Total changes during the period	23	23	23	-	1,445	1,445	1,493
Balance as of September 30, 2006	1,538	1,657	1,657	8	11,393	11,401	14,597

	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 period			
New stock issue (see note)	-	-	47
Dividend of surplus	-	-	(657)
Bonuses to directors in the appropriation of retained earnings	-	-	(31)
Net income	-	-	2,134
Changes (net) in items other than shareholders' equity	(38)	(38)	(38)
Total changes during the period	(38)	(38)	1,455
Balance as of September 30, 2006	201	201	14,798

Note: It was due to the exercise of stock options.

(4) Interim Statements of Cash Flows

(Million yen)

Account	*	1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005) Amount	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006) Amount	YoY change Amount	FY2005 summary (Apr. 1, 2005 – March 31, 2006) Amount
I Cash flows from operating activities					
Income before income taxes		3,906	3,695	(210)	6,224
Depreciation and computer expenses		206	230	24	528
Amortization of goodwill -previous accounting standard		61	-	(61)	131
Amortization of goodwill -revised accounting standard		-	65	65	-
Impairment losses		27	91	64	27
Stock issue expenses		-	0	0	-
Increase (decrease) in allowance for doubtful accounts		(36)	11	48	(266)
Increase (decrease) in reserve for employees' bonuses		31	(25)	(56)	81
Increase (decrease) in reserve for directors' bonuses		-	18	18	-
Increase (decrease) in allowance for early subscription cancellations		24	(24)	(48)	63
Increase (decrease) in liability for employees' retirement benefits		13	30	17	26
Increase (decrease) in liability for directors' severance benefits		4	1	(2)	14
Interest and dividend income		(1)	(2)	(0)	(2)
Interest expenses		4	10	6	9
Loss on sale and removal of fixed assets		11	14	2	84
Decrease (increase) in account receivable		7,376	8,207	831	(3,095)
Decrease (increase) in inventories		(2,354)	(192)	2,161	(5,106)
Increase (decrease) in account payable		(4,758)	(6,618)	(1,860)	2,667
Payment of bonuses to directors		(20)	(31)	(10)	(20)
Others		(95)	764	860	555
Subtotal		4,401	6,250	1,848	1,923
Interests and dividends received		1	2	0	2
Interests paid		(4)	(10)	(6)	(9)
Income taxes paid		(1,700)	(1,124)	575	(3,089)
Net cash provided by (used in) operating activities		2,698	5,118	2,419	(1,172)

(Translation)

(Million yen)

Account	*	1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005) Amount	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006) Amount	YoY change Amount	FY2005 summary (Apr. 1, 2005 – March 31, 2006) Amount
II Cash flows from investing activities					
Payment for purchase of property, plant and equipment		(192)	(303)	(111)	(544)
Proceeds from sales of property, plant and equipment		0	0	(0)	3
Payment for purchase of software		(56)	(44)	11	(125)
Payment for purchase of investment securities		(0)	(20)	(20)	(40)
Payment for loans receivable		-	(1,283)	(1,283)	(50)
Proceeds from collection of loans receivable		11	1,236	1,225	23
Net decrease (increase) in loans to affiliates		50	80	30	100
Payment for leasehold deposits		(74)	(77)	(2)	(149)
Proceeds from return of leasehold deposits		8	146	138	34
Payment for shop succession		-	(121)	(121)	(265)
Decrease (increase) in other assets		(34)	(23)	11	(38)
Net cash provided by (used in) investing activities		(288)	(410)	(122)	(1,052)
III Cash flows from financing activities					
Net increase (decrease) in short-term borrowings		(699)	(3,300)	(2,600)	3,600
Repayment for long-term borrowings		(12)	-	12	(12)
New stock issue expenses		(0)	(0)	0	(2)
Proceeds from issuance of new stock		26	47	21	28
Cash dividends paid		(819)	(655)	164	(1,390)
Net cash provided by (used in) financing activities		(1,506)	(3,908)	(2,402)	2,222
IV Increase (decrease) in cash and cash equivalents		903	798	(105)	(2)
V Cash and cash equivalents at beginning of period		339	336	(2)	339
VI Cash and cash equivalents at end of period	*	1,242	1,134	(107)	336

(Translation)

Significant Accounting Policies in the Preparation of Interim Financial Statements

Item	1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
1. Valuation basis and valuation method of assets	(1) Subsidiary stock Subsidiary stock is stated at cost, cost being determined by the moving-average method. (2) Securities 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. (3) Inventories Merchandise Merchandise is stated at the lower of the cost method by the first-in first-out method. Supplies Supplies are stated at cost, cost being determined by the first-in first-out method.	(1) Subsidiary stock Same as on the left. (2) Securities 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 net assets. The cost of securities sold is determined by the moving-average method. Securities without market quotations: Same as on the left. (3) Inventories Merchandise Same as on the left. Supplies Same as on the left.	(1) Subsidiary stock Same as on the left. (2) Securities 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: Same as on the left. (3) Inventories Merchandise Same as on the left. Supplies Same as on the left.
2. Depreciation and amortization method of fixed assets	(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: 2-20 years (2) Intangible assets Amortization of intangible assets is calculated by the straight-line method. Goodwill: 5 years	(1) Property, plant and equipment Same as on the left. Buildings: 3-20 years Furniture and fixtures: 2-10 years (2) Intangible assets Amortization of intangible assets is calculated by the straight-line method. Goodwill: 5 years	(1) Property, plant and equipment Same as on the left. Buildings: 3-20 years Furniture and fixtures: 2-10 years (2) Intangible assets Amortization of intangible assets is calculated by the straight-line method. Goodwill: 5 years

Item	1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
3. Accounting for deferred assets	New stock issue expenses Stock issue expenses charged to income as accrued.	Stock issue expenses Same as on the left.	New stock issue expenses Same as on the left.
4. 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. (2) Reserves for employees' bonuses To provide for employees' bonus obligations, an allowance is provided for the amount estimated to have accrued for the first half of current fiscal year. (3) Reserve for directors' bonuses ―――――― (4) 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.	(1) Allowance for doubtful accounts Same as on the left. (2) Reserves for employees' bonuses Same as on the left. (3) Reserve for directors' bonuses To provide for directors' bonus obligations, an allowance is provided for the amount estimated to have accrued for the first half of current fiscal year. (Change in accounting policy) Effective from the first half of current fiscal year, the Company has adopted "Accounting Standard for Directors' Bonuses" (ASBJ Statement No. 4, November 29, 2005). Effect of this change was to decrease operating income, ordinary income and income before income taxes by 18 million yen respectively. (4) Allowance for early subscription cancellations Same as on the left.	(1) Allowance for doubtful accounts Same as on the left. (2) Reserves for employees' bonuses To provide for employees' bonus obligations, an allowance is provided for the amount estimated to have accrued for the current fiscal year. (3) Reserve for directors' bonuses ―――――― (4) Allowance for early subscription cancellations Same as on the left.

Item	1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
	(5) Liability for employees' retirement benefits To provide for accrued employees' retirement benefits, an allowance is provided for the amount deemed to have accrued at the end of the first half of current fiscal year based on projected benefit obligations at the end of the 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. (6) Liability for directors' severance benefits To provide for accrued directors' severance benefits, an allowance is provided for the aggregate amount payable at the end of the first half of current fiscal year pursuant to the Company's rules on directors' retirement benefits.	(5) Liability for employees' retirement benefits Same as on the left. (6) Liability for directors' severance benefits Same as on the left.	(5) Liability for employees' retirement benefits To provide for accrued employees' retirement benefits, an allowance is provided based on projected benefit obligations at the end of the 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. (6) Liability for directors' severance benefits To provide for accrued directors' severance benefits, an allowance is provided for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.
5. 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.	Same as on the left.
6. Scope of cash and cash equivalents on statements of cash flows	Cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.	Same as on the left.	Same as on the left.
7. Other significant accounting policies in the preparation of financial statements	Accounting for consumption tax Consumption tax is accounted by the tax-exclusion method. Non-deductible consumption tax on assets is charged to income in the first half of current fiscal year in which it is recognized.	Accounting for consumption tax Same as on the left.	Accounting for consumption tax Consumption tax is accounted by the tax-exclusion method Non-deductible consumption tax on assets is charged to income in the current fiscal year in which it is recognized.

Change in Significant Accounting Policies in the Preparation of Interim Financial Statements

1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
(Accounting standard for impairment of fixed assets) Effective from the first half of current fiscal year, the Company has adopted the “Statement of Opinion, Accounting for Impairment of Fixed Assets” (Business Accounting Council; August 9, 2002) and the “Guidance for Accounting Standards for Impairment of Fixed Assets,” (ASBJ Guidance No. 6: Accounting Standards Board of Japan, 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 regulations for the preparation of interim financial statements.	———	(Accounting standard for impairment of fixed assets) Effective from the current fiscal year, the Company has adopted the “Statement of Opinion, Accounting for Impairment of Fixed Assets” (Business Accounting Council; August 9, 2002) and the “Guidance for Accounting Standards for Impairment of Fixed Assets,” (ASBJ Guidance No. 6: Accounting Standards Board of Japan, 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 first half of 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 14,798 million yen. In accordance with the revised regulations of interim financial statements, the “Net assets” sections in the balance sheets conform to the revised regulations of interim financial statements.	———

Notes to Interim Financial Statements

Notes to Interim Balance Sheets

(Million yen)

1H FY2005 (As of Sep. 30, 2005)	1H FY2006 (As of Sep. 30, 2006)	FY2005 (As of Mar. 31, 2006)
*1. Accumulated depreciation of property, plant and equipment 1,377 Figure of accumulated depreciation includes accumulated impairment losses.	*1. Accumulated depreciation of property, plant and equipment 1,461 Figure of accumulated depreciation includes accumulated impairment losses.	*1. Accumulated depreciation of property, plant and equipment 1,274 Figure of accumulated depreciation includes accumulated impairment losses.
*2. 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 available credit under the agreement at the end of first half of current fiscal year is as follows: Total of current account overdraft and commitment line 1,100 Credit used 0 Credit available 1,099	*2. The Company has current account overdraft agreements with two banks in order to raise funds efficiently. The balance of available credit under the agreement at the end of first half of current fiscal year is as follows: Total of current account overdraft 1,100 Credit used - Credit available 1,100	*2. 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 available credit under the agreement at the end of fiscal year is as follows: Total of commitment line 1,100 Credit used 300 Credit available 799

Notes to Interim Statements of Income

(Million yen)

1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
*1. Significant components of non-operating income Interest income 0 Rent income 7 Insurance reimbursement 10	*1. Significant components of non-operating income Interest income 1 Rent income 9 Insurance reimbursement 1	*1. Significant components of non-operating income Interest income 1 Rent income 16 Insurance reimbursement 20
*2. Significant components of non-operating expenses Interest expense 4	*2. Significant components of non-operating expenses Interest expense 10	*2. Significant components of non-operating expenses Interest expense 9 New stock issue expenses 2 Provision of allowance for doubtful accounts 2
*3. Significant components of extraordinary gains Reversal of allowance for doubtful accounts 18	*3. ―――	*3. Significant components of extraordinary gains Reversal of allowance for doubtful accounts 36 Gain on receipt of fixed assets 15 Gain on sales of fixed assets 2
*4. Significant components of extraordinary losses Eviction fees 25 Impairment loss on buildings 19 Impairment loss on furniture and fixtures 8 Loss on removal of buildings 11	*4. Significant components of extraordinary losses Impairment loss on buildings 64 Impairment loss on furniture and fixtures 24 Loss on removal of buildings 10	*4. Significant components of extraordinary losses Eviction fees 25 Impairment loss on buildings 19 Impairment loss on furniture and fixtures 8 Loss on removal of buildings 65 Loss on removal of furniture and fixtures 20

<table>
<tr><th>1H FY2005
(Apr. 1, 2005 – Sep. 30, 2005)</th><th>1H FY2006
(Apr. 1, 2006 – Sep. 30, 2006)</th><th>FY2005
(Apr. 1, 2005 – Mar. 31, 2006)</th></tr>
<tr>
<td>*5. Impairment losses
—</td>
<td>*5. Impairment losses
In the first half of current fiscal year, the Company recognized impairment losses on the following groups of assets.
<table>
<tr><td>Location</td><td>Stores (Machida City, Tokyo and nine other shops)</td><td>Offices (Takamatsu City, Kagawa and two other locations)</td></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</td><td>Building, furniture and fixtures</td></tr>
<tr><td>Impairment loss (million yen)</td><td>84</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 (91 million yen) as an extraordinary loss. The breakdown of impairment losses was as follows: buildings 64 million yen, structures 2 million yen, and furniture and fixtures 24 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>
<td>*5. Impairment losses
—</td>
</tr>
<tr>
<td>6. Depreciation and amortization
Property, plant and equipment 149
Intangible assets 61</td>
<td>6. Depreciation and amortization
Property, plant and equipment 202
Intangible assets 65</td>
<td>6. Depreciation and amortization
Property, plant and equipment 378
Intangible assets 131</td>
</tr>
</table>

Notes to Interim Statements of Changes in Shareholders' Equity

1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)

1. Type and number of outstanding shares

	Number of shares as of March 31, 2006 (shares)	Increase during the first half year (shares)	Decrease during the first half year (shares)	Number of shares as of Sep. 30, 2006 (shares)
Outstanding shares				
Common shares (see note)	328,632	544	-	329,176

Note: The increase in the number of outstanding common shares (544 shares) is due to the issue of new shares resulting from 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 28, 2006

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

Resolution	Type of share	Total amount of dividend (million yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on November 7, 2006	Common shares	658	Retained earnings	2,000	September 30, 2006	December 11, 2006

Notes to Interim Statements of Cash Flows

(Million yen)

1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the first half of the current fiscal year is made as follows:	Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the first half of the current fiscal year is made as follows:	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 September 30, 2005)	(As of September 30, 2006)	(As of March 31, 2006)
Cash on hand and in banks 1,242	Cash on hand and in banks 1,134	Cash on hand and in banks 336
Cash and cash equivalents 1,242	Cash and cash equivalents 1,134	Cash and cash equivalents 336

1) Leases

(Million yen)

1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
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 period-end balance equivalents of the leased property Furniture and fixtures: Acquisition cost equivalents 16 Accumulated depreciation equivalents 1 Period-end balance equivalents 14 Total: Acquisition cost equivalents 16 Accumulated depreciation equivalents 1 Period-end balance equivalents 14 Note: Acquisition cost equivalents include amounts applicable to interest since the period-end balance of outstanding lease commitments are insignificant in the context of property, plant and equipment. (2) Period-end balance equivalents of outstanding lease commitments Within one year 3 Over one year 11 Total 14 Note: Period-end balance equivalents of outstanding lease commitments include amounts applicable to interest since the period-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 1 Depreciation equivalents 1 (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 ―――― (Impairment losses) There are no impairment losses on leased asset-impairment account.	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 period-end balance equivalents of the leased property Furniture and fixtures: Acquisition cost equivalents 16 Accumulated depreciation equivalents 4 Period-end balance equivalents 11 Total: Acquisition cost equivalents 16 Accumulated depreciation equivalents 4 Period-end balance equivalents 11 Note: Same as on the left. (2) Period-end balance equivalents of outstanding lease commitments Within one year 3 Over one year 8 Total 11 Note: Same as on the left. (3) Lease payments, reversal from lease asset impairment, depreciation equivalents, and impairment losses Lease payments 1 Depreciation equivalents 1 (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 54 Total 62 (Impairment losses) Same as on the left.	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, reversal from lease asset impairment, depreciation equivalents, and impairment losses Lease payments 2 Depreciation equivalents 2 (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 58 Total 66 (Impairment losses) Same as on the left.

2) Securities

1H FY2005 (As of Sep. 30, 2005)

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

(Million yen)

	Acquisition cost	Carrying value	Valuation gain
Equity	22	260	237
Total	22	260	237

3. Major securities without market quotations

(Million yen)

	Carrying value
Other securities Non-listed securities	2

1H FY2006 (As of Sep. 30, 2006)

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

(Million yen)

	Acquisition cost	Carrying value	Valuation gain
Equity	25	365	339
Total	25	365	339

3. Major securities without market quotations

(Million yen)

	Carrying value
(1) Subsidiary stock	179
(2) Other securities Non-listed securities	59

FY2005 (As of Mar. 31, 2006)

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

(Million yen)

	Acquisition cost	Carrying value	Valuation gain
Equity	25	429	404
Total	25	429	404

3. Major securities without market quotations

(Million yen)

	Carrying value
(1) Subsidiary stock	179
(2) Other securities Non-listed securities	39

3) Derivatives

1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Not applicable. The Company was not involved in any derivative transactions.	Same as on the left.	Same as on the left.

4) Equity method income

1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Not applicable.	Same as on the left.	Same as on the left.

Per Share Information

(Yen)

1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Net assets per share 76,311.14 Net income per share (basic) 13,806.28 Net income per share (diluted) 13,748.46	Net assets per share 44,956.78 Net income per share (basic) 6,490.85 Net income per share (diluted) 6,438.74	Net assets per share 40,507.62 Net income per share (basic) 10,704.29 Net income per share (diluted) 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 (basic) 8,995.76 Net income per share (diluted) 8,952.78

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

(Million yen)

	1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)	1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Net income per share (basic)			
Net income	2,266	2,134	3,547
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	2,266	2,134	3,515
Average number of shares outstanding during the period	164,165 shares	328,875 shares	328,458 shares
Net income per share (diluted)			
Increase in the number of common shares	690 shares	2,661 shares	2,367 shares
[Of which stock acquisition rights]	690 shares	2,661 shares	2,367 shares
Summary of potential stock not included in the calculation of “net income per share (diluted)” since there was no dilutive effect in the period.	―――	―――	―――

Subsequent Events

<table>
<tr><th>1H FY2005
(Apr. 1, 2005 – Sep. 30, 2005)</th><th>1H FY2006
(Apr. 1, 2006 – Sep. 30, 2006)</th><th>FY2005
(Apr. 1, 2005 – Mar. 31, 2006)</th></tr>
<tr><td>Stock splits:
Board of Directors meeting held on November 7, 2005, approved a resolution to conduct a stock split.
(1) Purpose of stock split
Improvement the liquidity of its stock and broaden the base of shareholders.

(2) Details of the stock split
a) Method of split
For shareholders and beneficial shareholders on record as of November 30, 2005, each share will be split into two shares.
b) Increase in the number of shares due to stock split
As of November 7, 2005, the number of outstanding shares on November 30, 2005 is unclear due to the exercise of stock acquisition rights based on stock option system. The forecast of the number of outstanding shares is based on the number of outstanding shares on September 30, 2005.
Number of shares outstanding before the stock split (as of Sep. 30, 2005)
Common stock: 164,282 shares
Increase in the number of shares due to the stock split
Common stock: 164,282 shares
Number of shares outstanding after the stock split:
Common stock: 328,564 shares
Capital stock after the stock split:
1,160,000 shares
c) Effective date: Jan. 20, 2006
d) Dividend calculation date: Oct. 1, 2005

(3) Effect on the per share information
Per share information calculated as if this split had occurred at the beginning of the respective periods are presented below.

1H FY2004 (Yen)
Net assets per share: 31,303.84
Net income per share (basic): 4,808.98
Net income per share (diluted): 4,786.96

1H FY2005 (Yen)
Net assets per share: 38,155.57
Net income per share (basic): 6,903.14
Net income per share (diluted): 6,874.23

FY2004 (Yen)
Net assets per share: 33,590.63
Net income per share (basic): 8,995.76
Net income per share (diluted): 8,952.78</td><td>―</td><td>―</td></tr>
</table>

5. Procurement and Sales

(1) Procurement

The followings are product procurement (product value totals and commissions paid) in the current interim period by business segment.

Business segments	Items	Amount (Million yen)	YoY (%)
Mobile business	Mobile telecom equipment	77,751	104.6
	Sales agency commissions	58,132	114.8
	Subtotal	135,884	108.8
Network business/others	Other products	2,896	4,283.2
	Sales agency commissions	4,124	77.9
	Subtotal	7,021	130.9
Company-wide	Total	142,905	109.7

Note: The above figures do not include consumption taxes.

(2) Sales

The followings are sales (product sales and commissions receipt) in the current interim period by business segment.

Business segments	Items	Amount (Million yen)	YoY (%)
Mobile business	Mobile telecom equipment	65,789	109.3
	Sales agency commissions	82,075	113.3
	Subtotal	147,865	111.5
Network business/others	Other products	2,057	2,453.1
	Sales agency commissions	5,896	80.1
	Subtotal	7,954	106.9
Company-wide	Total	155,819	111.2

Notes: 1. The above figures do not include consumption taxes.
2. The sales performance according to telecommunications carrier, and the ratio to overall sales, is shown below.

Customers	1H FY2005 (Apr. 1, 2005 – Sep. 30, 2005)		1H FY2006 (Apr. 1, 2006 – Sep. 30, 2006)	
	Million yen	%	Million yen	%
KDDI CORPORATION	26,137	18.7	31,253	20.1
NTT DoCoMo, Inc.	16,044	11.5	17,856	11.5

Note: The above figures do not include consumption taxes.