

Date: November 9, 2007

Notice Concerning Establishment of Subsidiary

REALCOM INC. at the Board of Directors meeting held on November 9, 2007 resolved to establish a subsidiary. Details are as follows.

1. Purpose of establishment

REALCOM has decided to jointly establish "Auge Technology Corporation.", a new company with REALCOM's staff Akira Tomiya. REALCOM will acquire 40% capital stakes in Auge Technology to make it REALCOM's consolidated subsidiary. REALCOM plans to develop and sell general-purpose software primarily for corporate sector.

REALCOM has been providing its customers with consulting services and software realizing company-wide information sharing, and are being used by 160 companies which are mainly leading companies in each industry.

Auge Technology will plan and develop specialized simple software function products related to IBM's Lotus Notes/Domino (hereafter called "Notes") for the time being and the products will be sold via partner network including system integrators. As a first step, Auge Technology will develop and start offering a new product "Domino Access Watcher" to obtain an activity log for Notes. Furthermore, the Company plans to extend its range of system products using Notes and XML related technologies.

REALCOM will make Auge Technology its subsidiary to enhance the REALCOM Group's flexibility and will concentrate resources even more on its core operation, information sharing-related business for large enterprises.

2. Profile of the subsidiary

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|------------------------------|---|-----|
| (1) Company name: | Auge Technology Co., Ltd. | |
| (2) Representative: | Akira Tomiya, Representative director | |
| (3) Location: | 3F Toyo Bldg. 2-6-3 Nishi-Gotanda, Shinagawa-ku, Tokyo | |
| (4) Established: | December 1, 2007 | |
| (5) Major business: | Development and sales of computer software, provision of maintenance services | |
| (6) Fiscal year end: | December 31 | |
| (7) Capital: | ¥25 million | |
| (8) Shareholder composition: | Akira Tomiya | 52% |
| | REALCOM INC. | 40% |
| | Masataka Oyama | 8% |

3. Effect on REALCOM's operating forecast

Auge Technology will be REALCOM's consolidated subsidiary but as it is its first year of foundation, REALCOM expects the effect on its consolidated business results will be insignificant.