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 Japan

Brief Report on the Account Settlement for Term Ending in May 2008

(Fraction of million Yen is rounded down.)

1. Consolidated results for the term ending in May 2008 (June 1, 2007 ~ May 31, 2008)

(1) Consolidated operating business results

(% denotes gain or loss against the previous term)

	Net sales		Operating income		Ordinary income		Net income (Current)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
12 months ended May 2008	252	53.2	△1,127	—	△1,182	—	△1,378	—
12 months ended May 2007	164	△76.4	△1,316	—	△1,286	—	△1,455	—

	Earning per share (Current)	Earning per share (Current) after the adjustment of latent shares	Ratio of earning to net worth	Ratio of ordinary income to net assets	Ratio of operating income to net sales
	¥	¥	%	%	%
12 months ended May 2008	△11,131.61	— —	△64.1	△47.9	△447.0
12 months ended May 2007	△12,395.97	— —	△44.1	△34.5	△800.4

(Remarks) Investment gain or loss under Interest Holding Act:

12 months ended May 2008: - ____ million Yen; 12 months ended May 2007: - ____ million Yen

(2) Consolidated financial position

	Total assets	Net assets	Net worth ratio	Net asset worth
	¥ million	¥ million	%	¥
As of May 31, 2008	1,998	1,715	85.8	10,956.38
As of May 31, 2007	2,936	2,583	88.0	21,885.54

(Remark) Net worth: As of May 31, 2008: 1,715 million Yen; As of May 31, 2007: 2,583 million Yen

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investment activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of year
	¥ million	¥ million	¥ million	¥ million
As of May 31, 2008	△1,520	41	425	661
As of May 31, 2007	△986	△654	20	1,769

2. Dividends

(Reference date)	Dividend per share					Total amount of dividend (annual)	Dividend propensity (consolidated)	Ratio of dividend to net assets (consolidated)
	End 1st quarter	End interim period	End 3rd quarter	Year-end	Total dividend for the year			
	¥	¥	¥	¥	¥	¥ million	%	%
FY2006	— —	— —	— —	— —	0 00	—	—	—
FY2007	— —	— —	— —	— —	0 00	—	—	—
FY2008 (projected)	— —	— —	— —	— —	0 00	—	—	—

3. Projected consolidated results for FY2008 (June 1, 2008 to May 31, 2009)

(% denotes the gain or loss against the previous term in case of “FY2008 full-year” and against the first half of previous period in case of “Interim period.”)

	Net sales		Operating income		Ordinary income		Net income		Earning per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim period	342	257.1	△588	—	△591	—	△1,207	—	△7,710.48
FY2008 full-year	1,658	657.9	△250	—	△256	—	△873	—	△5,576.84

4. Other information

(1) Changes in significant consolidated subsidiaries (Changes affecting the scope of consolidation): None

(2) Change in the rule, procedure or expression in the accounting method used for the preparation of financial statements (those to be indicated in the column of change in the important basic matters relating to the preparation of financial statements)

- 1) Change resulting from the revision of accounting standard: Yes
 2) Change other than 1) above: Yes

(3) Number of shares already issued (common shares)

1) Number of shares already issued at the end of term (including treasury shares):

As of May 31, 2008: 156,540 shares;
 As of May 31, 2007: 118,040 shares

2) Number of treasury shares at the end of term:

As of May 31, 2008: 0 share;
 As of May 31, 2007: 0 share

(Reference) Summary of non-consolidated results

1. Non-consolidated results for the term ending in May 2008 (June 1, 2007 to May 31, 2008)

(1) Non-consolidated operating results

(% denotes the gain or loss against the previous term)

	Net Sales		Operating income		Ordinary income		Net income (Current)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
12 months ended May 2008	225	47.1	△983	—	△1,026	—	△1,483	—
12 months ended May 2007	153	△78.1	△1,130	—	△1,090	—	△1,769	—

	Earning per share (Current)	Earning per share (Current) after the adjustment of latent shares
	¥	¥
12 months ended May 2008	△11,982.21	— —
12 months ended May 2007	△15,073.29	— —

(2) Non-consolidated financial position

	Total assets	Net assets	Net worth ratio	Net asset worth
	¥ million	¥ million	%	¥
As of May 31, 2008	1,889	1,609	85.2	10,283.43
As of May 31, 2007	2,931	2,583	88.1	21,885.54

(Reference) Net worth: As of May 31, 2008: 1,609 million Yen; As of May 31, 2007: 2,583 million Yen

2. Projected non-consolidated results for FY2008 (June 1, 2008 to May 31, 2009)

(% denotes the gain or loss against the previous term in case of “FY2008 full-year” and against the first half of previous term in case of “Interim period.”)

	Net sales		Operating income		Ordinary income		Net income		Earning per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim period	342	310.9	△568	—	△563	—	△1,180	—	△7,538.00
FY2008 full-year	1,485	660.0	△238	—	△230	—	△847	—	△5,410.75

* Explanation relating to the proper use of business result estimates and other noteworthy information

The estimated figures shown in the above are the forecast based on the information available at present and include some uncertain factors. The actual business may be different from the above figures according to the change of business situations.

4. Consolidated financial statements

(1) Consolidated balance sheet

Classification	Note number	Previous consolidated fiscal year (term ending in May 2007)		Current consolidated fiscal year (term ending in May 2008)		Increase or decrease against previous fiscal year	
		Amount (in thousand Yen)		Share (%)	Amount (in thousand Yen)		Share (%)
(Assets)							
I. Current assets							
1. Cash and deposit			1,769,735		661,640		△1,108,095
2. Sales on credit			13,534		31,848		18,314
3. Securities			100,635		—		△100,635
4. Merchandise			134,818		95,906		△38,911
5. Products in process			—		27,706		27,706
6. Goods in stock			64,025		46,092		△17,933
7. Advances			—		660,174		660,174
8. Expenses paid in advance			59,324		29,726		△29,597
9. Consumption tax, etc. receivable			—		18,268		18,268
10. Short term loan			—		65,000		65,000
11. Others			67,018		19,111		△47,907
Reserve for bad debt			—		△32,500		△32,500
Total of current assets			2,209,092	75.2	1,622,974	81.2	△586,117
II. Fixed assets							
1. Tangible fixed asset							
(1) Building		149,469		102,063		△47,406	
Aggregate amount of depreciation		△13,612		△18,526		△4,914	
Aggregate amount of loss from diminution of value		—	135,856	△59,820	23,716	△59,820	△112,139
(2) Tools, equipments and fixtures		895,697		903,780		8,083	
Aggregate amount of depreciation		△535,915		△685,206		△149,291	
Aggregate amount of loss from diminution of value		—	359,781	△22,006	196,567	△22,006	△163,213
Total of tangible fixed assets			495,637	16.9	220,284	11.0	△275,353
2. Intangible fixed assets							
(1) Software			4,225		3,989		△236
Total of intangible fixed assets			4,225	0.1	3,989	0.2	△236
3. Investments and other assets							
(1) Investment securities			20,043		10,174		△9,868
(2) Long term loan			20,384		—		△20,384
(3) Long term expenses paid in advance			15,214		60		△15,153
(4) Guarantee money for deposit			120,806		104,324		△16,482
(5) Insurance reserves			—		36,243		36,243
(6) Others			112,723		61,400		△51,323
Reserves for bad debt			△61,400		△61,400		—
Total of investment and other assets			227,771	7.8	150,802	7.6	△76,969
Total of fixed assets			727,635	24.8	375,077	18.8	△352,558
Total assets			2,936,727	100.0	1,998,052	100.0	△938,675

Classification	Note number	Previous consolidated fiscal year (term ending in May 2007)		Current consolidated fiscal year (term ending in May 2008)		Increase or decrease against previous fiscal year	
		Amount (in thousand Yen)	Share (%)	Amount (in thousand Yen)	Share (%)	Amount (in thousand Yen)	
(Liabilities)							
I. Current liabilities							
1. Purchase on credit		12,633		3,825		△8,807	
2. Long term debt payable within one year		120,000		40,000		△80,000	
3. Account payable		25,674		36,576		10,902	
4. Expenses payable		4,046		3,051		△994	
5. Corporate tax, etc. payable		9,158		9,371		213	
6. Liability of deferred tax		106		—		△106	
7. Advance money received		42,811		54,793		11,982	
8. Deposit received		3,788		3,240		△547	
Total of current liability		218,218	7.4	150,859	7.6	△67,358	
II. Fixed liabilities							
1. Long term debt		135,140		—		△135,140	
2. Long term deposit received		—		132,080		132,080	
Total of fixed liabilities		135,140	4.6	132,080	6.6	△3,060	
Total liabilities		353,358	12.0	282,939	14.2	△70,418	
(Net assets)							
I. Capital stock							
1. Capital		1,895,400	64.5	2,150,655	107.6	255,255	
2. Capital surplus		3,022,036	102.9	3,277,291	164.0	255,255	
3. Earned surplus		△2,334,222	△79.5	△3,712,833	△185.8	△1,378,611	
Total of capital stock		2,583,213	88.0	1,715,112	85.8	△868,101	
II. Difference from evaluation and exchange							
1. Difference from evaluation of other securities		155	0.0	—	0.0	△155	
Total of differences from evaluation and exchange		155	0.0	—	0.0	△155	
Total of net assets		2,583,369	88.0	1,715,112	85.8	△868,256	
Total of liabilities and net assets		2,936,727	100.0	1,998,052	100.0	△938,675	

(2) Consolidated profit and loss statement

Classification	Note number	Previous consolidated fiscal year (from June 1, 2006 to May 31, 2007)		Current consolidated fiscal year (from June 1, 2007 to May 31, 2008)		Gain or loss against previous fiscal year		
		Amount (in thousand Yen)		Share (%)	Amount (in thousand Yen)		Share (%)	Amount (in thousand Yen)
I. Net sales			164,487	100.0		252,113	100.0	87,625
II. Sales cost			361,058	219.5		373,538	148.1	12,480
Total amount of loss from sales			196,570	△119.5		121,425	△48.1	75,145
III. Sales expenses and other administrative expenses			1,119,988	680.9		1,005,635	398.9	△114,353
Operating loss			1,316,559	△800.4		1,127,060	△447.0	189,498
IV. Non-operating revenue								
1. Interests received		2,893			3,970		1,076	
2. Gain from exchange		40,815			—		△40,815	
3. Others		2,072	45,781	27.8	1,965	5,936	2.3	△106
V. Non-operating expenses								
1. Interests paid		3,702			1,895		△1,806	
2. Share delivery expenses		1,360			1,869		509	
3. Loss from exchange		—			54,831		54,831	
4. Money paid for arbitration settlement		7,300			—		△7,300	
5. Composition money paid for cancellation of contract		2,125			—		△2,125	
6. Others		994	15,482	9.4	2,517	61,114	24.2	1,522
Ordinary loss			1,286,260	△782.0		1,182,238	△468.9	104,021
VI. Special profit								
1. Gain from sale of fixed assets		—			26		26	
2. Gain from the refund of pre-emptive right		56			—		△56	
3. Gain from sale of securities		—	56	0.0	584	611	0.2	584
VII. Special loss								
1. Loss from diminution of value		—			82,408		82,408	
2. Amount transferred from bad debt reserve		61,400			32,500		28,900	
3. Loss from abolition of fixed assets		624			53,023		52,398	
4. Loss from the evaluation of securities		100,155			9,868		△90,287	
5. Others		4,742	166,923	101.4	17,439	195,240	77.4	12,697
Net loss for the term before adjustment of tax			1,453,127	△883.4		1,376,868	△546.1	76,259
Corporate tax, residential tax and business tax			1,910	1.2		1,743	0.7	△166
Net loss for the term			1,455,037	△884.6		1,378,611	△546.8	76,426

(3) Statement of changes in the consolidated capital stock, etc.

Previous consolidated fiscal year (from June 1, 2006 to May 31, 2007)

	Capital stock			
	Capital	Capital surplus	Earned surplus	Total of capital stock
Balance as of May 31, 2006 (in thousand Yen)	1,885,100	3,011,736	△879,184	4,017,651
Amount of change in the consolidated fiscal year				
Issuance of new shares (in thousand Yen)	10,300	10,300		20,600
Net loss for the term (in thousand Yen)			△1,455,037	△1,455,037
Amount of change in the items other than capital stock during the consolidated fiscal year (net amount) (in thousand Yen)				
Total of changes in the consolidated fiscal years (in thousand Yen)	10,300	10,300	△1,455,037	△1,434,437
Balance as of May 31, 2007	1,895,400	3,022,036	△2,334,222	2,583,213

	Difference from evaluation and exchange		Pre-emptive right	Total net assets
	Difference from the evaluation of other securities	Total of the difference from evaluation and exchange		
Balance as of May 31, 2006 (in thousand Yen)	—	—	56	4,017,707
Amount of change in the consolidated fiscal year				
Issuance of new shares (in thousand Yen)				20,600
Net loss for the term (in thousand Yen)				△1,455,037
Amount of change in the items other than capital stock during the consolidated fiscal year (net amount) (in thousand Yen)	155	155	△56	99
Total of changes in the consolidated fiscal years (in thousand Yen)	155	155	△56	△1,434,338
Balance as of May 31, 2007	155	155	—	2,583,369

Current consolidated fiscal year (from June 1, 2007 to May 31, 2008)

	Capital stock			
	Capital	Capital surplus	Earned surplus	Total of capital stock
Balance as of May 31, 2007 (in thousand Yen)	1,895,400	3,022,036	△2,334,222	2,583,213
Amount of change in the consolidated fiscal year				
Issuance of new shares (in thousand Yen)	255,255	255,255		510,510
Issuance of pre-emptive right (in thousand Yen)				—
Exercise of pre-emptive right (in thousand)				—
Net loss for the term (in thousand Yen)			△1,378,611	△1,378,611
Amount of change in the items other than capital stock during the consolidated fiscal year (net amount) (in thousand Yen)				
Total of changes in the consolidated fiscal years (in thousand Yen)	255,255	255,255	△1,378,611	△868,101
Balance as of May 31, 2008	2,150,655	3,277,291	△3,712,833	1,715,112

	Difference from evaluation and exchange		Pre-emptive right	Total net assets
	Difference from the evaluation of other securities	Total of the difference from evaluation and exchange		
Balance as of May 31, 2007 (in thousand Yen)	155	155	—	2,583,369
Amount of change in the consolidated fiscal year				
Issuance of new shares (in thousand Yen)				510,510
Issuance of pre-emptive right (in thousand Yen)			10,010	10,010
Exercise of pre-emptive right (in thousand)			△10,010	△10,010
Net loss for the term (in thousand Yen)				△1,378,611
Amount of change in the items other than capital stock during the consolidated fiscal year (net amount) (in thousand Yen)	△155	△155	—	△155
Total of changes in the consolidated fiscal years (in thousand Yen)	△155	△155	—	△868,256
Balance as of May 31, 2008	—	—	—	1,715,112

(4) Statement of consolidated cash flow

		Previous consolidated fiscal year (from June 1, 2006 to May 31, 2007)	Current consolidated fiscal year (from June 1, 2007 to May 31, 2008)	Gain or loss against previous fiscal year
Classification	Note number	Amount (in thousand Yen)	Amount (in thousand Yen)	Amount (in thousand Yen)
I. Net cash provided by operating activities				
Net loss for the term before adjustment of tax, etc.		△1,453,127	△1,376,868	76,259
Depreciation expenses		220,042	173,201	△46,841
Gain from the refund of pre-emptive right		△56	—	56
Loss from the evaluation of investment securities		100,155	9,868	△90,287
Gain from the sale of securities		—	△584	△584
Loss from the diminution of value		—	82,408	82,408
Increased amount of bad debt reserves		61,400	32,500	△28,900
Interest received and dividend received		△2,893	△3,970	△1,076
Interest paid		3,702	1,895	△1,806
Foreign exchange profit		△24,699	—	24,699
Foreign exchange loss		—	54,831	54,831
Redemption of long term expenses paid in advance		—	3,666	3,666
Share delivery expenses		1,360	1,869	509
Office movement expenses		—	13,772	13,772
Gain from the sale of fixed assets		—	△26	△26
Loss from the abolition of fixed assets		624	53,023	52,398
Decrease or increase (△) in the credit sales		339,458	△18,314	△357,773
Decrease or increase (△) in the inventories		△25,952	23,587	49,540
Increase (△) in the amount of advances		—	△586,654	△586,654
Decrease or increase (△) in the consumption tax, etc. receivable		△14,487	35,669	50,156
Decrease or increase (△) in other current assets		△53,374	△12,672	40,702
Increase or decrease (△) in the amount of purchase on credit		△124,301	△7,807	116,494
Increase or decrease (△) in the amount of deposit received		△350	△547	△197
Increase or decrease (△) in the amount of advance money received		△2,840	11,982	14,823
Increase or decrease (△) in other current liabilities		△9,794	△2,857	6,937
Subtotal		△985,134	△1,512,025	△526,891
Amount of interest and dividend received		2,893	3,970	1,076
Amount of interest paid		△2,722	△2,676	46
Expenses for the movement of office		—	△7,674	△7,674
Amount of corporate tax, etc. paid		△1,910	△1,910	—
Net cash provided by operating activities		△986,874	△1,520,315	△533,441

		Previous consolidated fiscal year (from June 1, 2006 to May 31, 2007)	Current consolidated fiscal year (from June 1, 2007 to May 31, 2008)	Gain or loss against previous fiscal year
Classification	Note number	Amount (in thousand Yen)	Amount (in thousand Yen)	Amount (in thousand Yen)
II. Net cash used in investment activities				
Expenditure for the acquisition of securities		△100,373	—	100,373
Income from the sale of securities		—	100,958	100,958
Expenditure for the acquisition of tangible fixed assets		△468,138	△25,070	443,068
Income from the sale of tangible fixed assets		4,678	26	△4,651
Expenditure for the acquisition intangible fixed assets		△597	△1,344	△746
Expenditure for lending loan		△21,894	△65,000	△43,105
Income from the collection of loan		1,509	1,132	△377
Expenditure of guarantee money for deposit		△55,124	△4,116	51,008
Income from the refund of guarantee money for deposit		965	19,816	18,851
Income from the refund of insurance reserve		—	15,048	15,048
Amount of long term expenses paid in advance		△16,002	—	16,002
Net cash used in investment activities		△654,976	41,451	696,428
III. Net cash provided by (used in) financing activities				
Income from long term deposit received		41,113	36,940	△4,173
Expenditure for repayment of long term debt		△40,000	△120,000	△80,000
Income from issuance of shares		19,239	498,780	479,540
Income from issuance of pre-emptive right		—	9,860	9,860
Net cash provided by (used in) financing activities		20,352	425,580	405,227
IV. Amount of difference related to cash and cash equivalents		24,654	△54,811	△79,466
V. Decrease in the amount of cash and cash equivalents		△1,596,844	△1,108,095	488,748
VI. Balance of cash and cash equivalents at the beginning of year		3,366,579	1,769,735	△1,596,844
VII. Balance of cash and cash equivalents at the end of year		1,769,735	661,640	△1,108,095

(Contacts for inquiries or additional information)

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