



Consolidated Financial Results for FY2005 (Ended March 31, 2006)

April 27, 2006

Company name: Club iT Corporation

Listing: Hercules, Osaka Securities Exchange

Stock code: 4347

Head office location: Tokyo

(URL: <http://www.clubit.co.jp/>)

President & CEO: Taro Hashimoto

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Board meeting for approving: April 27, 2006

Parent company: SOFTBANK Broadmedia Corporation (and one other company)

Voting rights: 66.7%

Adoption of US GAAP: Not adopted

1. Consolidated Financial Results (April 1, 2005 - March 31, 2006)

(1) Results of Operations

(Figures rounded down to the nearest million yen)

	Revenue		Operating profit		Recurring profit	
	Million yen	YoY (%)	Million yen	YoY (%)	Million yen	YoY (%)
Year ended March 2006	9,275	(15.5)	2,805	758.3	2,739	832.1
Year ended March 2005	10,979	(3.4)	326	-	293	-

	Net profit		Net profit per share (basic)	Net profit per share (diluted)	ROE	Recurring profit to total assets	Recurring profit to revenue
	Million yen	YoY (%)	Yen	Yen	%	%	%
Year ended March 2006	1,645	-	96.86	92.47	92.4	63.1	29.5
Year ended March 2005	(513)	-	(61.42)	-	-	-	2.7

Notes: 1. Equity in earnings (losses) of non-consolidated subsidiaries

Mar. 2006: (67,503) million yen Mar. 2005: - million yen

2. Average number of shares outstanding (consolidated)

Mar. 2006: 16,987,256 shares Mar. 2005: 8,360,495 shares

3. Changes in accounting principles applied: Yes

4. "YoY change" represents relevant change in percentage compared to the same period of the previous year.

5. Net profit per share (diluted) is not presented since the Company posted a net loss for the year ended March 2005.

(2) Financial Position

	Total assets	Shareholders' equity	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2006	4,999	2,690	53.8	155.00
As of March 31, 2005	-	-	-	-

Note: Number of shares outstanding (consolidated) Mar. 31, 2006: 17,356,054 shares, Mar. 31, 2005: 8,394,927 shares

(3) Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Year ended March 2006	1,881	(1,306)	123	2,261
Year ended March 2005	3,689	382	(2,769)	1,560

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

Consolidated subsidiaries: 2 Non-consolidated subsidiary under the equity method: 0 Affiliates under the equity method: 2

(5) Change in Scope of Consolidation and the Application of Equity Method

Consolidated subsidiaries (Newly added): 2 (Excluded): 0

Equity-method affiliates (Newly added): 2 (Excluded): 0

2. Forecast for the FY2006 (April 1, 2006 - March 31, 2007)

	Revenue	Recurring profit	Net profit
	Million yen	Million yen	Million yen
First Half	4,600	600	350
Full year	10,200	1,600	950

Reference: Estimated net profit per share for the full year: 27.37 yen

*1. On January 25, 2006, the Board of Directors approved a resolution to conduct a two-for-one common stock split on April 1, 2006. The above estimated net profit per share reflects this split.

*2. Forecasts regarding future performance in these materials are based on 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.

(Reference): Quarterly Results of Operations

(Figures rounded down to the nearest million yen)

	Revenue	Operating profit	Recurring profit
	Million yen	Million yen	Million yen
1Q (Apr. 2005 – Jun. 2005)	2,441	746	730
2Q (Jul. 2005 – Sep. 2005)	2,335	765	764
3Q (Oct. 2005 – Dec. 2005)	2,330	712	701
4Q (Jan. 2006 – Mar. 2006)	2,167	581	543
Year ended Mar. 2006	9,275	2,805	2,739

1. The Corporate Group

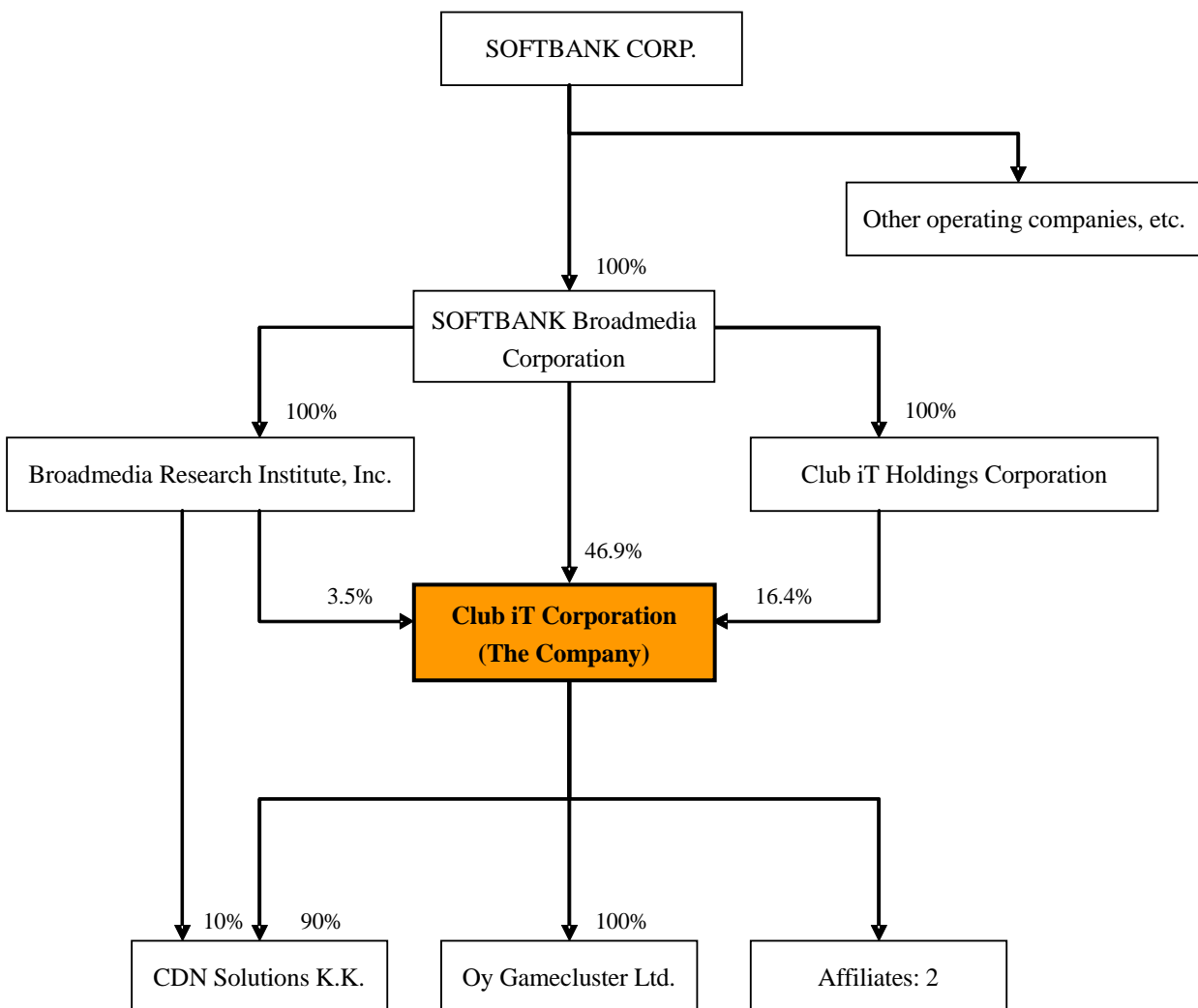
Club iT Corporation (the Company) is a subsidiary of SOFTBANK Broadmedia Corporation, the nucleus of the broadmedia (broadcasting and media) business of the SOFTBANK Group. Ownership of the Company as of March 31, 2006 by SOFTBANK Broadmedia and other SOFTBANK Group companies is shown in the diagram below.

The main business activities of the broadmedia business conducted by the SOFTBANK Broadmedia Group are the provision of applications and content using broadcast and communication broadband infrastructures as well as activities to increase the popularity of these services. As a key member of the SOFTBANK Broadmedia Group, the Company is engaged in a broad range of activities related to the above business operations.

During the current fiscal year ended March 31, 2006 (FY2005), the Company purchased 90% of the stock of CDN Solutions K.K. on April 1, 2005 and purchased 100% of the stock of Finland-based Oy Gamecluster Ltd. on July 1, 2005.

On April 3, 2006, the Company purchased 80% of the stock of CMX Co., Ltd. On April 13, 2006, shares held by Club iT Holdings Corporation, a major shareholder, were transferred to SOFTBANK AM CORPORATION, a wholly owned subsidiary of SOFTBANK CORP.

(As of March 31, 2006)



2. Management Policies

(1) Fundamental Management Policy

The corporate philosophy of Club iT is “By providing inexpensive systems to enjoy services, we provide a versatile framework and are working to develop an increasingly affluent community through the dissemination of high quality services derived from IT technologies.” Based on this philosophy, the Company aims to grow and develop by offering benefits to many users and service providers through the provision of innovative services made possible by new technologies.

The Company’s objective is to take its corporate philosophy to a higher level by targeting the rapidly growing broadband market, linking in the optimum manner infrastructure companies, content companies, application companies and users.

(2) Basic Policy Regarding Distribution of Earnings

Management places priority on returning earnings to shareholders as well as on ensuring that business operations remain competitive. The Company paid no dividend applicable to fiscal years through the year that ended in March 2005 because priority was placed on raising corporate value by raising retained earnings for the purpose of strengthening operations and laying the groundwork for future growth. The Company plans to pay a dividend per share of 10 yen applicable to FY2005. The Company will continue to distribute earnings based on all applicable factors, including operating results, the need to strengthen operations, the need to invest in future growth, and other items.

(3) Policy and Approach Regarding Reduction in Investment Unit

The Company’s investment unit has been 100 shares since its listing on the market in March 2002, because of the policy of placing importance on increasing the number of individual shareholders. Furthermore, a two-for-one stock split was conducted on May 20, 2005 to raise the liquidity of Company stock. On January 25, 2006, the Board of Directors approved a resolution to conduct a two-for-one stock split on April 1, 2006.

The Company will consider a reduction in the investment unit while taking into consideration stock market trends and the current size of the investment unit.

(4) Targets and Performance Indicators

Club iT conducts a number of businesses, each of which operates in a different environment and is in a different phase of growth. Therefore, management has established performance indicators that are suitable for each business and is working on maximizing corporate value.

(5) Medium- and Long-Term Management Strategies

The Company’s central management strategy is to achieve a revolution in the distribution of content by taking full advantage of its strengths as a content aggregator with a technology platform. Based on this strategy, the Company is expanding its three core businesses, game on demand, CDN and media content, by focusing on content services and technology services. At the same time, management intends to continue generating consistent earnings from the CS broadcasting service business and broadband business, which the Company has been conducting since its establishment. Regarding new businesses, the Company’s goal is to quickly launch a mobile business and increase revenue from this business.

Strategies for each business sector are as follows.

Game on Demand Business

This is an entirely new business that uses broadband networks to distribute and supply game titles on demand. This business has two elements. One is technology services, which involves the use of the revolutionary G-cluster technology to supply games and other software without the need to download or install the software in the user’s hardware. The other element is content services, which involves the provision of game content using G-cluster.

The goal of technology services is to enlarge the environment that enables the provision of G-cluster services. Accomplishing this involves the provision of server system licenses to Japanese and overseas operators as well as the installation of the required technology in set top boxes, PCs, game consoles and other hardware of Japanese and overseas companies.

The goal of content services is to establish a new content distribution market. Accomplishing this involves the aggressive establishment of collaborative agreements with Internet service providers (ISP), portal operators, Japanese and overseas game producers and other companies.

On July 1, 2005, Oy Gamecluster Ltd., owner of core technologies for G-cluster, became a subsidiary of Club iT. This acquisition gives Club iT a sound base for future business activities.

CDN Business

The CDN (content delivery network) Business offers services that enable distribution in the optimum manner of content supplied by content providers. The goal is to reinforce capabilities needed to handle the distribution of large-scale content, a market category that is expected to grow rapidly.

In March 2006, Club iT formed alliances with CDNNetworks Co., Ltd., which is based in South Korea, and its subsidiary CDNNetworks Japan Co., Ltd. This move will make possible the delivery of large-scale content as well as the distribution of content in South Korea and other Asian nations. The alliance will also make possible the delivery of content not only to PCs but also to mobile devices and many other devices.

In addition, Club iT has used its own distribution system to diversify its content delivery services through the provision of Broadmedia CDN® Entry, an inexpensive but high-quality entry-level distribution service. This allowed the Company to build a framework that can serve all sorts of market needs. Moreover, the Company aims to expand this business by greatly broadening the market and encouraging users to upgrade to higher-grade CDN services.

As has already been announced, U.S.-based Akamai Technologies, Inc. acquired U.S.-based Speedera Networks, Inc., an alliance partner of Club iT, on June 13, 2005. Since the acquisition, Akamai has been integrating the content distribution platforms of Club iT and Speedera Networks on a global scale. In November 2006, when the contract between Club iT and Speedera Networks expires, Club iT will unify its platform in Japan with that of Akamai. Currently, Club iT and Akamai are holding discussions with the aim of increasing their business collaboration.

On April 1, 2005, Club iT acquired a controlling interest in CDN Solutions K.K., the primary reseller of Akamai services in Japan. Since then, the Company has been conducting aggressive sales activities and plans to continue to provide services.

The CDN Business remains dedicated to offering the best possible solutions by incorporating technological advances that target customer needs.

Media Content Business

Club iT believes that the expansion of the broadband-based content distribution market is the fundamental direction of progress rather than merely a short-term event. As this progress takes place, the Media Content Business is developing its content business by taking advantage of its skill in evaluating content gained through its BBTV operations and its sound relationships and many accomplishments with content holders. This business will focus on conducting a highly innovative content distribution business by utilizing skills gained by serving as an aggregator. The goal is to execute even more forcefully a high-level strategy that clearly differentiates Club iT from companies that do nothing more than perform commodity-like content aggregation.

Broadband Business

The Broadband Business uses unique sales methods, such as tie-ins with the merchandise of alliance partners, to boost efficiency and profitability by doing more than merely selling broadband connections. Looking ahead, this business aims to work hard on the planning and supply of mobile devices and other communication products. The goal is to further increase the use of communication infrastructures and offer users even more convenience through the use of broadband services.

CS Broadcasting Service Business

This business has stopped activities to sign up new subscribers. However, the number of subscription cancellations is declining due to continuous actions to preserve and improve the level of services. Furthermore, profitability in this business continues to climb due to the completion of rental contracts for CS broadcast tuners and antennas provided to customers and to cost-cutting measures such as operational efficiency. The business will work even harder on enhancing services in order to achieve a further reduction in cancellations.

Mobile Business

The Mobile Business has been rapidly launching new businesses. The m-commerce business, My Closet, began operations in February 2005 and a mobile advertising business was launched in April 2006 by making the mobile advertising agency a subsidiary.

Using its mobile advertising business as the base, this business aims to grow by quickly building a business model that can generate mutual synergies among the m-commerce business, point service and the content business that the Mobile Business plans to begin.

(6) Important Issues

The Company's highest priority is increasing revenue and earnings by executing its medium- and long-term management strategies.

In addition to the above items, the Company is currently tackling the following issues.

1) Reinforce internal management systems

Club iT is currently transforming its business structure by launching new businesses that are centered on the delivery of content. Due to the nature of this business domain and to the fact that activities are now in a growth phase, the Company must correctly maintain management and business flow standards and ensure that these standards are followed throughout the company. For this purpose, the Company is constantly reexamining its entire management framework as well as improving internal management capabilities through the proper deployment of employees.

2) A high-profile IR program

The Company has been dedicated to providing accurate information to all stakeholders through the timely disclosure of information. Going forward, the Company will conduct a high-profile IR program that uses a variety of opportunities to achieve a greater understanding of the Company among more people. As one aspect of this stance, the Company has already enhanced the content provided through its Web site, started providing streaming video of quarterly financial results, added a report on operations following the annual shareholders meeting, and taken other actions. The Company plans to further upgrade IR activities, such as by holding information meetings for individual investors.

3) Strengthen the information management system

The importance of protecting personal information became even greater following the April 1, 2005 enforcement of all provisions of Japan's Personal Information Protection Law. The Company has responded with a comprehensive range of actions that include naming individuals who are responsible for managing information, primarily personal information, establishing various measures involving information systems, conducting rigorous training programs for employees, and upgrading the supervision of employees and companies that perform work on an outsourcing basis. Club iT received Privacy Seal certification in December 2005. The Company will work even harder on various information management initiatives and aim for continuous improvements in its information management system.

(7) Regarding Relationship with Parent Companies

(1) Name and other information of parent company

Parent company	Relationship with the Company	Voting rights held by parent companies	Exchange listing of parent company stock
SOFTBANK CORP.	Parent company	66.7% [66.7%]	Tokyo Stock Exchange, First Section
SOFTBANK Broadmedia Corporation	Parent company	66.7% [19.8%]	

Note: Brackets of voting rights held by the parent company includes indirect holdings.

*SOFTBANK Broadmedia Corporation is a wholly owned subsidiary of SOFTBANK CORP.

(2) Name of parent companies with greatest influence on listed company and reason

Names of companies believed to have the greatest influence on listed company	SOFTBANK CORP. SOFTBANK Broadmedia Corporation
Reason	High percentage of Company voting rights held by these two companies

(3) Relationship with SOFTBANK CORP. and SOFTBANK Broadmedia Corporation

SOFTBANK CORP. and SOFTBANK Broadmedia Corporation together hold 66.7% of the Company's voting rights.

Club iT provides a number of services to other SOFTBANK Group companies. These services include the supply of content and the provision of solicitation, application agency and other services for CDN (content delivery network) services and the Yahoo! BB comprehensive broadband service. In FY2005, the SOFTBANK Group accounted for about 49% of the Company's consolidated revenue.

In addition, the president and representative director of Club iT also serves as a representative director of SOFTBANK Broadmedia Corporation.

(4) Information concerning autonomy with regard to parent companies

When conducting business with SOFTBANK Group companies, Club iT conducts individual and direct negotiations with each client company, determining the terms for business transactions in the same manner as with companies outside the SOFTBANK Group. Almost all of Club iT's consolidated revenue from SOFTBANK Group companies is derived from subsidiaries of SOFTBANK CORP. The Company receives only a negligible amount of revenue from SOFTBANK CORP. and SOFTBANK Broadmedia Corporation.

Only one Club iT director, who is also a director of SOFTBANK Broadmedia Corporation, serves concurrently as a director of a parent company. No SOFTBANK CORP. directors are also Club iT directors. Consequently, the majority of the four Club iT directors serve solely on the Company's board. Decisions made by the Company are thus based on the resolutions of the Company's directors and not on directives or approval from a parent company. Club iT therefore believes that it has provided for sufficient autonomy from its parent companies.

(8) Other Significant Management Issues

No reportable information.

3. Results of Operations and Financial Position

(1) Results of Operations

The growing popularity of the Internet due to the introduction of broadband technology is expanding utilization of the Internet as well as creating greater diversity in user needs. In this environment, Club iT is positioning the following businesses as its core operations: the Game on Demand Business, CDN Business, Mobile Business and Media Content Business. Accordingly, the Company is currently transforming its business structure by shifting resources from its two established operations, the CS Broadcasting Service Business and Broadband Business, to these core businesses.

As this shift takes place, total revenue is decreasing because growth in revenue from the core businesses is insufficient to completely offset the decline in revenue from the two established businesses. Regarding earnings, the Company achieved record profits due to growth of the Media Content Business, which benefited from large-scale marketing campaigns, and our core CDN Business.

Due to these factors, consolidated revenue was 9,275,185 thousand yen, operating profit was 2,805,956 thousand yen, recurring profit was 2,739,221 thousand yen and net profit was 1,645,319 thousand yen.

Revenue and profit for each business segment were as follows.

Thousand yen

	Game on Demand Business	CDN Business	Media Content Business	Broadband Business	CS Broadcasting Service Business	Other businesses	Total
Revenue	160,190	1,140,828	1,705,511	2,269,148	3,998,641	865	9,275,185
Operating profit (loss)	(332,511)	199,514	640,694	89,362	2,340,540	(131,644)	2,805,956

Game on Demand Business

This business uses G-cluster technology to offer a game on demand service and supply game content. The business aims to make its activities more popular and expand operations in Japan and overseas.

FY2005 operating highlights were as follows.

(1) Established alliances with major ISP and portal companies concerning services for PCs. (2) Started offering services to GEOBB Inc. concerning set top box services targeting residential users. (3) Started offering services to Sheraton Grande Tokyo Bay Hotel, an official Tokyo Disney Resort® hotel. (4) Established alliance with S&K Co., Ltd., Japan's largest provider of systems for hotel guest rooms. (5) Started offering service for Media Online of Microsoft Corp. (6) Incorporated G-cluster technology in the set top box image processing chip (DSP) of Texas Instruments Inc. (7) Acquired Oy Gamecluster Ltd., owner of the key technologies for G-cluster. Through these and other measures, this business established a sound base for future growth.

This business is recording up-front expenses in order to prepare for medium- and long-term growth and to strengthen operating systems.

Consequently, revenue was 160,190 thousand yen but there was an operating loss of 332,511 thousand yen.

CDN Business

As the use of broadband increased and markets using this technology expanded, this business posted big increases in revenue and earnings due to actions to reinforce its operating framework.

Furthermore, on April 1, 2005, Club iT acquired CDN Solutions K.K., the primary reseller of Akamai Technologies, Inc. services in Japan. On March 15, 2006, formed alliances with CDNetworks Co., Ltd. and its subsidiary CDNetworks Japan Co., Ltd. Due to these actions, the CDN business can better respond to diverse customer needs, including demand for high-quality video streaming and downloads.

In this business, consolidated revenue totaled 1,140,828 thousand yen and operating profit was 199,514 thousand yen.

Media Content Business

This business uses the content aggregation expertise acquired by Club iT since its inception to supply content to the SOFTBANK Group and operate Club iT Arena, a portal site for PCs. In FY2005, this business achieved big increases in revenue and operating profit, due mainly to the provision of content for large-scale marketing campaigns. Among the year's many highlights were the supply of Fuji TV On Demand and TBS BooBo BOX to BBTB and the arrangement of NHK documentaries, the Time Bokan series of Tatsunoko Productions and other content for TV Bank.

Club iT Arena, which distributes content to PCs, took steps to upgrade its services, such as by offering the Hong Kong movie *Infernal Affairs* and the Korean drama *Sinhwa*. In addition to continuing to distribute content through major ISP companies, this business worked on strengthening its systems and infrastructure and on further upgrading its content. Club iT will continue to focus on developing this business with the aim of increasing the value of content over its entire lifespan.

Due to these factors, this business had revenue of 1,705,511 thousand yen and operating profit of 640,694 thousand yen.

Broadband Business

As the sales agent for the Yahoo! BB comprehensive broadband service, this business conducts sales activities through the sellers of network connections and other companies. However, revenue decreased because of a downturn in the number of sales of new connections. This business will concentrate on developing new sales methods in order to increase revenue as well as work hard on the planning and supply of new products and services.

As a result, revenue totaled 2,269,148 thousand yen and operating profit was 89,362 thousand yen.

CS Broadcasting Service Business

Club iT is no longer signing up new subscribers for its CS broadcasting service. As a result, the number of subscribers at the end of March 2006 was about 150,000, about 40,000 less than one year earlier. Revenue is declining along with this expected attrition in the number of subscribers. However, there was an improvement in profitability in this business because of lower expenses, chiefly because of the completion of leasing agreements for CS broadcasting tuners and antennas used by customers.

Consequently, revenue totaled 3,998,641 thousand yen and operating profit was 2,340,540 thousand yen.

Other businesses

FY2005 revenue from other businesses totaled 865 thousand yen, representing the operations of the My Closet mobile commerce site. Due to the launch of My Closet, the handling of mobile advertising media and other factors, there was an operating loss of 131,644 thousand yen.

(2) Outlook for New Fiscal Year

In FY2006 (ending in March 2007), Club iT is forecasting an increase in revenue and decline in profit. This outlook is based on the effects of aggressive investments aimed at medium- and long-term growth and of R&D activities, marketing activities and initiatives to strengthen the operating structure.

The medium- and long-term growth strategy is to achieve growth in core businesses (game on demand business, CDN business, mobile business and media content business) by focusing on content services and technology services.

Based on this outlook, the Company has established the following forecasts for FY2006.

Consolidated forecast for FY2006

First Half		Full year	
Revenue	4,600 million yen	Revenue	10,200 million yen
Recurring profit	600 million yen	Recurring profit	1,600 million yen
Net profit	350 million yen	Net profit	950 million yen

(3) Financial Position

(1) Assets, liabilities and shareholders' equity

1) Assets

Current assets increased 20.2% to 3,623,978 thousand yen, mainly due to an increase in cash deposits of 701,402 thousand yen over the end of the previous fiscal year.

Fixed assets increased 108.0% to 1,375,850 thousand yen, due to an 189,452 thousand yen increase in software, a 210,013 thousand yen increase in investment securities, and 445,648 thousand yen increase in consolidation adjustment account.

Total assets at the end of the current fiscal year increased 36.02% to 4,999,829 thousand yen compared to the end of the previous fiscal year.

2) Liabilities

Current liabilities decreased 13.4% to 2,206,431 thousand yen and fixed liabilities decreased 68.3% to 81,689 thousand yen over the end of the previous fiscal year.

The decrease in current liabilities was mainly attributable to a 739,904 thousand yen decrease in advance receipts and a 288,930 thousand yen increase in accrued income taxes. Bonds totaling 221,550 thousand yen were transferred from fixed liabilities to current liabilities in the past fiscal year because the bonds mature within one year of the end of FY2005.

Total liabilities decreased 18.5% to 2,288,121 thousand yen compared to the end of the previous fiscal year.

3) Shareholders' equity

Shareholders' equity increased 209.3% to 2,690,100 thousand yen. This increase was due to net profit of 1,645,319 thousand yen as well as increases of 174,860 thousand yen in capital and the capital surplus resulting from the exercise of stock acquisition rights (including old stock subscription rights) during the fiscal year.

Including the effect of the two-for-one stock split on May 20, 2005, the number of shares issued rose by 8,961,300 during FY2005 to 17,356,400 at the end of March 2006. The equity ratio was 53.8% at the end of the fiscal year.

* The year-on-year comparisons of assets, liabilities and shareholders' equity are based on non-consolidated balance sheet figures one year ago because the Company had no consolidated subsidiaries at the end of March 2005.

(2) Cash flow position

1) Cash flows from operating activities

Net cash provided by operating activities was 1,881,757 thousand yen, up from net cash provided by operating activities of 3,689,743 thousand yen in the previous fiscal year.

The Company booked 2,853,962 thousand yen in income before income taxes, but paid 921,918 thousand yen in corporation taxes.

2) Cash flows from investing activities

Net cash used in investing activities was 1,306,117 thousand yen. One year earlier, investing activities provided net cash of 382,848 thousand yen.

Cash totaling 523,806 thousand yen was used to purchase shares of CDN Solutions and Oy Gamecluster, both of which became consolidated subsidiaries. In addition, cash totaling 284,500 thousand yen was used for investments in Renaissance Academy Corporation and in e-Stage Inc. Purchases of fixed assets totaled 476,889 thousand yen.

3) Cash flows from financing activities

Net cash provided by financing activities was 123,969 million yen, up from net cash used in financing activities of 2,769,741 thousand yen in the previous fiscal year.

Proceeds from the issuance of new shares from the exercise of stock acquisition rights (including old stock subscription rights) were 173,969 thousand yen. Repayments of short-term loans used cash of 50,000 thousand yen.

Cash flow indices:

	FY2001	FY2002	FY2003	FY2004	FY2005
Shareholders' equity ratio (%)	32.2	40.8	21.2	23.7	53.8
Shareholders' equity ratio based on market cap (%)	113.1	93.9	215.2	347.2	909.5
Debt to annual cash flow (year)	2.7	2.2	-	0.1	0.1
Interest coverage ratio	20.2	29.9	-	57.3	479.9

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market cap: Market capitalization / Total assets

Debt to annual cash flow: Interest-bearing debt / Operating cash flow

Interest coverage ratio: Operating cash flow / Interest payments

* All indices are calculated based on consolidated figures. The figures of shareholders' equity, total assets and interest-bearing debt for FY2004 are based on non-consolidated balance sheet because the Company did not have consolidated subsidiaries as of March 31, 2005, and did not prepare consolidated balance sheet.

* Market cap is computed by multiplying the closing price of stock on the balance sheet date by the number of shares outstanding (net of treasury stock) on the balance sheet date.

* Operating cash flow calculated using the figures for "net cash provided by (used in) operating activities" in the consolidated cash flow statements. Interest-bearing debt includes all liabilities on the consolidated balance sheets (non-consolidated balance sheets for FY2004) that incur interest. Interest payments calculated from the consolidated cash flow statements of "interests paid".

* Debt to annual cash flow and interest coverage ratio for FY2003 is not presented since our company reported negative cash flows.

(4) Business and Other Risks

The following is a list of the major risks involving the businesses of the Club iT Group and other items that management believes may be important with regard to investment decisions. Furthermore, from the standpoint of providing all pertinent information to investors, the following list also includes items that management believes to be important with regard to investment decisions, but that may not necessarily fall within the scope of significant risk factors. The Group is aware of these risks and is taking actions to prevent the occurrence of these problems as well as to be prepared to respond in the event that a problem occurs. This is not a complete list of risk factors involving investments in the Company's stock. Moreover, this discussion contains forward-looking statements that are based on management's judgments as of the date that the operating results were released.

1. Risk Concerning the Group Business Operation

(1) Risks involving business restructuring

The Group is currently making structural changes in its business portfolio. Since its inception, the Group has been engaged in the CS Broadcasting Service Business. This business is still an important component of the Group's operations, accounting for about 43% of revenue and 83% of operating profit. However, operating results in this business is expected to slowly decline because the Company is no longer signing up new subscribers. Furthermore, revenue in the Broadband Business is declining after reaching a peak in FY2004. The Group is making steady progress in switching emphasis to the CDN Business and other new businesses. However, in the event that new businesses do not perform as planned, making it difficult to generate earnings as expected, there could be a material impact on the Group's operating results in the future.

(2) Game on Demand Business

The Game on Demand Business uses G-cluster technology, which was developed by Oy Gamecluster Ltd., to offer the on-demand distribution of video games. The Company has acquired from Oy Gamecluster exclusive global rights for the

use of G-cluster technology. On July 1, 2005, Oy Gamecluster became a wholly owned subsidiary of the Company, thereby ensuring long-term access to G-cluster technology. However, in the event that a third party legally develops and commercializes a similar or competing technology, the unique aspects of the Company's service could be lost and competition become more intense as a result. These events could impact the Company's operating results.

The Company has alliances with game producers and many other content holders in order to supply a large number of popular and appealing game titles. However, in the event that the appeal of the Company's service declines due to problems involving the procurement of content, there could be an impact on the Company's operating results.

The Company plans to offer services in Japan and overseas that utilize G-cluster technology. These services are to be supplied through business partners such as prominent portal companies and ISP companies, companies offering distribution systems to hotels and other facilities, and manufacturers of set top boxes. However, if the alliances with these companies are not executed as planned, there could be an impact on the Company's operating results.

(3) CDN Business

The CDN Business involves the provision of services that facilitate the distribution of a variety of content in the optimum manner. The Company has established an alliance with CDNetworks, which is based in South Korea, and its Japanese subsidiary for the purpose of launching "Broadmedia® CDN+R." In addition, the CDN Business is using its own distribution system to start "Broadmedia® CDN Entry." These actions give the CDN Business a broader service menu that allows customers to select services that match their needs.

Until recently, Club iT had offered the "Broadmedia® CDN" service with alliance partner Speedera Network, Inc. On June 13, 2005, Akamai Technologies, Inc. purchased Speedera Network. Following this purchase, Club iT and Akamai have been working on integrating their distribution platforms. In Japan, Club iT plans to integrate its distribution platform with the Akamai platform in November 2006, when its contract with Speedera Network expires. Club iT is conducting discussions with Akamai to explore opportunities for forms of collaboration that can strengthen business development activities of the two companies. However, if these discussions do not lead to agreements, or if Club iT encounters difficulties in switching to new services, there could be an impact on the Company's operating results due to the loss of customers.

The new "Broadmedia® CDN+R" service is made possible through an alliance with CDNetworks of South Korea and its Japanese subsidiary. Club iT plans to maintain and expand on its cooperative relationship with these alliance partners for the purpose of increasing revenue through the launch of new services that meet customers' needs. However, if revenue growth does not meet expectations, or if the contract with these alliance partners is not renewed for whatever reason, there could be an impact on the Company's operating results.

The Company's CDN service involves the placement of distribution systems at a number of locations in a network, thus preventing a major disruption in the level of services in the event of a problem at a single location. Moreover, the Company constantly monitors the status of all servers to permit an immediate response in the event of a malfunction. Nevertheless, there is a possibility of an interruption and shutdown in the distribution of content due to a technical problem resulting from a natural disaster or other event. This may erode the public's trust in the Company and have other detrimental effects that could impact the Company's operating results.

There is a possibility that competition will become more intense due to the emergence of new providers or to other factors. Any resulting pressure on unit prices and profit margins in this business could impact the Company's operating results.

Furthermore, if the contract between Club iT subsidiary CDN Solutions and Akamai, for whatever reason, is not renewed, there could be an impact on the Company's operating results due to the significant difficulties that this subsidiary would encounter in continuing to conduct its CDN business.

(4) Media Content Business

The Media Content Business procures content from content holders, and supplies this content to BBTv. In addition, this business includes Club iT Arena, a Club iT service for the distribution of content to PCs.

The Company plans to continue to supply content to BB Cable Corporation, the enterprising body of BBTv. However, the

Company's operating results could be impacted if business with BB Cable declines or is terminated due to a change in this company's business policies or for any other reason. Furthermore, in the event that BB Cable is unable to remain in business for whatever reason, the Company's operating results could be impacted because BB Cable would no longer place orders for content with the Company.

The Company is working hard on supplying content to companies other than BB Cable. However, in the event that the services of these other companies do not grow as planned, or that these companies terminate their content supply contracts with the Company for whatever reason, the Company's operating results could be impacted.

The Media Content Business is dependent on the ability to continuously procure content that meets customer needs (broadcast content and VOD content) with the proper timing. Consequently, the Company seeks to acquire rights to a diverse array of content with the aim of further enlarging its lineup of titles. However, revenue may not meet expectations in the event that the cost of procuring content rises sharply, that the value of content drops during the Company's holding period, or that the Company is unable to acquire rights to content. Any of these events could impact the Company's operating results.

In the PC content distribution business (Club iT Arena), the Company operates its own billing site and uses alliances with ISP companies in order to reach a broader spectrum of viewers. However, if the Company is unable to attract the expected number of viewers, or if one or more ISP companies terminates its alliance with the Company, there could be an impact on the Company's operating results.

Club iT uses a streaming video system to supply content. However, in the event that download distribution or another method becomes the primary means of delivering content, there could be an impact on the Company's operating results.

In the content distribution business, there are companies like Club iT that charge for the distribution of content as well as companies that supply content at no charge. If these free sources of content establish a dominant market position, there could be an impact on the Company's operating results.

(5) Broadband Business

The Broadband Business involves the provision on an outsourcing basis to BB TECHNOLOGY Corp. of subscriber solicitation, registration and other sales agency operations for the Yahoo! BB comprehensive broadband service. This service is offered by BB TECHNOLOGY and Yahoo Japan Corporation. The Company earns sales commissions based on the number of new subscribers.

The Company is using its own sales channels to sell subscriptions to Yahoo! BB. However, the possibility exists that the number of new subscribers will not increase as expected due to a revision in sales commissions associated with a change by BB TECHNOLOGY in its sales policies. If this prevents the Company from generating revenue as expected, or causes the Company's expenses to be greater than had been planned, there could be an impact on the Company's operating results.

Furthermore, the Company is obligated to refund sales commissions to BB TECHNOLOGY in the event that subscribers cancel subscriptions within a certain period. The Company establishes a suitable reserve for these refunds based on cancellation rates in the past. However, the Company's operating results could be impacted if cancellations exceed its forecast. Moreover, the Company's operating results could be impacted if, for whatever reason, the sales agency contract with BB TECHNOLOGY is terminated.

The Company outsources to other companies the subscriber solicitation, registration and other activities performed under contract for BB TECHNOLOGY in order to sell subscriptions to the Yahoo! BB service. In the event that one or more major outsourcing company stops selling this service, there could be an impact on the Company's operating results.

The Broadband Business is planning on introducing and selling new products and services. However, if more time than expected is required to increase sales of these products and services, there could be an impact on the Company's operating results.

(6) CS Broadcasting Service Business

In this business, the Company receives a flat-rate fee from subscribers, in return lending subscribers a tuner and antenna to receive CS broadcasts, providing a publication that includes program listings for Company-recommended channels and other information, as well as other services. In addition, the Company performs marketing activities under contract for broadcasters to promote specific channels to its subscribers. This business also includes payments under certain conditions from these broadcasters and from SKY Perfect Communications Inc. for activities to retain CS broadcast viewers that are conducted as part of services the Company provides to subscribers.

The Company is constantly taking actions to retain its subscribers by offering them services that meet their needs. Nevertheless, there could be an impact on the Company's operating results in the event of a sudden increase in subscription cancellations.

Moreover, broadcasters may postpone or terminate the payment of sales commissions due to the deterioration of their operating results, the completion of certain programs or for other reasons. This could have an impact on the Company's operating results.

In the event that SKY Perfect Communications, which operates the platform for CS broadcasts, is unable to continue its operations for whatever reason, the Company would be forced to suspend subscriber services. This could have a significant impact on the Company's operating results. In addition, the Company outsources customer billing and other tasks to SKY Perfect Communications. The Company's operating results could be impacted if there is any difficulty in continuing to perform these outsourced services. Furthermore, if SKY Perfect Communications, for whatever reason, postpones or terminates the payment of incentive fees to the Company, there could be an impact on the Company's operating results.

The Company may be obligated to repair or replace the CS tuners and antennas that are loans to subscribers due to either a faulty design of this equipment or to other problems. In the event that there is a high frequency of such problems, or that considerable time is required to resolve a problem, there could be an impact on the Company's operating results.

(7) Other new businesses

Club iT launched the My Closet mobile commerce site in February 2006. Subsequently, the Company acquired a Web site in March 2006 that is to be used as a mobile advertising medium and acquired CMX Co., Ltd. in April 2006 to start a mobile advertising business.

These mobile phone-related businesses target market sectors that are growing rapidly. Furthermore, the Company intends to aggressively expand these businesses because it believes there are excellent prospects for using its technologies and content aggregation expertise in these businesses in the future. However, if these businesses do not perform as planned due to price-based competition with competitors or other reasons, there could be an impact on the Company's operating results.

2. Other Business Risks Common to All Company Operations

(1) Increase in risk resulting from diversification and launch of new business lines

Club iT Group plans to accelerate diversification from current businesses and its entry into new business fields, as part of the Group's initiative to further reinforce the operating base. Additional expenditures to increase the Group's payroll, expand manufacturing capacity and step up research and development may be required to achieve these management objectives.

It will take some time for the new businesses to establish their viability and to start generating profit. During this period, the Group's overall profit margins may come under some pressure.

Moreover, it is possible that these new businesses may fail to deliver targeted results, due to such factors as changes in the operating environment. In this case, the Group may be unable to sufficiently recover investments made in the businesses, which may impact on the Group's overall operating results.

(2) Outsourcing

The central feature of Club iT Group's business strategy is to build a business model that allows the Group to carry out large-scale operations with a small organization. As a result, the Group outsources many operations. While the nature of the Group's operations is such that various operations can be easily outsourced to third party service providers, outsourcing nonetheless poses certain risks. If such third-party service providers experience operating difficulties (or switchover to another service provider is delayed) that impact on, delay or undermine Club iT Group's business activities, Club iT Group's operating results may be negatively affected.

(3) Protection of personal information

Club iT received Privacy Seal certification in December 2005 due to its establishment of comprehensive measures to protect subscriber information, information about parties having contracts with the Company and other types of personal information. This, however, does not completely eliminate the risk of information leaks as a result of misconduct by employees or providers of outsourced services, or the unauthorized access to such information by third parties. In the event of such leaks, Club iT Group may be found liable for damages under the Personal Information Protection Law or be held legally responsible pursuant to agreements into which it has entered. Such occurrences may damage the credibility of Club iT Group and possibly affect the Group's operating results.

(4) Stock options

The Club iT Group has issued stock options (new stock subscription rights, stock acquisition rights) to its directors, employees and other individuals to motivate them to raise the Group's corporate value.

The number of potential shares to be issued upon exercise of the outstanding new stock subscription and acquisition rights and stood at 809,800 as of March 31, 2006. This figure represents approximately 4% of the 18,166,200 shares outstanding, assuming that all stock options are exercised. Furthermore, the Company may issue more stock options at appropriate times in the future. New shares issued upon exercise of the aforementioned stock options could dilute the value of outstanding shares and also affect the supply-demand balance, thus affecting price formation of the Company's shares.

(5) Intellectual property rights

Club iT Group's operations involve the use of a range of intellectual property rights, including patent and copyrights. Developing technology may be affected and provision of required services may become difficult if the Group fails to win required intellectual property rights or permission to use required intellectual property rights. In the course of business operations, there is a possibility that third parties may take action against the Group, claiming infringement of their intellectual property rights.

(6) Currency risk

Club iT Group, in its CDN Business, Game on Demand Business and Media Content Business, conducts business transactions with overseas alliance partners. Most of these transactions are denominated in foreign currencies. Consequently, operating results are vulnerable to sudden changes in currency exchange rates.

(7) Risks related to overseas business activities

The Club iT Group actively seeks alliances overseas in order to expand its presence in foreign markets. As a part of the due diligence process for establishing an alliance, the Group evaluates management and the financial condition of its potential overseas alliance partners, in addition to monitoring on a continuing basis the state of affairs of the countries in which its alliance partners are domiciled, legal systems, particularly those governing intellectual property rights in those countries, and other relevant factors. Nevertheless, compared to the information available on customers in Japan, information on overseas customers may be insufficient in certain cases. The Group also prudently weighs the pros and cons of overseas transactions based on data provided by credit research companies and by reference to industry information. However, insufficient information could make collection of receivables and protection of intellectual property rights problematic. Incidents of this kind may have a negative effect on the Company's operating results.

(8) Continuing employment of certain senior executives

Club iT Group is overly dependent on the continued employment of certain senior executives. The Group's operating results could be affected if those senior executives should become unable to continue to carry on the Group's operations due to unforeseen factors, or if the Group should fail to find the right replacements for those senior executives at the right time.

(9) Dependence on certain customers

In FY2005, the SOFTBANK Group accounted for about 49% of consolidated revenue. The majority of this revenue was derived from business with BB TECHNOLOGY Corp., which accounted for about 24% of revenue, and BB Cable Corporation, which accounted for about 16%.

The Group expects that the SOFTBANK Group, including these two companies, will account for a declining share of its revenue as the growth of new businesses generates more revenue from companies and individuals outside the SOFTBANK Group. However, for the time being, any change in Club iT's business relationships with BB TECHNOLOGY Corp. and BB Cable Corporation could affect the Group's operating results.

(10) Management of subsidiaries and affiliates

As of March 31, 2006, the Club iT Group was made up of the Company, two consolidated subsidiaries (including one overseas company), one non-consolidated subsidiary and two affiliated companies. These subsidiaries and affiliates plan to recruit the necessary people and strengthen their organizations in order to support the growth of their operations. However, these companies may experience difficulties in recruiting these people and building the necessary organization in a timely manner. Club iT will extend management and administrative support to these companies for the purpose of achieving the Group's targets. However, if there are delays at one or more of these companies in building the necessary organization or if the Company is unable to extend the necessary support, there could be an impact on the Group's operating results.

(11) Relationship with the SOFTBANK Group

The Club iT Group is a member of the SOFTBANK group, led by SOFTBANK CORP, which indirectly holds approximately 67% of our outstanding shares, making it the major shareholder. As a result, the operating results and valuation of SOFTBANK Corp., and changes in its business strategy, could affect Club iT Group's operating results.

(12) Changes in accounting standards

The Group prepares its financial statements in accordance with generally accepted accounting standards and responds to changes in accounting standards in a timely manner. However, a significant revision in accounting standards in the future could have an impact on the Group's operating results.

(13) Internal management systems

(i) Operation of internal management systems

The Group has always conducted employee training programs and worked on strengthening internal management for the purpose of ensuring strict compliance with laws and regulations. These activities are also aimed at preventing human errors involving business processes, and any reoccurrence of an error, improper behavior by an employee, and other compliance-related incidents. However, these actions do not completely eliminate the possibility that a problem involving business activities or management systems may occur in the future.

(ii) Human resources management to support business growth

Since the Group is engaged in a number of business activities, there is a need to employ people with a variety of skills needed to conduct each business. Moreover, there is a need to strengthen our workforce and personnel systems to achieve further business growth. If the Group is unable to take proper and adequate actions regarding people and its organization as the scale of operations grows, there may be problems such as erosion in the competitive edge of the Company's services

and a decline in operating efficiency.

Furthermore, the Group is exercising great care to evaluate the potential of applicants during recruiting activities. However, growth in the workforce will raise personnel expenses, rent expenses and other components of fixed expenses, possibly causing a decline in the Group's profit margin.

(iii) Actions needed as business with general public grows

As the Group grows, it is likely that a slowly increasing percentage of total revenue and earnings will be derived directly from the general public. The Company plans to strengthen management systems, install IT systems, raise operating efficiency and take other actions to serve a large number of customers. However, regardless of these actions, there may be an increase in delinquent receivables due to growth in the volume of receivables, an increase in the cost of collecting receivables, and an increase in risks associated with payment processing and collections of amounts due, as well as other items.

Furthermore, the increase in expenses resulting from taking these actions could have an impact on the Group's operating results.

(14) Investments and loans

The Group invests in companies and other entities for the purpose of forming business alliances or for preparing for a possible future alliance. However, the possibility exists of a growing likelihood that the Group will not be able to recover these investments and other payments. Furthermore, the future operating results of companies that have received investments could have an impact on the Group's operating results.

The Group expects to continue to make new investments for the purpose of capturing synergies and increasing the scale of its operations. The Group also expects to continue extend loans and other financial support to properly meet the financial requirements of Group subsidiaries and affiliated companies. These investments and loans will be made only after completing an adequate preliminary examination and internal procedures to determine the risks associated with each proposed investment or loan. However, new investments and loans may not generate the amount of earnings that was initially planned or may even become delinquent. These kinds of problems could have an impact on the Group's financial position.

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

Thousand yen

Account	Notes	FY2005 (As of March 31, 2006)	
		Amount	%
Assets			
I Current assets			
1. Cash deposits		2,261,445	
2. Trade notes and accounts receivable		637,381	
3. Merchandise		39,958	
4. Program count		378,729	
5. Prepaid expenses		16,469	
6. Deferred tax assets		242,152	
7. Other accounts receivable		41,507	
8. Short-term loans receivable		10,000	
9. Other current assets		9,869	
Allowance for doubtful accounts		(13,536)	
Total current assets		3,623,978	72.5
II Fixed assets			
1. Tangible fixed assets			
(1) Buildings		8,058	
Less-accumulated depreciation		3,306	4,752
(2) Tools, furniture and fixtures		1,170,126	
Less-accumulated depreciation		918,330	251,796
(3) Construction in progress			13,412
Total tangible fixed assets			269,961
Total tangible fixed assets			5.4
2. Intangible fixed assets			
(1) Software			345,244
(2) Consolidation adjustment account			445,648
(3) Other intangible fixed assets			2,976
Total intangible fixed assets			793,870
Total intangible fixed assets			15.9
3. Investments and other assets			
(1) Investment securities	*1		256,491
(2) Deferred tax assets			18,579
(3) Other investments and other assets			36,947
Total investments and other assets			312,019
Total investments and other assets			6.2
Total fixed assets			1,375,850
Total fixed assets			27.5
Total Assets			4,999,829
Total Assets			100.0

Thousand yen

Account	Notes	FY2005 (As of March 31, 2006)	
		Amount	%
Liabilities			
I Current liabilities			
1. Trade accounts payable		442,948	
2. Corporate bonds due within one year		221,550	
3. Current portion of long-term debt		2,351	
4. Other accounts payable		256,282	
5. Accrued expenses		165,756	
6. Accrued income taxes		857,443	
7. Accrued consumption taxes		20,598	
8. Advance receipts		205,309	
9. Other current liabilities		34,190	
Total current liabilities		2,206,431	44.2
II Fixed liabilities			
1. Long-term debt		4,703	
2. Reserve for directors' retirement benefits		45,583	
3. Guarantee deposits received		31,402	
Total fixed liabilities		81,689	1.6
Total Liabilities		2,288,121	45.8
Minority Equity			
Minority equity		21,607	0.4
Shareholders' Equity			
I Capital	*2	623,828	12.5
II Capital surplus		250,526	5.0
III Accumulated profit		1,815,783	36.3
IV Foreign currency translation adjustments		174	0.0
V Treasury stock	*3	(211)	(0.0)
Total Shareholders' Equity		2,690,100	53.8
Total Liabilities, Minority Equity, and Total Shareholders' Equity		4,999,829	100.0

2) Consolidated Income Statement

Thousand yen

Account	Notes	FY2004 (Apr. 1, 2004 – Mar. 31, 2005)		FY2005 (Apr. 1, 2005 – Mar. 31, 2006)			
		Amount	%	Amount	%		
I Revenue			10,979,685	100.0	9,275,185	100.0	
II Cost of goods sold			7,939,145	72.3	4,167,528	44.9	
Gross profit on revenue			3,040,540	27.7	5,107,656	55.1	
III Selling, general and administrative expenses							
1. Employees' wages		429,734			418,704		
2. Employees' bonuses		142,890			145,591		
3. Provision of reserve for directors' retirement benefits		-			9,166		
4. Outsourcing expenses		671,682			391,053		
5. Delivery cost		253,258			172,264		
6. Advertising expenses		162,701			103,697		
7. Sales promotion expenses		68,477			35,068		
8. Printing expenses		221,471			163,434		
9. Provision of allowance for doubtful accounts		38,012			-		
10. Depreciation expenses		44,639			23,691		
11. Amortization of consolidation adjustment account		-			89,862		
12. Others		680,751	2,713,620	24.7	749,166	2,301,700	24.8
Operating profit			326,920	3.0	2,805,956	30.3	
IV Non-operating income							
1. Interest income		2,919			124		
2. Commission income		15,373			-		
3. Gain on sales of supplies		38,406			1,635		
4. Other non-operating income		12,708	69,408	0.6	7,666	9,426	0.1
V Non-operating expenses							
1. Interest expenses		72,003			4,006		
2. Foreign exchange losses		9,685			522		
3. Equity in loss of an affiliate		-			67,503		
4. Equity in loss of a silent partnership		-			4,129		
5. Other non-operating expenses		20,766	102,455	0.9	-	76,161	0.8
Recurring profit			293,872	2.7	2,739,221	29.5	
VI Extraordinary gains							
1. Gain on sales of investment securities		4,695			-		
2. Gain on sales of affiliate stock	*1	544,017			-		
3. Compensation income	*2	19,614			-		
4. Reversal of allowance for doubtful accounts	*3	-	568,326	5.2	182,438	182,438	2.0
VII Extraordinary losses							
1. Loss on valuation of supplies	*4	6,575			22,666		
2. Loss on retirement of fixed assets	*5	8,644			60		
3. Loss on valuation of investment securities		48,750			2,496		
4. Loss on sales of investment securities		-			56		
5. Provision of reserve for prior period directors' retirement benefits	*6	-	63,970	0.6	42,416	67,697	0.7
Income before income taxes			798,228	7.3	2,853,962	30.8	
Current income taxes		768,644			1,195,798		
Deferred income taxes		543,038	1,311,682	12.0	46	1,195,845	12.9
Minority equity			-			12,797	0.2
Net profit (loss)			(513,454)	(4.7)		1,645,319	17.7

3) Consolidated Surplus Statement

Thousand yen

	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	
Account	Amount	
Capital Surplus		
I Beginning balance		162,815
II Increase		
1. Increase due to new share issuance upon the exercise of stock options	86,820	
2. Amounts transferred due to exercise of stock options	890	87,711
III Ending balance		250,526
Accumulated Profit		
I Beginning balance		170,464
II Increase		
1. Net profit	1,645,319	1,645,319
III Ending balance		1,815,783

4) Consolidated Cash Flow Statement

Thousand yen

Account	FY2004	FY2005
	(Apr. 1, 2004- Mar. 31, 2005)	(Apr. 1, 2005- Mar. 31, 2006)
Account	Amount	Amount
I Cash flows from operating activities		
1. Income before income taxes	798,228	2,853,962
2. Depreciation expenses	1,252,410	454,281
3. Amortization of consolidation adjustment account	-	89,862
4. Decrease in allowance for doubtful accounts	(34,454)	(222,496)
5. Increase in reserve for directors' retirement benefits	-	45,583
6. Interest and dividend income	(2,919)	(124)
7. Interest expenses	72,003	4,006
8. Equity in loss of an affiliates	-	67,503
9. Loss on retirement of fixed assets	8,644	60
10. Loss on valuation of investment securities	48,750	2,496
11. Gain (loss) on sales of investment securities	(4,695)	56
12. Equity in loss of a silent partnership	-	4,129
13. Gain on sales of affiliate stock	(544,017)	-
14. Decrease (increase) in trade receivables	(95,241)	585,106
15. Decrease (increase) in inventories	853,165	(341,249)
16. Increase (decrease) in trade payables	87,407	(107,382)
17. Decrease in advance payments	552,117	24,180
18. Decrease in other accounts receivable	20,782	105,444
19. Increase (decrease) in advance receipts	945,214	(740,092)
20. Increase (decrease) in accrued consumption taxes	205,648	(189,234)
21. Decrease in guarantee deposits received	(275,675)	(198)
22. Others	180,365	171,578
Subtotal	4,067,737	2,807,473
23. Interests and dividends received	2,919	124
24. Interests paid	(64,346)	(3,921)
25. Income taxes paid	(316,566)	(921,918)
Net cash provided by operating activities	3,689,743	1,881,757
II Cash flows from investing activities		
1. Payments for purchase of fixed assets	(1,300,831)	(476,889)
2. Proceeds from sales of fixed assets	275,983	-
3. Payments for purchase of investment securities	-	(284,500)
4. Payments for acquisition of subsidiaries' stock resulting in change in the scope consolidation	-	(523,806)
5. Proceeds from sales of subsidiaries' stock resulting in change in the scope consolidation	(53,824)	-
6. Payments for loans receivable	-	(10,000)
7. Proceeds from collection of loans receivable	1,466,000	-
8. Others	(4,479)	(10,920)
Net cash provided by (used in) investing activities	382,848	(1,306,117)
III Cash flows from financing activities		
1. Decrease in short-term debt	(2,400,000)	(50,000)
2. Increase (decrease) in short-term debt in an affiliate	(400,000)	-
3. Proceeds from issuing new share	30,469	173,969
4. Payments for acquisition of treasury stock	(211)	-
Net cash provided by (used in) financing activities	(2,769,741)	123,969
IV Effect of exchange rate changes on cash and equivalents	-	1,791
V Increase in cash and equivalents	1,302,849	701,402
VI Cash and equivalents, beginning balance	257,193	1,560,043
VII Cash and equivalents, ending balance	1,560,043	2,261,445

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
<p>1. Scope of consolidation BB Cable Corporation ceased to be a consolidated subsidiary of the company filing the securities report (the Company), since the entire equity stake in BB Cable Corporation was sold on September 30, 2004. The Company established ClariNet Corporation as a subsidiary on September 29, 2004. However, the consolidated financial statements do not include the accounts of this subsidiary, since the entity is a small-scale business whose combined assets, revenue, net profit/loss or accumulated profit have no significant effect on the overall results of the consolidated financial statements. Since the Company did not have any consolidated subsidiaries as of the balance sheet date, only the consolidated income statement and consolidated cash flow statement for the current consolidated fiscal year presented. The consolidated balance sheet and consolidated surplus statement are not presented.</p> <p>2. Application of the equity method The Company acquired an equity interest in Aliss Net co. Ltd. on March 31, 2005. However, information on equity method affiliates is not presented, since the Company does not prepare consolidated balance sheets.</p> <p>3. Fiscal year end of consolidated subsidiaries All consolidated subsidiary's fiscal year ends on the closing date for consolidated financial statements.</p> <p>4. Significant accounting policies (1) Valuation criteria and methods for principal assets _____</p> <p>Supplies Supplies are stated at cost, cost being determined by the first-in first-out method.</p> <p>Program count Program count are stated at cost, cost determined by the specific-identification method.</p>	<p>1. Scope of consolidation (1) Consolidated subsidiaries: 2 Name of the consolidated subsidiaries and reason for inclusion in consolidation: CDN Solutions K.K. Oy Gamecluster Ltd. During the current consolidated fiscal year, two subsidiaries are included in the consolidation due to acquisition of shares.</p> <p>(2) Non-consolidated subsidiaries ClariNet Corporation Reason for exclusion from the consolidation: The consolidated financial statements do not include the accounts of non-consolidated subsidiary ClariNet since the entities are small-scale businesses whose combined assets, revenue, net profit/loss or accumulated profit have no significant effect on the overall results of consolidated financial statements.</p> <p>2. Application of the equity method Affiliates under the equity method: 2 Aliss Net co., Ltd. Renaissance Academy Corporation Effective from the current consolidated fiscal year, Aliss Net co. Ltd. is included in affiliates under the equity method, since the Company acquired an equity stake in the entity on March 31, 2005. Effective from the current consolidated fiscal year, Renaissance Academy Corporation, established on October 3, 2005, is included in affiliates under the equity method, since the Company subscribed to the capital of that entity.</p> <p>3. Fiscal year end of consolidated subsidiaries Accounting for consolidated subsidiaries with balance sheet dates different from the consolidated balance sheet date: Oy Gamecluster Ltd.'s fiscal year ends on December 31. The consolidated financial statements include the financial statements of this consolidated subsidiary as of December 31, 2005. However, necessary adjustments have been made for the consolidation concerning material transactions arising between this date and the balance sheet date.</p> <p>4. Significant accounting policies (1) Valuation criteria and methods for principal assets Merchandise Merchandise are stated at cost, cost being determined by the first-in first-out method. _____</p> <p>Program count Same as on the left.</p>

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
<p>Securities</p> <p>Other securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method.</p> <p>(2) Depreciation method for principal assets Tangible fixed assets Depreciation of tangible fixed assets is calculated by the declining-balance method.</p> <p>Intangible fixed assets Intangible fixed assets other than software development costs are amortized by the straight-line method over their estimated useful lives. Software development costs are amortized over an expected useful life of five years by the straight-line method.</p> <p>(3) Accounting for significant allowances Allowance for doubtful accounts To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on a case-by-case determination of collectibility.</p> <p style="text-align: center;">_____</p> <p>(4) Accounting for leases Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by a method similar to that applicable to ordinary operating leases.</p> <p>(5) Accounting for hedges _____</p>	<p>Securities</p> <p>Other securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method. As for marketable securities of “investment business limited associations” as defined in Article 2, Section 2 of the Securities Exchanges Law, we book the proportional value based on the most recent available financial report of the association, according to the financial settlement date stipulated in the association contract. Equity in earnings/loss is reported as non-operating income/loss.</p> <p>(2) Depreciation method for principal assets Tangible fixed assets Same as on the left.</p> <p>Intangible fixed assets Intangible fixed assets other than software development costs are amortized by the straight-line method over their estimated useful lives. Software development costs are amortized over an expected useful life of five years by the straight-line method.</p> <p>(3) Accounting for significant allowances Allowance for doubtful accounts Same as on the left.</p> <p>Reserve for directors’ retirement benefits To provide for directors’ retirement benefits, an allowance is provided for the aggregate amount payable at the end of the current consolidated fiscal year pursuant to the Company’s rules on directors’ retirement benefits.</p> <p>(4) Accounting for leases Same as on the left.</p> <p>(5) Accounting for hedges 1) Hedge accounting method The Company applies the deferred accounting method. With respect to foreign currency risk, a hedge is accounted by the short-cut method if the hedging relationship meets certain criteria.</p> <p>2) Hedging instruments and risk hedged Hedging instrument: Forward foreign exchange contracts Risk hedged: Foreign currency-denominated trade accounts payable</p> <p>3) Hedging policy The Company hedges its exposure to currency risk in accordance with its internal currency risk management regulations.</p>

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
<p>(6) Other significant accounting policies Accounting for consumption taxes All amounts stated are exclusive of consumption.</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries Valuation of all the assets and liabilities of consolidated subsidiaries is based on market price method.</p> <p>6. Amortization of consolidation adjustment account No reportable information.</p> <p>7. Appropriation of retained earnings The surplus statements are prepared based on the appropriation of earnings as finalized in the current consolidation regarding the appropriation of earnings.</p> <p>8. Cash and equivalents in the cash flow statements Cash and equivalents in the cash flow statements consist of vault cash, deposits that can be withdrawn on demand, and short-term investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of change in value.</p>	<p>4) Assessing the effectiveness of a hedge Regarding forward exchange contracts, the Company does not access the effectiveness of hedges since the major criteria of the hedge transaction and the hedged item are identical, and the cash flow is fixed.</p> <p>(6) Other significant accounting policies Accounting for consumption taxes Same as on the left.</p> <p>5. Valuation of assets and liabilities of consolidated subsidiaries Same as on the left.</p> <p>6. Amortization of consolidation adjustment account Consolidation adjustment account is amortized over a period of five years by the straight-line method.</p> <p>7. Appropriation of retained earnings Same as on the left.</p> <p>8. Cash and equivalents in the cash flow statements Same as on the left.</p>

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

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
<p>_____</p>	<p>Accounting for impairment of fixed assets: Effective from the current consolidated fiscal year, the Company has adopted new accounting standards to present Impairment of Assets (Statement of Opinion, “Accounting for Impairment of Fixed Assets,” [Business Accounting Council; August 9, 2002] and the “Accounting Standard Implementation Guidance No. 6” (Guidance for Accounting Standards for Impairment of Fixed Assets, ASBJ; October 31, 2003). The effect of this change is insignificant.</p>

Supplementary Information

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
_____	Effective from the current consolidated fiscal year, the Company introduced a system of “Directors’ Retirement Benefits.” To provide for directors’ retirement benefits, an allowance is provided pursuant to the Company’s rules on directors’ retirement benefits. As a result, 9,166 thousand yen, the amount recognized for the current fiscal year, is included in selling, general and administrative expenses, and 42,416 thousand yen, the amount recognized as past service liabilities, is booked as an extraordinary loss. The effect of this change was to reduce both operating profit and recurring profit by 9,166 thousand yen, and to reduce income before income taxes by 51,583 thousand yen, compared to the amounts that would have been reported if the previous method had been applied consistently.

Notes to Consolidated Financial Statements

Notes to Consolidated Balance Sheet

Thousand yen

FY2005 (As of Mar. 31, 2006)	
*1. The following items are applicable to non-consolidated subsidiaries and affiliates	
Investment securities (stocks)	35,621
*2. Number of shares outstanding	
Common shares	17,356,400 shares
*3. Company's shares held by non-consolidated subsidiaries and affiliates under the equity method.	
Common shares	346 shares
4. Contractual obligations	
The Company entered into an agreement to invest in one unit, valued at 100,000 thousand (one unit), of the SBI Broadband Fund No. 1 Limited Partnership, on April 28, 2005. Since the amount invested as of the end of the current consolidated fiscal year is 25,000 thousand yen, the Company is under obligation to invest the balance of 75,000 thousand yen.	

Notes to Consolidated Income Statement

Thousand yen

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
*1. Gain on sale of BB Cable Corporation stock	
544,017	
*2. Guarantee deposit for compensation in the event of non-performance of contract by Broadmedia Research Institute Inc.'s CDN distributors	
19,614	

*4. Loss on write-down of CS tuner and antennas and other items.	
6,575	
*5. Breakdown of loss on retirement of fixed assets	
Summary of the loss on retirement of fixed assets associated with the move of the head office:	
Buildings	
7,718	
Tools, furniture and fixtures	
926	

	*3. The Company ceased activities to sign up new subscribers to Club iT's CS broadcasting service four years ago. In the absence of new subscriptions, provisions for doubtful receivables on a case-by-case basis and general receivables have declined.
	*4. Loss on write-down of CS tuner and antennas and other items.
	22,666

	*6. Effective from the current consolidated fiscal year, the Company introduced a system of "Directors' Retirement Benefits." To provide for directors' retirement benefits, an allowance is provided pursuant to the Company's rules on directors' retirement benefits. The amount represents the past service liability.

Notes to Consolidated Cash Flow Statement

Thousand yen

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)																																																																		
<p>1. Reconciliation of cash and equivalents of the consolidated cash flow statement and “cash deposits” of balance sheets is made as follows: (As of March 31, 2005)</p> <table> <tr> <td>Cash deposits</td> <td style="text-align: right;">1,560,043</td> </tr> <tr> <td>Cash and equivalents</td> <td style="text-align: right;"><u>1,560,043</u></td> </tr> </table>	Cash deposits	1,560,043	Cash and equivalents	<u>1,560,043</u>	<p>1. Reconciliation of cash and equivalents of the consolidated cash flow statement and “cash deposits” of balance sheet is made as follows: (As of March 31, 2006)</p> <table> <tr> <td>Cash deposits</td> <td style="text-align: right;">2,261,445</td> </tr> <tr> <td>Cash and equivalents</td> <td style="text-align: right;"><u>2,261,445</u></td> </tr> </table>	Cash deposits	2,261,445	Cash and equivalents	<u>2,261,445</u>																																																										
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<p>2. Assets and liabilities of the subsidiary excluded from the consolidation due to sale of equity interest: Assets and liabilities at the time of sale, value of stock sold and deduction from income related to the sale of stock of BB Cable Corporation excluded from consolidation due to divestiture of stock holding.</p> <table> <tr> <td>Current assets</td> <td style="text-align: right;">732,932</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">1,298,357</td> </tr> <tr> <td>Deferred assets</td> <td style="text-align: right;">13,440</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(2,578,748)</td> </tr> <tr> <td>Fixed liabilities</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Minority equity</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Gain on sales of stock</td> <td style="text-align: right;">544,017</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>BB Cable Corporation</td> <td></td> </tr> <tr> <td>Proceeds from the sale of stock</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Cash and equivalents</td> <td style="text-align: right;">63,824</td> </tr> <tr> <td>Gain (net) on sales of BB Cable Corporation</td> <td style="text-align: right;"><u>(53,824)</u></td> </tr> </table>	Current assets	732,932	Fixed assets	1,298,357	Deferred assets	13,440	Current liabilities	(2,578,748)	Fixed liabilities	-	Minority equity	-	Gain on sales of stock	544,017	<hr/>		BB Cable Corporation		Proceeds from the sale of stock	10,000	Cash and equivalents	63,824	Gain (net) on sales of BB Cable Corporation	<u>(53,824)</u>	<p>3. Assets and liabilities of newly consolidated subsidiary acquired through and exchange of stock: Assets and liabilities of subsidiary newly included in the consolidation due to acquisition through an exchange of stock. A summary of assets and liabilities of newly included in the consolidation due to acquisition through an exchange of stock, is as follows.</p> <p>CDN Solutions K.K.</p> <table> <tr> <td>Current assets</td> <td style="text-align: right;">172,854</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">1,201</td> </tr> <tr> <td>Consolidation adjustment account</td> <td style="text-align: right;">190,711</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(85,958)</td> </tr> <tr> <td>Fixed liabilities</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Minority equity</td> <td style="text-align: right;">(8,809)</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>CDN Solutions K.K.</td> <td></td> </tr> <tr> <td>Payments for acquisition of stock</td> <td style="text-align: right;">270,000</td> </tr> <tr> <td>Cash and equivalents</td> <td style="text-align: right;">(82,001)</td> </tr> <tr> <td>Payments (net) for acquisition of CDN Solutions K.K.</td> <td style="text-align: right;"><u>187,998</u></td> </tr> </table> <p>Oy Gamecluster Ltd.</p> <table> <tr> <td>Current assets</td> <td style="text-align: right;">18,826</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">8,675</td> </tr> <tr> <td>Consolidation adjustment account</td> <td style="text-align: right;">344,799</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">(17,806)</td> </tr> <tr> <td>Fixed liabilities</td> <td style="text-align: right;">(4,494)</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Oy Gamecluster Ltd.</td> <td></td> </tr> <tr> <td>Payments for acquisition of stock</td> <td style="text-align: right;">350,000</td> </tr> <tr> <td>Cash and equivalents</td> <td style="text-align: right;">(14,191)</td> </tr> <tr> <td>Payments (net) for acquisition of Oy Gamecluster Ltd.</td> <td style="text-align: right;"><u>335,808</u></td> </tr> </table>	Current assets	172,854	Fixed assets	1,201	Consolidation adjustment account	190,711	Current liabilities	(85,958)	Fixed liabilities	-	Minority equity	(8,809)	<hr/>		CDN Solutions K.K.		Payments for acquisition of stock	270,000	Cash and equivalents	(82,001)	Payments (net) for acquisition of CDN Solutions K.K.	<u>187,998</u>	Current assets	18,826	Fixed assets	8,675	Consolidation adjustment account	344,799	Current liabilities	(17,806)	Fixed liabilities	(4,494)	<hr/>		Oy Gamecluster Ltd.		Payments for acquisition of stock	350,000	Cash and equivalents	(14,191)	Payments (net) for acquisition of Oy Gamecluster Ltd.	<u>335,808</u>
Current assets	732,932																																																																		
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Accounting for Leases

Thousand yen

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Finance lease transactions not involving the transfer of title to lessee:	Finance lease transactions not involving the transfer of title to lessee:
(1) Acquisition cost, accumulated depreciation and fiscal year-end balance equivalents of the leased property	(1) Acquisition cost, accumulated depreciation and fiscal year-end balance equivalents of the leased property
<i>Machinery and equipment</i>	<i>Tools, furniture and fixtures (mainly CS tuners/antennas)</i>
Acquisition cost equivalents: -	Acquisition cost equivalents: 212,122
Accumulated depreciation equivalents: -	Accumulated depreciation equivalents: 117,994
Fiscal year-end balance equivalents: -	Fiscal year-end balance equivalents: 94,127
<i>Tools, furniture and fixtures</i>	
Acquisition cost equivalents: -	
Accumulated depreciation equivalents: -	
Fiscal year-end balance equivalents: -	
<i>Software</i>	
Acquisition cost equivalents: -	
Accumulated depreciation equivalents: -	
Fiscal year-end balance equivalents: -	
<i>Total</i>	
Acquisition cost equivalents: -	
Accumulated depreciation equivalents: -	
Fiscal year-end balance equivalents: -	
(2) Outstanding lease commitments and the fiscal year-end balance equivalents	(2) Outstanding lease commitments and the fiscal year-end balance equivalents
Due within one year -	Due within one year 51,941
Due over one year -	Due over one year 47,920
Total -	Total 99,861
(3) Lease payments, depreciation and interest equivalents	(3) Lease payments, depreciation and interest equivalents
Lease payments 746,615	Lease payments 189,950
Depreciation equivalents 646,226	Depreciation equivalents 164,336
Interest equivalents 79,471	Interest equivalents 15,457
(4) Calculation of accumulated depreciation equivalents	(4) Calculation of accumulated depreciation equivalents
Depreciation equivalents are calculated by the straight-line method, assuming the lease period as the useful life and guaranteed residual value as the residual value.	Same as on the left.
(5) Calculation of interest equivalents	(5) Calculation of interest equivalents
Interest is defined as the difference between the total lease payments and acquisition cost equivalents and is allocated for each period using the simple-interest method.	Same as on the left.
	Impairment loss
	There is no impairment loss on leased asset-impairment account.

Securities

FY2005 (As of Mar. 31, 2006)

1. Securities without market quotations

Thousand yen

Item	Carrying value
Affiliates stock	
Unlisted stock (excluding OTC stocks)	35,621
Other securities	
Unlisted stock (excluding OTC stocks)	220,870
Total	256,491

2. Sales of securities classified as other securities (Apr. 1, 2005 – Mar. 31, 2006)

Thousand yen

Sales amount	Aggregate gain	Aggregate loss
300	-	56

Derivatives

1. Financial derivative transactions

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
No reportable information. The Company and its consolidated subsidiaries does not have derivative transactions.	<p>1. Financial derivative transactions</p> <p>(1) Description and purpose of derivative transactions The Company uses financial derivative transactions, which comprise forward foreign exchange contracts, to reduce its exposure to market risks from fluctuations in foreign currency exchange rates.</p> <p>(2) Policy The Company uses forward foreign exchange contracts to hedge risks on foreign currency-denominated transactions. It is the Company's policy to use derivatives only for the purpose of reducing foreign exchange risk associated with such foreign currency-denominated liabilities. The Company does not hold or issue financial derivative instruments for trading purposes.</p> <p>(3) Purpose Forward foreign exchange contracts are exposed to the risk of exchange rate fluctuations. The Company considers that there is no significant credit risk from a counterparty's default. The Company's counterparties are reliable financial institutions.</p> <p>(4) Risks In the execution and management of foreign currency-denominated transactions, all derivatives transactions that the Company enters into must conform with the "Foreign Exchange Risk Management Regulations," an internal regulation, and require approval of the Board of Directors, the representative director or the general manager of the finance division, depending on notional principal amounts. The conditions and results of these transactions are reported to the general manager of the Finance & Accounting Group in the monthly "Accrued Balance Report," and to the Board of Directors every six months in the "Foreign Exchange Gain/Loss Report."</p>

2. Market value of derivative transaction

Information on derivative transactions to which the hedge accounting method is applied is not presented.

Retirement Benefits

Thousand yen

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
<p>1. Retirement benefit plans To provide for employees' retirement benefits, the Company and its consolidated subsidiaries have defined-contribution retirement benefit plans. Also the Company and its consolidated subsidiaries participate in the Tokyo Small Computer Software Industry Welfare Pension Fund, a defined-benefit multi-company employees' welfare pension plan. Contributions to the fund are charged to income.</p> <p>2. Retirement benefit obligation (as of March 31, 2005) There were no retirement benefit obligations as of March 31, 2005, since the Company and its consolidated subsidiaries offer only defined-contribution retirement benefit plans to their employees.</p> <p>3. Retirement benefit expenses The Company and its consolidated subsidiaries contributed a combined 13,356 thousand yen to their defined-contribution retirement benefit plans.</p> <p>4. As of March 31, 2005, the market value of pension fund assets of the Tokyo Small Computer Software Industry Welfare Pension Fund proportional to the contributions made by the Company and its consolidated subsidiaries was 194,615 thousand yen (Note). The contribution for the current consolidated fiscal year was 14,600 thousand yen and was charged to income.</p> <p>Note: Since the Company did not prepare consolidated balance sheets for the current consolidated fiscal year, the amount for the account of the Company is not presented.</p>	<p>1. Retirement benefit plans To provide for employees' retirement benefits, the Company and its consolidated subsidiaries have defined-contribution retirement benefit plans. Also the Company and its consolidated subsidiaries participate in the Kanto IT Software Welfare Pension Fund, a defined-benefit multi-company employees' welfare pension plan. Contributions to the fund are charged to income.</p> <p>2. Retirement benefit obligation (as of March 31, 2006) There were no retirement benefit obligations as of March 31, 2005, since the Company and its consolidated subsidiaries offer only defined-contribution retirement benefit plans to their employees.</p> <p>3. Retirement benefit expenses The Company and its consolidated subsidiaries contributed a combined 14,349 thousand to their defined-contribution retirement benefit plans.</p> <p>4. As of March 31, 2006, the market value of pension fund assets of Kanto IT Software Welfare Pension Fund proportional to the contributions made by the Company and its consolidated subsidiaries was 182,895 thousand yen. The contribution for the current consolidated fiscal year was 17,489 thousand yen and was charged to income.</p> <p>Note: Since the Company did not prepare consolidated balance sheets for the current consolidated fiscal year, the amount for the account of the Company is not presented.</p>

Deferred Tax Accounting

Thousand yen

FY2004 (As of Mar. 31, 2005)	FY2005 (As of Mar. 31, 2006)
1. Consolidated tax payment system The Company uses the consolidated tax payment system.	1. Consolidated tax payment system The Company uses the consolidated tax payment system.
—————	2. Significant components of deferred tax assets
	Deferred tax assets
	Allowance for doubtful accounts in excess of deductible amount allowed for inclusion in expenses (16,935)
	Unrecognized bad debt write-off 4,626
	Unrecognized accrued bonuses 29,494
	Unrecognized loss on valuation of supplies 7,864
	Unrecognized accrued expenses 40,919
	Accrued enterprise taxes 93,231
	Unrecognized trade accounts payable 17,064
	Amount in excess of depreciation 46,925
	Unrecognized reserve for directors' retirement benefits 18,547
	Loss carried forward 179,820
	Consolidated intra-company profit elimination (1,962)
	Others 31,021
	Deferred tax assets -total 450,616
	Valuation reserve (189,884)
	Deferred tax assets -net 260,732
	Net deferred tax assets are included in the following consolidated balance sheet accounts
	Current assets – Deferred tax assets 242,152
	Fixed assets – Deferred tax assets 18,579
3. Significant sources of difference between the statutory and effective tax rates	3. Significant sources of difference between the statutory and effective tax rates
(%)	Significant sources of the difference between the statutory and effective tax rates are not presented because the difference is less than 5/100 of the statutory tax rate.
Effective tax rate (Adjustment) 40.69	
Increase of valuation reserve 137.41	
Adjustment to gain/loss on sale of BB Cable Corporation stock following its exclusion from the scope of consolidated tax payment system. (11.80)	
Others (1.98)	
Effective tax rate 164.32	

Segment Information

Operating segment information

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)

Thousand yen

	Broadband -related Service Business	CS Broadcasting Service Business	Media Content Business	Total	Elimination or corporate	Consolidated
Revenue and operating profit (loss)						
Revenue						
(1) External revenue	5,364,468	5,407,988	207,228	10,979,685	-	10,979,685
(2) Inter-segment revenue and transfers	-	-	-	-	-	-
Total	5,364,468	5,407,988	207,228	10,979,685	-	10,979,685
Operating expenses	5,341,159	2,983,121	2,328,484	10,652,765	-	10,652,765
Operating profit (loss)	23,309	2,424,867	(2,121,256)	326,920	-	326,920

Notes: 1. Method of segmentation

The Company classifies its operations into segments based on the similarities of services provided to its customers.

2. Major categories in each operating segment are as follows

Operating segment	Major merchandise, products and service
Broadband-related Service Business	Soliciting broadband Internet subscriptions (Yahoo! BB) CDN (Content Delivery Network) “G-cluster”
CS Broadcasting Service Business	Planning and management of membership associations offering innovative services such as free rental of CS broadcast tuners and antennas and publication and distribution of a program guide-oriented magazine.
Media Content Business	Content distribution to BBTB operators, CATV operators and communication service providers. Distribution of content to PCs.

3. Reclassifications

Effective from the current consolidated fiscal year, the BBTB Business Segment was reclassified as the Media Content Business. There were no changes in the Broadband-related Services Business and the CS Broadcasting Service Business segments.

4. Information on assets, depreciation and capital investment is not presented for the current consolidated fiscal year, since the Company does not prepare consolidated financial statements.

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)

Thousand yen

	Media Content Business	Game on Demand Business	CDN Business	Broadband Business	CS Broadcasting Service Business	Other businesses	Total	Elimination or corporate	Consolidated
I Revenue/operating profit (loss)									
Revenue									
(1) External revenue	1,705,511	160,190	1,140,828	2,269,148	3,998,641	865	9,275,185	-	9,275,185
(2) Inter-segment revenue and transfers	-	-	-	-	-	-	-	-	-
Total	1,705,511	160,190	1,140,828	2,269,148	3,998,641	865	9,275,185	-	9,275,185
Operating expenses	1,064,816	492,701	941,314	2,179,785	1,658,101	132,509	6,469,228	-	6,469,228
Operating profit (loss)	640,694	(332,511)	199,514	89,362	2,340,540	(131,644)	2,805,956	-	2,805,956
II Assets/depreciation/capital expenditures									
Assets	418,111	868,656	556,870	195,657	542,507	40,142	2,621,946	2,377,883	4,999,829
Depreciation	4,679	40,479	2,429	5,284	396,908	880	450,662	-	450,662
Capital expenditures	44,573	249,014	18,882	4,174	176,604	18,220	511,468	-	511,468

Notes: 1. Method of segmentation

The Company classifies its operations into segments based on the similarities of services provided to customers and the type and attributes of markets targeted.

2. Major categories in each operating segment are as follows

Operating segment	Major merchandise, products and service
Media Content Business	Content distribution to BBTB operators, CATV operators and communication service providers. Distribution of content to PCs.
Game on Demand Business	Offering G-cluster technology to support the distribution of interactive applications to various terminals without having to first download programs. Distribution of game content by using G-cluster technology.
CDN Business	Operation of a content delivery network for optimized distribution of content to end users supplied by content providers.
Broadband Business	Selling subscriptions to SOFTBANK BB services, including broadband Internet connections (Yahoo! BB).
CS Broadcasting Service Business	Planning and management of membership associations for offering innovative services, such as free rental of CS broadcast tuners and antennas and publication and, distribution of a program guided-oriented magazine.

3. Reclassifications of operating segments

In prior periods, the Company's operations were classified into three segments based on the similarity of services offered to customers. Effective from the current consolidated fiscal year, the former Broadband-related Service Business segment has been reclassified and split into the CDN Business segment, Game on Demand Business segment and the Broadband Business segment. Including new businesses launched in the current consolidated fiscal year, the Company now classifies its operations into six business segments.

The above reclassifications reflect organizational changes (transition to a divisional system) adopted by the Company. They are based on the type and attributes of the markets targeted by each service, in order to more accurately present the progress of each business.

4. Changes in the allocation of business expenses

In prior periods, shared corporate expenses were allocated based on the number of employees in each operating segment. Effective from the current consolidated fiscal year, certain expenses are allocated based on the nature of such expenses, in addition to the level of segment revenue.

Following the above reclassifications, a review of the contribution of the administration division to each of the operating segments found that the above method of allocating expenses better presents the status of operations of each operating segment.

5. The operating segment information for the current consolidated fiscal year, restated to conform to the former method of allocating shared corporate expenses, and is summarized below:

Thousand yen

	Media Content Business	Game on Demand Business	CDN Business	Broadband Business	CS Broadcasting Service Business	Other businesses	Total	Elimination or corporate	Consolidated
Revenue									
(1) External revenue	1,705,511	160,190	1,140,828	2,269,148	3,998,641	865	9,275,185	-	9,275,185
(2) Inter-segment revenue and transfers	-	-	-	-	-	-	-	-	-
Total	1,705,511	160,190	1,140,828	2,269,148	3,998,641	865	9,275,185	-	9,275,185
Operating expenses	1,132,155	582,168	1,002,630	2,148,965	1,447,542	155,766	6,469,228	-	6,469,228
Operating profit (loss)	573,355	(421,978)	138,198	120,183	2,551,098	(154,901)	2,805,956	-	2,805,956

6. Assets (2,377,883 thousand yen) included in "elimination or corporate" consist primarily of surplus funds under management (cash deposits, securities, etc.) at the Company.

Geographical segment information

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Geographical segment information is not presented since domestic revenue exceeded 90% of consolidated revenue.	Geographical segment information is not presented since domestic revenue and assets exceeded 90% of consolidated revenue and total assets.

Overseas revenue

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)
Information of overseas revenue is not presented since overseas revenue account for less than 10% of consolidated revenue.	Same as on the left.

Related Party Transactions

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)

(1) Parent company, major corporate shareholders etc.

Types of related party	Name	Address	Capital or investment (Million yen)	Occupation	Voting power (%)	Relationship		Types of transaction	Transaction amount (Thousand yen)	Account	Ending balance (Thousand yen)
						Directors	Business				
Parent company	SOFTBANK Broadmedia Corporation	Minato-ku, Tokyo	10,750	Acquisition, holding and management of negotiable securities	Owned 85.3% (Indirect 35.4%)	Joint directors: 3	Bond issue	-	-	Corporate bonds	221,550
							Borrowings	Bond interest	3,756	Accrued interest	2,518
							Borrowings	Borrowings	900,000		
								Repayment of loans	1,750,000		-
								Interest expenses	27,473		-
								Value of BBTV receivers transferred	1,216,779		-

Notes: 1. Amounts do not include consumption taxes.

2. Transaction terms or method of determining transaction terms:

The terms of transaction for asset sales are based on the terms and conditions for general business transactions and agreed to through negotiations between the two parties.

(2) Sister companies etc.

Types of related party	Name	Address	Capital or investment (Million yen)	Occupation	Voting power (%)	Relationship		Types of transaction	Transaction amount (Thousand yen)	Account	Ending balance (Thousand yen)
						Directors	Business				
Subsidiaries of the parent company	WEB-Lease Co., Ltd.	Minato-ku, Tokyo	780	General leasing business	-	-	Sale and lease back transactions	Cable TV receivers consigned	332,970	-	-
								Lease payments	429,966	Trade accounts payable	25,406
	SOFTBANK BB Corp.	Minato-ku, Tokyo	148,000	ADSL infrastructure development	-	-	Sales of subscriptions for broadband-related services on consignment	Broadband-related service sales	4,854,072	Trade accounts receivable	617,553
							Broadmedia Research Institute, Inc.	Minato-ku, Tokyo	10	Marketing agency for broadband-related services, etc.	Owned 3.6%
	Consignment of software development	Compensation income	19,614	Other accounts receivable	19,614						
	Oy Gamecluster Ltd.	Finland	5,000 euros	Software development on consignment	-	-	Consignment of software development	Consignment of software development	89,761	Other accounts payable	274

Notes: 1. Transaction amounts do not include consumption taxes. Ending balance includes consumption taxes.

2. Transaction terms or method of determining transaction terms:

The terms of lease contracts are similar to those for transactions with third parties with no relationship with the Company. The terms of transaction for subscription sales service on consignment are based on the sales agency agreement and memorandum of understanding signed between the two parties and determined in a manner similar to the terms and conditions for general business transactions with third parties.

Compensation income is security deposits with the Company for compensation in the event of non-performance of agreement by a CDN agent. The terms for compensation income are based on the sales agency agreement and memorandum of understanding signed between the two parties and determined in a manner similar to those for terms and conditions for general business transactions with third parties with no relationship with the Company. The terms of transaction for software development on consignment are based on the terms and conditions for general business transactions and agreed to through negotiations between the two parties.

3. WEB-Lease Co., Ltd. ceased to be a sister company of the Company following the March 15, 2005 capital increase through a public offering by SOFTBANK INVESTMENT CORPORATION, WEB-Lease's parent company.

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)

(1) Parent company, major corporate shareholders etc.

Types of related party	Name	Address	Capital or investment (Million yen)	Occupation	Voting power (%)	Relationship		Types of transaction	Transaction amount (Thousand yen)	Account	Ending balance (Thousand yen)
						Directors	Business				
Parent company	SOFTBANK Broadmedia Corporation	Minato-ku, Tokyo	100	Acquisition, holding and management of negotiable securities	Owned 66.7% (Indirect 19.8%)	Joint directors: 1	Bond issue	-	-	Corporate bonds due within one year	221,550
								Bond interest	3,766	Accrued interest	2,518

Note: 1. Amounts do not include consumption taxes.

(2) Sister companies etc.

Types of related party	Name	Address	Capital or investment (Million yen)	Occupation	Voting power (%)	Relationship		Types of transaction	Transaction amount (Thousand yen)	Account	Ending balance (Thousand yen)
						Directors	Business				
Subsidiaries of the parent company	BB TECHNOLOGY Corp.	Minato-ku, Tokyo	119,900	ADSL infrastructure development	-	-	Sale of subscriptions for broadband-related services on consignment	Broadband business sales	2,466,394	Trade accounts receivable	240,604
								Media content business sales	79,970	Trade accounts payable	140
								Provision of CDN service	22,395	Trade accounts payable	3,080
	BB Cable Corporation	Minato-ku, Tokyo	100	Broadcasting, online video rental service using ADSL lines	-	Joint directors: 2	Supply of content	Media content business sales	1,495,910	Trade accounts receivable	55,302
										Advance receipts	140,631
	TV Bank Corp.	Minato-ku, Tokyo	1,505	Video content service business	-	-	Supply of content	Media content business sales	24,069	Trade accounts receivable	7,875
										Advance receipts	56,075
	Broadmedia Research Institute, Inc.	Minato-ku, Tokyo	10	Marketing agency for broadband-related services, etc.	Owned 3.5%	Joint directors: 1	Consignment of subscriptions for broadband-related services	Cost of sales of broadband-related services	42,419	Trade accounts payable	3,442

Notes:

1. Transaction amounts do not include consumption taxes. Ending balance includes consumption taxes.

2. Transaction terms or method of determining transaction terms:

The terms of transaction are based on the sales agency agreement and memorandum of understanding signed between the two parties and determined in a manner similar to those for terms and conditions for general transactions.

3. SOFTBANK BB Corp. changed its name to BB TECHNOLOGY Corp. effective on December 1, 2005.

Per Share Information

Yen

Item	FY2004	FY2005										
	(Apr. 1, 2004 – Mar. 31, 2005)	(Apr. 1, 2005 – Mar. 31, 2006)										
Net assets per share	-	155.00										
Net profit per share (basic)	(61.42)	96.86										
Net profit per share (diluted)	Net profit per share (diluted) is not presented since the Company posted net loss for the current fiscal year.	92.47										
		On May 20, 2005, the Company split its stock two for one. Net profit per share retroactively adjusted to the beginning of the previous consolidated fiscal year, is as follows.										
		<table border="1"> <thead> <tr> <th colspan="2">FY2004</th> </tr> </thead> <tbody> <tr> <td>Net assets per share:</td> <td>-</td> </tr> <tr> <td>Net loss per share (basic):</td> <td>30.71</td> </tr> <tr> <td>Net profit per share (diluted):</td> <td></td> </tr> <tr> <td>Net profit per share (diluted) is not presented since the Company posted net loss for the current fiscal year.</td> <td></td> </tr> </tbody> </table>	FY2004		Net assets per share:	-	Net loss per share (basic):	30.71	Net profit per share (diluted):		Net profit per share (diluted) is not presented since the Company posted net loss for the current fiscal year.	
FY2004												
Net assets per share:	-											
Net loss per share (basic):	30.71											
Net profit per share (diluted):												
Net profit per share (diluted) is not presented since the Company posted net loss for the current fiscal year.												

Note: Basis for calculation of net profit (loss) per share (basic) and net profit per share (diluted) is as follows.

Thousand yen

Item	FY2004	FY2005
	(Apr. 1, 2004 – Mar. 31, 2005)	(Apr. 1, 2005 – Mar. 31, 2006)
Net profit (loss) per share (basic)		
Net profit (loss)	(513,454)	1,645,319
Amount not available to common shareholders	-	-
Net profit (loss) available to common stock	(513,454)	1,645,319
Average shares outstanding (shares)	8,360,495	16,987,256
Net profit per share (diluted)		
Adjustments to net profit	-	-
Increase in number of common stocks (shares)	-	804,893
[of which stock subscription rights (shares)]	-	[593,667]
[of which new stock acquisition right (shares)]	-	[211,226]

Material Subsequent Events

FY2004 (Apr. 1, 2004 – Mar. 31, 2005)

1. Stock split of Club iT share (gratis issue)

The Board of Directors of the Company on March 1, 2005 approved a gratis stock split, in order to increase the liquidity of the Company's stock and expand its shareholder base. Details are as follows:

(1) Outline of stock split

On May 20, 2005, the Company split its common stock two-for-one.

1. Increase in the number of shares due to the stock split

Common stock: 8,395,100 shares

2. Method of split

We will issue two stocks for every one common stock owned by registered shareholders as of March 31, 2005.

(2) Dividend record date: April 1, 2005

(3) Increase in the total number of shares issued by the Company

The Company amended Article 5 of its Articles of Incorporation on May 20, 2005, in order to increase the number of shares outstanding by 32,000,000 shares to 64,000,000 shares.

(4) The Board of Directors will determine other necessary items for the stock split.

(5) Adjustment of exercise price

In line with the stock split, the Company adjusts the exercise price for subscription warrant and stock acquisition rights, from April 1, 2005, as follows:

Description	Exercise price after adjustment	Exercise price before adjustment
First issue subscription warrant	187.5 yen	375 yen
Second issue subscription warrant	187.5 yen	375 yen
First issue stock acquisition rights 2004	931 yen	1,861 yen

(6) Per share information for the current and the previous consolidated fiscal years, retroactively adjusted for the stock split to the beginning of the respective fiscal years, is as follows:

Item	FY2003	FY2004
Net assets per share	81.34 yen	-
Net loss per share (basic)	71.06 yen	30.71 yen
Net profit per share (diluted)	Net profit per share (diluted) is not presented since the Company posted net loss for the current fiscal year.	Same as on the left.

2. Acquisition of CDN Solutions K.K. as a subsidiary

The Company acquired 13,500 shares (90% of outstanding shares) of CDN Solutions K.K. from Broadmedia Research Institute, Inc. on April 1, 2005, for 270,000 thousand yen.

Like the Company, CDN Solutions is an operating subsidiary of the SOFTBANK Broadmedia Group. Its principal areas of operations are similar to those of the Company. The principal activity of the CDN Business segment of the Company was content distribution, with a strong presence in Japan. The service was provided through a proprietary content distribution platform built by the Company, and supported by technical collaboration with U.S.-based Speedera Networks. At the same time, CDN Solutions, as the primary reseller in Japan of U.S.-based Akamai Technologies Corp., focused on providing Akamai Technologies Corp.'s services in foreign markets. As has already been announced, Akamai Technologies, Inc. has reached an agreement with Speedera Networks, Inc. to acquire the latter company. Following the announcement, the Company has been integrating the content distribution platforms of Akamai Technologies and Speedera Networks to offer the best possible solutions by incorporating services in which each of these company's excel to target diversifying corporate customer needs for broadband services. CDN Solutions was acquired inline with this strategy.

The acquisition was financed by internal funds. Payment for the acquisition of the stock has already been executed by means of a bank transfer.

Outline of CDN Solutions K.K.

Head office location	Minato-ku, Tokyo
Business activities	CDN business
Summary of financial results for most recent fiscal year	
Fiscal year ended	March 2005
Common stock	600,000 thousand yen
Total assets	170,834 thousand yen
Revenue	668,743 thousand yen
Operating profit	158,901 thousand yen
Recurring profit	153,691 thousand yen
Net profit	197,881 thousand yen
Number of employees	7

FY2005 (Apr. 1, 2005 – Mar. 31, 2006)

1. Stock split of Club iT share (gratis issue)

The Board of Directors of the Company on January 25, 2006 approved a gratis stock split, in order to increase the liquidity of the Company's stock and expand its shareholder base. Details are as follows:

(1) Outline of stock split

On April 1, 2006, the Company split its common stock two-for-one.

1. Increase in the number of shares due to the stock split

Common stock: 17,356,400 shares

2. Method of split

We will issue two stocks for every one common stock owned by registered shareholders as of March 31, 2006.

(2) Issue date: May 19, 2006

(3) Dividend record date: April 1, 2006

(4) Increase in the total number of shares issued by the Company

The Company amended Article 5 of its Articles of Incorporation on April 1, 2006, in order to increase the number of shares outstanding by 64,000,000 shares to 128,000,000 shares.

(5) The Board of Directors will determine other necessary items for the stock split.

(6) Adjustment of exercise price

In line with the stock split, the Company adjusts the exercise price for subscription warrant and stock acquisition rights, from April 1, 2005, as follows:

Description	Exercise price after adjustment	Exercise price before adjustment
First issue subscription warrant	93.8 yen	187.5 yen
Second issue subscription warrant	93.8 yen	187.5 yen
First issue stock acquisition rights 2004	466 yen	931 yen
First issue stock acquisition rights 2005	1,270 yen	2,539 yen

(7) Per share information for the current and the previous consolidated fiscal years, retroactively adjusted for the stock split to the beginning of the respective fiscal years, is as follows:

Item	FY2004	FY2005
Net assets per share	-	77.50 yen
Net profit (loss) per share (basic)	(15.35) yen	48.43 yen
Net profit per share (diluted)	Net profit per share (diluted) is not presented since the Company posted net loss for the current fiscal year.	46.24 yen

5. Production, Orders and Revenue

(1) Production

No reportable information, since the Company and its consolidated subsidiaries are not manufacturing companies.

(2) Purchases

Purchases by segment are as follows:

Thousand yen

Segment	FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	Change	
	Amount	Amount	Amount	%
Media Content Business	76,179	553,318	477,138	626.3
Game on Demand Business	-	167,773	167,773	-
Other businesses	-	4,278	4,278	-
Total	76,179	725,370	649,190	852.2

Note: Amounts do not include consumption taxes.

(3) Orders

No reportable information, since the Company and its consolidated subsidiaries do not manufacture on order.

(4) Revenue

Performance by segment are as follows:

Thousand yen

Segment	FY2004 (Apr. 1, 2004 – Mar. 31, 2005)	FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	Change	
	Amount	Amount	Amount	%
Media Content Business	207,228	1,705,511	1,498,282	723.0
Game on Demand Business	81,590	160,190	78,599	96.3
CDN Business	199,434	1,140,828	941,393	472.0
Broadband Business	5,083,443	2,269,148	(2,814,295)	(55.4)
CS Broadcasting Service Business	5,407,988	3,998,641	(1,409,347)	(26.1)
Other businesses	-	865	865	-
Total	10,979,685	9,275,185	(1,704,500)	(15.5)

Notes: 1. Amounts do not include consumption taxes.

2. The following table indicates revenue from major customers and its ratio of total revenue.

Thousand yen

Customer	FY2004 (Apr. 1, 2004 – Mar. 31, 2005)		FY2005 (Apr. 1, 2005 – Mar. 31, 2006)	
	Amount	%	Amount	%
BB TECHNOLOGY Corp.	5,098,764	46.4	2,264,707	24.4
BB Cable Corporation	151,503	1.4	1,505,838	16.2
J SPORTS Broadcasting Corporation	1,485,064	13.5	1,139,390	12.3

Notes: 1. Amounts do not include consumption taxes.

2. SOFTBANK BB Corp. changed its name to BB TECHNOLOGY Corp. effective on December 1, 2005.

* This financial report is solely a translation of Japanese “Kessan Tanshin” (including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer English translation.