

Consolidated Interim Financial Results for the Fiscal Year Ending December 2006

Company name: Bell-Park Co., Ltd.
 Stock code: 9441
 Stock exchange listing: JASDAQ
 Company domicile: Tokyo, Japan
 URL: <http://www.bellpark.co.jp>
 President & CEO: Takeru Nishikawa
 Contact: Hiroshi Ishikawa, Corporate Officer, General Manager, Administration Division
 Tel: +81-(0) 3-3288-5211

Date of board meeting for approving consolidated financial results: August 9, 2006

Name of the parent company, etc.: Japan Business Development Inc. (Stock code: -)

Voting rights: 27.85%

SEC accounting standards: The Company does not apply SEC accounting standards

1. Consolidated Financial Results for the First Half Year Ended June 30, 2006 (Jan. 1 – Jun. 30, 2006)

(1) Results of Operations

Million yen, rounded down

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
First half year ended June 2006	11,610	1.1	356	(2.9)	363	(2.1)
First half year ended June 2005	11,484	64.6	367	41.6	371	37.9
Year ended December 2005	24,355	48.0	948	50.4	946	48.4

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change %	Yen	Yen
First half year ended June 2006	194	17.9	3,095.20	3,065.50
First half year ended June 2005	165	129.3	2,590.29	2,580.81
Year ended December 2005	483	-	7,617.43	7,583.04

Notes: 1. Equity in earnings of non-consolidated subsidiaries and affiliates

First half year ended June 2006: -
 First half year ended June 2005: -
 Year ended December 2005: -

2. Weighted average number of shares outstanding (consolidated)

First half year ended June 2006: 62,974.24 shares
 First half year ended June 2005: 63,845.79 shares
 Year ended December 2005: 63,434.33 shares

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.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of June 30, 2006	5,906	3,522	59.6	55,886.94
As of June 30, 2005	6,389	3,091	48.4	48,895.83
As of December 31, 2005	6,810	3,383	49.7	53,774.30

Note: Number of shares outstanding (consolidated) at end of period

As of June 30, 2006: 63,029.68 shares

As of June 30, 2005: 63,225.68 shares

As of December 31, 2005: 62,927.68 shares

(3) Cash Flows Position

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
First half year ended June 2006	(323)	(28)	(162)	1,003
First half year ended June 2005	(528)	(289)	(126)	1,383
Year ended December 2005	(264)	(498)	(48)	1,517

(4) Matters Concerning the Scope of Consolidation and the Application of the Equity Method

Consolidated subsidiaries: 5

Non-consolidated subsidiaries accounted for under the equity method: 0

Affiliates accounted for under the equity method: 0

(5) Changes in the Scope of Consolidation and Affiliates Accounted for Under the Equity Method

Consolidated subsidiaries

Newly: 0

Excluded: 0

Non-consolidated subsidiaries and affiliates accounted for under the equity method

Newly: 0

Excluded: 0

2. Forecast for the Year Ending December 31, 2006 (Jan. 1 – Dec. 31, 2006)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full year	23,000	700	350

Reference: Estimated net income per common share for the year ending Dec. 31, 2006: 5,552.94 yen

Forward Looking Statements

Forecasts regarding future performance in these materials are based estimates and judgments of the Company's management made in accordance with information available at the time this report was prepared. Forecasts therefore embody risks and uncertainties. Actual results may differ significantly from these forecasts for a number of factors. Readers are advised to refer to Supplementary Information for details on business forecasts, and assumptions and other relevant factors on which they are based.

1. Corporate Group

The Bell-Park group of companies is made up of Bell-Park Co., Ltd. and five consolidated companies. The group is engaged in three businesses: the mobile phone sales business, which mainly involves the sale of mobile phones; the network business, which mainly involves serving as an agent for the sale of service contracts for fixed-line, ADSL, fiber-to-the-home (FTTH) and other communication services; and the staffing services business, which mainly involves the provision of temporary employees to companies, and recruiting and training employees for other companies.

Business activities and the positioning of each company are as follows.

(1) Mobile phone sales business

Both Bell-Park and its consolidated subsidiary Nikka Co., Ltd. are engaged mainly in the following activities.

- 1) Accepts applications for mobile communication service contracts from new users as an agent of mobile communication carriers, and sales of mobile phones to users.
- 2) Accepts applications from current mobile communication service subscribers for a change to a new model of phone as an agent of mobile communication carriers, and sales of mobile phones to users.
- 3) Accepts applications from current mobile communication service subscribers for changes in subscription terms as an agent of mobile communication carriers.
- 4) Consignment sales of mobile phones and other devices through Bell-Park's secondary sales agents.
- 5) Outright sales of mobile phones and other devices to Bell-Park's secondary sales agents.

(2) Network business

Bell-Park and its consolidated subsidiary Upward Mobility Co., Ltd. are engaged in the following activities.

- 1) Accepts applications for fixed-line, ADSL, FTTH and other service contracts from new users as an agent of communication carriers.
- 2) Accepts applications for fixed-line, ADSL, FTTH and other service contracts from new users as an agent of sales agents.

(3) Staffing services business

Consolidated subsidiary Japan Pro Staff Co., Ltd. is engaged mainly in the following activities.

- 1) Supplies sales personnel with specialized knowledge to work at retail shops selling mobile communication products.
- 2) Trains sales personnel as an agent for mobile communication carriers operating retail shops selling mobile communication products.
- 3) Recruits employees for companies.

2. Management Policies

(1) Fundamental management policies

We strongly believe in our ability, potential and the possibilities of the future. We will continue to diligently pursue excellence by innovatively meeting the challenges and opportunities that arise. The goal is the mutual prosperity of customers, shareholders, vendors and all other stakeholders. Management is also committed to strictly observing all laws and regulations and, to preserve the trust of the public, conducting business operations that are fair and transparent in every respect.

(2) Fundamental policy regarding distribution of earnings

Bell-Park's policy is to return earnings to shareholders in a stable and consistent manner which reflecting the Group's operating results. Dividend payments will also take into consideration the need to maintain sufficient retained earnings to preserve financial soundness and support aggressive future business expansion. Retained earnings will be used mainly to expand the retail shop network and to fund strategic investments in new fields of business.

(3) Position and policy regarding reduction in investment unit

Bell-Park views a reduction in the investment unit as an important capital policy issue from the standpoint of increasing the liquidity of its shares and the number of shareholders. The Company plans to carefully consider a reduction to make its shares more accessible to investors while taking into consideration the share price, trading volume and other factors.

The Company has taken the following actions in order to increase the liquidity of its shares and the number of shareholders.

3-for-1 stock split on February 20, 2002

3-for-1 stock split on February 20, 2004

As a result, the number of shareholders following below:

As of December 31, 2002: 1,041

As of December 31, 2003: 1,543

As of December 31, 2004: 3,564

As of December 31, 2005: 5,056

As of June 30, 2006: 3,335

(4) Targeted performance indicators

The Group's medium- and long-term strategy is to expand and reinforce its sales network in the mobile phone sales business. The Company is also dedicated to the steady growth of staff training and staffing services businesses, and handling applications for fixed-line communication service contracts. To execute these strategies and generate new sources of growth, the Company believes that the reliable procurement of funds for investments is a key factor. Therefore, the performance indicator that is most important at the Company's current stage of development is the cash flow margin, which shows the degree to which the Company is able to generate stable cash flows from its core businesses. Operating cash flows were negative in the first half of 2005, fiscal year of 2005 and in the first half of 2006 because of growth in inventories and other factors. Bell-park is aiming for a cash flow margin of 5%.

Thousand yen

	Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)	FY2005 (Jan. 1 – Dec. 31, 2005)
Net sales	11,484,467	11,610,554	24,355,489
Cash flows from operating activities	(528,217)	(323,251)	(264,472)
Cash flow margin (%)	-	-	-

(5) Medium- and long-term strategies

The Group's core business is one element of the mobile phone sales industry. The Group believes that the operating environment in this industry will change at an even faster pace. Softbank's acquisition of Vodafone, the start of phone number portability, enhanced Internet functions of mobile phones at all companies and other developments are sparking more intense competition. The emergence of new communication carriers and the introduction of new communication technologies are other sources of change.

In this environment, the Group is dedicated to becoming a highly profitable organization with a focus on communication-related businesses. As its medium-term policy, the Group will concentrate on the following two themes.

1) Strengthen the mobile phone sales business

Transform changes in the operating environment into opportunities by adopting an aggressive business posture in order to expand the scale of operations.

2) Grow in new business fields

The Group is rigorously evaluating the profitability and future prospects of the network business while taking steps to develop this business into a stable source of earnings. The Group is expanding and carefully selecting its lineup of services to avoid the risk of depending on a single product or service.

In the staffing services business, additional investments has been made in this fiscal year because this business became profitable in the second half of 2005 (July-Dec. 2005). The goal is to achieve growth in this business.

(6) Key issues

Key issues in each business segment based on these medium- and long-term policies described above are as follows.

1) Mobile phone sales business

The October 2006 start of phone number portability is expected to create a big opportunity for Bell-Park by increasing demand for new mobile phones. To capitalize on this opportunity, the Company will reinforce the corporate sales team and enhance training of shop personnel. In addition, plans call for enlarging the shop network through new shop openings and acquisitions of competitors' shops, while closely examining the expected returns on these investments.

2) Network business

The highest priority in the network business is building an operating framework that can be consistently profitable. To accomplish this, the Company will focus on establishing sales business processes and on strengthening the lineup of products and services.

3) Staffing services business

In this important business sector, the Company expects that strong demand will continue but foresees increasing difficulty in recruiting sufficient numbers of workers to meet this demand. Due to this operating climate, the Company will improve the personnel supply capabilities of existing operating bases while extending operations into regions where substantial demand exists.

3. Results of Operations and Financial Position

(1) Results of operations

Summary of the interim period:

During the first half of 2006, Japan's economy was relatively strong. Corporate earnings continued to improve and there was continuation of the slow increase in consumer spending, which has a significant effect on the Group's operating results.

In this environment, the Bell-Park Group focused on generating earnings in its mobile phone sales business, as well as on developing network and staffing services businesses as new business operations for the Group. Due to the above factors, interim net sales was 11,610 million yen (101.1%, compared to the previous year), operating income was 356 million yen (97.1%), ordinary income was 363 million yen (97.9%), and net income was 194 million yen (117.9%).

Results by business segment were as follows.

Mobile phone sales business

Demand for mobile phones was expected to increase during the first half of 2006 due to developments like the release of one-seg handsets that can receive terrestrial digital broadcasts. However, the net increase in mobile phone subscribers was 2.69 million, about the same as one year earlier when the increase was 2.59 million. One reason appears to be the tendency for people to delay purchases because of the impending start of phone number portability in October 2006. Sales of Vodafone mobile phones, the Company's main product, did not increase as much as expected even though sales of one-seg handsets were relatively strong. Besides, it appears that Softbank's acquisition of Vodafone in March 2006 is also causing people to put off purchases because they are waiting for the October switch to the Softbank brand and expecting to see new services.

In this environment, the Group stepped up actions to target corporate users, which is the only growing market sector remaining, and focused on shop sales activities that meet customers' needs. In the corporate market, we raised the number of salespeople and took other steps to strengthen sales operations. By attracting new corporate customers and following up on corporate customers who visited shops, we efficiently raised earnings. Regarding sales activities at shops, the Group concentrated on generating profits by achieving a proper balance of sales. Shops recorded a gross profit by avoiding excessive competition and focused on sales of SD cards and other accessories in strong demand due to rising sales of 3G handsets. Shops also offered new handset models and after-sales services to preserve and enhance customer satisfaction without relying solely on sales to first-time users.

In the first half of 2006, consolidated segment sales totaled 10,663 million yen (98.0%, compared to the previous year) and operating income was 583 million yen (85.2%).

Network business

The core business is the provision of the direct-collection-type fixed line telephone service. In Japan, the total number of subscribers for this service was smaller than in 2005 when the service was started. One reason was that communications carriers held back on investments in this business. The result was an extremely challenging operating environment for the Group.

In this environment, the Group placed priority on profitability by downsizing this business in order to raise operating efficiency. Along with these actions by the Group, communications carriers attempted to lower the cancellation rate by revising the determination of commissions for a certain period and improving the application procedure. Nevertheless, the network business posted an operating loss in the first half.

Due to these actions, this segment posted sales of 364 million yen (128.1%) and an operating loss of 2 million yen (104 million yen loss one year earlier) in the first half of 2006.

Staffing services business

The provision of mobile phone sales personnel, the primary component of this business, benefited from solid demand for these individuals as all mobile phone sales agents made increasing use of personnel supplied by staffing services.

In this environment, the Group has made additional investments in this business, including the opening of an

operating base in Osaka. These actions follow the achievement of this segment's first profitable six-month period in the second half of 2005. Sales rose steadily, due in part to the contribution of the new Osaka office. However, this business recorded an operating loss because of expenses related to up-front investments to support growth in the future.

In the first half of 2006, segment sales totaled 714 million yen (197.9%) and there was an operating loss of 12 million yen (34 million yen loss one year earlier).

(2) Financial Position

Cash Flows:

There was a net decrease of 380 million yen in cash and cash equivalents to 1,003 million yen compared with June 30, 2005.

Net cash used in operating activities was 323 million yen compared with 528 million yen one year earlier. Major components of cash flows were income before income taxes of 364 million yen, a 496 million yen decrease in accounts receivable, a 124 million yen increase in inventories, a 611 million yen decrease in accounts payable, and income taxes paid of 307 million yen.

Net cash used in investing activities was 28 million yen compared with 289 million yen one year earlier. The primary uses of cash were payments of 82 million yen for the purchase of property, plant and equipment.

Net cash used in financing activities was 162 million yen compared with 126 million yen one year earlier. There were repayment of long-term debt of 107 million yen and cash dividends paid were 62 million yen.

Trends in cash flow indicators were as follows:

	Interim FY2004	Interim FY2005	Interim FY2006	FY2004	FY2005
Shareholders' equity ratio (%)	67.2	48.4	59.6	44.7	49.7
Shareholders' equity ratio at market cap (%)	118.5	91.9	120.6	74.8	103.5
Years of debt amortization (years)	-	-	-	-	-
Interest coverage ratio	251.9	-	-	424.3	-

The shareholders' equity ratio is calculated by dividing shareholders' equity by total assets.

The shareholders' equity ratio at market cap is calculated by dividing market capitalization by total assets.

The years of debt amortization is calculated by dividing interest-bearing debt by operating cash flows.

The interest coverage ratio is calculated by dividing operating cash flows by interest expenses.

* All of the above indicators are calculated using figures from the consolidated financial statements.

* Net cash used in operating activities on the statement of cash flows is used as operating cash flow. Interest paid on the statement of cash flows is interest expenses.

* Interest coverage ratio is not listed for the interim FY2006, because operating cash flows were negative.

(3) Outlook for full year

The domestic demand-backed recovery of Japan's economy is expected to continue in the second half of 2006. Although there are concerns about the price of crude oil and other items, household spending is growing as consumers feel the benefits of strong corporate earnings.

In this environment, the mobile phone sales industry is approaching the October 2006 start of phone number portability. There are hopes that this new system will raise demand for the entire industry. However, people are expected to delay mobile phone purchases prior to the start of number portability, as was the case in the first half of 2006. Moreover, people are putting off purchases of Vodafone products, the primary products handled by Bell-Park, because of the October 2006 switch to the Softbank brand and expectations for the accompanying launch of new services. For these reasons, the Company believes that market conditions will remain challenging.

Based on this outlook, in the mobile phone sales business, the Company will concentrate on generating sales from new major handset models and service plans of communications carriers, and on translating into sales the demand created by the start of phone number portability.

In the network business, the priorities are maintaining efficiency and offering a broader lineup of products and services with the aim of building a consistently profitable operating structure.

In the staffing services business, the goal is to continue to raise sales. In particular, the Company will use its larger sales network to take full advantage of demand generated by the start of phone number portability. The goal is to make this business profitable on an annual basis in 2006.

Based on this outlook, Bell-Park is forecasting net sales of 23,000 million yen (94.4%, compared to the previous year), ordinary income of 700 million yen (74.0%) and net income of 350 million yen (72.4%) in 2006.

(4) Business Risk and Other Risks

The following is a list of the primary items that represent risks with regard to Bell-Park's business activities. The Company discloses all items that it believes are significant with regard to investment decisions, including items that do not represent business-related risks. However, investors should be aware that this is not a complete risk of risks that can affect operating results.

Mobile phone sales business:

1) Reliance on a particular vendor

Vodafone accounts for 100% of the products that Bell-Park purchases and sells. Consequently, the operating results of the Company are highly vulnerable to changes in procurement terms, commissions and other transaction terms of Vodafone, the introduction of new products and services by this company, and business outlook of Vodafone.

2) Sales agent contract

The Company operates Vodafone shops on the basis of a sales agent contract with Vodafone. This contract is automatically renewed each year, but can be cancelled at any time. Therefore, there is a risk that the sales agent contract may be cancelled.

3) Shop opening plans

The opening of Vodafone shops is determined by the strategies of Vodafone. Therefore, changes in Vodafone's strategies can affect the Company's plans for new shops and its results of operations.

4) Sale of mobile phones

In the mobile phone retailing business, the number of new subscribers is falling as Japan's penetration rate climbs. Furthermore, handset life cycles are short and prices can easily drop because of the steady stream of new products incorporating new functions and other forms of added value.

5) Commissions received from mobile communication carriers

Bell-Park receives commissions from mobile communication carriers for acting as their agent in the sale of mobile communication service contracts. Depending on changes in the business policies of these carriers, there may be revisions in terms affecting these commissions, such as the amount paid, period over which commissions are paid, services for which commissions are paid, discounts for calling charges and other items. A major change in these terms could have a significant impact on the Company's results of operations.

Furthermore, contracts with communication carriers include a requirement to pay a cancellation fee when customers cancel a subscription soon after signing up. Consequently, the Group maintains an allowance for early subscription cancellations that is based on estimated payments in accordance with past short-term cancellation rates. Nevertheless, the possibility exists that an increase in these cancellations may cause cancellation fees to exceed the allowance. This could have a significant impact on results of operations.

6) Competition with other mobile phone retailers

New products and services are constantly emerging due to technological progress in the mobile communication industry. There are a large number of primary sales agents throughout Japan that have sales agent contracts with carriers as Bell-Park does. Furthermore, the rising penetration rate of mobile phones is reducing sales to new subscribers. These trends indicate that the Company and other mobile phone retailers will face an increasingly competitive environment. This competition could lower the Company's profit margins and have other negative effects on results of operations.

Network business:

1) Information concerning sales outsourcing contracts

Bell-Park has sales outsourcing contracts with mobile communication carrier (KDDI, etc.) and other communication carriers to act as a sales agent for service contracts for fixed-line, ADSL, FTTH and other services. Although these contracts cover a period of three years, the Group is exposed to the risk of contract cancellations because companies have the right to terminate a contract prior to its completion.

2) Risks associated with new business fields

Bell-Park started its network business in January 2005. Since then, the Company has been accumulating know-how in this business with the aim of becoming profitable as soon as possible. However, Bell-Park has much more expertise in its core mobile phone sales business than in the fixed-line communications industry. Furthermore, the Company needs to acquire more experience and expertise concerning call center operations. Consequently, the Company's network business may not perform as well as expected.

3) Commissions received from mobile communication carriers

Bell-Park receives commissions from communication carriers for its services as a sales agent for service contracts for the fixed-line, ADSL, FTTH and other services provided by these carriers.

Depending on changes in the business policies of these carriers, there may be revisions in terms affecting these commissions, such as the amount paid, period over which commissions are paid, and other items. A major change in these terms could have a significant impact on the Company's results of operations.

Furthermore, contracts with communication carriers include a requirement to pay a cancellation fee when customers cancel a subscription soon after signing up. Consequently, the Group maintains an allowance for early subscription cancellations that is based on estimated payments in accordance with past short-term cancellation rates. Nevertheless, the possibility exists that an increase in these cancellations may cause cancellation fees to exceed the allowance. This could have a significant impact on results of operations.

4) Competition with other mobile phone retailers

New products and services are constantly emerging due to technological progress in the fixed-line and Internet communication service industry. There are a large number of primary sales agents throughout Japan that have sales agent contracts with carriers as Bell-Park does. Furthermore, the rising penetration rate of mobile phones is reducing sales to new subscribers.

These trends indicate that the Company and other mobile phone retailers will face an increasingly competitive environment. This competition could lower the Company's profit margins and have other negative effects on results of operations.

Staffing services business:

1) Personnel recruiting

In the staffing services business, success is highly dependent on the ability to recruit talented workers. The Group constantly places want ads in a variety of media and takes other recruiting actions in order to steadily increase the number of registered workers. However, there may be a significant change in the recruiting environment due to fluctuations in employment statistics associated with economic trends, a shift in Japan's population composition, and changes in other parameters. If these events prevent the Company from recruiting personnel as planned, the performance of the staffing business could suffer, negatively impacting the Group's results of operations.

2) Reliance on a particular industry

The Group's staffing services business is highly reliant on the mobile communications industry. There may be a significant decline in the number of carrier shops, the primary assignment for workers provided by the Group, due to a change in the shop network policies of mobile communication carriers. There may also be changes in the employment policies of mobile communication carriers and their sales agents. A significant decline in the use of staffing services caused by such changes could have a significant impact on the Group's results of operations.

3) Laws and regulations

In Japan, the staffing services business is regulated in accordance with the provisions of the Worker Dispatch Law. In the event that the Bell-Park Group violates this law, the Minister of Health, Labour and Welfare may cancel the Company's license to conduct a general worker staffing service business. The Group is committed to conducting this business in compliance with the Worker Dispatch Law. However, in the event that the Group loses its license for some reason, it may no longer be possible to conduct this business, resulting in a significant impact on the Group's results of operations.

Customer information

Bell-Park takes steps to maintain an internal management system for customer information. However, in the event of an inadvertent leak of customer information, there could be an adverse impact on the Company's financial condition and operating results due to erosion in public confidence or a requirement to pay financial damages. In addition, there may be an increase in expenses required to establish a customer information protection system in the future.

4. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Financial Statements

1) Interim Consolidated Balance Sheets

Account	*	Interim FY2005 (As of June 30, 2005)		Interim FY2006 (As of June 30, 2006)		FY2005 (As of Dec. 31, 2005)	
		Thousand yen	%	Thousand yen	%	Thousand yen	%
Assets							
I. Current assets							
1. Cash on hand and in banks		1,383,903		1,003,619		1,517,834	
2. Accounts receivable -trade and accounts receivable -other		2,129,874		1,903,010		2,399,386	
3. Inventories		1,413,471		1,415,135		1,286,622	
4. Other current assets		181,295		199,355		175,238	
5. Allowance for doubtful accounts		(306)		(4,228)		(1,073)	
Total current assets		5,108,237	80.0	4,516,893	76.5	5,378,008	79.0
II. Fixed assets							
1. Property, plant and equipment	*1						
(1) Buildings		195,371		266,480		216,102	
(2) Others		98,949		86,712		107,130	
Total property, plant and equipment		294,321	4.6	353,192	6.0	323,233	4.7
2. Intangible assets		27,931	0.4	30,745	0.5	22,316	0.3
3. Investments and other assets							
(1) Investment securities		100,477		119,515		105,688	
(2) Leasehold deposits		636,922		684,557		767,222	
(3) Others		223,064		202,139		216,318	
(4) Allowance for doubtful accounts		(1,895)		(375)		(2,204)	
Total investments other assets		958,569	15.0	1,005,837	17.0	1,087,025	16.0
Total fixed assets		1,280,822	20.0	1,389,776	23.5	1,432,575	21.0
Total assets		6,389,060	100.0	5,906,669	100.0	6,810,583	100.0

Account	*	Interim FY2005 (As of June 30, 2005)		Interim FY2006 (As of June 30, 2006)		FY2005 (As of Dec. 31, 2005)	
		Thousand yen	%	Thousand yen	%	Thousand yen	%
Liabilities							
I. Current liabilities							
1. Accounts payable - trade and accounts payable - other		2,233,952		1,452,404		2,064,253	
2. Reserve for employees' bonuses		48,908		54,719		48,255	
3. Allowance for early subscription cancellations		81,205		34,080		77,951	
4. Other current liabilities		850,219		757,560		1,053,178	
Total current liabilities		3,214,286	50.3	2,298,765	38.9	3,243,639	47.6
II. Long-term liabilities							
1. Liability for employees' retirement benefits		25,811		29,808		24,463	
2. Other long-term liabilities		57,489		55,559		158,588	
Total long-term liabilities		83,300	1.3	85,368	1.5	183,051	2.7
Total liabilities		3,297,587	51.6	2,384,133	40.4	3,426,691	50.3
Shareholders' equity							
I. Common stock		1,085,035	17.0	-	-	1,086,140	15.9
II. Capital surplus		1,539,443	24.1	-	-	1,540,547	22.6
III. Retained earnings		644,039	10.1	-	-	961,866	14.1
IV. Net unrealized holding gain on securities		283	0.0	-	-	3,373	0.1
V. Treasury stock		(177,329)	(2.8)	-	-	(208,036)	(3.0)
Total shareholders' equity		3,091,472	48.4	-	-	3,383,892	49.7
Total liabilities and shareholders' equity		6,389,060	100.0	-	-	6,810,583	100.0
Net assets							
I. Shareholders' equity							
1. Common stock		-	-	1,089,889	18.5	-	-
2. Capital surplus		-	-	1,544,296	26.1	-	-
3. Retained earnings		-	-	1,093,856	18.5	-	-
4. Treasury stock		-	-	(208,036)	(3.5)	-	-
Total shareholders' equity		-	-	3,520,006	59.6	-	-
II. Valuation and translation adjustments							
1. Net unrealized holding gain on securities		-	-	2,529	0.0	-	-
Total valuation and translation adjustments		-	-	2,529	0.0	-	-
Total net assets		-	-	3,522,536	59.6	-	-
Total liabilities and net assets		-	-	5,906,669	100.0	-	-

2) Interim Consolidated Statements of Income

Account	*	Interim FY2005 (Jan. 1 – Jun. 30, 2005)		Interim FY2006 (Jan. 1 – Jun. 30, 2006)		FY2005 (Jan. 1 – Dec. 31, 2005)	
		Thousand yen	%	Thousand yen	%	Thousand yen	%
I. Net sales		11,484,467	100.0	11,610,554	100.0	24,355,489	100.0
II. Cost of goods sold		9,361,082	81.5	9,166,918	78.9	19,671,400	80.8
Gross profit		2,123,385	18.5	2,443,635	21.1	4,684,088	19.2
III. Selling, general and administrative expenses	*1	1,755,917	15.3	2,086,730	18.0	3,735,328	15.3
Operating income		367,467	3.2	356,905	3.1	948,760	3.9
IV. Non-operating income							
1. Interest income		13		0		14	
2. Leasing expenses		4,206		4,206		8,412	
3. Insurance reimbursement		-		7,048		-	
4. Other non-operating income		7,730	11,950	0.1	3,372	14,627	0.1
V. Non-operating expenses							
1. Interest expenses		777		804		1,585	
2. Leasing expenses		5,377		5,377		10,754	
3. Other non-operating expenses		1,526	7,681	0.1	1,475	7,657	0.1
Ordinary income		371,736	3.2	363,875	3.1	946,257	3.9
VI. Extraordinary income							
1. Gain on sale of investment securities		-		30,000		-	
2. Gain on reversal of allowance for doubtful accounts		-	-	1,260	31,260	0.3	-
VII. Extraordinary loss							
1. Loss on sale of fixed assets		-		382		-	
2. Loss on removal of fixed assets	*2	7,881		10,944		11,112	
3. Shop closures expenses		7,154		-		7,154	
4. Impairment losses	*3	-		17,776		-	
5. Loss on sale of memberships		-	15,035	0.1	1,265	30,369	0.3
Income before income taxes		356,700	3.1	364,766	3.1	927,989	3.8
Income taxes - current		205,761		139,452		463,638	
Income taxes - deferred		(14,440)	191,321	1.7	30,396	169,848	1.4
Net income		165,379	1.4	194,917	1.7	483,206	2.0

3) Interim Consolidated Statements of Retained Earnings and Changes in Shareholders' Equity

Interim Consolidated Statements of Retained Earnings

Account	*	Interim FY2005 (Jan. 1 – Jun. 30, 2005)		Interim FY2006 (Jan. 1 – Jun. 30, 2006)		FY2005 (Jan. 1 – Dec. 31, 2005)	
		Thousand yen		Thousand yen		Thousand yen	
Capital surplus							
I. Capital surplus at beginning of period			1,539,443		-		1,539,443
II. Increase in capital surplus							
1. New stock issue for the exercise of stock options		-	-	-	-	1,104	1,104
III. Capital surplus at end of period			1,539,443		-		1,540,547
Retained earnings							
I. Retained earnings at beginning of period			542,557		-		542,557
II. Increase in retained earnings							
1. Net income		165,379	165,379	-	-	483,206	483,206
III. Decrease in retained earnings							
1. Cash dividends		63,897	63,897	-	-	63,897	63,897
IV. Retained earnings at end of period			644,039		-		961,866

Interim Consolidated Statement of Changes in Shareholders' Equity

Interim FY2006 (Jan. 1, 2006 – Jun. 30, 2006)

Thousand yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of December 31, 2005	1,086,140	1,540,547	961,866	(208,036)	3,380,518
Changes in the period					
New stock issue	3,748	3,748			7,497
Dividend of surplus			(62,927)		(62,927)
Net income			194,917		194,917
Changes (net) in items other than shareholders' equity					
Total changes in the period	3,748	3,748	131,990		139,487
Balance as of June 30, 2006	1,089,889	1,544,296	1,093,856	(208,036)	3,520,006

	Valuation and translation adjustments		Total net assets
	Net unrealized holding gain on securities	Total valuation and translation adjustments	
Balance as of December 31, 2005	3,373	3,373	3,383,892
Changes in the period			
New stock issue			7,497
Dividend of surplus			(62,927)
Net income			194,917
Changes (net) in items other than shareholders' equity	(843)	(843)	(843)
Total changes in the period	(843)	(843)	138,644
Balance as of June 30, 2006	2,529	2,529	3,522,536

4) Interim Consolidated Statements of Cash Flows

		Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)	FY2005 (Jan. 1 – Dec. 31, 2005)
Account	*	Thousand yen	Thousand yen	Thousand yen
I. Cash flows from operating activities				
Income before income taxes		356,700	364,766	927,989
Depreciation and amortization		29,675	37,797	69,772
Impairment losses		-	17,776	-
Amortization of goodwill		2,886	5,001	6,349
Increase (decrease) in allowance for doubtful accounts		(1,585)	1,325	(509)
Increase in reserve for employees' bonuses		13,096	6,464	12,443
Increase (decrease) in allowance for early subscription cancellations		44,900	(43,871)	41,646
Increase in liability for employees' retirement benefits		1,502	5,345	154
Interest and dividend income		(13)	(1)	(14)
Interest expenses		777	804	1,585
Gain on sale of investment securities		-	(30,000)	-
Loss on sale and removal of fixed assets		7,881	11,327	11,112
Decrease (increase) in account receivables		79,961	496,376	(189,550)
Increase in inventories		(354,218)	(124,858)	(227,368)
Decrease in accounts payable		(44,901)	(611,849)	(214,600)
Decrease in accounts payable - other		(387,881)	(115,500)	(435,902)
Others		28,580	(35,706)	193,413
Subtotal		(222,637)	(14,801)	196,521
Interests and dividends received		13	1	14
Interests paid		(777)	(804)	(1,585)
Income taxes refund (paid)		(304,816)	(307,646)	(459,422)
Net cash provided by (used in) operating activities		(528,217)	(323,251)	(264,472)
II. Cash flows from investing activities				
Payment for purchase of investment securities		(100,000)	(15,250)	(100,000)
Payment for purchase of property, plant and equipment		(115,662)	(82,361)	(183,269)
Payment for purchase of business	*2	(19,047)	(18,733)	(19,047)
Others		(55,104)	88,130	(195,808)
Net cash provided by (used in) investing activities		(289,815)	(28,214)	(498,125)
III. Cash flows from financing activities				
Proceeds from long-term debt		-	-	107,590
Repayment of long-term debt		-	(107,590)	-
Proceeds from issuance of new stock		-	7,497	2,208
Payment for purchase of treasury stock		(63,747)	-	(94,454)
Cash dividends paid		(63,224)	(62,656)	(63,820)
Net cash provided by (used in) financing activities		(126,972)	(162,748)	(48,476)
IV. Net decrease in cash and cash equivalents		(945,005)	(514,214)	(811,074)
V. Cash and cash equivalents at beginning of year		2,328,908	1,517,834	2,328,908
VI. Cash and cash equivalents at end of period	*1	1,383,903	1,003,619	1,517,834

Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements

	Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)	FY2005 (Jan. 1 – Dec. 31, 2005)
1. Principles of consolidation	<p>The consolidated financial statements include the accounts of the Company and its three consolidated subsidiaries.</p> <p>Name of consolidated subsidiary: Japan Pro Staff Co., Ltd. Nikka Co., Ltd. Upward Mobility Co., Ltd.</p> <p>Effective the current interim period, Upward Mobility Co., Ltd., is consolidated due to establishment.</p>	<p>The consolidated financial statements include the accounts of the Company and its five consolidated subsidiaries.</p> <p>Name of consolidated subsidiary: Japan Pro Staff Co., Ltd. Nikka Co., Ltd. Upward Mobility Co., Ltd. Opt Power Co., Ltd. Mobile Tiger Co., Ltd.</p>	<p>The consolidated financial statements include the accounts of the Company and its five consolidated subsidiaries.</p> <p>Name of consolidated subsidiaries: Japan Pro Staff Co., Ltd. Nikka Co., Ltd. Upward Mobility Co., Ltd. Opt Power Co., Ltd. Mobile Tiger Co., Ltd.</p> <p>Effective the current fiscal year, Upward Mobility Co., Ltd., Opt Power Co., Ltd., and Mobile Tiger Co., Ltd. are consolidated due to establishment.</p>
2. Period end of consolidated subsidiaries	The end of the interim period of the consolidated subsidiary is the same as that for the Company.	Same as on the left.	The end of the fiscal year of the consolidated subsidiary is the same as that for the Company.
3. Significant accounting policies			
(1) Valuation criteria and methods for principal assets	<p>1) 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.</p> <p>Securities without market quotations: Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p> <p>2) Inventories Merchandise: Merchandise is stated at cost determined primarily by the moving-average method. Supplies: Supplies are stated at cost, cost being determined by the last purchase price method.</p>	<p>1) 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.</p> <p>Securities without market quotations: Same as on the left.</p> <p>2) Inventories Merchandise: Same as on the left.</p> <p>Supplies: Same as on the left.</p>	<p>1) 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.</p> <p>Securities without market quotations: Same as on the left.</p> <p>2) Inventories Merchandise: Same as on the left.</p> <p>Supplies: Same as on the left.</p>

	Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)	FY2005 (Jan. 1 – Dec. 31, 2005)																								
(2) Depreciation and amortization of significant depreciable assets	<p>1) Property, plant and equipment Depreciation of property, plant and equipment is primarily computed by the declining-balance method. Useful life of principle assets is as follows:</p> <table border="0"> <tr> <td>Buildings:</td> <td>3-24 years</td> </tr> <tr> <td>Structures:</td> <td>10-20 years</td> </tr> <tr> <td>Vehicles:</td> <td>2-6 years</td> </tr> <tr> <td>Furniture and fixtures:</td> <td>2-15 years</td> </tr> </table> <p>2) Intangible assets Straight-line method. The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method. Goodwill recorded during the period was amortized for 3 years by the straight-line method.</p> <p>(Changes in accounting principles) In prior year, goodwill was amortized lump sum as accrued. Effective from the current consolidated interim period, goodwill is amortized by the straight-line method over a period of three years. The above change in the accounting policy is in keeping with the expected revisions to the corporate accounting standards and aims at normalizing period income by more reasonably reflecting the impact of investment on operating results. The effect of this change in the accounting policy was to reduce the operating income and ordinary income by 2,886 thousand yen each and increase the income before income taxes by 16,161 thousand yen, compared to the amounts that would have been reported if the previous accounting standards had been applied consistently.</p> <p>3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p>	Buildings:	3-24 years	Structures:	10-20 years	Vehicles:	2-6 years	Furniture and fixtures:	2-15 years	<p>1) Property, plant and equipment Depreciation of property, plant and equipment is primarily computed by the declining-balance method. Useful life of principle assets is as follows:</p> <table border="0"> <tr> <td>Buildings:</td> <td>3-28 years</td> </tr> <tr> <td>Structures:</td> <td>10-20 years</td> </tr> <tr> <td>Vehicles:</td> <td>2-6 years</td> </tr> <tr> <td>Furniture and fixtures:</td> <td>2-15 years</td> </tr> </table> <p>2) Intangible assets Straight-line method. The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method. Goodwill recorded during the period was amortized for 3 years by the straight-line method.</p> <p>3) Long-term prepaid expenses Same as on the left.</p>	Buildings:	3-28 years	Structures:	10-20 years	Vehicles:	2-6 years	Furniture and fixtures:	2-15 years	<p>1) Property, plant and equipment Depreciation of property, plant and equipment is primarily computed by the declining-balance method. Useful life of principle assets is as follows:</p> <table border="0"> <tr> <td>Buildings:</td> <td>3-24 years</td> </tr> <tr> <td>Structures:</td> <td>10-20 years</td> </tr> <tr> <td>Vehicles:</td> <td>2-6 years</td> </tr> <tr> <td>Furniture and fixtures:</td> <td>2-15 years</td> </tr> </table> <p>2) Intangible assets Straight-line method. The development costs of software intended for internal use are amortized over an estimated useful life of 5 years by the straight-line method. Goodwill recorded during the fiscal year was amortized for 3 years by the straight-line method.</p> <p>(Changes in accounting principles) In prior year, goodwill was amortized lump sum as accrued. Effective from the current consolidated fiscal year, goodwill is amortized by the straight-line method over a period of three years. The above change in the accounting policy is in keeping with the expected revisions to the corporate accounting standards and aims at normalizing period income by more reasonably reflecting the impact of investment on operating results. The effect of this change in the accounting policy was to reduce the operating income and ordinary income by 6,349 thousand yen each and increase the income before income taxes by 12,698 thousand yen, compared to the amounts that would have been reported if the previous accounting standards had been applied consistently.</p> <p>3) Long-term prepaid expenses Same as on the left.</p>	Buildings:	3-24 years	Structures:	10-20 years	Vehicles:	2-6 years	Furniture and fixtures:	2-15 years
Buildings:	3-24 years																										
Structures:	10-20 years																										
Vehicles:	2-6 years																										
Furniture and fixtures:	2-15 years																										
Buildings:	3-28 years																										
Structures:	10-20 years																										
Vehicles:	2-6 years																										
Furniture and fixtures:	2-15 years																										
Buildings:	3-24 years																										
Structures:	10-20 years																										
Vehicles:	2-6 years																										
Furniture and fixtures:	2-15 years																										

	Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)	FY2005 (Jan. 1 – Dec. 31, 2005)
(3) Recognition of significant allowances	<p>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.</p> <p>2) Reserves for employees' bonuses As a means of providing for bonus obligations, the Company designates in the reserve account an amount estimated to have accrued for the current interim period.</p> <p>3) Allowance for early subscription cancellations The Company and subsidiaries refund subscription commission to the telecom carrier, with which it has agency or a sales outsourcing agreement, if mobile/fixed-line phone users cancel his subscription early. To provide for repayment of subscription commission related to such early subscription cancellations, the Company provides an allowance equal to the estimated amounts of refund for early subscription commission based on the historical refund ratio.</p> <p>4) Liability for employees' retirement benefits To provide for employee retirement benefits, the Company provides an allowance for retirement benefits in the amount deemed to have accrued, determined (simple method) on the basis of the projected benefit obligation on the interim period balance sheet date.</p>	<p>1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Reserves for employees' bonuses Same as on the left.</p> <p>3) Allowance for early subscription cancellations Same as on the left.</p> <p>4) Liability for employees' retirement benefits Same as on the left.</p>	<p>1) Allowance for doubtful accounts Same as on the left.</p> <p>2) Reserves for employees' bonuses As a means of providing for bonus obligations, the Company designates in the reserve account an amount estimated to have accrued for the current fiscal year.</p> <p>3) Allowance for early subscription cancellations Same as on the left.</p> <p>4) Liability for employees' retirement benefits To provide for employee retirement benefits, the Company provides an allowance for retirement benefits in the amount deemed to have accrued, determined (simple method) on the basis of the projected benefit obligation on the fiscal year balance sheet date.</p>
(4) Other significant accounting policies in the preparation of consolidated financial statements	<p>1) Accounting for consumption taxes All amounts stated are exclusive of national and local consumption taxes.</p>	<p>1) Accounting for consumption taxes Same as on the left.</p>	<p>1) Accounting for consumption taxes All amounts stated are exclusive of consumption taxes.</p>

	Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)	FY2005 (Jan. 1 – Dec. 31, 2005)
4. Scope of cash and cash equivalents on consolidated statements of cash flows	For the purpose of consolidated 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 three months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.	Same as on the left.	Same as on the left.

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

Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)	FY2005 (Jan. 1 – Dec. 31, 2005)
-	(Accounting standard concerning impairment of fixed assets) Effective from the current interim period, the Company has adopted the accounting standards for presentation of impairment of fixed assets ("Statement of Opinion, Accounting for Impairment of Fixed Assets," (ASBJ; August 9, 2002) and the "Accounting Standard Implementation Guidance for Impairment of Fixed Assets," (Accounting Standard Implementation Guidance No. 6; October 31, 2003). The effect of this change was to decrease income before income taxes by 17,776 thousand yen. 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 consolidated Financial Statements.	-
-	(Accounting standard concerning presentation of net assets on balance sheet) Effective from the current interim period, the Company has adopted "Accounting Standard for Presentation of Net Assets on Balance Sheet" (Business Accounting Council Standard No. 5; December 9, 2005) and "Accounting Standard Implementation Guidance for Presentation of Net Assets on Balance Sheet" (Accounting Standard Implementation Guidance No. 8; December 9, 2005). The amount equivalent to the total of shareholders' equity under the former accounting standard is 3,522,536 thousand yen, no difference in the amount of net assets.	-

Reclassifications

Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)
<p>(Consolidated Statements of Income)</p> <p>Effective from the current interim period “Shop closures expense”, presented as a component of “Other extraordinary loss” account for the previous interim period, are reclassified and presented as a separate item since the “Shop closures expense” exceeded 10% of “Extraordinary loss” at the end of the current interim period.</p> <p>“Shop closures expense” totaled 2,360 thousand yen at the end of the previous interim period.</p>	-
<p>(Consolidated Statements of Cash Flows)</p> <p>“Increase (decrease) in accounts payable -other,” included in “Others” under “Cash flows from operating activities” in the previous interim period, is reclassified and presented as a separate line item, given the increase in the materiality of impact in the context of the consolidated financial statements.</p> <p>In the previous interim period, “Increase (decrease) in accounts payable -other,” included in “Others” amounted to 8,992 thousand yen.</p>	-

Supplementary Information

Interim FY2005 (Jan. 1 – Jun. 30, 2005)	Interim FY2006 (Jan. 1 – Jun. 30, 2006)	FY2005 (Jan. 1 – Dec. 31, 2005)
<p>(Method for displaying the pro forma portion of corporate taxes in the consolidated statements of income)</p> <p>The Accounting Standards Board of Japan released on February 13, 2004 its Practical Response Report No. 12 “Practical handling of the display of the pro forma portion of corporate taxes in income statements.” In line with this report, we have included 7,526 thousand yen from the added value and capital portion of income taxes in selling, general, and administrative expenses, starting from the current interim period.</p>	-	<p>(Method for displaying the pro forma portion of corporate taxes in the consolidated statements of income)</p> <p>The Accounting Standards Board of Japan released on February 13, 2004 its Practical Response Report No. 12 “Practical handling of the display of the pro forma portion of corporate taxes in income statements.” In line with this report, we have included 16,211 thousand yen from the added value and capital portion of income taxes in selling, general, and administrative expenses, starting from the current fiscal year.</p>

Notes to Interim Consolidated Financial Statements

Notes to Interim Consolidated Balance Sheets

Thousand yen

Interim FY2005 (As of Jun. 30, 2005)	Interim FY2006 (As of Jun. 30, 2006)	FY2005 (As of Dec. 31, 2005)
*1. Accumulated depreciation of property, plant and equipment 128,530	*1. Accumulated depreciation of property, plant and equipment 193,212	*1. Accumulated depreciation of property, plant and equipment 164,340

Notes to Interim Consolidated Statements of Income

Thousand yen

Interim FY2005 (Jan. 1 - Jun. 30, 2005)	Interim FY2006 (Jan. 1 - Jun. 30, 2006)	FY2005 (Jan. 1 - Dec. 31, 2005)								
*1. Significant components of selling, general and administrative expenses Wages and allowances 478,624 Miscellaneous wages 187,174 Rent 253,394 Provision of reserve for employees' bonuses 50,093 Retirement benefit expenses 5,322	*1. Significant components of selling, general and administrative expenses Wages and allowances 566,536 Miscellaneous wages 253,544 Rent 299,620 Provision of reserve for employees' bonuses 53,650 Retirement benefit expenses 8,433	*1. Significant components of selling, general and administrative expenses Wages and allowances 993,108 Miscellaneous wages 407,711 Rent 526,552 Provision of reserve for employees' bonuses 49,457 Retirement benefit expenses 7,052								
*2. Significant components loss on removal of fixed assets Buildings 6,802 Furniture & fixture 1,079 Total 7,881	*2. Significant components loss on removal of fixed assets Buildings 10,880 Furniture & fixture 63 Total 10,944	*2. Significant components loss on removal of fixed assets Buildings 6,802 Furniture & fixture 1,173 Intangible assets (Software) 3,137 Total 11,112								
	*3. Impairment losses The Group recorded impairment losses in the following asset category in the current interim period. <table border="1"> <tr> <td>Location</td> <td>Kitami Call Center (Kitami City, Hokkaido) of the network business</td> </tr> <tr> <td>Use</td> <td>Telephone equipment</td> </tr> <tr> <td>Category</td> <td>Furniture and fixtures</td> </tr> <tr> <td>Impairment losses</td> <td>17,776 thousand yen</td> </tr> </table> <p>As a rule, the Group groups its operations by business segments and business sites for accounting purposes in order to constantly monitor profitability. The above impairment losses of 17,776 thousand yen represents the reduction in the book value of assets to the amount that can be recovered in conjunction with the closing of the Kitami Call Center. The recoverable amount is based on estimated net sales proceeds, which are nil because the Group believes it will be difficult to sell these assets.</p>	Location	Kitami Call Center (Kitami City, Hokkaido) of the network business	Use	Telephone equipment	Category	Furniture and fixtures	Impairment losses	17,776 thousand yen	
Location	Kitami Call Center (Kitami City, Hokkaido) of the network business									
Use	Telephone equipment									
Category	Furniture and fixtures									
Impairment losses	17,776 thousand yen									

Notes to Consolidated Statement of Changes in Shareholders' Equity

Interim FY2006 (Jan. 1, 2006 – Jun. 30, 2006)

1. Type and number of outstanding shares and treasury stocks

	Number of shares as of Dec. 31, 2005 (Shares)	Increase during the period (Shares)	Decrease during the period (Shares)	Number of shares as of Jun. 30, 2006 (Shares)
Outstanding shares				
Common shares (Note 1)	65,961.18	102.00	-	66,063.18
Total	65,961.18	102.00	-	66,063.18
Treasury stock				
Common shares	3,033.50	-	-	3,033.50
Total	3,033.50	-	-	3,033.50

Note: 1. The increase in the number of common shares issued (102 shares) is due to the issue of new shares resulting from the exercise of stock subscription rights.

2. Items related to acquisition rights for new shares and treasury stock

Item	Stock acquisition rights (itemized)	Type of shares under stock acquisition rights	Number of shares under stock acquisition rights (Shares)				Balance as of Jun 30, 2006 (Thousand yen)
			As of Dec. 31, 2005	Increase during the period	Decrease during the period	As of Jun. 30, 2006	
Reporting company	Stock subscription rights approved in 1999 (Note 1, 6, 8)	Common shares	283.5	-	67.5	216.0	-
Reporting company	Stock subscription rights approved in 2000 (Note 1, 6, 8)	Common shares	45.0	-	9.0	36.0	-
Reporting company	Stock subscription rights No.1 approved in 2001 (Note 1, 6, 8)	Common shares	279.0	-	18.0	261.0	-
Reporting company	Stock subscription rights No.2 approved in 2001 (Note 2, 6, 8)	Common shares	198.0	-	45.0	153.0	-
Reporting company	Stock subscription rights No.1 approved in 2002 (Note 3, 6, 8)	Common shares	387.0	-	57.0	330.0	-
Reporting company	Stock subscription rights No.2 approved in 2002 (Note 2, 6, 8)	Common shares	27.0	-	9.0	18.0	-
Reporting company	New stock acquisition rights approved in 2003 (Note 7, 8)	Common shares	150.0	-	-	150.0	-
Reporting company	New stock acquisition rights approved in 2005 (Note 4, 8)	Common shares	1,158.0	-	74.0	1,084.0	-
Reporting company	New stock acquisition rights approved in 2006 (Note 4, 5, 8)	Common shares	-	654.0	8.0	646.0	-
Total		-					

Notes:

- The decrease in the number of shares in the current interim period is due to the invalidation of stock subscription rights.
- The decrease in the number of shares in the current interim period is due to the exercise of stock subscription rights.
- The decrease in the number of shares in the current interim period is due to the exercise and invalidation of stock subscription rights.
- The decrease in the number of shares in the current interim period is due to the invalidation of stock acquisition rights.
- The increase in the number of shares in the current interim period is due to the issue of stock acquisition rights.
- Outstanding balance of unexercised stock subscription rights.
- Outstanding balance of unexercised stock acquisition rights.
- No outstanding balance since the stock acquisition rights were issued without receipt of consideration and before the Company Act went into force.

3. Dividends

(1) Dividends payment

Resolution	Type of share	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
Annual meeting of shareholders on March 30, 2006	Common shares	62,927	1,000	December 31, 2005	March 31, 2006

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

No reportable information

Notes to Interim Consolidated Statements of Cash Flows

Thousand yen

Interim FY2005 (Jan. 1 - Jun. 30, 2005)	Interim FY2006 (Jan. 1 - Jun. 30, 2006)	FY2005 (Jan. 1 - Dec. 31, 2005)
*1. Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the period is made as follows: (As of Jun. 30, 2005) Cash on hand and in banks 1,383,903 Cash and cash equivalents 1,383,903	*1. Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the period is made as follows: (As of Jun. 30, 2006) Cash on hand and in banks 1,003,619 Cash and cash equivalents 1,003,619	*1. Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets for the period is made as follows: (As of Dec. 31, 2005) Cash on hand and in banks 1,517,834 Cash and cash equivalents 1,517,834 *2. Assets and liabilities increased by business transferred during the fiscal year are as follows: Fixed assets 24,040 Total assets 24,040

Leases

No reportable information.

Securities

Interim FY2005 (As of Jun. 30, 2005):

1. Securities without market quotations

Thousand yen

	Acquisition cost	Carrying value	Valuation gain (loss)
Other securities	100,000	100,477	477

Interim FY2006 (As of Jun. 30, 2006):

1. Securities with market quotations classified as "Other securities"

Thousand yen

	Acquisition cost	Carrying value	Valuation gain (loss)
Other securities	100,000	104,265	4,265

2. Securities without market quotations

Thousand yen

	Carrying value
Other securities Non-listed securities (excluding over-the-counter)	15,250

FY2005 (As of Dec. 31, 2005):

1. Securities without market quotations

Thousand yen

	Acquisition cost	Carrying value	Valuation gain (loss)
Other securities	100,000	105,688	5,688

Derivatives

Interim FY2005 (Jan. 1 - Jun. 30, 2005), Interim FY2006 (Jan. 1 - Jun. 30, 2006), and FY2005 (Jan. 1 - Dec. 31, 2005):

No reportable information. The Group did not have derivative transactions.

Stock Options

Interim FY2006 (Jan. 1, 2006 – Jun. 30, 2006)

1. Description, size and changes in stock options

(1) Description of stock options

	Stock options (issued in 1999)	Stock options (2000)	Stock options No.1 (2001)
Number and qualifications of individuals to be granted	Company's directors (2) and employees (21)	Company's director (1) and employees (10)	Company's director (1) and employees (24)
Type and number of share (Note 1)	Common shares: 648	Common shares: 126	Common shares: 522
Grant date	November 12, 1999	March 15, 2000	April 6, 2001
Terms of exercise	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (November 12, 1999) to the date of the establishment of the right of exercise (November 12, 2001).	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (March 15, 2000) to the date of the establishment of the right of exercise (March 16, 2002).	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (April 6, 2001) to the date of the establishment of the right of exercise (April 1, 2002).
Period of service for eligibility	Nov. 12, 1999 – Nov. 11, 2001	Mar. 16, 2000 – Mar. 15, 2002	Apr. 6, 2001 – Mar. 31, 2002
Exercise period	8 years (Nov. 12, 2001 – Nov. 11, 2009)	8 years (Mar. 16, 2002 – Mar. 15, 2010)	9 years (Apr. 1, 2002 – Mar. 29, 2011)
Exercise price (yen)	92,593	94,445	73,022
Average stock price at the time of exercise (yen)	-	-	-
Fair value at the grant date (Note 2) (yen)	-	-	-

	Stock options No. 2 (2001)	Stock options No. 1 (2002)	Stock options No. 2 (2002)
Number and qualifications of individuals to be granted	Company's employees (31)	Company's director (1) and employees (49)	Company's employees (10)
Type and number of share (Note 1)	Common shares: 612	Common shares: 672	Common shares: 219
Grant date	April 6, 2001	April 5, 2002	April 5, 2002
Terms of exercise	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (April 6, 2001) to the date of the establishment of the right of exercise (April 1, 2003).	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (April 5, 2002) to the date of the establishment of the right of exercise (April 1, 2003).	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (April 5, 2002) to the date of the establishment of the right of exercise (April 1, 2004).
Period of service for eligibility	Apr. 6, 2001 – Mar. 31, 2003	Apr. 5, 2002 – Mar. 31, 2005	Apr. 5, 2002 – Mar. 31, 2004
Exercise period	8 years (Apr. 1, 2003 – Mar. 29, 2011)	4 years (Apr. 1, 2003 – Mar. 28, 2007)	3 years (Apr. 1, 2004 – Mar. 28, 2007)
Exercise price (yen)	73,022	73,888	73,888
Average stock price at the time of exercise (yen)	118,400	134,625	132,000
Fair value at the grant date (Note 2) (yen)	-	-	-

	Stock options (2003)	Stock options (2005)	Stock options (2006)
Number and qualifications of individuals granted the stock options	Company's employees (2)	Company's employees (120)	Company's employees (130)
Type and number of stock options (see note1)	Common shares: 300	Common shares: 1,304	Common shares: 654
Date of grant of stock options	September 1, 2003	May 11, 2005	April 28, 2006
Terms of exercise	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (September 1, 2003) to the date of the establishment of the right of exercise (April 1, 2004).	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (May 11, 2005) to the date of the establishment of the right of exercise (April 1, 2007).	Of the persons granted the stock options must maintain the position of director, auditor or an employee (or a contract employees) of the Company or its subsidiary from the date of grant (April 28, 2006) to the date of the establishment of the right of exercise (April 1, 2008).
Period of service for eligibility	Sep. 1, 2003 – Mar. 31, 2004	May 11, 2005 – Mar. 31, 2007	Apr. 28, 2006 – Mar. 31, 2008
Exercise period	4 years (Apr. 1, 2004 – Mar. 27, 2008)	5 years (Apr. 1, 2007 – Mar. 31, 2012)	5 years (Apr. 1, 2008 – Mar. 31, 2013)
Exercise price (yen)	57,334	105,000	146,000
Average stock price at the time of exercise (yen)	-	-	-
Fair value (date of issue) (see note2) (yen)	-	-	-

Notes: 1. Figures are presented as equivalent number of shares. The number of shares is adjusted for stock-splits conducted after the grant of the stock options.

2. Not presented since the stock options were issued without receipt of consideration before the Company Act went into force.

(2) Size and changes in stock options

The following statement includes stock options valid during the current consolidated interim period (June 2006) and is presented as the number of shares resulting from the exercise of the stock options.

Number of stock options

After rights ascertainment

	Stock options (1999)	Stock options (2000)	Stock options No.1 (2001)	Stock options No.2 (2001)	Stock options No.1 (2002)	Stock options No.2 (2002)	Stock options (2003)
At beginning of period	283.5	45.0	279.0	198.0	387.0	27.0	150.0
Rights ascertained	-	-	-	-	-	-	-
Rights exercised	-	-	-	45.0	48.0	9.0	-
Invalidated	67.5	9.0	18.0	-	9.0	-	-
Balance of unexercised rights	216.0	36.0	261.0	153.0	330.0	18.0	150.0

Before rights ascertainment

	Stock options (2005)	Stock options (2006)
At beginning of period	1,158.0	-
Issued	-	654.0
Invalidated	74.0	8.0
Rights ascertained	-	-
Rights not ascertained	1,084.0	646.0

2. Impact on interim consolidated financial statements

The stock options, which were issued by the Company, have no impact on the interim consolidated financial statements since they were issued before the Company Act went into force.

Segment Information

Operating segment information

Interim FY2005 (Jan. 1 - Jun. 30, 2005):

Thousands yen

	Mobile phone sales business	Network business	Staffing services business	Total	Elimination or corporate	Consolidated
Net sales						
(1) Sales to third parties	10,876,243	284,134	324,090	11,484,467	-	11,484,467
(2) Internal sales and transfers	-	-	37,127	37,127	(37,127)	-
Total	10,876,243	284,134	361,217	11,521,594	(37,127)	11,484,467
Operating expenses	10,191,115	388,556	395,892	10,975,564	141,435	11,117,000
Operating income (loss)	685,127	(104,422)	(34,674)	546,030	(178,562)	367,467

Notes:

- Operating segments are classified on the basis of products, the type and nature of services.
- Principal products and services in each operating segment are as follows:
 - Mobile phone sales business: Mobile phone sales and accepting applications for mobile phone service
 - Network business: Handling applications for fixed-line communication service contracts
 - Staffing services business: Provision of temporary employees to companies, and recruiting and training employees for other companies
- Among operating expenses, the undistributed operating expenses listed under "Eliminations or corporate" amounted to 184,562 thousand yen. The undistributed operating expenses generally comprise expenses associated with the administrative departments of the Company.
- Operating segment information is not provided for prior periods since the share of the mobile phones sales business segment exceeded 90% each of the combined sales and operating income of all segments. Effective the current interim period, the network business segment is presented as a separate line item since the segment's operating loss exceeds 10% of the combined operating income of all segments.

Interim FY2006 (Jan. 1 - Jun. 30, 2006):

Thousands yen

	Mobile phone sales business	Network business	Staffing services business	Total	Elimination or corporate	Consolidated
Net sales						
(1) Sales to third parties	10,663,797	364,020	582,736	11,610,554	-	11,610,554
(2) Internal sales and transfers	-	-	131,973	131,973	(131,973)	-
Total	10,663,797	364,020	714,710	11,742,527	(131,973)	11,610,554
Operating expenses	10,079,848	366,760	726,970	11,173,579	80,069	11,253,648
Operating income (loss)	583,948	(2,740)	(12,260)	568,948	(212,042)	356,905

Notes:

- Operating segments are classified on the basis of products, the type and nature of services.
- Principal products and services in each operating segment are as follows:
 - Mobile phone sales business: Mobile phone sales and accepting applications for mobile phone service
 - Network business: Handling applications for fixed-line communication service contracts
 - Staffing services business: Provision of temporary employees to companies, and recruiting and training employees for other companies
- Among operating expenses, the undistributed operating expenses listed under "Eliminations or corporate" amounted to 220,066 thousand yen. The undistributed operating expenses generally comprise expenses associated with the administrative departments of the Company.

	Mobile phone sales business	Network business	Staffing services business	Total	Elimination or corporate	Consolidated
I. Net sales and operating income (loss)						
Net sales						
(1) Sales to third parties	22,929,819	582,875	842,794	24,355,489	-	24,355,489
(2) Internal sales and transfers	-	-	87,943	87,943	(87,943)	-
Total	22,929,819	582,875	930,738	24,443,433	(87,943)	24,355,489
Operating expenses	21,406,132	781,357	960,776	23,148,266	258,462	23,406,729
Operating income (loss)	1,523,686	(198,482)	(30,037)	1,295,166	(346,406)	948,760

Notes:

- Operating segments are classified on the basis of products, the type and nature of services.
- Principal products and services in each operating segment are as follows:
 - Mobile phone sales business: Mobile phone sales and accepting applications for mobile phone service
 - Network business: Handling applications for fixed-line communication service contracts
 - Staffing services business: Provision of temporary employees to companies, and recruiting and training employees for other companies
- Among operating expenses, the undistributed operating expenses listed under "Eliminations or corporate" amounted to 361,458 thousand yen. The undistributed operating expenses generally comprise expenses associated with the administrative departments of the Company.
- Operating segment information is not provided for prior periods since the share of the mobile phones sales business segment exceeded 90% each of the combined sales and operating income of all segments. Effective the current fiscal year, the network business segment is presented as a separate line item since the segment's operating loss exceed 10% of the combined operating income of all segments.

Geographical Segment Information

Interim FY2005 (Jan. 1 - Jun. 30, 2005), Interim FY2006 (Jan. 1 - Jun. 30, 2006), and FY2005 (Jan. 1 - Dec. 31, 2005):
Geographic segment information is not presented since the Companies did not have consolidated subsidiaries in areas other than Japan.

Overseas Sales

Interim FY2005 (Jan. 1 - Jun. 30, 2005), Interim FY2006 (Jan. 1 - Jun. 30, 2006), and FY2005 (Jan. 1 - Dec. 31, 2005):
The Companies operate mainly in Japan and have no overseas sales.

Per Share Information

Interim FY2005 (Jan. 1 - Jun. 30, 2005)		Interim FY2006 (Jan. 1 - Jun. 30, 2006)		FY2005 (Jan. 1 - Dec. 31, 2005)	
	Yen		Yen		Yen
Net assets per share	48,895.83	Net assets per share	55,886.94	Net assets per share	53,774.30
Net income per share (basic)	2,590.29	Net income per share (basic)	3,095.20	Net income per share (basic)	7,617.43
Net income per share (diluted)	2,580.81	Net income per share (diluted)	3,065.50	Net income per share (diluted)	7,583.04

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

	Thousand yen		
	Interim FY2005 (Jan. 1 - Jun. 30, 2005)	Interim FY2006 (Jan. 1 - Jun. 30, 2006)	FY2005 (Jan. 1 - Dec. 31, 2005)
Net income per share (basic)			
Net income	165,379	194,917	483,206
Amount not available to common shareholders	-	-	-
Net income available to common shares	165,379	194,917	483,206
Average number of shares outstanding	63,845.79 shares	62,974.24 shares	63,434.33 shares
Net income per share (diluted)			
Increase in the number of common shares	234.74 shares	610.17 shares	287.61 shares
[of which stock acquisition rights]	[234.74]	[610.17]	[287.67]
Summary of potential stock not included in the calculation of "net income per share (diluted)" since there was no dilutive effect in the period	<p>New stock acquisition rights under the provisions of Article 280-19 of the Commercial Code of Japan: (Approved at the General Meeting of Shareholders held on Nov. 11, 1999) Number of shares to be issued: 283.5 shares Exercise price: 92,593 yen</p> <p>(Approved at the General Meeting of Shareholders held on Mar. 15, 2000) Number of shares to be issued: 45.0 shares Exercise price: 94,445 yen</p> <p>New stock acquisition rights under the provisions of Article 280-20 and 280-21 of the Commercial Code of Japan: (Approved at the General Meeting of Shareholders held on Mar. 29, 2005) Number of shares to be issued: 1,289.0 shares Exercise price: 105,000 yen</p>	<p>New stock acquisition rights under the provisions of Article 280-20 and 280-21 of the Commercial Code of Japan: (Approved at the General Meeting of Shareholders held on Mar. 30, 2006) Number of shares to be issued: 646.0 shares Exercise price: 146,000 yen</p>	<p>New stock acquisition rights under the provisions of Article 280-19 of the Commercial Code of Japan: (Approved at the General Meeting of Shareholders held on Nov. 11, 1999) Number of shares to be issued: 283.5 shares Exercise price: 92,593 yen</p> <p>(Approved at the General Meeting of Shareholders held on Mar. 15, 2000) Number of shares to be issued: 45.0 shares Exercise price: 94,445 yen</p> <p>New stock acquisition rights under the provisions of Article 280-20 and 280-21 of the Commercial Code of Japan: (Approved at the General Meeting of Shareholders held on Mar. 29, 2005) Number of shares to be issued: 1,158.0 shares Exercise price: 105,000 yen</p>

Subsequent Events

No reportable information.

(2) Others

No reportable information.

5. Production, Orders and Sales

(1) Production

No reportable information since the Group has no manufacturing operations.

(2) Procurement

Procurement by products line for the current interim period as follows:

Thousand yen

Business by segment	Interim FY2006 (Jan. 1 - Jun. 30, 2006)	Vs. previous year
Mobile phone sales business	7,725,298	93.2%
Network business	-	-
Staffing services business	70	18.9%
Total	7,725,369	93.2%

Notes:

1. Amounts are based on purchase prices.
2. The above amounts are exclusive of consumption taxes.

(3) Orders

No reportable information since the Group has not accepts advance orders.

(4) Sales

Schedule of sales for the current interim period as follows:

Thousand yen

Business by segment	Item	Interim FY2006 (Jan. 1 - Jun. 30, 2006)	Vs. previous year
Mobile phone sales business	Merchandise sales	2,047,120	100.7%
	Commissions received	8,616,676	97.4%
	Sub-total	10,663,797	98.0%
Network business	Commissions received	364,020	128.1%
Staffing services business	Sales	582,736	179.8%
Total		11,610,554	101.1%

Notes:

1. Inter-segment transactions are set off and eliminated.
2. For the current and previous interim period of sales to principal customers and their shares of total sales:

Thousand yen

Customer	Interim FY2005 (Jan. 1 - Jun. 30, 2005)		Interim FY2006 (Jan. 1 - Jun. 30, 2006)	
	Amount	Share	Amount	Share
Vodafone K.K.	9,001,396	78.4%	8,768,209	75.5%

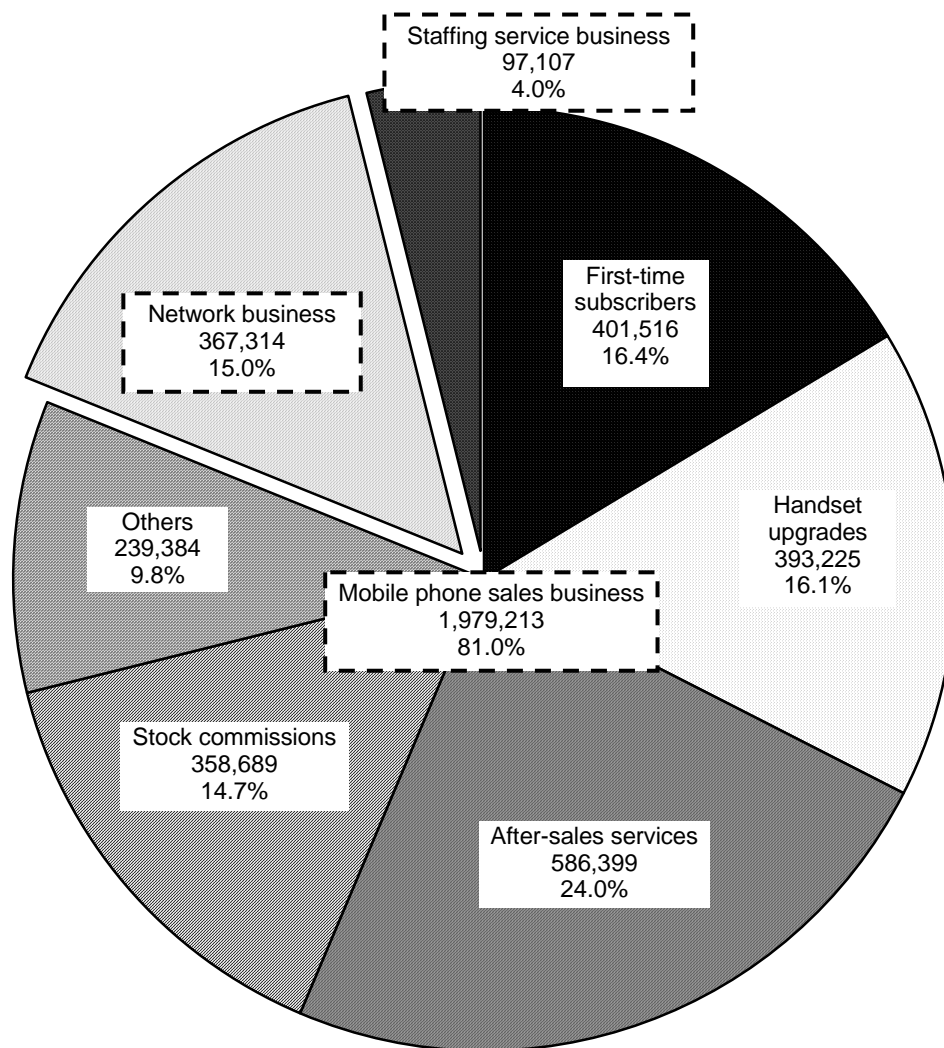
3. The above amounts are exclusive of consumption taxes.

(Reference)

1. Composition of Consolidated Gross profit

The composition of consolidated gross profit for the first half year ended June 30, 2006 (Jan. 1 – Jun. 30, 2006) is as follows:

(Thousand yen)



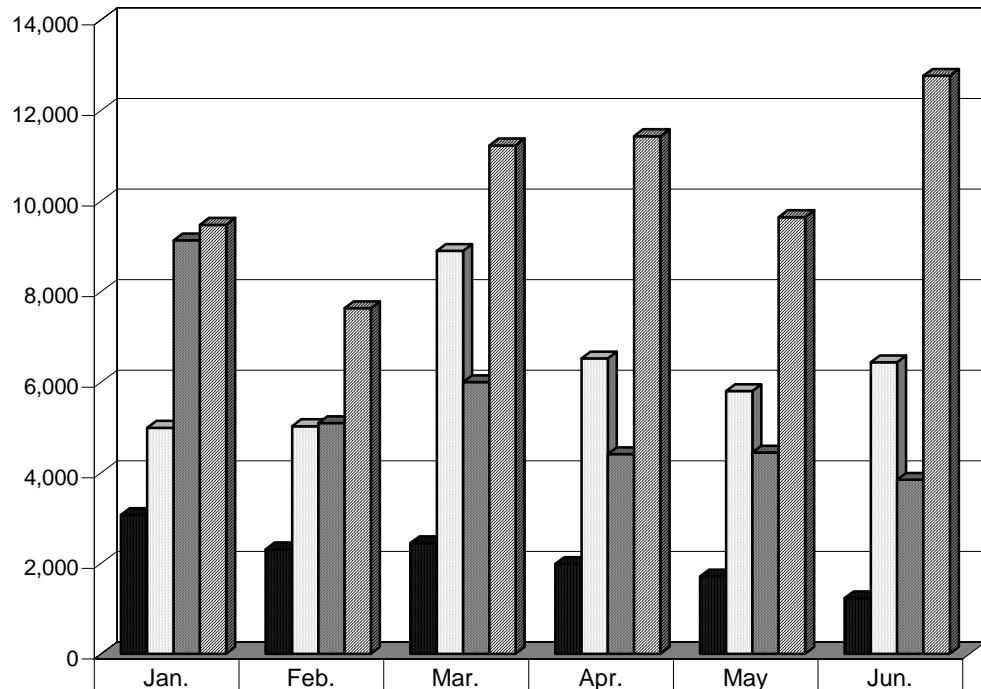
- # After-sales service: Services on consignment from mobile communication carriers including handset upgrades, service plan changes, repair and maintenance.
- # Others: Prepaid mobile phones, accessories, etc.
- # First-time subscribers: Total of 2G and 3G first-time subscribers
- Handset upgrades: Total of 2G and 3G handset upgrades

(Reference)

2. Number of Mobile Phones Sold

Monthly unit sales for the first half year ended June 30, 2006 are summarized below.

(Units)



	Jan.	Feb.	Mar.	Apr.	May	Jun.
■ First-time subscribers (2G)	3,066	2,305	2,442	1,982	1,707	1,227
□ First-time subscribers (3G)	4,992	5,028	8,896	6,524	5,804	6,436
▒ Handset upgrades (2G)	9,133	5,094	5,998	4,409	4,447	3,845
▓ Handset upgrades (3G)	9,474	7,633	11,227	11,434	9,645	12,764