April 13, 2007

Non-consolidated Financial Summaries for the Nine Months of the Fiscal Year Ending May 31, 2007
(June 1, 2006 – February 28, 2007)

Company name: **INTER ACTION Corporation** (Stock code: 7725 TSE Mothers Market)

(URL http://www.inter-action.co.jp/Eng)

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1. Significant Accounting Policies in the Preparation of Quarterly Non-consolidated Financial Statements

(1) Accounting standards for the preparation of quarterly non-consolidated financial statements:
The standards for Non-consolidated Interim Financial Statements

(2) Changes in accounting principles from the most recent fiscal year: None

(3) Auditing process by independent accountants: Yes
The quarterly non-consolidated financial statements have been through auditing process in accordance with the supplementary provisions "Standards of Auditors' Opinion for the Quarterly Financial Statements" of the "Instructions for the Application of the Regulations for Timely Disclosure of Corporate Information by Issuers of Listed Securities" as set by the Tokyo Stock Exchange.

2. Financial Results for the Nine Months Ended February 28, 2007 (June 1, 2006 – February 28, 2007)

(1) Non-consolidated Results of Operations

(All amounts are rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
Nine months ended Feb. 2007	1,308	22.1	(13)	-	(22)	-
Nine months ended Feb. 2006	1,071	21.0	(52)	-	(50)	-
(Reference) Year ended May 2006	2,089		275		269	

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change %	Yen	Yen
Nine months ended Feb. 2007	(13)	-	(217.15)	-
Nine months ended Feb. 2006	(30)	-	(484.37)	-
(Reference) Year ended May 2006	172		2,740.68	2,738.72

Note: The percentages shown for sales, operating income, ordinary income, and net income represent changes from the same period of the previous fiscal year.

(2) Non-consolidated Financial Position

(All amounts are rounded down to the nearest million yen)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 28, 2007	4,560	2,346	51.4	38,567.58
As of February 28, 2006	4,479	2,456	54.8	39,096.44
(Reference) As of May 31, 2006	4,805	2,656	55.3	42,282.70

3. Non-consolidated Forecasts for the Fiscal Year Ending May 31, 2007 (June 1, 2006 – May 31, 2007)

	Sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full year	1,754	72	49

Reference: Estimated net income per share for the full year: 805.38 yen

4. Dividends

Dividends by cash	Dividend per share (Yen)	
	Year-end	Annual
Fiscal year ended May 2006	500.00	500.00
Fiscal year ending May 2007 (actual)	-	600.00
Fiscal year ending May 2007 (forecast)	600.00	

Note: 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. Actual results may differ significantly from these forecasts for a number of factors.
Please refer to page 3 of the Consolidated Financial Summaries on attached document for precondition and assumption as the basis of the above forecasts.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

Yen in thousands

Account \ Period		FY5/06 1st – 3rd Qtr. As of Feb. 28, 2006		FY5/07 1st – 3rd Qtr. As of Feb. 28, 2007		FY5/06 As of May 31, 2006	
		Amount	%	Amount	%	Amount	%
Assets							
I Current assets							
1. Cash and deposits in banks		2,450,080		2,284,881		2,123,672	
2. Trade notes receivable		7,318		46,782		1,560	
3. Trade accounts receivable		368,680		329,651		1,013,422	
4. Securities		19,966		19,996		19,967	
5. Inventories		553,418		585,610		522,606	
6. Income taxes refundable		204		46,693		-	
7. Other current assets	*5	111,933		167,400		126,580	
8. Allowance for doubtful accounts		(502)		(219)		(242)	
Total current assets		3,511,100	78.4	3,480,797	76.3	3,807,567	79.2
II Fixed assets							
1. Tangible fixed assets	*1, 2						
(1) Buildings		397,885		384,342		393,883	
(2) Land		114,867		114,867		114,867	
(3) Other tangible fixed assets		194,730		188,996		204,994	
Total tangible fixed assets		707,482		688,206		713,745	
2. Intangible assets		15,921		20,204		20,836	
3. Investments and other assets							
(1) Investment securities		96,326		122,145		86,954	
(2) Other investments and other assets		148,366		249,496		176,019	
Total investments and other assets		244,692		371,641		262,974	
Total fixed assets		968,096	21.6	1,080,052	23.7	997,555	20.8
Total assets		4,479,197	100.0	4,560,850	100.0	4,805,123	100.0

Yen in thousands

Account \ Period		FY5/06 1st – 3rd Qtr. As of Feb. 28, 2006		FY5/07 1st – 3rd Qtr. As of Feb. 28, 2007		FY5/06 As of May 31, 2006	
		Amount	%	Amount	%	Amount	%
Liabilities							
I Current liabilities							
1. Trade accounts payable		119,564		95,570		168,114	
2. Short-term borrowings	*2	340,012		330,012		340,012	
3. Current portion of corporate bonds		-		400,000		522,000	
4. Other accounts payable		65,681		32,711		104,233	
5. Reserve for bonuses		12,070		16,066		-	
6. Reserve for product warranty		7,287		14,234		7,567	
7. Other current liabilities		244,143		30,756		184,726	
Total current liabilities		788,759	17.6	919,351	20.2	1,326,652	27.6
II Long-term liabilities							
1. Corporate bonds		340,000		540,000		-	
2. Long-term borrowings	*2	889,975		749,963		817,472	
3. Reserve for retirement benefits		4,424		5,045		4,630	
Total long-term liabilities		1,234,399	27.6	1,295,008	28.4	822,102	17.1
Total liabilities		2,023,158	45.2	2,214,359	48.6	2,148,754	44.7
Shareholders' equity							
I Common stock		1,101,259	24.6	-	-	-	-
II Capital surplus							
1. Additional paid-in capital		1,032,259		-		-	
Total capital surplus		1,032,259	23.0	-	-	-	-
III Retained earnings							
1. Legal reserve		2,600		-		-	
2. Unappropriated retained earnings at end of period		482,973		-		-	
Total retained earnings		485,573	10.8	-	-	-	-
IV Unrealized holding gain (loss) on other securities		756	0.0	-	-	-	-
V Treasury stock		(163,811)	(3.6)	-	-	-	-
Total shareholders' equity		2,456,038	54.8	-	-	-	-
Total liabilities and shareholders' equity		4,479,197	100.0	-	-	-	-

Yen in thousands

Account \ Period	FY5/06 1st – 3rd Qtr. As of Feb. 28, 2006		FY5/07 1st – 3rd Qtr. As of Feb. 28, 2007		FY5/06 As of May 31, 2006	
	Amount	%	Amount	%	Amount	%
Net assets						
I Shareholders' equity						
1. Common stock	-	-	1,102,711	24.2	1,101,360	22.9
2. Capital surplus						
(1) Additional paid-in capital	-		1,033,711		1,032,360	
Total capital surplus	-	-	1,033,711	22.7	1,032,360	21.5
3. Retained earnings						
(1) Legal reserve	-		2,600		2,600	
(2) Other retained earnings						
Retained earnings carried forward	-		640,640		685,571	
Total retained earnings	-	-	643,240	14.1	688,171	14.3
4. Treasury stock	-	-	(435,250)	(9.6)	(163,811)	(3.4)
Total shareholders' equity	-	-	2,344,414	51.4	2,658,081	55.3
II Valuation and translation adjustments						
1. Unrealized holding gain (loss) on other securities	-	-	2,075	0.0	(1,712)	(0.0)
Total valuation and translation adjustments	-	-	2,075	0.0	(1,712)	(0.0)
Total net assets	-	-	2,346,490	51.4	2,656,368	55.3
Total liabilities and net assets	-	-	4,560,850	100.0	4,805,123	100.0

(2) Non-consolidated Income Statement

Yen in thousands

Account \ Period			FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006		FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007		FY5/06 June 1, 2005 – May 31, 2006	
			Amount	%	Amount	%	Amount	%
I	Sales		1,071,148	100.0	1,308,338	100.0	2,089,237	100.0
II	Cost of sales		627,420	58.6	681,367	52.1	1,127,309	54.0
	Gross profit		443,728	41.4	626,970	47.9	961,927	46.0
III	Selling, general and administrative expenses		496,657	46.3	640,837	49.0	686,801	32.8
	Operating income (loss)		(52,928)	(4.9)	(13,866)	(1.1)	275,126	13.2
IV	Non-operating income	*1	21,041	1.9	36,834	2.8	18,729	0.9
V	Non-operating expenses	*2	18,146	1.7	45,417	3.4	24,484	1.2
	Ordinary income (loss)		(50,033)	(4.7)	(22,449)	(1.7)	269,371	12.9
VI	Extraordinary income	*3	9,125	0.9	5,028	0.3	11,079	0.5
VII	Extraordinary loss		1,204	0.1	451	0.0	1,204	0.0
	Net income (loss) before income taxes		(42,112)	(3.9)	(17,872)	(1.4)	279,246	13.4
	Income taxes - current		2,529	0.2	19,875	1.5	133,636	6.4
	Income taxes - deferred		(14,212)	(1.3)	(24,229)	(1.9)	(26,559)	(1.2)
	Net income (loss)		(30,428)	(2.8)	(13,518)	(1.0)	172,169	8.2
	Retained earnings brought forward		513,402		-		-	
	Unappropriated retained earnings for the period		482,973		-		-	

(3) Non-consolidated Changes in Shareholders' Equity

FY5/07 1st – 3rd Qtr. (June 1, 2006 – Feb. 28, 2007)

Yen in thousands

	Shareholders' equity							
	Common stock	Capital surplus		Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earrings: Retained earnings carried forward	Total retained earnings		
Balance as of May 31, 2006	1,101,360	1,032,360	1,032,360	2,600	685,571	688,171	(163,811)	2,658,081
Changes in the current period								
New stock issue	1,351	1,351	1,351					2,703
Dividend of surplus (Note)					(31,412)	(31,412)		(31,412)
Net income					(13,518)	(13,518)		(13,518)
Acquisition of treasury stock							(271,439)	(271,439)
Changes (net) in items other than shareholders' equity								-
Total changes in the current period	1,351	1,351	1,351	-	(44,930)	(44,930)	(271,439)	(313,666)
Balance as of Feb. 28, 2007	1,102,711	1,033,711	1,033,711	2,600	640,640	643,240	(435,250)	2,344,414

Yen in thousands

	Valuation and translation adjustments		Total net assets
	Unrealized holding gain (loss) on other securities	Total valuation and translation adjustments	
Balance as of May 31, 2006	(1,712)	(1,712)	2,656,368
Changes in the current period			
New stock issue		-	2,703
Dividend of surplus (Note)		-	(31,412)
Net income		-	(13,518)
Acquisition of treasury stock		-	(271,439)
Changes (net) in items other than shareholders' equity	3,788	3,788	3,788
Total changes in the current period	3,788	3,788	(309,878)
Balance as of Feb. 28, 2007	2,075	2,075	2,346,490

Note: Appropriation of earnings resolved at the annual general meeting of shareholders in August 2006.

FY5/06 (June 1, 2005 – May 31, 2006)

Yen in thousands

	Shareholders' equity							
		Capital surplus		Retained earnings				
	Common stock	Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earnings: Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of May 31, 2005	1,101,259	1,032,259	1,032,259	2,600	520,940	523,540	(163,811)	2,493,248
Changes in the fiscal year								
New stock issue	101	101	101					202
Dividend of surplus (Note)					(7,538)	(7,538)		(7,538)
Net income					172,169	172,169		172,169
Changes (net) in items other than shareholders' equity								-
Total changes in the fiscal year	101	101	101	-	164,630	164,630	-	164,832
Balance as of May 31, 2006	1,101,360	1,032,360	1,032,360	2,600	685,571	688,171	(163,811)	2,658,081

Yen in thousands

	Valuation and translation adjustments		Total net assets
	Unrealized holding gain (loss) on other securities	Total valuation and translation adjustments	
Balance as of May 31, 2005	(1,465)	(1,465)	2,491,782
Changes in the fiscal year			
New stock issue		-	202
Dividend of surplus (Note)		-	(7,538)
Net income		-	172,169
Changes (net) in items other than shareholders' equity	(247)	(247)	(247)
Total changes in the fiscal year	(247)	(247)	164,585
Balance as of May 31, 2006	(1,712)	(1,712)	2,656,368

Note: Appropriation of earnings resolved at the annual general meeting of shareholders in August 2005.

Significant Accounting Policies in the Preparation of Non-consolidated Financial Statements

Items \ Period	FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007	FY5/06 June 1, 2005 – May 31, 2006
1. Valuation criteria and methods for principal assets	(1) Inventories 1) Manufactured goods and work in process Manufactured goods and work in process are stated at cost, cost being determined by the specific identification method. 2) Raw materials Raw materials are stated at cost, cost being determined by the monthly-period-average method. (2) Securities 1) Subsidiary stocks Subsidiary stocks are stated at cost, cost being determined by the moving-average method. 2) Other securities Securities with market quotations: Securities with market quotations are stated at fair value on the balance sheet date for the current period. (Unrealized holding gain (loss) is included directly in shareholders' equity. Cost of securities sold is determined by the moving-average method.) Securities without market quotations: Securities without market quotations are stated at cost, cost being determined by the moving-average method. (3) Derivatives Market value method.	(1) Inventories 1) Manufactured goods and work in process Same as on the left. 2) Raw materials Same as on the left. (2) Securities 1) Subsidiary stocks Same as on the left. 2) Other securities Securities with market quotations: Securities with market quotations are stated at fair value on the balance sheet date for the current period. (Unrealized holding gain (loss) is included directly in net assets. Cost of securities sold is determined by the moving-average method.) Securities without market quotations: Same as on the left. (3) Derivatives Same as on the left.	(1) Inventories 1) Manufactured goods and work in process Same as on the left. 2) Raw materials Same as on the left. (2) Securities 1) Subsidiary stocks Same as on the left. 2) Other securities Securities with market quotations: Securities with market quotations are stated at fair value on the balance sheet date for the current fiscal year. (Unrealized holding gain (loss) is included directly in net assets. Cost of securities sold is determined by the moving-average method.) Securities without market quotations: Same as on the left. (3) Derivatives Same as on the left.
2. Depreciation method for fixed assets	(1) Tangible fixed assets Depreciation of tangible fixed assets (except buildings (excluding fixtures)) is computed by the declining-balance method. Depreciation of buildings (excluding fixtures) is calculated by the straight-line method. Depreciation of small-sum items (100 thousand yen and more/less than 200 thousand yen) is calculated by the straight-line method, assuming useful life to be three years.	(1) Tangible fixed assets Same as on the left.	(1) Tangible fixed assets Same as on the left.

Items \ Period	FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007	FY5/06 June 1, 2005 – May 31, 2006
	(2) Intangible assets Amortization of intangible assets, except software for internal use, is calculated by the straight-line method. The development costs of software intended for internal use are amortized over an expected useful life of five years by the straight-line method.	(2) Intangible assets Same as on the left.	(2) Intangible assets Same as on the left.
3. Recognition of principal reserves	(1) Allowance for doubtful accounts To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.	(1) Allowance for doubtful accounts Same as on the left.	(1) Allowance for doubtful accounts Same as on the left.
	(2) Reserve for bonuses To provide for employees' bonus obligations, an amount accrued for the current period is designated in the reserve account.	(2) Reserve for bonuses Same as on the left.	―――――
	(3) Reserve for product warranty To account for repair costs covered under product warranty, allowances equal to the estimated amount for the warranty period is provided.	(3) Reserve for product warranty Same as on the left.	(3) Reserve for product warranty Same as on the left.
	(4) Reserve for retirement benefits To provide for employee retirement benefits, an allowance is provided in the amount deemed to have accrued at the end of the current period if all eligible employees retired on the balance sheet date, pursuant to the accounting standard for retirement allowances (Report No.13 "Opinion Concerning the Establishment of Accounting Standards for Retirement Benefits"), which provides for the application of the simple method for calculating retirement benefits.	(4) Reserve for retirement benefits Same as on the left.	(4) Reserve for retirement benefits To provide for employee retirement benefits, an allowance is provided in the amount deemed to have accrued at the end of the fiscal year if all eligible employees retired on the balance sheet date, pursuant to the accounting standard for retirement allowances (Report No.13 "Opinion Concerning the Establishment of Accounting Standards for Retirement Benefits"), which provides for the application of the simple method for calculating retirement benefits.
4. Translation of significant foreign currency-denominated assets and liabilities	Foreign currency-denominated monetary assets and liabilities are translated into yen at the exchange rate in effect on the balance sheet date for the current period. Translation gain or loss is accounted as profit or loss.	Same as on the left.	Foreign currency-denominated monetary assets and liabilities are translated into yen at the exchange rate in effect on the balance sheet date for the current fiscal year. Translation gain or loss is accounted as profit or loss.

Items \ Period	FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007	FY5/06 June 1, 2005 – May 31, 2006
5. 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 the method similar to that applicable to ordinary operating leases.	Same as on the left.	Same as on the left.
6. Hedge accounting	(1) Hedge accounting method Interest rate swaps that accounted by the short-cut method since they meet certain criteria. (2) Hedging instrument and risk hedged Hedging instrument: Interest rate swaps Risk hedged: Interest on borrowings (3) Hedging policy To reduce exposure to risks from fluctuations in interest rates. Identification of the hedging instrument and risk hedged is carried out for each hedge transaction. (4) Assessing the effectiveness of a hedge The Company does not assess the effectiveness of hedges since the terms of the hedging instrument and the risk hedged are identical and the effect of changes in interest rates at inception and throughout the life of the hedge are almost fully offset or limited.	(1) Hedge accounting method Same as on the left. (2) Hedging instrument and risk hedged Same as on the left. (3) Hedging policy Same as on the left. (4) Assessing the effectiveness of a hedge Same as on the left.	(1) Hedge accounting method Same as on the left. (2) Hedging instrument and risk hedged Same as on the left. (3) Hedging policy Same as on the left. (4) Assessing the effectiveness of a hedge Same as on the left.
7. Accounting for deferred assets	―――――― ――――――	(1) Stock issue expenses Charged to income as incurred. (2) Bond issue expenses Charged to income as incurred.	(1) New share issue expenses Same as on the left. ――――――
8. Other significant accounting policies	(1) Accounting of consumption taxes Consumption taxes are accounted using the net-of-tax method.	(1) Accounting of consumption taxes Same as on the left.	(1) Accounting of consumption taxes Same as on the left.

Supplementary Information

FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007	FY5/06 June 1, 2005 – May 31, 2006
(Accounting standard for impairment of fixed assets) Effective from the current period, the Company has adopted “Statement of Opinion, Accounting for Impairment of Fixed Assets” (Business Accounting Council, August 9, 2002) and “Guidance for Accounting Standards for Impairment of Fixed Assets” (ASBJ Guidance No.6, October 31, 2003). The effect of this change on financial statements is insignificant.	―――――――	(Accounting standard for impairment of fixed assets) Effective from the current fiscal year, the Company has adopted “Statement of Opinion, Accounting for Impairment of Fixed Assets” (Business Accounting Council, August 9, 2002) and “Guidance for Accounting Standards for Impairment of Fixed Assets” (ASBJ Guidance No.6, October 31, 2003). The effect of this change on financial statements is insignificant. (Accounting standard concerning presentation of net assets on balance sheet) Effective from the current fiscal year, the Company has adopted “Accounting Standard for Presentation of Net Assets on Balance Sheet” (ASBJ Statement No. 5, December 9, 2005) and “Guidance for Presentation of Net Assets on Balance Sheet” (ASBJ Guidance No. 8, December 9, 2005). Under the previous standard, the amount equivalent to total shareholders’ equity would be 2,656,368 thousand yen. Due to the revision of the regulations of non-consolidated financial statements, net assets in the non-consolidated balance sheet for the current fiscal year are presented based on the revised standard.

Reclassifications

FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007
―――――――	(Non-consolidated balance sheets) “Current portion of corporate bonds,” presented as a component of “Other current liabilities” in prior periods, are reclassified and presented as separate item effective from the current period since the amount exceeded 5/100th of total liabilities and net assets. “Current portion of corporate bonds” totaled 214,000 thousand yen as of the end of the prior period.

Notes to Non-consolidated Financial Statements

Notes to Non-consolidated Balance Sheets

Yen in thousands

FY5/06 1st – 3rd Qtr. As of Feb. 28, 2006	FY5/07 1st – 3rd Qtr. As of Feb. 28, 2007	FY5/06 As of May 31, 2006
*1. Accumulated depreciation of tangible fixed assets 131,204	*1. Accumulated depreciation of tangible fixed assets 195,771	*1. Accumulated depreciation of tangible fixed assets 151,914
*2. Pledged assets and liabilities related to pledged assets Pledged assets Buildings 116,100 Land 100,982 Total 217,083 Liabilities related to pledged assets Short-term borrowings 130,008 Long-term borrowings 378,318 Total 508,326 However, the maximum coverage by the assets pledged as collateral through *Neteitou* comprehensive mortgage is 100,000 thousand yen.	*2. ――――――	*2. Pledged assets and liabilities related to pledged assets Pledged assets Buildings 115,355 Land 100,982 Total 216,338 Liabilities related to pledged assets Short-term borrowings 130,008 Long-term borrowings 345,816 Total 475,824 However, the maximum coverage by the assets pledged as collateral through *Neteitou* comprehensive mortgage is 100,000 thousand yen.
3. Contingent liabilities The Company had contingent liabilities from guarantees of bank borrowings made by following affiliate. *Yen in thousands* Affiliate: BIJ Corporation; Amount: 190,000; Description: Borrowings	3. Contingent liabilities The Company had contingent liabilities from guarantees of bank borrowings made by following affiliate. *Yen in thousands* Affiliate: BIJ Corporation; Amount: 150,000; Description: Borrowings	3. Contingent liabilities The Company had contingent liabilities from guarantees of bank borrowings made by following affiliate. *Yen in thousands* Affiliate: BIJ Corporation; Amount: 180,000; Description: Borrowings
4. ――――――	4. Discounted export notes 74,676	4. ――――――
*5. Accounting for consumption taxes Consumption tax and local consumption tax are included in “Other current liabilities” after being offset by suspense payment and suspense receipt of consumption taxes.	*5. Accounting for consumption taxes Same as on the left.	*5. ――――――

Notes to Non-consolidated Income Statement

Yen in thousands

FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006		FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007		FY5/06 June 1, 2005 – May 31, 2006	
*1. Significant components of non-operating income		*1. Significant components of non-operating income		*1. Significant components of non-operating income	
Interest income	2,105	Interest income	2,851	Interest income	2,657
Interest income on securities	1,945	Interest income on securities	2,613	Interest income on securities	2,833
Foreign exchange gain	11,563	Foreign exchange gain	18,717	Foreign exchange gain	3,672
Additional tax refund	4,033	Rent for rental assets	10,525	Additional tax refund	4,033
*2. Significant components of non-operating expenses		*2. Significant components of non-operating expenses		*2. Significant components of non-operating expenses	
Interest expenses	13,110	Interest expenses	12,530	Interest expenses	17,745
		Bond issue expenses	11,449	Interest payment on bonds	3,620
		Charges for rental assets	6,876	Guarantee fees paid	2,885
*3. Significant components of extraordinary income		*3. Significant components of extraordinary income		*3. Significant components of extraordinary income	
Reserve for product warranty	8,810	Reserve for product warranty	5,005	Reserve for product warranty	10,504
4. Depreciation and amortization		4. Depreciation and amortization		4. Depreciation and amortization	
Tangible fixed assets	47,319	Tangible fixed assets	57,806	Tangible fixed assets	70,032
Intangible assets	2,046	Intangible assets	3,667	Intangible assets	3,491

Notes to Non-consolidated Statement of Changes in Shareholders’ Equity

FY5/07 1st – 3rd Qtr. (June 1, 2006 – Feb. 28, 2007)

Type and number of treasury stocks

	Number of shares as of May 31, 2006 (Shares)	Increase during the current period (Shares)	Decrease during the current period (Shares)	Number of shares as of Feb. 28, 2007 (Shares)
Common shares (Note)	1,000	2,000	-	3,000
Total	1,000	2,000	-	3,000

Note: The increase in the number of common shares (2,000 shares) is due to the acquisition based on resolution of Board of Directors.

FY5/06 (June 1, 2005 – May 31, 2006)

Type and number of treasury stocks

	Number of shares as of May 31, 2005 (Shares)	Increase during the current fiscal year (Shares)	Decrease during the current fiscal year (Shares)	Number of shares as of May 31, 2006 (Shares)
Common shares	1,000	-	-	1,000
Total	1,000	-	-	1,000

Leases

Yen in thousands

FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007	FY5/06 June 1, 2005 – May 31, 2006
Finance lease transactions not involving the transfer of title to lessee:	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 period-end balance equivalents	1. Acquisition cost, accumulated depreciation and period-end balance equivalents	1. Acquisition cost, accumulated depreciation and year-end balance equivalents
Tools, furniture & fixtures Acquisition cost equivalents: 7,843 Accumulated depreciation equivalents: 5,268 Period-end balance equivalents: 2,574	*Tools, furniture & fixtures* Acquisition cost equivalents: 4,422 Accumulated depreciation equivalents: 2,874 Period-end balance equivalents: 1,547	*Tools, furniture & fixtures* Acquisition cost equivalents: 7,843 Accumulated depreciation equivalents: 5,632 Year-end balance equivalents: 2,211
Software Acquisition cost equivalents: 3,806 Accumulated depreciation equivalents: 2,410 Period-end balance equivalents: 1,395	*Software* Acquisition cost equivalents: 3,806 Accumulated depreciation equivalents: 3,172 Period-end balance equivalents: 634	*Software* Acquisition cost equivalents: 3,806 Accumulated depreciation equivalents: 2,601 Year-end balance equivalents: 1,205
Total Acquisition cost equivalents: 11,650 Accumulated depreciation equivalents: 7,679 Period-end balance equivalents: 3,970	*Total* Acquisition cost equivalents: 8,228 Accumulated depreciation equivalents: 6,046 Period-end balance equivalents: 2,182	*Total* Acquisition cost equivalents: 11,650 Accumulated depreciation equivalents: 8,233 Year-end balance equivalents: 3,416
2. Minimum lease commitments and the period-end balance equivalents Due within one year 1,870 Due over one year 2,367 Total 4,238	2. Minimum lease commitments and the period-end balance equivalents Due within one year 1,660 Due over one year 707 Total 2,367	2. Minimum lease commitments and the year-end balance equivalents Due within one year 1,742 Due over one year 1,922 Total 3,665
3. Lease payments, depreciation equivalents and interest equivalents Lease payments 1,864 Depreciation equivalents 1,661 Interest payments 184	3. Lease payments, depreciation equivalents and interest equivalents Lease payments 1,408 Depreciation equivalents 1,234 Interest payments 110	3. Lease payments, depreciation equivalents and interest equivalents Lease payments 2,486 Depreciation equivalents 2,215 Interest payments 233
4. Calculation of accumulated depreciation equivalents Depreciation is calculated by the straight-line method, assuming the lease period to be the useful life and no residual value.	4. Calculation of accumulated depreciation equivalents Same as on the left.	4. Calculation of accumulated depreciation equivalents Same as on the left.
5. Accounting method for interest equivalents Interest is defined as the difference between the total lease charges and acquisition cost equivalents and is allocated for each period using the simple-interest method.	5. Accounting method for interest equivalents Same as on the left.	5. Accounting method for interest equivalents Same as on the left.

Securities

FY5/06 1st – 3rd Qtr. (As of Feb. 28, 2006)

Notes to Securities (excluding subsidiary and affiliate stock with market quotations) for FY5/06 1st –3rd Qtr. are reported on the notes section of Consolidated Financial Statements, since the Company started preparing consolidated financial statements from the current period under review.

There is no subsidiary and affiliate stock with market quotations for the current period.

FY5/07 1st – 3rd Qtr. (As of Feb. 28, 2007)

There is no subsidiary and affiliate stock with market quotations for the current period.

FY5/06 (As of May 31, 2006)

Notes to Securities (excluding subsidiary and affiliate stock with market quotations) for FY5/06 are reported on the notes section of Consolidated Financial Statements, since the Company started preparing consolidated financial statements from the current fiscal year under review.

There is no subsidiary and affiliate stock with market quotations for the current period.

Per Share Data

Yen

Item \ Period	FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007	FY5/06 Jun. 1, 2005 – May 31, 2006
Net assets per share: Net income (loss) per share (basic): Net income per share (diluted):	39,096.44 (484.37) Net income per share (diluted) is not presented since the Company has outstanding dilutive securities, though posted a net loss.	38,567.58 (217.15) Same as on the left.	42,282.70 2,740.68 2,738.72

Note: The following is a reconciliation of net income (loss) per share (basic) and net income per share (diluted):

Yen in thousands

Item \ Period	FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007	FY5/06 Jun. 1, 2005 – May 31, 2006
Net income (loss)	(30,428)	(13,518)	172,169
Amount not available to common shareholders	-	-	-
[of which directors' bonuses paid through appropriation of income]			
Net income (loss) applicable to common stock	(30,428)	(13,518)	172,169
Average number of common stock outstanding during period	62,820 shares	62,257 shares	62,820 shares
Increase in the number of common stock outstanding	- share	- share	45 shares
[of which stock acquisition rights]	[- share]	[- share]	[45 shares]
Summary of potential stock not included in the calculation of "net income per share (diluted)" since there was no dilutive effect.	Number of new stock acquisition rights: No.2: 260 shares	Number of new stock acquisition rights: No.2: 142 shares Number of new stock acquisition rights: No.3: 239 shares Number of new stock acquisition rights: No.4: 340 shares	Number of new stock acquisition rights: No.2: 232 shares Number of new stock acquisition rights: No.4: 493 shares

Subsequent Events

FY5/06 1st – 3rd Qtr. June 1, 2005 – Feb. 28, 2006	FY5/07 1st – 3rd Qtr. June 1, 2006 – Feb. 28, 2007	FY5/06 Jun. 1, 2005 – May 31, 2006
―――――	―――――	Increase in equity of subsidiary In accordance with a resolution approved on June 26, 2006 by the INTER ACTION Board of Directors, subsidiary BIJ Corporation procured 80 million yen through the sale of newly issued stock on July 14. All shares were purchased by INTER ACTION. The purpose was to increase this subsidiary's equity and create a sounder financial position.

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