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 Japan

January 14, 2009

## Brief Report on the Settlement of Account for the Second Quarter of Term Ending in May 2009

(Fraction of million Yen is rounded down.)

### 1. Consolidated results for the second quarter of FY2009 (June 1, 2008 – November 30, 2008)

#### (1) Consolidated operating business results, cumulative

(% denotes gain or loss as compared with the same period in the previous term.)

	Net sales		Operating incomes		Ordinary incomes		Net incomes (Current)	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six months ended Nov. 2008	125	△6.0	△744	—	△748	—	△1,404	—
Six months ended Nov. 2007	133	—	△625	—	△671	—	△804	—

	Earnings per share (Current)		Earning per share (Current) after the adjustment of latent shares	
	¥		¥	
Six months ended Nov. 2008	△8,920	92	—	—
Six months ended Nov. 2007	△6,816	57	—	—

#### (2) Consolidated financial position

	Total assets	Net assets	Net worth ratios	Net asset worth
	¥ million	¥ million	%	¥
As of Nov. 30, 2008	657	366	55.4	2,287 20
As of May 31, 2008	1,998	1,715	85.8	10,956 38

(Remark) Net worth as of Nov. 30, 2008: 366 million Yen; As of May 31, 2008: 1,715 million Yen

### 2. Dividends

(Fiscal Term)	Dividend per share				
	End-of-1Q	End-of-2Q	End-of-3Q	End-of-Fiscal Year	Total dividend for the Term
	¥	¥	¥	¥	¥
FY2008	—	—	—	—	—
FY2009	—	—	—	—	—
FY2009 (projected)	—	—	—	—	—

(Note) We do not expect the resumption dividend for FY2009.

### 3. Projected for consolidated FY2009 (June 1, 2008 to May 31, 2009)

(% denotes gain or loss as compared with the previous term)

	Net sales		Operating incomes		Ordinary incomes		Net incomes		Earnings per share	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥	
FY2009 full-year	1,658	657.9	△250	—	△256	—	△873	—	△5,576	84

(Note) We do not expect any changes for FY2009.

#### 4. Consolidated financial statements for the second quarter of FY2009

##### (1) Consolidated balance sheet

(In thousand yen)

	End-of-2Q (as of Nov. 30, 2008)	End-of-fiscal year (as of May 31, 2008)
<b>Assets</b>		
Current assets		
Cash and deposit	55,073	661,640
Sales on credit	23,134	31,848
Merchandise and products	66,257	95,906
Work in process	5,440	27,706
Stores and supplies	43,329	46,092
Advances to supplier	102,540	660,174
Prepayments	22,328	29,726
Accounts due	29,654	16,324
Accrued consumption tax, etc.	11,155	18,268
Short term loan	-	65,000
Others	4,583	2,787
Reserves for bad debt	-	△32,500
Total of current assets	363,498	1,622,974
Fixed assets		
Tangible fixed assets		
Building	33,414	102,063
Accumulated depreciation	△11,422	△18,526
Accumulated impairment loss	-	△59,820
Building (Net amount)	21,991	23,716
Tools, equipments and fixtures	869,771	903,780
Accumulated depreciation	△714,873	△685,206
Accumulated impairment loss	△378	△22,006
Tools, equipment and fixtures (Net amount)	154,518	196,567
Total of tangible fixed assets	176,510	220,284
Intangible fixed assets		
Software	3,155	3,989
Total of intangible fixed assets	3,155	3,989
Investments and other assets		
Investment securities	6,166	10,174
Deposits and guarantee money	72,349	104,324
Insurance reserve fund	36,243	36,243
Long term loan	59,800	-
Others	1,400	61,460
Allowances for bad debt	△61,200	△61,400
Total of investment and other assets	114,758	150,802
Total of fixed assets	294,423	375,077
Total assets	657,922	1,998,052

(In thousand yen)

	End-of-2Q (as of Nov. 30, 2008)	End-of-fiscal year (as of May 31, 2008)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	22,196	3,825
Long term loan payable within one year	-	40,000
Accrued liabilities	107,068	36,576
Advances from supplier	4,204	54,793
Income taxes payable, etc.	7,749	9,371
Others	7,449	6,291
Total of current liabilities	148,667	150,859
Fixed liabilities		
Long term deposits payable	143,089	132,080
Total of fixed liabilities	143,089	132,080
Total liabilities	291,756	282,939
<b>Net assets</b>		
Shareholder's equity		
Capital stock	2,177,644	2,150,655
Capital surplus	3,304,280	3,277,291
Earned surplus	△5,117,023	△3,712,833
Total of shareholder's equity	364,900	1,715,112
Share warrant	1,265	-
Total of net assets	366,166	1,715,112
Total of liabilities and net assets	657,922	1,998,052

## (2) Consolidated profit and loss statement, cumulative for the second quarter of FY2009

(In thousand yen)	
End-of-2Q (from June 1 to Nov. 30, 2008)	
<b>Net sales</b>	125,664
Cost of sales	512,437
Gross loss (△)	△386,772
Selling and administrative expense	
Total of selling and administrative expense	357,841
Operating loss (△)	△744,614
Non-operating revenue	
Interest income	633
Others	841
Total of non-operating revenue	1,495
Non-operating expense	
Interest expense	561
Share issuing expense	283
Foreign currency loss	4,656
Total of non-operating expense	5,500
Ordinary loss (△)	△748,620
Extraordinary loss	
Loss on acquisition of shares	608,000
Loss on disposal of products	11,132
Office move expenses	4,336
Loss on valuation of investment securities	4,008
Loss on impairment of fixed assets	15
Transfer to allowances for bad debt	27,300
Total of extraordinary loss	654,793
Net loss for the 2Q before adjustment of taxes	△1,403,413
Corporate tax, residential tax, and business tax	776
Total of corporate and other taxes	776
Net loss for the 2Q	△1,404,189

## (3) Consolidated cash flow statement for the second quarter of FY2009

	(In thousand yen)
	End-of-2Q (from June 1 to Nov. 30, 2008)
Cash flows from operating activities	
Net profit for the 2Q before adjustment of taxes	△1,403,413
Depreciation expenses	45,958
Loss on acquisition of shares	608,000
Office move expenses	4,336
Loss on disposal of products	11,132
Profit and loss on valuation of investment securities (△ indicates profit.)	4,008
Change in transfer to allowance for bad debt (△ indicates decrease.)	27,300
Loss on impairment of tangible fixed asset	15
Share issuing expense	283
Bad debt expense	37
Interest income and dividend income	△633
Interest expense	561
Exchange gain or loss (△ indicates profit.)	4,656
Change in accounts receivable (△ indicates increase.)	8,672
Change in inventory assets (△ indicates increase.)	43,687
Change in advances to supplier (△ indicates increase.)	△50,366
Change in accrued consumption taxes (△ indicates increase.)	7,112
Change in other current assets (△ indicates increase.)	5,776
Change in trade payable (△ indicates decrease.)	18,229
Change in deposits payable (△ indicates decrease.)	827
Change in advances from supplier (△ indicates decrease.)	△50,589
Change in accrued expense(△ indicates decrease.)	70,491
Change in other current liabilities (△ indicates decrease.)	5,284
Subtotal	△638,630
Proceeds of interest and dividend	633
Expenditure of interest	△53
Expenditure of office move expense	△6,387
Expenditure of corporate tax and other	△1,743
Cash flows from operating activities	△646,180
Cash flows from investment activities	
Expenditure for the acquisition of tangible fixed assets	△1,364
Expenditure for paid of deposits and guarantee money	△2,257
Proceeds from deposits and guarantee money recovered	16,675
Proceeds from loans receivable	5,200
Cash flow from investment activities	18,253

(In thousand yen)

End-of-2Q  
(from June 1 to Nov. 30, 2008)

Cash flow from financing activities	
Proceeds from long term deposit payable	11,009
Expenditure for repayment of long-term debt	△40,000
Proceeds from issue of shares	53,609
Proceeds from issue of share warrant	1,351
Cash flow from financing activities	25,969
Exchange difference of cash and cash equivalents	△4,609
Change in cash and cash equivalents (△ indicates decrease.)	△606,566
Cash and cash equivalents at the beginning of year	661,640
Cash and cash equivalents at the end of the 2Q of FY2009	55,073

(Contacts for inquiries or additional information)

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