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Consolidated Earnings Report for the Third Quarter of the 2007 Fiscal Year

July 17, 2007

Index Holdings
(Securities Code No. 4835, JASDAQ)

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1. Third Quarter Financial Information Facts

1) Simplified accounting methods were adopted

Details: Simplified accounting methods were adopted in part to prepare corporate tax, etc.

2) Accounting methods have changed from those used in recent consolidated fiscal years.

3) Classification changes among consolidated subsidiaries and equity method affiliates:

Consolidated Subsidiaries:

- Additions: 22 companies
- Exclusions: 6 companies

Equity method affiliates:

- Additions: 4 companies
- Exclusions: 1 company

2. Consolidated financial performance for the third quarter of the 2007 fiscal year (September 1, 2006 - May 31, 2007)

(Note) Amounts shown in this consolidated report for the quarter are unaudited.

(1) Consolidated Performance

	Net Sales & Operating Revenue	Operating Profit	Ordinary Profit
	(Millions of yen) (%)	(Millions of yen) (%)	(Millions of yen) (%)
3rd Quarter: 2007 FY	100,544 (26.7)	1,272 (△72.8)	4,802 (8.9)
3rd Quarter: 2006 FY	79,335 (50.5)	4,674 (△14.4)	4,410 (△21.5)
(Reference) 2006 FY	111,685	6,173	6,651

	Net Profit (3rd Quarter)	EPS (3rd Quarter)	EPS (Diluted) (3rd Quarter)
	(Millions of yen) %	(Yen)	(Yen)
3rd Quarter: 2007 FY	△5,882 (—)	△2,765.62	—
3rd Quarter: 2006 FY	2,872 (△43.8)	1,397.66	1,345.35
(Reference) 2006 FY	3,070	1,481.49	1,442.92

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(Note)

1. Net Sales (or items corresponding to do it) are the amount accumulating to the end of the third quarter.
2. Net sales, operating profit, ordinary profit and net profit show the percentage of increase or decrease compared with the results of the 3rd Quarter of the prior year.

(2) Consolidated Finances

	Total Assets	Net Assets	Capital Ratio	Net Assets Per Share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
3rd Quarter: 2007 FY	182,311	87,326	38.6	33,086.45
3rd Quarter: 2006 FY	159,033	93,417	51.6	43,976.44
(Reference) 2006 FY	161,737	86,531	47.0	35,788.84

3. Consolidated forecast for the fiscal year ending August 2007
(September 1, 2006 - August 31, 2007)

	Net Sales & Operating Revenue	Ordinary Profit	Net Profit
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Full term	135,000~140,000	7,000~9,000	△8,000~△4,500

(Reference) Forecast EPS for the 2007 fiscal year: △3,760.12~△2,115.07 yen

(Note) Estimated net profit per share for the third quarter has been calculated based on the total number of outstanding shares at the end of the third quarter (2,127,592 shares).

- * The above performance forecast is dependent upon the information available on the day of release of document's publication and assumption made about a number of uncertain factors on the day of release of this document's publication that can affect results. Actual results may vary from the forecasts for various factors.

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1. Consolidated Financial Statement

(1) 3rd Quarter Consolidated Balance Sheet

	Prior Fiscal Year 3rd Quarter (May 31, 2006)	Current Fiscal Year 3rd Quarter (May 31, 2007)	Change Over 3rd Quarter Prior Fiscal Year		(Reference) Prior Fiscal Year (Aug. 31, 2006)
	(millions of yen)	(millions of yen)	(millions of yen)	%	(millions of yen)
Assets					
I Current assets:					
1. Cash & bank deposits	22,301	30,130	7,828		23,273
2. Notes & accounts receivable	24,243	27,156	2,912		27,279
3. Marketable securities	169	3,090	2,921		1,061
4. Inventories	9,759	17,503	7,743		8,762
5. Deferred tax assets	1,059	759	△300		1,286
6. Other	9,486	9,557	70		9,535
7. Special account for returnable loans	△35	△45	△9		△38
Allowance for doubtful receivables	△67	△633	△565		△246
Total current assets	66,916	87,518	20,601	30.8	70,913
II Fixed assets:					
1. Tangible fixed assets:					
(1) Buildings/Structures	1,555	3,303	1,747		1,662
(2) Machinery & vehicles	254	221	△33		262
(3) Property	701	796	94		679
(4) Other	2,331	2,777	445		2,019
Total fixed assets	4,843	7,098	2,255	46.6	4,624
2. Intangible assets:					
(1) Goodwill & consolidated adjustments	283	27,038	26,754		253
(2) Software	1,680	1,833	153		1,365
(3) Software in progress	93	131	37		424
(4) Consolidation goodwill	30,097	—	△30,097		25,259
(5) Other	1,478	1,099	△379		1,646
Total intangible assets	33,634	30,104	△3,530	△10.5	28,949
3. Investments/other assets:					
(1) Investment securities	51,137	46,627	△4,510		54,575
(2) Long-term loans receivable	206	1,204	997		290
(3) Deferred tax liabilities	301	461	160		302
(4) Other	2,045	11,198	9,153		2,168
Allowance for doubtful receivables	△61	△1,902	△1,840		△86
Total investments & other assets	53,630	57,590	3,960	7.4	57,250
Total fixed assets	92,108	94,793	2,685	2.9	90,824
III Deferred assets:					
1. Bond expense	8	—	△8		-
Total deferred assets	8	—	△8	—	-
Total assets	159,033	182,311	23,278	14.6	161,737

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	Prior Fiscal Year 3rd Quarter (May 31, 2006)	Current Fiscal Year 3rd Quarter (May 31, 2007)	Change Over 3rd Quarter Prior Fiscal Year		(Reference) Prior Fiscal Year (Aug. 31, 2006)
	(millions of yen)	(millions of yen)	(millions of yen)	%	(millions of yen)
Liabilities					
I Current liabilities					
1. Notes and accounts payable	14,759	16,020	1,261		14,664
2. Short-term bank loans	23,089	53,624	30,534		30,427
3. Income taxes payable etc.	2,768	1,471	△1,297		9,055
4. Deferred tax liability	67	505	438		65
5. Accrued bonuses	253	653	399		258
6. Allowance for sales return	70	205	135		88
7. Other	11,095	11,927	832		13,881
Total current liabilities	52,105	84,409	32,304	62.0	68,441
II Fixed liabilities					
1. Bonds	1,349	1,515	165		1,522
2. Long-term debt	1,753	4,222	2,468		1,047
3. Deferred tax liabilities	6,344	1,718	△4,625		1,472
4. Retirement benefits	518	592	74		552
5. Directors' retirement allowance	73	142	68		24
6. Other	3,470	2,384	△1,085		2,143
Total fixed liabilities	13,510	10,576	△2,934	△21.7	6,764
Total liabilities	65,615	94,985	29,369	44.8	75,205
Net assets					
I Shareholders' equity					
1. Capital	36,027	36,071	44	0.1	36,027
2. Capital surplus	36,373	36,418	44	0.1	36,374
3. Accumulated earnings	△1,574	△8,515	△6,940	—	△1,714
4. Treasury stock	△110	△110	—	—	△110
Total shareholders' equity	70,715	63,863	△6,852	△9.7	70,575
II Exchange rate effect					
1. Other revaluations of securities	9,466	1,380	△8,086	△85.4	3,113
2. Currency adjustment account	1,835	5,151	3,315	180.7	2,369
Total exchange rate effect	11,301	6,531	△4,770	△42.2	5,482
III Share warrant	0	171	170	-	-
IV Minority shareholders' equity	11,399	16,760	5,360	47.0	10,473
Total net assets	93,417	87,326	△6,091	△6.5	86,531
Total Liabilities & Assets	159,033	182,311	23,278	14.6	161,737

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3rd Quarter Consolidated Statement of Income

	Prior Fiscal Year 3rd Quarter (May 31, 2006)	Current Fiscal Year 3rd Quarter (May 31, 2007)	Change Over 3rd Quarter Prior Fiscal Year		(Reference) Prior Fiscal Year (Aug. 31, 2006)
	(millions of yen)	(millions of yen)	(millions of yen)	%	(millions of yen)
I Net sales	79,335	100,544	21,208	26.7	111,685
II Cost of sales	51,213	71,886	20,673	40.4	73,669
Gross profit on sales	28,122	28,657	535	1.9	38,015
III Sales & administrative expenses	23,448	27,385	3,937	16.8	31,841
Operating profit	4,674	1,272	△3,401	△72.8	6,173
IV Non operating income	437	4,714	4,276	978.0	1,377
V Non operating expense	701	1,183	482	68.8	899
Ordinary profit	4,410	4,802	392	8.9	6,651
VI Extraordinary profit	9,774	1,001	△8,773	△89.8	23,326
VII Extraordinary loss	7,526	8,421	895	11.9	17,990
Income before income tax etc. (3rd Quarter)	6,658	△2,617	△9,275	—	11,987
Corporate, municipal and business tax	4,247	1,365	△2,882	△67.9	10,513
Corporate tax adjustments etc.	△1,190	1,911	3,101	—	△2,072
Minority interest	728	△11	△740	—	474
Net profit (3rd Quarter)	2,872	△5,882	△8,754	—	3,070

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(2) Segment Information

(1) Business segment information

Prior Fiscal Year 3rd Quarter (September 1, 2005 – May 31, 2006)

	Content	Solutions	Commerce	Publishing	Total	Elimination	Consolidated
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sales							
(1) Sales from external clients	45,295	20,702	10,792	2,544	79,335	—	79,335
(2) Internal sales or transfer between segments	96	313	39	1	451	(451)	—
Total	45,391	21,016	10,832	2,546	79,787	(451)	79,335

Current Fiscal Year 3rd Quarter (September 1, 2006 – May 31, 2007)

	Mobile & Solutions Business	Entertainment Business	Commerce & Publishing Business	Total	Elimination or corporate	Consolidated
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sales						
(1) Sales from external clients	39,019	45,969	15,556	100,544	—	100,544
(2) Internal sales or transfer between segments	1,135	19	133	1,287	(1,287)	—
Total	40,154	45,988	15,689	101,832	(1,287)	100,544

(Reference) Prior Fiscal Year (September 1, 2005 - August 31, 2006)

	Content	Solutions	Commerce	Publishing	Total	Elimination or corporate	Consolidated
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sales							
(1) Sales from external clients	63,192	29,413	15,548	3,531	111,685	-	111,685
(2) Internal sales or transfer between segments	121	564	134	24	845	(845)	-
Total	63,313	29,977	15,682	3,556	112,530	(845)	111,685

(Note)

- Each business category is based on internal administration with consideration of market and business structure.
- The primary businesses of each category in the third quarter of the previous year and the previous fiscal year are as follows:

Category of Business	Content of Business
Contents Business	Planning, production and distribution of network contents for mobile and broadband
Solutions Business	Providing broadband system services and outsourcing system development
Commerce Business	Sales through mobile and websites
Publishing Business	Planning, production, publishing of magazines and other items

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3. Change in business segment category

The business category for “Business segment information” had been previously divided into the four categories of Content Business, Solutions Business, Commerce Business, and Publishing Business. However, beginning in the first quarter under review, they were recategorized into the Mobile & Solutions Business, Entertainment Business, and Commerce & Publishing Business. The primary businesses of each category are as follows:

Category of Business	Content of Business
Mobile & Solutions Business	Planning, development and distribution of content for cell phones (portable IP terminals) that can access the Internet, as well as entrusted development of systems and provision of solutions, such as terminal production, for customer companies
Entertainment Business	Acquisition of the copyright on and planning, production and distribution of content, including animation, games, and movies
Commerce & Publishing Business	Editing and publishing of books, magazines, and other items, and the mail order business linked to these media (through multiple platforms such as mobile devices and Internet TV), as well as operations of virtual and real shops

On June 1, 2006, the Group adopted a new system with the Company as a holding company. Under the new Group management structure, we will make every effort to maximize corporate value of the entire Group, pursuing efficient allocation of management resources and creation of group synergy. Business segment information by new business segment category for the third quarter of the previous year and the previous fiscal year are as follows:

Prior Fiscal Year 3rd Quarter (September 1, 2005 – May 31, 2006)

	Mobile & Solutions Business	Entertainment Business	Commerce & Publishing Business	Total	Elimination or corporate	Consolidated
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sales						
(1) Sales from external clients	36,776	28,860	13,698	79,335	—	79,335
(2) Internal sales or transfer between segments	1,414	68	32	1,515	(1,515)	—
Total	38,191	28,929	13,730	80,851	(1,515)	79,335

(Reference) Prior Fiscal Year (September 1, 2005 - August 31, 2006)

	Mobile & Solutions Business	Entertainment Business	Commerce & Publishing Business	Total	Elimination or corporate	Consolidated
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sales						
(1) Sales from external clients	51,320	40,935	19,429	111,685	—	111,685
(2) Internal sales or transfer between segments	1,827	147	67	2,041	(2,041)	—
Total	53,147	41,083	19,496	113,726	(2,041)	111,685

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(2) Geographical Segment information

Prior Fiscal Year 3rd Quarter (September 1, 2005 – May 31, 2006)

	Japan	North America	Europe	Asia	Other	Total	Eliminations or Corporate	Consolidated
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sales								
(1) Sales from external clients	59,320	815	15,851	3,318	28	79,335	—	79,335
(2) Internal sales or transfer between segments	2	—	16	—	—	19	(19)	—
Total	59,323	815	15,868	3,318	28	79,354	(19)	79,335

Current Fiscal Year 3rd Quarter (September 1, 2006 – May 31, 2007)

	Japan	North America	Europe	Asia	Other	Total	Eliminations or Corporate	Consolidated
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sales								
(1) Sales from external clients	81,743	776	15,901	1,992	129	100,544	—	100,544
(2) Internal sales or transfer between segments	310	3	8	0	—	322	(322)	—
Total	82,054	780	15,909	1,993	129	100,867	(322)	100,544

(Reference) Prior Fiscal Year (September 1, 2005 - August 31, 2006)

	Japan	North America	Europe	Asia	Other	Total	Eliminations or Corporate	Consolidated
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Sales								
(1) Sales from external clients	85,408	1,011	20,802	4,425	35	111,685	—	111,685
(2) Internal sales or transfer between segments	2	—	12	—	—	14	(14)	—
Total	85,411	1,011	20,814	4,425	35	111,699	(14)	111,685

(Note)

1. Countries or regions are categorized on the basis of geographical proximity.
2. Business regions outside of Japan have been categorized as follows:
 - North America: America
 - Europe: France, United Kingdom, Germany, Spain and Italy
 - Asia: Thailand, Indonesia, China and South Korea
 - Other: Morocco and Australia

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