

Summary of Financial (Consolidated and Individual) Status and Results for the First Quarter of Fiscal Year Ending December 2006

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Company Name: Planex Communications Inc.

(JASDAQ Code: 6784)

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1. Matters concerning the creation of quarterly financial information

1) Use of simplified methods of accounting treatment : Yes

(Contents) Simplified methods are used for appropriation method for corporate tax and other.

2) Change of accounting methods from the most recent consolidated financial year : No

3) Changes in the scope of consolidation and equity-method application : No

2. Outline of finances and results for the 1st quarter FYE December 2006 (January 1, 2005 – March 31, 2006)

(1) Progress in (consolidated) management results

	Sales		Operating Income		Ordinary Income		Quarterly (Current) Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1 st quarter FYE December 2006	940	7.3	-298	-	-298	-	-312	-
1 st quarter FYE December 2005	876	-36.5	-	-	-	-	-	-
(Reference) FYE December 2005	4,208	-5.8	-760	-	346	-	100	-

	Quarterly (Current) Net Income per Share		Quarterly (Current) net income per share after residual securities adjustment	
	yen	sen	yen	sen

1 st quarter December 2006	FYE	-3,317.45	-
1 st quarter December 2005	FYE	-	-
(Reference) December 2005	FYE	1,226.49	1,112.54

Note: Percentage for the sales, operating income and other shows the increase or decrease ratio from the same quarter the previous year. However the figure for the same quarter the previous year is disclosed only for the sales and other results for the previous year are not posted. Current net income per share after residual securities adjustment is not posted, because net loss per share is posted.

[Qualitative Information about Consolidated Operating Results]

Up through the 1st quarter of the current term (from January 1, 2006 to March 31, 2006), the price-cutting competition has been intensified. Under such circumstances, the Company has been strongly promoting and developing a strategy of focusing on regaining market share and differentiated products and services. To do so, the Company has made prior investment focused on securing and fostering of engineers and on enhancement of product lineup and development of new products. The Company has also been working on development of synergy products with American Megatrends Inc. Japan and TriStar Inc. which became consolidated companies in December term of FY2005, trying to solidify the new business development of the group as a whole.

As the result of it, sales for the first quarter of the current fiscal year were up 7.3% over the same period of FY2005 to ¥940 million, operating income was -¥298 million, ordinary income was -¥298 million and quarterly net income was -¥312 million yen.

(2) Changes in (consolidated) financial status

		Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
		Million yen	Million yen	%	yen sen
1 st quarter December 2006	FYE	5,673	4,058	71.5	43,046.35
1 st quarter December 2005	FYE	-	-	-	-
(Reference) December 2005	FYE	7,152	4,374	61.2	46,394.15

[Consolidated cash flow status]

	Cash Flows from Sales Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
1 st quarter FYE December 2006	-452	-96	-4	1,771
1 st quarter FYE December 2005	-	-	-	-
(Reference) FYE December 2005	-194	-87	1,921	2,322

[Qualitative Information about Changes in (consolidated) financial status]

The breakdown of the main causes of the reduction of total assets by 1,479 million yen compared to the same period of FY2005 is the reduction by 551 million yen in cash and deposits and 1,047 million yen in account receivable. The reduction in cash and deposits is mainly due to a 298 million yen deficit in operating income of the 1st quarter. 1,047 million yen reduction in account receivable is the result of the cash flow of business ordered and accounted FYE December 2005 was made in the 1st quarter.

3 . Outline of finances and results for the 1st quarter FYE December 2006 (January 1, 2005 – March 31, 2006)

(1) Progress in (individual) management results

	Sales		Operating Income		Ordinary Income		Quarterly (Current) Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1 st quarter FYE December 2006	578	-21.3	-209	-	-192	-	-233	-
1 st quarter FYE December 2005	734	-37.6	-	-	-	-	-	-
(Reference) FYE December 2005	2,971	-19.3	-570	-	516	-	248	-

	Quarterly (Current) Net Income per Share		Quarterly (Current) net income per share after residual securities adjustment	
	Yen	sen	yen	sen
1 st quarter FYE December 2006	-2,477.18			-
1 st quarter FYE December 2005		-		-
(Reference) FYE December 2005	3,040.43		2,757.95	

Note: Percentage for the sales, operating income and other shows the increase or decrease ratio from the same quarter the previous year. However the figure for the same quarter the previous year is disclosed only for the sales and other results for the previous year are not posted. Current net income per share after residual securities adjustment is not posted, because net loss per share is posted.

[Qualitative Information about Individual Operating Results]

The sales for the 1st quarter of the current term (from January 1, 2006 to March 31, 2006) was down to 578 million yen (down by 21.3% compared to the same period of the previous year) under the environment where price competition is getting fiercer. The Company went ahead with prior investment as planned, including development costs and human resources. As a result of that, the operating income was -209 million yen, ordinary income was 192 million yen and quarterly net income was -233 million yen.

(2) Changes in (individual) financial status

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	yen sen
1 st quarter FYE December 2006	4,346	3,506	80.7	37,186.15
1 st quarter FYE December 2005	-	-	-	-
(Reference) FYE December 2005	5,603	3,741	66.8	39,680.84

[Qualitative Information about Changes in (individual) financial status]

The breakdown of the main causes of the reduction of total assets by 1,257 million yen compared to the same period of FY2005 is the reduction by 450 million yen in cash and deposits and 1,068 million yen in account receivable. The reduction in cash and deposits is mainly due to a 209 million yen deficit in operating income of the 1st quarter. 1,068 million yen reduction in account receivable is the result of the cash flow of business ordered and accounted FYE December 2005 was made in the 1st quarter.

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[Reference]

FY ending December 2006 Consolidated Forecast (January 1, 2006 – December31, 2006)

	Sales	Ordinary Income	Current Net Income
	Million yen	Million yen	Million yen
Six months period	2,110	-279	-278
Whole financial year	5,074	-20	-34

(Reference) Net expected income per share (whole year) 2,948 yen 51 sen

[Qualitative Information about the forecast]

There is no change to the forecast for the six months period and for the whole financial year after the 1st quarter is over.

As for option appraisal loss that is under non-operating expenses, an amount of 18 million yen, calculated using the exchange rate (1NTD= 117 yen 47 sen) on March 31, 2006, is posted on the quarterly consolidated profit and loss statement. Although option appraisal income or loss are not added in the consolidated forecast, it is possible there will be option appraisal income or loss depending on the exchange rates at the end of the six months period and the end of December 2006 period.

1. (Summary) Quarterly Consolidated Balance Sheet 1 .

(In thousands of yen, %)

Account	Current Quarter (End of FYE December 2006)	(Reference) FYE December 2005
	Amount	Amount
(Assets)		
I Current assets		
1 Cash and deposits	1,764,548	2,315,900
2 Note receivables and accounts receivable	919,175	1,966,763
3 Marketable securities	25,976	25,743
4 Inventory assets	487,924	451,983
5 Deferred income tax assets	14,338	11,198
6 Option assets	160,550	159,824
7 Other	148,796	162,529
Allowance for doubtful accounts	-16,910	-14,664
Total current assets	3,504,400	5,079,278
II Fixed assets		
1 Tangible fixed assets	144,367	150,842
2 Intangible fixed assets	494,777	516,772
(1) Consolidated adjustment account	275,513	292,732
(2) Goodwill	117,611	120,000
(3) Other	101,652	104,039
3 Investments and other assets	1,529,614	1,405,887
(1) Investments in securities	1,339,674	1,216,434
(2) Deferred tax assets	12,167	11,577
(3) Other	178,223	178,326
Allowance for doubtful accounts	-450	-450
Total fixed assets	2,168,759	2,073,502
Total assets	5,673,159	7,152,781

(In thousands of yen, %)

Account	Current Quarter (End of FYE December 2006)	(Reference) FYE December 2005
	Amount	Amount
(Liabilities)		
I Current liabilities		
1 Accounts payable	666,289	1,560,445
2 Short term loans	-	4,500
3 Current portion of bonds	30,000	30,000
4 Accrued corporate income taxes	14,789	28,474
5 Accrued liabilities	105,288	237,762
6 Accrued bonuses	21,521	11,159
7 Allowance for sales return	35,944	103,625
8 Exchange contract	6,515	7,141
9 Deferred hedging income	170,210	149,955
10 Other	86,728	92,858
Total current liabilities	1,137,288	2,225,921
II Fixed liabilities		
1 Bonds	175,000	175,000
2 Deferred tax liabilities	130,101	130,815
3 Retirement allowances for directors	170,922	165,856
4 Other	1,221	80,915
Total fixed liabilities	477,245	552,586
Total liabilities	1,614,534	2,778,508
(Shareholders' equity)		
I Capital	2,067,229	2,067,229
II Capital surplus	1,997,846	2,456,891
III Earned surplus	-4,818	-151,077
IV Other profit and loss from securities revaluation	36,290	36,713
V Foreign currency translation adjustment	30,951	33,390
VI Treasury stock	-68,875	-68,875
Total shareholders' equity	4,058,625	4,374,272
Total liabilities and shareholders' equity	5,673,159	7,152,781

2. (Summary) Quarterly Consolidated Balance Sheet

(Thousands of yen, %)

Account	Current Quarter (End of FYE December 2006)	(Reference) FYE December 2005
	Amount	Amount
I Net sales	940,014	4,208,785
II Cost of sales	736,371	2,757,326
Gross profits	203,642	1,451,458
Provision for allowance for sales returns	35,944	103,625
Reversal of allowance for sales returns	-103,625	-61,741
Value account net sales profit	271,323	1,409,574
III Selling, general and administrative expenses	569,662	2,169,784
Operating loss	298,338	760,210
IV Non-operating income	44,408	1,194,727
V Non-operating expenses	44,386	87,570
Ordinary income or loss (-)	-298,316	346,946
VI Extraordinary gains	23,086	2,566
VII Extraordinary losses	40,468	204,543
Current net income or loss (-)	-315,698	144,969
Tax expenses	-2,912	44,783
Current net income or quarterly net losses (-)	-312,785	100,185

3. Segment Information

[Industry Segment Information]

The company's consolidated group has been engaged in just one business enterprise concerning the development, manufacture and sales of network and information communication products. For this reason, segment information by business type is not presented.

[Geographical Segment Information]

Current quarter

(Thousands of yen)

	Japan	Asia	Total	Eliminations and Corporate	Consolidated
Sales	851,757	574,165	1,425,922	(485,908)	940,014
Operating expenses	1,099,457	595,254	1,694,712	(456,359)	1,238,352
Operating losses	247,700	21,089	268,790	(29,548)	298,338

Notes: 1. Segmentation of country or areas is based on geographical proximity.

2. Countries and areas included in each category are as follows:

Asia.....Taiwan

3. Operating expenses, which are not allocated to each segment and are included in eliminations and corporate, consist mainly of employment cost incurred at the R&D and purchasing departments and the amount is 13.987 thousand yen.