



News Release Dated June 29, 2007

Company: INTER ACTION Corporation
Masao Kimura, President, CEO & COO
Listing: The Tokyo Stock Exchange Mothers Market
Stock code: 7725

Contact: Tsuyoshi Fukuda, Executive Vice President & CFO

Tel: +81-45-788-8373

URL: <http://www.inter-action.co.jp/Eng>

Notice of Revisions to Operating Forecasts and Projected Year-end Dividends

INTER ACTION Corporation is revising its forecasts for the fiscal year ended May 31, 2007 (June 1, 2006 - May 31, 2007) and year-end dividend forecasts due to recent trends in operating results. These forecasts replace the figures that were announced on April 13, 2007 when the Company released the foregoing fiscal year results.

1. Revisions to forecasts

(1) Revisions to forecasts for fiscal year ended May 31, 2007 (June 1, 2006 – May 31, 2007)

Consolidated

Yen in millions, %

	Sales	Ordinary income	Net income
Previous forecast (A)	1,954	45	(30)
Revised forecast (B)	1,909	24	(43)
Change (B - A)	(44)	(20)	(13)
Percentage change (%)	(2.3)	(45.2)	-
(For reference) Previous fiscal year results (ended May 2006)	2,090	141	96

Non-consolidated

Yen in millions, %

	Sales	Ordinary income	Net income
Previous forecast (A)	1,754	72	49
Revised forecast (B)	1,853	31	15
Change (B - A)	99	(40)	(33)
Percentage change (%)	5.7	(56.9)	(70.0)
(For reference) Previous fiscal year results (ended May 2006)	2,089	269	172

(2) Reasons for revisions

INTER ACTION expects to report sales that are about the same as in its previous forecasts. The revised consolidated sales forecast is 97.7% of the previous forecast and the revised non-consolidated sales forecast is 105.7% of the previous forecast.

However, the revised ordinary income forecasts are lower. In the previous forecast, INTER ACTION was expecting consolidated ordinary income of 20 million yen and non-consolidated ordinary income of 40 million yen.

The main reasons are as follows.

The main reason for the lower consolidated ordinary income forecast is a higher-than-expected cost of sales ratio, which was caused by a shift in the product mix.

Regarding non-consolidated ordinary income, non-consolidated sales of 1,853 million yen include internal sales of 149 million yen to a subsidiary engaged in security systems business. The low profit margin on these internal sales caused the non-consolidated cost of sales ratio to be higher than originally expected.

Due to these factors, INTER ACTION expects that consolidated net income will be 13 million yen below the previous forecast and that non-consolidated net income will be 33 million yen less.

2. Revisions to year-end dividend forecasts

(1) Revisions to dividend forecast for the fiscal year ended May 31, 2007

(June 1, 2006 – May 31, 2007)

	Yen	
	Year-end dividend per share	Annual dividend per share
Previous forecast	600	600
Revised forecast	500	500
(For reference)		
Previous fiscal year results (ended May 2006)	500	500

(2) Reasons for revisions

In association with the above forecast revisions, INTER ACTION has lowered its forecast for the year-end dividend from 600 yen to 500 yen, the same as the dividend for the previous fiscal year.

* The above forecasts are based on judgments using information available at the time this release was prepared. Since these forecasts incorporate risks and uncertainties, actual results may differ from these forecasts for a number of reasons.