PPOL INC
Form 10-Q
March 12, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Mark one:
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 2006

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from to _______

Commission File Number 000-50065

PPOL, Inc.

(Exact name of registrant as specified in its charter.)

California	95-4436774
(State of Incorporation)	(IRS Employer Identification No.)
1 City Boulevard West Suite 820 Orange, California	92868
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (714) 937-3211

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [ ] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock $0.001 par value	205,428.75
(Class)	(Outstanding at March 31, 2007.)

PPOL, Inc.
2006 Quarterly Report on Form 10-Q
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PART 1:
ITEM 1: CONSOLIDATED FINANCIAL STATEMENTS

PPOL, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	September 30, 2006	March 31, 2006
	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,305,148	$ 6,616,877
Trade accounts receivable	202,691	387,592
Inventories	336,639	2,108,211
Deferred costs, current	30,564,917	38,972,218
Deferred income taxes, current		6,506,531
Prepaid expenses and other current assets	235,829	1,221,656
Total current assets	37,645,224	55,813,085
Restricted cash	21,322,002	21,124,979
Property and equipment, net	329,060	447,914
Software, net	4,851,561	6,171,046
Deferred costs, non-current	10,909,696	24,126,665
Deferred income taxes, non-current	--	3,990,423
Lease deposits	129,787	442,820
Other assets	1,003,496	987,191
	$ 76,190,826	$ 113,104,123
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 2,538,742	$ 4,057,276
Advances received	12,988	41,978
Deferred revenue, current	42,808,865	53,439,556
Income taxes payable	7,194	31,431
Other current liabilities	805,286	839,018
Total current liabilities	46,173,075	58,409,259
Advances received, Cube	13,868,404	21,124,979
Deferred revenue, non-current	21,322,002	31,092,345
TOTAL LIABILITES	81,363,481	110,626,583

COMMITMENTS AND CONTINGENCIES (NOTE 8)

SHAREHOLDERS' DEFICIT:		
Common Stock; $0.001 par value; 100,000,000 shares authorized; 205,428.75 shares issued and outstanding	20,543	20,543
Additional paid-in capital	14,501,798	14,501,798
Total other comprehensive income	2,020,398	2,071,108
Accumulated deficit	(21,715,394)	(14,115,909)
Total shareholders' deficit	(5,172,655)	2,477,540
	$ 76,190,826	$ 113,104,123

The accompanying notes are an integral part of these consolidated financial statements.

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PPOL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

	Three months ended September 30, 2006	Three months ended September 30, 2005
	(Unaudited)	(Unaudited) (Restated)
NET REVENUE:		
Product Sales	$ 13,831,954	$ 19,654,297
Service Fee Income	4,129,371	7,541,140
Total	17,961,325	27,195,437
COSTS AND EXPENSES:		
Cost of sales - Goods	3,198,199	6,032,711
Cost of sales - Services	2,396,673	1,902,692
Distributor incentives	7,792,684	11,265,491
Selling, general and administrative expenses	2,376,999	8,530,794
Total costs and expenses	15,764,555	27,731,688

OPERATING INCOME (LOSS)	2,196,770	(536,251)
OTHER INCOME, net		
Interest income, net	82	--
Other income, net	95,278	25,342
Total other income, net	95,360	25,342
INCOME (LOSS) BEFORE INCOME TAXES	2,292,130	(510,909)
INCOME TAXES EXPENSE (BENEFIT):		
Current	230	(951,967)
Deferred	--	1,616,932
Total income taxes	230	664,965
NET INCOME (LOSS)	2,291,900	(1,175,874)
OTHER COMPREHENSIVE INCOME		
Foreign currency translation	58,844	225,841
COMPREHENSIVE INCOME (LOSS)	$ 2,350,744	$ (950,033)
NET INCOME (LOSS) PER COMMON SHARE,		
Basic	$ 11.16	$ (5.72)
Diluted	$ 11.16	$ (5.72)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	205,428.75	205,428.81
Diluted	205,428.75	205,428.81

The accompanying notes are an integral part of these consolidated financial statements.

PPOL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

	Six months ended September 30, 2006 (Unaudited)	Six months ended September 30, 2005 (Unaudited) (Restated)
NET REVENUE:		
Product Sales	$ 29,864,344	$ 43,157,411
Service Fee Income	8,617,522	15,882,451
Total	38,481,866	59,039,862
COSTS AND EXPENSES:		
Cost of sales -- Goods	8,884,730	12,528,465
Cost of sales - Services	4,492,314	4,237,526
Distributor incentives	17,374,096	25,669,676
Selling, general and administrative expenses	4,766,138	20,137,961
Total costs and expenses	35,517,278	62,573,628
OPERATING INCOME (LOSS)	2,964,588	(3,533,766)
OTHER INCOME, net		
Interest income, net	241	--
Other income, net	139,376	12,556
Total other income, net	139,617	12,556
INCOME (LOSS) BEFORE INCOME TAXES	3,104,205	(3,521,210)
INCOME TAX EXPENSE:		
Current	206,736	469,967
Deferred	10,496,954	226,957
Total income taxes	10,703,690	696,924
NET LOSS	(7,599,485)	(4,218,134)
OTHER COMPREHENSIVE LOSS		
Foreign currency translation	(50,710)	894,306
COMPREHENSIVE LOSS	$ (7,650,195)	$ (3,323,828)
NET LOSS PER COMMON SHARE,		
Basic	$ (36.99)	$ (21.39)
Diluted	$ (36.99)	$ (21.39)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		

Basic	205,428.75	197,165.15
	=============	=============
Diluted	205,428.75	197,165.15
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The accompanying notes are an integral part of these consolidated financial statements.

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PPOL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended September 30, 2006	Six mo end Septemb 200
	(Unaudited)	(Unaud (Resta
CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Net loss	$ (7,599,485)	$ (4,2
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Depreciation and amortization	1,323,669	2,0
Loss on disposal of property and equipment	24,476	1,1
Loss on disposition and sale of software	68,280	
Gain from sale of telephone rights	(2,029)	
Deferred income taxes	10,496,954	2
CHANGES IN ASSETS AND LIABILITIES:		
(INCREASE) DECREASE IN ASSETS:		
Restricted cash	(264,871)	(2,2
Trade accounts receivable	187,930	1,1
Inventories	1,825,036	(1,3
Advance payments	--	1,0
Deferred costs	21,925,116	(10,1
Prepaid expenses and other	996,244	(1
INCREASE (DECREASE) IN LIABILITIES:		
Accounts payable	(1,540,803)	(1,6
Advances received	(29,521)	(1,8
Advances received - Cube	264,871	2,2
Deferred revenue	(28,232,398)	11,7
Income taxes payable	(24,692)	(5
Other current liabilities	(13,882)	(2
	-------------	-------
Total adjustments	7,004,380	1,3
	-------------	-------

Net cash used for operating activities	(595,105)	(2,8
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchase of property and equipment	(41,169)	(2
Additions to Guarantee Deposits	(71,747)	(1
Proceeds from sale of equipment	51,592	
Acquisition of K.K. U Service	--	(1,5
Cash of acquired entity - K.K. U Service	--	7
Receipt on sale of software	4,603	
Return on guarantee deposits	39,022	
Net Change in Lease deposits	318,800	
Other assets	--	7
Other	--	(
Net cash used for investing activities	301,101	(4
CASH PROVIDED BY FINANCING ACTIVITIES:		
Repayment of loan from majority shareholder	--	(1,1
Issuance of common stock	--	10,1
Return of capital to Green Capital	--	(1,9
Net cash provided by financing activities	--	7,1
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(17,725)	(5
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(311,729)	3,2
CASH AND CASH EQUIVALENTS, beginning of period	6,616,877	12,0
CASH AND CASH EQUIVALENTS, end of period	$ 6,305,148	$ 15,2
SUPPLEMENTAL CASH FLOW INFORMATION -		
Income taxes paid	$ 800	$ 9
Interest paid	$ 50,876	$

The accompanying notes are an integral part of these consolidated financial statements.

PPOL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION:

PPOL, Inc. ("PPOL" or the "Company" or "we") (Formerly Diversified Strategies, Inc.), incorporated on May 19, 1993 in California, is primarily engaged in sales of multi-functional telecommunications equipment called SF-70 and U-Phone. The Company operates in one operating segment.

Using SF-70 and U-Phone, the Company provides original telecommunication services called "UU Online," including SF-70 and U-Phone bulletin board and mail services. The Company also provides various other on-line services through UU Online such as sales of products and services.

BASIS OF PRESENTATION:

The unaudited consolidated financial statements have been prepared by PPOL, Inc. (the "Company"), pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally present in annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. The information furnished herein reflects all adjustments (consisting of normal recurring accruals and adjustments), which are, in the opinion of management, necessary to fairly present the operating results for the prospective periods. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes for the years ended March 31, 2006 and 2005 included in the Company's Form 10-K. The results of the three and six months ended September 30, 2006 are not necessarily indicative of the results to be expected for the full year ending March 31, 2007.

RECLASSIFICATIONS:

Certain reclassifications have been made to the prior period consolidated financial statements in order to conform to the current period presentation.

During the fourth quarter of 2006, PPOL reclassified the presentation of revenues and related cost of sales to Product sales and Service fee income as line items in the statement of operations. Product sales include revenues we derive from the sale of tangible products, net of discounts, returns, and allowances, while Service fee income represents revenues from services the Company has performed. This reclassification conforms to requirements of SEC's Regulation S-X Rule 5-03(b)(1) and (2). Previously our revenues were classified as Product Sales and Network Services and Other-Online Products as line items in the statement of operations. Both line items in each previous classification include both sales of tangible products and revenues from services.

In addition, during the fourth quarter of 2006, PPOL reclassified the presentation of income derived from our handling of transactions involving products in which title was transferred to us, but we did not have the risk of carrying inventory. Previously, income from such transactions were reflected as sales and cost of sales. Prior year information has been reclassified to conform to current year presentation.

These reclassifications, which did not have any effect on previously reported net income or shareholders' deficit, are summarized below:

	As reported in prior year	As reported herein	Effect of reclassification
Three months ended September 30, 2005:			
Product Sales and Network Service	$20,832,620	--	$(20,832,620)
Other On-Line Services	7,143,820	--	(7,143,820)
Product sales	--	$19,654,297	19,654,297
Service fee income	--	7,541,140	7,541,140
Consulting revenues	30,630	--	(30,630)
Total revenues	28,007,070	27,195,437	(811,633)
Coat of sales	8,747,036	--	(8,747,036)
Cost of sales - goods		6,032,711	6,032,711
Cost of sales - services	--	1,902,692	1,902,692
Total cost of sales	8,747,036	7,935,403	(811,633)
Gross profit	$19,260,034	$19,260,034	--
Six months ended September 30, 2005:			
Product Sales and Network Service	$47,831,450	--	$(47,831,450)
Other On-Line Services	12,775,206	--	(12,775,206)
Product sales	--	$43,157,411	43,157,411
Service fee income	--	15,882,451	15,882,451
Consulting revenues	30,630	--	(30,630)
Total revenues	60,637,286	59,039,862	(1,597,424)
Coat of sales	18,363,415	--	(18,363,415)
Cost of sales - goods	--	12,528,465	12,528,465
Cost of sales - services	--	4,237,526	4,237,526
Total cost of sales	18,363,415	16,765,991	(1,597,424)
Gross profit	$42,273,871	$42,273,871	--

STOCK BASED COMPENSATION

The Company grants stock options with an exercise price equal to at least the fair value of the stock at the date of grant.

Effective, April 1, 2006, the Company adopted the provisions of SFAS 123 (revised 2004), "Share Based Payment" ("SFAS123R"). This Statement requires a public entity to measure the cost of employee Services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award - the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service.

The Company uses the Black-Scholes option valuation model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of employee stock options.

As PPOL has not granted any options during the three and six months ended September 30, 2006, the average risk free interest rate; average volatility factor of the expected market price of the Company's common stock; and an expected life of the options are not presented herein.

Prior to April 1, 2006, the Company adopted only the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." It applied APB 25 and related interpretations in accounting for its Stock Option Plan and did not recognize compensation expense for its Stock Option Plan other than for restricted stock and options issued to outside third parties.

Pro forma information using the Black-Scholes method at the date of grant was based on the following assumptions in 2005: average risk free interest rate of 4.34%; dividend yield of 0.0%; average volatility factor of the expected market price of the Company's common stock of 251%; and an expected life of the options of 10 years.

Had compensation cost for the Company's four stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of FASB Statement

123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below for the six months ended September 30, 2005:

Net income (loss) as reported (in thousands $)	$ (4,218)
Stock compensation calculated under APB25 (in thousands $)	-
Stock compensation calculated under SFAS 123 (in thousands $)	(532)
Pro forma (in thousands $)	$ (4,750)
Primary earnings per share as reported	$ (21.39)
Pro forma	$ (24.09)
Fully diluted earnings per share as reported	$ (21.39)
Pro forma	$ (24.09)

(2) EARNINGS PER SHARE

	Three months ended September 30	
Components of Basic and Diluted Earnings per Share	2006	2005
Numerator - Net income (loss) (in thousands $)	$ 2,292	$(1,176)
Denominator		
Basic EPS - weighted average shares outstanding	205,428.75	205,428.81
Diluted effect of assumed conversion of stock-based awards	0	0
Diluted EPS adjusted weighted -average shares outstanding	205,428.75	205,428.81
Earnings per share		
Basic EPS	$11.16	$(5.72)
Diluted EPS	$11.16	$(5.72)

	Six months ended September 30	
Components of Basic and Diluted Earnings per Share	2006	2005
Numerator - Net loss (in thousands $)	$(7,599)	$(4,218)
Denominator		
Basic EPS - weighted average shares outstanding	205,428.75	197.165.15
Diluted effect of assumed conversion of stock-based awards	0	0
Diluted EPS adjusted weighted -average shares outstanding	205,428.75	197.165.15
Earnings per share		
Basic EPS	$(36.99)	$(21.39)

Diluted EPS	$(36.99)	$(21.39)

For the three and six month periods ending on September 30, 2006 and 2005, we did not include stock options to purchase 13,000 shares of common stock in both periods' calculations of diluted earnings per share because their inclusion would be anti-dilutive.

(3) NEW ACCOUNTING PRONOUCEMENTS

INCOME TAXES

In June 2006, the FASB issued an interpretation of SFAS No. 109, Accounting for Income Taxes ("FIN 48"). The interpretation prescribes a consistent recognition threshold and measurement attribute, as well as criteria for subsequently recognizing, derecognizing and measuring such tax positions for financial statement purposes. The interpretation also requires expanded disclosure with respect to the uncertainty in income taxes. The interpretation is effective for the fiscal year commencing on April 1, 2007 for PPOL. There is no impact of this interpretation on our Consolidated Financial Statements.

FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for the fiscal year commencing on April 1, 2008, for PPOL. There is no impact of SFAS 157 on our Consolidated Financial Statements.

ACCOUNTING CHANGES AND ERROR CORRECTIONS

In June 2005, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections ("SFAS 154"), changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This Statement carries forward without change the guidance contained in Opinion 20 for reporting the correction of an error in previously issued financial statements, change in accounting estimate, and justification of a change in accounting principle on the basis of preferability.

EFFECTS OF PRIOR YEAR MISSTATEMENTS

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bullet in No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. SAB 108 is effective as of the end of our current fiscal year ending March 31,2007, allowing a one-time transitional cumulative effect adjustment to beginning retained earnings as of April 1, 2006, for errors that were not previously deemed material, but are material under the guidance in SAB 108. Nothing has come to our attention, to date, that the adoption of SAB 108 will have a material impact on our Consolidated Financial Statements.

(4) RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

On May 30, 2005, the Company completed the acquisition of K.K. U Service, a Japanese Corporation ("USC") based in Tokyo, Japan. Pursuant to the Purchase Agreement dated May 30, 2005, by and between the Company, USC and K.K. Green Capital, a Japan corporation (the "Seller"), the Company purchased from the Seller all of the issued and outstanding shares of USC in exchange for an amount equal to $3,522,422 (JPY380,000,000). Seller is the majority owner in Foster Strategic Management Partnership, a Singapore partnership, which in turn owns 10,547,594 shares of the Company's common stock, representing approximately 58.62% of the Company's issued and outstanding stock.
The following summarizes the unaudited assets acquired and liabilities assumed in connection with the acquisition described in the preceding paragraph:

Current assets	$ 899,000
Deposits	1,455,000
Intangibles	84,000
Total assets acquired	2,438,000
Current liabilities assumed	(883,000)
Net assets acquired	$1,555,000

In the 10-Q for the quarter ended September 30, 2005, we reported the excess of purchase price over net assets, (originally reported as $1,761,211 and subsequently restated as $1,967,092 in the 10-Q for the quarter ended December 31, 2005) as Goodwill.

In the 10-K for the year ended March 31, 2006, we reported the Company made a subsequent discovery, during the fourth quarter, of facts that existed at the time of our acquisition of USC. By virtue of the Seller's relationship with FSIP, it has been determined that PPOL and USC are de facto entities under common control. Accordingly, we must account for the acquisition of USC in a manner that is similar to the pooling method to comply with paragraph 11 of SFAS No. 141, "Business Combinations." For accounting purposes, the excess of purchase price over the net assets of USC must be treated as a return of capital to Green Capital. This accounting treatment also required us to consolidate the results of operations of USC as if the acquisition had occurred at April 1, 2005 rather than the actual acquisition date of May 30, 2005 we used in the aforementioned 10-K.

The impact of these restatements is as follows:

Balance Sheet

	Goodwill	Comprehensive Income	Additional Paid In Capital	Accumula Defici
As stated in 9/2005 10-Q	$ 1,761,211	$ (1,383,171)	$ 16,468,890	$(15,736
As restated in 12/2005 10-Q	1,877,803	(1,499,763)		
Impact	$ 116,592	$ (116,592)		
As restated in 12/2005 10-Q	$ 1,877,803	$ (1,499,763)		
As restated in 3/2006 10-K		(1,589,052)	14,501,798	
Impact	$ (1,877,803)	$ (89,289)	(1,967,092)	
As restated in 3/2006 10-K		(1,589,052)		
As restated herein		(1,800,125)		(15,947
Impact		$ (211,073)		$ (211

Statement of Operations and Comprehensive (Loss) Income (3 month

	Other Comprehensive Gain - Foreign Currency Translation	Selling, General & Administrative Expenses	Net loss	Net lo per sh Basi
As stated in 9/2005 10-Q	$ (233,948)	$8,544,909	$(1,190,217)	$ (5.7
As restated in 12/2005 10-Q	(192,683)			
Impact	$ 41,265			
As restated in 12/2005 10-Q	$ (192,683)			
As restated in 3/2006 10-K	(233,948)			
Impact	$ (41,265)			
As restated in 3/2006 10-K	(233,948)			
As restated herein	(493,046)	8,530,794	(1,175,874)	(5.7

Impact	$ (259,098)	$ (14,115)	$ 14,343	$ 0.0

Statement of Operations and Comprehensive (Loss) Income (6 month

	Other Comprehensive Gain - Foreign Currency Translation	Selling, General & Administrative Expenses	Net loss	Net lo per sh Basi
As stated in 9/2005 10-Q	$ (477,352)	$19,926,888	$(4,007,061)	$(20.3
As restated in 12/2005 10-Q	(593,944)			
Impact	$ (116,592)			
As restated in 12/2005 10-Q	$ (593,944)			
As restated in 3/2006 10-K	(683,233)			
Impact	$ (89,289)			
As restated in 3/2006 10-K	(683,233)			
As restated herein	(894,306)	20,137,961	(4,218,134)	(21.3
Impact	$ (211,073)	$ 211,073	$ (211,073)	$ (1.0

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(5) RELATED PARTY TRANSACTIONS

ADVANCED COMMUNICATIONS

During the quarter and year-to-date ended September 30, 2006, PPOL entered into the following transactions with Advanced Communications K.K., a Japanese corporation that is 79.55% owned by Green Capital:

	Quarter	Year-to-date
Information technology services	$ 1,722,033	$ 3,745,812
Inventory purchases	-	65,426
Other, net	(94,580)	(96,312)
	$ 1,627,453	$ 3,714,926

At September 30, 2006, PPOL's accounts payable Advanced Communications were $509,033

SEAGULL

During the quarter and year-to-date ended September 30, 2006, PPOL paid K.K. Seagull (Seagull), a Japanese corporation and shareholder of 9,270 shares the Company's common stock, $7,753 and $15,957, respectively, for sales promotion activities performed for PPOL.

U-WORLD

During the quarter and year-to-date ended September 30, 2006, PPOL entered into the following transactions with U-World, a Japanese corporation, that is a wholly-owned subsidiary of Seagull and its CEO is Yoshiyuki Aota, a Director of PPOL:

	Quarter	Year-to-date
Service fee income	$ 127,760	$ 266,135
Administrative expenses, net	(65,851)	(191,700)
	$ 61,909	$ 74,435

At September 30, 2006, PPOL's accounts payable to U-World, net of accounts receivable of $11,040 was $146,927.

(6) DEFERRED REVENUES AND DEFERRED COSTS:

Activity for deferred revenues and deferred costs are contained in the table below:

	Deferred Costs		Deferred Revenues	
	Current	Non-current	Current	Non-cur
Beginning balance, March 31, 2006	$ 38,972,218	$ 24,126,665	$ 53,439,556	$ 31,09
Additional deferrals	546,716	--	3,206,686	
Released amounts	(9,027,658)	(13,444,174)	(13,918,010)	(17,52
Exchange rate effect	73,641	227,205	80,633	29
Ending balance, September 30, 2006	$ 30,564,917	$ 10,909,696	$ 42,808,865	$ 13,86

(7) STOCK OPTIONS:

The Company established a stock option plan in March 2004 (the "2004 Plan"). In accordance with the 2004 Plan, the Company is authorized to issue incentive stock options and non-qualified stock options for up to 2,000,000 shares of the Company's common stock to employees, directors and consultants. A summary of the Company's stock option plan activity is presented below:

	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value

Outstanding at March 31, 2006	13,000	$400	--
Granted	--	--	--
Exercised	--	--	--
Forfeited	--	--	--
Expired	--	--	--
Outstanding at September 30, 2006	13,000	$400	--

The following table summarizes information about the stock options outstanding and exercisable at September 30, 2006:

		Options Outstanding			Options Exercisable	
Fiscal Year Options Granted	Range of Exercise Prices	Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
2004	$400	12,200	7.50	$400	12,200	$400
2005	$400	800	7.75	$400	800	$400
2006	--	--	--	--	--	--
2007	--	--	--	--	--	--
Total		13,000	7.52	$400	13,000	$400

As of September 30, 2006, there was no unrecognized compensation cost related to stock options outstanding. We recognize expense on stock options using a graded vesting method, which recognizes the associated expense based on the timing of option vesting dates.

(8) COMMITMENTS & CONTINGENCIES:

As of September 30, 2006 the Company had various professional consulting service contracts and operating leases in effect which collectively will require payments of $155,763, $78,156 and none in the 12 months ending September 30, 2007, 2008, and thereafter, respectively.

On 17 October, 2005, PPOL's ultimate majority shareholder, Green Capital, filed an action against Capital Aid, Inc., a Japan corporation, and Messrs. Hiroshi Shibakawa, Kenji Nakamura, Yoshiyuki Okamura, Yoshiteru Sazanami, Hiroshi Matsuo, Tokuji Koga and Chizuko Koga (the "Ide Group"), in Tokyo District Court (case no. (wa) 2005-20878) to recover PPOL common share stock certificates (the "PPOL Certificates") registered in the name of Foster Strategic Investment Partnership ("FSIP"), and beneficially owned by Green Capital. The Ide Group maintains physical possession of the PPOL Certificates. Green

Capital has alleged in its lawsuit that 1) the Ide Group purchased the PPOL Certificates from a person who was not the owner therefore (or has any right or interest therein); and 2) did not constitute a bona fide purchaser thereof, as such is provided under the Article 131-2 of the Commercial Code of Japan, Green Capital is entitled to the remedy of repossession of the PPOL Certificates at issue. The Ide Group, in turn, has countersued Green Capital, Green Capital's then-CEO, PPOL, PPOL's and AJOL's directors, PPOL's operating subsidiary, AJOL, and Nobuo Takada, a former director and CEO of PPOL, for $9.2 million (1.056 billion yen) plus interest. In its countersuit, the Ide Group alleges Takada had tricked them into buying the PPOL Certificates and borrowing money from them, using the PPOL Certificates as collateral. The Ide Group has alleged in its countersuit that each named counter-defendant conspired with Takada in a series of alleged unlawful and improper transactions resulting in the Ide Group's purchase of the PPOL Certificates and loan to Takada. At the time of the alleged series of transactions, Takada was neither a director nor officer of PPOL or AJOL. Green Capital has also contacted the Tokyo Metropolitan Police Department and has filed a criminal complaint against Nobuo Takada for alleged embezzlement of the PPOL Certificates registered in the name of FSIP and beneficially owned by Green Capital. Green Capital, Green Capital's then-CEO, PPOL, PPOL's and AJOL'S directors, and PPOL's operating subsidiary, AJOL have all denied knowledge of any of the alleged transactions and any improper conduct associated with such alleged transactions. Based, in part, on the advice of counsel, PPOL believes the ultimate resolution of this litigation will not have a material impact on the financial position, results of operations or cash flows of PPOL, and its subsidiary.

In accordance with SFAS No. 5, "Accounting for Contingencies," PPOL reserves for a legal liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. At least quarterly PPOL reviews and adjusts these reserves to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. The ultimate outcome of such matters cannot presently be determined or estimated. PPOL's management believes that PPOL has sufficiently reserved for legal matters and that the ultimate resolution of pending matters will not have a material adverse impact on PPOL's consolidated financial position, operating results or cash flows. However, the results of legal proceedings cannot be predicted with certainty. Should PPOL fail to prevail in current legal matters or should one or more of these legal matters be resolved against PPOL, PPOL could be required to pay substantial monetary damages and, its financial position, operating results and cash flows could be materially adversely affected.

(9) SUBSEQUENT EVENTS:

As announced on March 30, 2007, the Board, on February 16, 2007, unanimously voted to authorize a one (1) for one hundred (100) reverse stock split (the "Reverse Split") of the Company's issued and outstanding shares of common stock, and the payment of cash in lieu of fractionalized shares otherwise issuable in connection with the Reverse Split. The Reverse Split provided shareholders owning less than one hundred (100) shares of common stock of the Company (the "Odd-Lot Holders") the benefit of liquidating their relatively small odd-lot holdings for market value without brokers' commissions. This is particularly beneficial to the Odd-Lot Holders given the limited market for and trading in the Company's common stock. The Odd-Lot Holders own less than one percent (1%) of the Company's outstanding common stock. The Reverse Split will allow the Company to purchase and acquire the common stock of approximately 1,088 holders of record of the Company, all of whom reside in the United States and each of whom owns less than one hundred (100) shares of common stock in the Company. The Reverse Split will also save the Company administrative and related costs of sending proxy statements, annual reports, quarterly reports and other communications to the Company's affected shareholders. The Company also believes that the Reverse Split will facilitate and allow for the benefits of the spin-off discussed below. The Reverse Split was effective on April 23, 2007.

The consolidated financial statements of the Company reflect the effect of the reverse stock split retroactively.

On February 16, 2007, the Board of Directors unanimously approved a transaction involving the separation of the Company's wholly-owned subsidiary, AJOL, by authorizing the issuance of shares of common stock of AJOL owned by the Company to the stockholders of the Company in proportion to each stockholder's percentage ownership in the Company (the "spin-off"). In authorizing the foregoing, the Board considered that the Company's business is operated exclusively in Japan through AJOL, and that there is relatively little or no interest in the Company and its common stock and AJOL in the United States. The Board also considered that a majority of the Company's shareholders reside in Japan. The Board also believes that shareholders of the Company could maximize the value of their shares in the Company by directly holding shares in AJOL, in addition to continuing holding shares in the Company. The Board also considered that AJOL would be in a position to seek and obtain private issuer status in the United States following the Spin-Off, thereby allowing AJOL to seek suspension of any Commission reporting obligations to which it would be subject following the Spin-Off. The Board also concluded that the Spin-Off will allow AJOL to more effectively and efficiently focus on its business in Japan. Based on the foregoing, the Board authorized the transaction whereby the Company will seek divestiture of and Spin-Off AJOL to the stockholders of the Company, pro rata. Following the Spin-Off, the stockholders of the Company will continue to own the same number of shares in the Company that they held pre Spin Off, and will in addition own AJOL shares in proportion to their percentage ownership in the Company. Following the Spin-Off, the Company will acquire the status of a public shell corporation with no operating business, and will seek merger, acquisition or other business opportunities. The effective date of the Spin-Off and the record date for stockholders to be eligible to receive AJOL shares in the Spin-Off will be determined by the Board, as appropriate, and will be subject to the filing and effectiveness of a registration statement with the SEC, registering the AJOL shares. The Board can provide no assurance that a public market or any market for the AJOL shares or the

Company's shares, either in Japan or the United States, will develop or exist or at what price following the Spin-Off.

As of the filing date of this report, the Spin-Off was not completed. Accordingly, the financial information included herein does not treat AJOL as a discontinued operation. Since the current shareholders of PPOL will be shareholders of AJOL after the spin-off, we believe the treatment of AJOL as a continuing operation to be the most appropriate accounting recognition under the given circumstances. It will also provide the reader with more comparable year to year performance information.

Additionally, on February 16, 2007, the Board unanimously voted to authorize an amendment to the Company's By-laws to provide for certificateless/electronic book entry ownership of stock in the Company, such that the Company will not issue stock certificates to evidence the ownership thereof, but that information sufficient to identify ownership in the Company will be entered in electronic form in the books of the Company maintained by its transfer agent. The Company will adopt a system of issuance, recordation and transfer of its shares by electronic or other means not involving any issuance of certificates. The conversion to certificateless ownership will be facilitated by the Company's stock transfer agent. The Company is currently in the process of collecting the physical certificates from shareholders to convert them to electronic book entry.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS:

Certain matters discussed in this Quarterly Report on Form 10-Q are "forward-looking statements" intended to qualify for the safe harbor from liability provided by the Private Securities Litigation Reform Act of 1995.

These forward-looking statements can generally be identified as such because the context of the statement will include words such as PPOL "believes", "anticipates", "expects", or words of similar import. Similarly, statements which describe PPOL's future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which are described in close proximity to such statements and this could cause actual results to differ materially from those anticipated as of the date of this Report. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this Report and PPOL undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances, except as required under applicable laws.

OVERVIEW

PPOL, Inc., a California corporation, conducts its business primarily through its wholly owned Japanese subsidiary, AJOL, Ltd. ("AJOL"), a Japanese corporation. At the present time, the Company has administrative functions occurring in California, but does not otherwise have any major business in the United States. As disclosed in Note 9 - Subsequent Events, of the financial statements, PPOL will spin-off its sole operating subsidiary, AJOL. Following the Spin-Off, the Company will acquire the status of a public shell corporation with no operating business, and will seek merger, acquisition or other business opportunities. The discussion below should be read with such planned spin-off taken into consideration.

PPOL's revenues are generated primarily through its one hundred percent (100%) ownership of AJOL, which derives its revenues through the use of a direct marketing and distribution system throughout Japan to sell: (1) its SF-70 and U-Phones hardware (MOJICO), multi-functional facsimile based machines with telephone and networking capabilities, (2) subscriptions to our co-proprietary UU Online interactive database that can be accessed through our SF-70 and U-Phones hardware, (3) various consumer products that primarily utilize AJOL's U-Brand, and (4) service fees and commissions.

Some of the key developments during the quarter year ended September 30, 2006 include:

INVOLVEMENT OF MR. AOTA

As disclosed in the 10-K for the year ended March 31, 2006, we are highly dependent upon our Director, Yoshihiro Aota, to recruit and retain subscribers. Mr. Aota represents the personification of AJOL. Mr. Aota's talents, efforts, personality and leadership have been, and continue to be, critical to us and our success.

As further disclosed in the aforementioned 10-K, Mr. Aota has become the CEO of U-World, a direct competitor of the Company which uses a network sales model. As such, the amount of time he can devote to PPOL business has diminished. Our business and future prospects have been materially and adversely affected. If Mr. Aota's services cease completely, PPOL's current business has a strong likelihood of becoming unviable. This is, in part, due to Mr. Aota's strong personal ties to the leaders of our distribution network.

Our revenues have declined approximately 34% in the quarter ended September 30, 2006 from the comparable period of the prior year. We believe that Mr. Aota's involvement in U-World has been a significant factor in this decline.

LONG TERM OUTLOOK

Notwithstanding our return to profitability before income taxes, the long term outlook for the Company is bleak without the active involvement of Mr. Aota. While AJOL, our sole operating subsidiary in Japan, is projected to have income under US generally accepted accounting principles in the near term future, it is projected to have losses consistently for Japanese tax reporting purposes. This means the deferred tax assets will not provide future economic benefits. Thus we established a 100% valuation allowance for the remaining deferred tax assets in the first quarter. This resulted in an income tax expense of $10.7 million although our income before income taxes were approximately $3.1 million.

The majority of the income before income taxes is attributable to the recognition of deferred revenue and related costs to that were recognized as income and expense for financial accounting purposes. Deferred revenues and related costs are attributable to (1) shipments of our MOJICO units primarily in prior periods, and (2) on-line service fee subscriptions and renewals. As such recognition of deferred revenues and the related costs in the current period do not necessarily indicate current performance.

In the current period, shipments of MOJICO units were negligible although renewals have been stable. As such we had made a conscientious effort to the reduced our selling, general and administrative costs.

GOING CONCERN

The financial statements have been prepared on the basis of PPOL continuing as a "going concern" despite declining sales, losses incurred, working capital and shareholders' deficit and decline in cash as (1) management has been able to adjust PPOL's organizational structure to reduce substantially selling, general and administrative costs, subsequent to March 31, 2006, and (2) working capital deficit has been reduced from a high of $13.9 million at March 31, 2005 to $8.5 million at September 30, 2006. In addition, as discussed more fully, on page 18, under Liquidity and Capital Resources, our unrestricted cash balance exceeded our cash consuming current liabilities by over $2.9 million at September 30, 2006.

RESULTS OF OPERATIONS - THREE MONTHS ENDED SEPTEMBER 30, 2006 AS COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2005

Product Sales. For the three months ended September 30, 2006 revenues of this category have decreased by $5,822,343 or 29.6% in comparison to the same period of the prior year. The decrease is primarily due to the reduced amount of time Mr. Aota has been able to devote to PPOL business resulting in negligible shipments in the quarter of our MOJICO products and expanding sales force of U-World.

Service Fee Income. For the three months ended September 30, 2006, revenues decreased by $3,411,770 or 45.2% over the comparable period of the prior year due to changes in Japanese regulations that prohibited us from providing administrative services for insurance policies, which, until the fourth quarter of the year ending March 31, 2006, was our primary source of service fee income.

Cost of Sales - Goods. Cost of sales, expressed as a percentage of sales declined to 23.1% during the three months ended September 30, 2006 from 30.7% in the prior year due to increased profit margins on products sold.

Cost of Sales - Services. For the three months ended September 30, 2006, the cost of sales, expressed as a percentage of sales increased to 58.0% for the quarter ended September 30, 2006 from 25.2% in the comparable period of the prior year due to fixed overhead costs that could not be eliminated upon the elimination of administrative services for insurance policies as a source of service fee income.

Distributor Incentives. For the three months ended September 30, 2006, distributor incentives decreased by approximately $3.5 million or 30.8% in comparison to the 34.0% decline in revenues due to higher overall distributor incentive rates in the current period.

Selling, General and Administrative Expense. For the three months ended September 30, 2006, selling, general and administrative expenses decreased by approximately $6.2 million or 72.1% in comparison to the same period of the prior year. The decline was due to fewer employees, and consequently, lower salaries expense for the three months ended September 30, 2006.

Income Tax Expense. For the three months ended September 30, 2006, income tax expense was negligible even though the Company had pretax income of $2,291,130 as the Company's operating subsidiary had a loss for tax reporting purposes and the related deferred tax asset was previously written off in the first quarter of the current year as no future economic benefit is anticipated.

RESULTS OF OPERATIONS - SIX MONTHS ENDED SEPTEMBER 30, 2006 AS COMPARED TO THE SIX MONTHS ENDED SEPTEMBER 30, 2005

Product Sales. For the six months ended September 30, 2006 revenues of this category have decreased by $13,293,067 or 30.8% in comparison to the same period of the prior year. The decrease is primarily due to the reduced amount of time Mr. Aota has been able to devote to PPOL business.

Service Fee Income. For the six months ended September 30, 2006, revenues decreased by $7,264,929 or 45.7% over the comparable period of the prior year due to changes in Japanese regulations that prohibited us from providing administrative services for insurance policies.

Cost of Sales - Goods. Cost of sales, expressed as a percentage of sales remained relatively comparable at 29.8% for the six months ended September 30, 2006 vs. 29.0% during the comparable period of the prior year.

Cost of Sales - Services. For the six months ended September 30, 2006, the cost of sales, expressed as a percentage of sales increased to 52.1% for the six months ended September 30, 2006 from 26.7% in the prior year primarily due to fixed overhead costs in the current year.

Distributor Incentives. For the six months ended September 30, 2006, distributor incentives decreased by approximately $8.3 million or 32.3% in comparison to the 34.8% decline in revenues due to slightly higher overall distributor incentive rates in the current period.

Selling, General and Administrative Expense. For the six months ended September 30, 2006, selling, general and administrative expenses decreased by approximately $15.4 million or 76% in comparison to the same period of the prior year. The decrease was due to fewer employees, and consequently, lower salaries expense for the six months ended September 30, 2006. Also, the selling, general, and administrative expense for six months ended September 30, 2005 included office relocation expenses that did not recur in 2006.

Income Tax Expense. For the six months ended September 30, 2006, income tax expense was approximately 350% of pretax income primarily due to the write off deferred tax assets that we had determined will not have future economic benefit.

Inventories at September 30, 2006 had declined by $1,771,572 from March 31, 2006, primarily due to the write-off of slow moving inventories of $1.8 million.

Deferred Costs. For the six months ended September 30, 2006, short term deferred costs decreased by approximately 21.6% from $38,972,218 in March 31, 2006 to $30,564,917. Similarly, long term deferred costs decreased by 54.8%, from $24,126,665 to $10,909,696. When the Company converted from network marketing to direct systems it ceased to generate both long and short term deferred costs from product sales. As a result, both accounts experienced a decline.

Deferred Revenues. For the three months ended June 30, 2006, short term deferred revenues decreased by 19.9% to $42,808,865 from $53,439,556 at March 31, 2006. Similarly, long term deferred costs decreased by 31.4% to $21,322,002 from $31,092,345. When the Company converted from the network marketing to direct systems it ceased to generate both long and short term deferred revenues from product sales. As a result, both accounts experienced a decline.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our principal needs for funds have been for operating expenses including distributor incentives, working capital (principally inventory purchases), capital expenditures and the development of operations throughout Japan. We have generally relied on cash flow from operations and short-term debt from our majority shareholder to meet our cash needs and business objectives without relying on long-term debt to fund operating activities.

During the six months ended September 30, 2006, our cash position had a net decline of $311,729, or 4.7%. Cash used by operating activities of $595,105, were offset by cash provided investing activities of $301,101 and negative impact of foreign currency exchange of $17,725. Management believes that cash flow from operations and the revolving credit facility will adequately meet the working capital needs for the foreseeable future

At September 30, 2006, PPOL current liabilities exceeded current assets by $8,527,851. The primary cause of this working capital deficiency is the excess of deferred revenues over deferred costs by $12,243,948. It should be noted, however, that the liquidation of deferred costs and deferred revenues will not consume or provide any cash. At September 30, 2006, current assets other than deferred costs exceeded current liabilities other than deferred revenues by approximately $3,700,000. Our unrestricted cash balance alone, exceeded our cash consuming current liabilities by over $2,900,000.

CONTRACTUAL OBLIGATIONS

The Company projects that it will need to satisfy at least $155,763, and $78,156 of lease and contract obligations within the twelve months following September 30, 2006, and 2007, respectively. Thereafter, there are no further obligations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the US requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported.

We believe the critical accounting policies and estimates disclosed in the Form 10-K, Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2006, continue to be applicable. In addition, while we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used in the current period, and changes in the accounting estimates we used are reasonably likely to occur from period to period which may have a material impact on the presentation of our financial condition and results of operations. We review these estimates and assumptions periodically and reflect the effects of revisions in the period that they are determined to be necessary.

See Note 1, Organization and Summary of Significant Accounting Policies, in our notes to the consolidated financial statements for the years ended March 31, 2006 and 2005 included in the aforementioned Form 10-K, for a detailed discussion of the application of these and other accounting policies.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In addition to other information contained in the aforementioned 10-K, the following factors could affect our future business, results of operations, cash flows or financial position, and could cause future results to differ materially from those expressed in any of the forward-looking statements contained in this Annual Report.

DEPENDENCE ON MR. AOTA

We are highly dependent upon our Director, Yoshihiro Aota, to recruit and retain subscribers. Mr. Aota represents the personification of AJOL. Mr. Aota's talents, efforts, personality and leadership have been, and continue to be, critical to us and our success. The diminution or loss of the services of Mr. Aota, and any negative market or industry perception arising from that diminution or loss, would have a material adverse affect on our business. We are continuing our investigate, but have not obtained, "Key Executive Insurance" with respect to Mr. Aota.

Mr. Aota has become the CEO of U-World, a direct competitor of the Company, which uses a network sales model. As such, the amount of time he can devote to PPOL business has diminished. Our business and future prospects have been materially and adversely affected. If Mr. Aota's services cease completely, PPOL's current business has a strong likelihood of becoming unviable. This is, in part, due to Mr. Aota's strong personal ties to the leaders of our distribution network. We do not have an employment agreement with Mr. Aota. We are currently considering terms to secure Mr. Aota's services.

DEPENDENCE ON NEW SUBSCRIBERS

Historically, our operating results have depended on revenues received from sales of the SF-70 and U-Phone products. SF-70 and U-Phone sales have accounted for a majority of our annual revenue. SF-70 and U-Phone sales are primarily made to our new customers. As a result, future revenues are primarily dependent on our ability to generate new customers for our SF-70 and U-Phones hardware and UU Online services. We have been unable to generate new subscribers at the rate that we have been able to in the past. As a result, there can be no assurances that we will be able to generate sufficient new subscribers to remain profitable. We do not have any substantial historical basis for predicting the rate of increase in our subscriber base.

DEPENDENCE ON RENEWALS

As a result of our inability to generate new subscribers at the rate that we have been able to in the past, we will need to rely more heavily on renewals. There can be no assurances that we will be able to generate sufficient renewals to remain profitable. We do not have any substantial historical basis for predicting the rate of renewal increase in our subscriber base.

LACK OF PROFITABLE OPERATIONS

The Company recorded net losses for fiscal years ending March 31, 2006 and 2005 of $2,386,538 and $2,740,733, respectively, and an accumulated deficit of 14,115,909, at March 31, 2006. The Company's ability to continue in business and maintain its financing arrangements would be adversely affected by a continued lack of profitability. During the quarter ended September 30, 2006, we had net income of $2,291,901. However, our performance during this quarter does not assure future profitability.

WORKING CAPITAL DEFICIT

At September 30, 2006, our current liabilities exceeded current assets by $8,527,851. See discussion on Going Concern on page 17 and Liquidity and Capital Resources section on page 18.

LIMITED OPERATING HISTORY

We have a limited operating history in Japan upon which we can be evaluated. Any investment in us must be considered in light of the risks, expenses and difficulties encountered by companies in the early stage of development in new and rapidly evolving markets, including the risks described herein. There can be no assurances that we will be successful in addressing these risks.

UNPROVEN BUSINESS MODEL

We cannot predict whether or not we will be successful because our business model is unproven and its market is developing. It is too early to reliably ascertain market penetration for our products and services. If future demand for AJOL's products and services, including, but not limited to demand for the SF-70 and U-Phone hardware and U-Brand products is lower than anticipated, or the costs of attracting subscribers is higher than anticipated, then our financial condition and results from operations will be materially and adversely affected.

FLUCTUATIONS IN OPERATING RESULTS

Our operating results may fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control. These factors include the demand for the telecommunications products and services offered by us, introduction of new products or services by us or our competitors, delays in the introduction or enhancement of products and services by us or our competitors, changes in our pricing policies or those of our competitors, our ability to anticipate and effectively adapt to developing markets and rapidly changing technologies, changes in the mix of Japanese and non-Japanese revenue, changes in foreign currency exchange rates, the mix of products and services sold by us and the channels through which those products and services are sold, general economic conditions, and specific economic conditions in Internet and related industries. Additionally, in response to evolving competitive conditions, we may elect from time to time to make certain pricing, service, marketing or acquisition decisions that could have a material adverse affect on its financial performance.

FOREIGN CURRENCY (YEN) FLUCTUATIONS

Substantially all of our revenue and expenses are received and incurred in Japanese Yen. Variation in foreign exchange rates may substantially affect our revenue, expenses, and net income in U.S. dollar terms. In preparing our financial statements, we translate revenue and expenses from Japanese Yen into U.S. dollars using weighted average exchange rates. If the U.S. dollar strengthens relative to the Yen, our reported revenue, gross profits and net income will likely be reduced. The Company's future operating results could be similarly harmed if the Japanese Yen weakens from current levels. Given the unpredictability of exchange rate fluctuations, we cannot estimate the effect these fluctuations may have upon future reported results, product pricing or our overall financial condition.

POOR JAPANESE ECONOMIC CONDITIONS

Economic conditions in Japan have been slowly improving in recent years but may decline again. Worsening economic and political conditions in Japan could further reduce our revenue and net income.

RELIANCE ON HANDWRITTEN MOJI CHARACTERS AS PREFERRED METHOD OF WRITTEN COMMUNICATIONS

We rely on the desire of subscribers and potential subscribers to use handwritten Moji (characters) as their preferred method of written communication as an underlying material assumption for the continuing success of our business. A subscriber's or potential subscriber's desire to use handwritten Moji (characters) is a matter of personal preference, which is unpredictable. Any negative changes in perception by subscribers and potential subscribers as to their desire to use handwritten Moji characters as their preferred method of written communication, for any reason, including the emergence of new, different, or alternative forms of written communications, could have a materially adverse affect on us and our business.

DEPENDENCE ON SUBSCRIBERS FOR CONTENT OF NETWORK

The information transmitted to our subscribers via our information network UU Online is primarily generated by other of our subscribers. There can be no assurances that our subscribers will continue to generate information that other subscribers will find sufficiently entertaining, useful, or desirable so as to allow us to profitably market the products and services that provide access to our network.

LIABILITY FOR CONTENT OF NETWORK

As a provider of messaging and communications services, we may incur liability for defamation, negligence, copyright, patent or trademark infringement and other claims based on the nature and content of the materials transmitted via our information network. To minimize our liability, we use a centralized hub to manually process and screen hard copies for adult themes, slander, patent/copyright infringement and objectionable material. However, there can be no assurances that we will be able to effectively screen all of the content generated by our subscribers. We may be exposed to liability with respect to this content. Our insurance may not cover claims of these types or may not be adequate to indemnify us for all liability that may be imposed. Our liability coverage limit is 100,000,000 Japanese yen, approximately $860,000 at current exchange rates, per occurrence. There is a risk that a single claim or multiple claims, if successfully asserted against us, could exceed the total of our coverage limits. There is also a risk that a single claim or multiple claims asserted against us may not qualify for coverage under our insurance policies as a result of coverage exclusions that are contained within these policies. Any imposition of liability, particularly liability that is not covered by insurance or is in excess of insurance coverage, could have a material adverse affect on our reputation, financial condition, and operating results.

RELIANCE ON EXISTING DISTRIBUTORS AND NEED TO RECRUIT ADDITIONAL DISTRIBUTORS

We depend on subscriber distributors to generate a majority of our revenues. To increase our revenue, we must increase the number of and/or the productivity of our distributors.

Our distributors may terminate their status as a distributor at any time. The number of distributors may not increase and could decline in the future. We cannot accurately predict how the number and productivity of distributors may fluctuate because we rely upon our existing distributors to recruit, train and motivate new distributors. Our operating results could be harmed if our existing and new business opportunities and products do not generate sufficient interest to retain existing distributors and attract new distributors.

The loss of a group of high-level distributors, or a group of leading distributors in the distributor's network of lower level distributors, whether by their own choice or through disciplinary actions for violations of our policies and procedures could negatively impact the growth of distributors and our revenue. There is no leading distributor whose departure, alone, will have a material impact on the financial position or results of operations.

In addition, our operations in Japan face significant competition from existing and new competitors. Our operations would also be harmed if our planned growth initiatives fail to generate continued interest and enthusiasm among our distributors in this market and fail to attract new distributors.

FAILURE OF NEW PRODUCTS AND SERVICES TO GAIN MARKET ACCEPTANCE

A critical component of our business is our ability to develop new products and services that create enthusiasm among our distributor force. If any new product or service fails to gain market acceptance, for any reason including quality problems, this could harm our results of operations.

RELIANCE ON ONLINE SALES

We expect online sales of U-Brand products and other services through UU Online will have a growing level of significance in our overall sales in the future. If our members should reduce or stop their online purchases, this could harm our results of operations.

LOSING SOURCES OF U-BRAND PRODUCTS

The loss of any of our sources of U-Brand products, or the failure of sources to meet our needs, could restrict our ability to distribute U-Brand products and harm our revenue as a result. Further, our inability to obtain new sources of U-Brand products at prices and on terms acceptable to us could harm our results of operations.

COMPETITION WITH TECHNICALLY SUPERIOR PRODUCTS AND SERVICES

Our products and services utilize the facsimile-like SF-70 and U-Phone hardware and rely on human personnel to screen and process information for our database. Our products and services are much less technically sophisticated than those offered by other companies providing interactive telecommunications products and services. This may put us at a substantial competitive disadvantage with present and/or future competitors.

INTERNET USAGE RATES AND LONG DISTANCE TELEPHONE RATES

Our subscribers obtain access to AJOL's network via either the Internet or telephone service. The costs that subscribers incur in obtaining access to our network via these channels are beyond the control of AJOL. Any increase in long distance telephone rates or rates for accessing the Internet could materially and adversely affect demand for our products and services.

RELIANCE ON INTERNET AS TRANSMISSION MEDIUM

Our future success will depend upon our ability to route our customers' traffic through the Internet and through other data transmission media. Our success is largely dependent upon the viability of the Internet as a medium for the transmission of subscriber related data. There can be no assurance that the Internet will prove to be a viable communications media, that document transmission will be reliable, or that capacity constraints which inhibit efficient document transmission will not develop. The Internet may not prove to be a viable avenue to transmit communications for a number of reasons, including lack of acceptable security technologies, lack of access and ease of use, traffic congestion, inconsistent quality or speed of service, potentially inadequate development of the necessary infrastructure, excessive governmental regulation, uncertainty regarding intellectual property ownership or lack of timely development and commercialization of performance improvements.

TECHNOLOGICAL CHANGES OF THE MESSAGING AND COMMUNICATIONS INDUSTRY

The messaging and communications industry is characterized by rapid technological change, changes in user and customer requirements and preferences, and the emergence of new industry standards and practices that could render our existing services, proprietary technology and systems obsolete.

Our success depends, in part, on our ability to develop new services, functionality and technology that address the needs of existing and prospective subscribers. If we do not properly identify the feature preferences of subscribers and prospective subscribers, or if we fail to deliver features that meet their standards, our ability to market our products and services successfully and to increase revenues could be impaired. The development of proprietary technology and necessary service enhancements entail significant technical and business risks and require substantial expenditures and lead-time. We may not be able to keep pace with the latest technological developments. We may also be unable to use new technologies effectively or adapt services to customer requirements or emerging industry standards.

We must accurately forecast the features and functionality required by subscribers and prospective subscribers. In addition, we must design and implement service enhancements that meet subscriber requirements in a timely and efficient manner. We may not successfully determine subscriber and prospective subscriber requirements and may be unable to satisfy their demands. Furthermore, we may not be able to design and implement a service incorporating desired features in a timely and efficient manner. In addition, if subscribers do not favorably receive any new service offered by us, our reputation could be damaged. If we fail to accurately determine desired feature requirements or service enhancements or to market services containing such features or enhancements in a timely and efficient manner, our business and operating results could suffer materially.

POSSIBLE INADEQUATE INTELLECTUAL PROPERTY PROTECTION

Our success depends to a significant degree upon our proprietary technology. We rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect our proprietary technology. However, these measures provide only limited protection, and the Company may not be able to detect unauthorized use or take appropriate steps to enforce our intellectual property rights. In addition, we may face challenges to the validity and enforceability of our proprietary rights and may not prevail in any litigation regarding those rights. Any litigation to enforce our intellectual property rights would be expensive and time-consuming, would divert management resources and may not be adequate to protect our business.

POSSIBLE INFRINGEMENT CLAIMS

We could be subject to claims that we have infringed the intellectual property rights of others. In addition, we may be required to indemnify our distributors and users for similar claims made against them. Any claims against us could require us to spend significant time and money in litigation, pay damages, develop new intellectual property or acquire licenses to intellectual property that is the subject of the infringement claims. These licenses, if required, may not be available at all or on acceptable terms. As a result, intellectual property claims against us could have a material adverse effect on our business, prospects, financial conditions and results of operations.

POSSIBLE SYSTEM FAILURE OR BREACH OF NETWORK SECURITY

Our operations are dependent on our ability to protect our network from interruption by damage from fire, earthquake, power loss, telecommunications failure, unauthorized entry, computer viruses or other events beyond our control. As precautions, we utilize distributed processing systems, back-up systems, Internet firewalls, 24/7 installation environment surveillance, and private power generators as backup. There can be no assurance that our existing and planned precautions of backup systems, regular data backups and other procedures will be adequate to prevent significant damage, system failure or data loss.

Despite the implementation of security measures, our infrastructure may also be vulnerable to computer viruses, hackers or similar disruptive problems. Persistent problems continue to affect public and private data networks, including computer break-ins and the misappropriation of confidential information. Computer break-ins and other disruptions may jeopardize the security of information stored in and transmitted through the computer systems of the individuals and businesses utilizing our services, which may result in significant liability to us and also may deter current and potential subscribers from using our services. Any damage, failure or security breach that causes interruptions or data loss in our operations or in the computer systems of our customers could have a material adverse effect on our business, prospects, financial condition and results of operations.

RELIANCE ON THIRD PARTY ACCESS FOR TELECOMMUNICATIONS

We rely on third parties to provide our subscribers with access to the Internet. There can be no assurance that a third party's current pricing structure for access to and use of the Internet will not change unfavorably and, if the pricing structure changes unfavorably, our business, prospects, financial condition and results of operations could be materially and adversely affected.

EFFECT OF GOVERNMENT REGULATIONS

We provide access to our database and services through data transmissions over public telephone lines and other facilities provided by telecommunications companies. These transmissions are subject to regulatory government agencies. These regulations affect the prices that subscribers must pay for transmission services, the competition we face from telecommunications services and other aspects of our market. There can be no assurance that existing or future laws, governmental action or rulings will not materially and adversely affect our operations. Additionally, we previously operated through a network marketing strategy which is subject to government regulation concerning consumer protection. Changes in these regulations could affect compliance with these regulations and jurisdictions where we carry on our business.

DEPENDENCE ON VENDOR

The SF-70 and U-Phone machines are produced by an unrelated Original Equipment Manufacturer (OEM). Should this OEM become incapable or unwilling to produce the SF-70 and U-Phone for any reason, we could face a temporary decline in SF-70 and U-Phone sales until another electronics manufacturer is sourced and ready to produce the machines.

MINORITY SHAREHOLDER STATUS

Foster Strategic Investment Partnership and Leo Global Fund hold 51.34% and 15.28%, respectively, of PPOL's common stock. Acting alone, Foster Strategic Investment Partnership, as a majority shareholder, has significant influence on PPOL's policies. Foster Strategic Investment Partnership and Leo Global Fund, collectively, control 66.62% of PPOL's outstanding shares and voting power. As a result, Foster Strategic Investment Partnership and Leo Global Fund, acting together, will have the ability to control the outcome of all matters requiring stockholder approval, including the election and removal of PPOL's entire Board of Directors, any merger, consolidation or sale of all or substantially all of PPOL's assets, and the ability to control PPOL's management and affairs.

NO LOCK-UP AGREEMENT BETWEEN FOSTER STRATEGIC INVESTMENT PARTNERSHIP AND LEO GLOBAL FUND

To date, PPOL has not entered into a separate lock-up arrangement with Foster Strategic Investment Partnership and Leo Global Fund pursuant to which these shareholders would agree to be subject to volume and sale restrictions that will limit their ability to sell shares in addition to the restrictions set forth under Rule 144. If a suitable lock-up agreement is not in effect, then Foster Strategic Investment Partnership and/or Leo Global Fund may be eligible to sell a large volume of shares, which could cause the price of PPOL's shares to decline.

FAILURE TO ACHIEVE AND MAINTAIN EFFECTIVE INTERNAL CONTROLS IN ACCORDANCE WITH SECTION 404 OF THE SARBANES-OXLEY ACT OF 2002 COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS AND STOCK PRICE.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we will be required to furnish a report on our internal control over financial reporting. In order to achieve compliance with Section 404 of Sarbanes-Oxley within the prescribed period, we will need to engage in a process to document and evaluate our internal control over financial reporting, which will be both costly and difficult. There is a risk that neither we nor our independent auditors will be able to conclude that our internal controls over financial reporting are effective as required by Section 404 of Sarbanes-Oxley.

In addition, during the course of our testing, we may identify deficiencies that we may not be able to remediate in time to meet the deadline imposed by Sarbanes-Oxley for compliance with the requirements of Section 404. Furthermore, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented, or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of Sarbanes-Oxley. Effective internal controls are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and results of operations could be harmed, investors could lose confidence in our reported financial information, and the trading price of our stock could drop significantly.

ITEM 4T: CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. We maintain a system of disclosure controls and procedures. The term "disclosure controls and procedures," as defined by regulations of the SEC, means controls and other procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit to the SEC under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules, regulations and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit to the SEC under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions to be made regarding required disclosure. Each of Masao Yamamoto, our Chief Executive Officer, and Richard Izumi, our Chief Financial Officer, have evaluated the design and operating effectiveness of our disclosure controls and procedures as of September 30, 2006. Based upon their evaluation, these executive officers have concluded that our disclosure controls and procedures were not effective as of September 30, 2006.

Specifically, we have identified the following material weaknesses in our internal control over financial reporting: (i) we had not effectively implemented comprehensive entity-level internal controls; (ii) we did not have a sufficient complement of personnel with appropriate training and experience in U.S. generally accepted accounting principals; (iii) we did not adequately segregate the duties of different personnel within our accounting group due to an insufficient complement of staff; (iv) we did not perform adequate oversight of certain accounting functions and maintained inadequate documentation of management review and approval of accounting transactions and financial reporting processes; and (v) we had not fully implemented certain control activities and capabilities in the design of our internal control over financial reporting.

The Board of Directors has concluded that the delay in submitting this 10-Q filing was initially a result of determining the impact of restatements and reclassifications required to financial statements issued in the quarter ended

June 30, 2005. This required management to take the time to obtain relevant facts to make the appropriate restatements and reclassifications. In addition there were significant communication delays in obtaining information from our operating subsidiary, AJOL, in Japan in order to complete our consolidated financial statements. To ensure we record, process, summarize and report in a timely manner the information we must disclose in reports that we file with or submit to the Securities and Exchange Commission, the Board of Directors has directed management of the Company to prepare reports requiring significant information from its Japanese operating subsidiary should be prepared in Japan. During this initial delay, the NASD informed the Company that its securities will be removed effective September 6, 2006, from the OTC Bulletin Board ("OTCBB"). Further, as a result of the Company's significant budgetary constraints that prevented it from retaining additional personnel to resolve the issues described in the foregoing paragraphs, and the fact that the majority of our shareholders reside in Japan and are unable to trade our stock, the Board of Directors have further concluded that the costs of remaining a US public company, in its present form, far exceed the benefits to its existing shareholder base. Thus, as more fully described in Note 9 - Subsequent Events, to the consolidated financial statements, included herein, the Board of Directors unanimously approved a transaction involving the separation of the Company's wholly-owned Japanese subsidiary, AJOL, by authorizing the issuance of shares of common stock of AJOL owned by the Company to the stockholders of the Company in proportion to each stockholder's percentage ownership in the Company (the "spin-off"). In authorizing the foregoing, the Board of Directors considered that the Company's business is operated exclusively in Japan through AJOL, and that there is relatively little or no interest in the Company and its common stock and AJOL in the United States. The Board of Directors also considered that over 75% of the Company's shareholders, who hold over 98% of its outstanding shares, are residents of Japan. The Board of Directors also believes that shareholders of the Company could maximize the value of their shares in the Company by directly holding shares in AJOL, in addition to continuing holding shares in the Company. The Board of Directors also considered that AJOL would be in a position to seek and obtain private issuer status in the United States following the Spin-Off, thereby allowing AJOL to seek suspension of any Commission reporting obligations to which it would be subject following the Spin-Off.

Accordingly, we are in the process of preparing and filing all currently required SEC filings in order to allow us to achieve our goals discussed in the preceding paragraph.

Internal Control Over Financial Reporting. We also maintain internal control over financial reporting. The term "internal control over financial reporting," as defined by regulations of the SEC, means a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by the our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the U.S. ("GAAP"), and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

The Company has initiated planning for the implementation of Section 404 of the Sarbanes-Oxley Act. However, the Company has not yet hired an outside firm to assist in the implementation to start its evaluation process. The implementation of Section 404 may involve significant costs and commitments in terms of the Company's financial and personnel resources, and based on the Company's plans to spin off its operating subsidiary, AJOL, and seek and obtain foreign private issuer status in the United States, it is unlikely that the Company will complete its Section 404 compliance responsibilities by the established deadline.

PART 2:

ITEM 1: LEGAL PROCEEDINGS

On 17 October, 2005, PPOL's ultimate majority shareholder, Green Capital, filed an action against Capital Aid, Inc., a Japan corporation, and Messrs. Hiroshi Shibakawa, Kenji Nakamura, Yoshiyuki Okamura, Yoshiteru Sazanami, Hiroshi Matsuo, Tokuji Koga and Chizuko Koga (the "Ide Group"), in Tokyo District Court (case no. (wa) 2005-20878) to recover PPOL common share stock certificates (the "PPOL Certificates") registered in the name of Foster Strategic Investment Partnership ("FSIP"), and beneficially owned by Green Capital. The Ide Group maintains physical possession of the PPOL Certificates. Green Capital has alleged in its lawsuit that 1) the Ide Group purchased the PPOL Certificates from a person who was not the owner therefore (or has any right or interest therein); and 2) did not constitute a bona fide purchaser thereof, as such is provided under the Article 131-2 of the Commercial Code of Japan, Green Capital is entitled to the remedy of repossession of the PPOL Certificates at issue. The Ide Group, in turn, has countersued Green Capital, Green Capital's then-CEO, PPOL, PPOL's and AJOL's directors, PPOL's operating subsidiary, AJOL, and Nobuo Takada, a former director and CEO of PPOL, for $9.2 million (1.056 billion yen) plus interest. In its countersuit, the Ide Group alleges Takada had tricked them into buying the PPOL Certificates and borrowing money from them, using the PPOL Certificates as collateral. The Ide Group has alleged in its countersuit that each named counter-defendant conspired with Takada in a series of alleged unlawful and improper transactions resulting in the Ide Group's purchase of the PPOL Certificates and loan to Takada. At the time of the alleged series of transactions, Takada was neither a director nor officer of PPOL or AJOL. Green Capital has also contacted the Tokyo Metropolitan Police Department and has filed a criminal complaint against Nobuo Takada for alleged embezzlement of the PPOL Certificates registered in the name of FSIP and beneficially owned by Green Capital. Green Capital, Green Capital's then-CEO, PPOL, PPOL's and AJOL'S directors, and PPOL's operating subsidiary, AJOL have all denied knowledge of any of the alleged transactions and any improper conduct associated with such alleged transactions. Based, in part, on the advice of counsel, PPOL believes the ultimate resolution of this litigation will not have a material impact on the financial position, results of operations or cash flows of PPOL, and its subsidiary.

In accordance with SFAS No. 5, "Accounting for Contingencies," PPOL reserves for a legal liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. At least quarterly PPOL reviews and adjusts these reserves to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. The ultimate outcome of such matters cannot presently be determined or estimated. PPOL's management believes that PPOL has sufficiently reserved for legal matters and that the ultimate resolution of pending matters will not have a material adverse impact on PPOL's consolidated financial position, operating results or cash flows. However, the results of legal proceedings cannot be predicted with certainty. Should PPOL fail to prevail in current legal matters or should one or more of these legal matters be resolved against PPOL, PPOL could be required to pay substantial monetary damages and, its financial position, operating results and cash flows could be materially adversely affected.

ITEM 2: CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3: DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5: OTHER INFORMATION

None

ITEM 6: EXHIBITS AND REPORTS ON FORM 8-K:

Exhibit 3.1	Articles of Incorporation and Amendments thereto (1)
Exhibit 3.2	Bylaws (1)
Exhibit 10.5	Purchase Agreement between PPOL, Inc. and Forval Corporation for shares of Gatefor, Inc. and Object Innovation. (2)
Exhibit 10.15	Purchase Agreement, dated as of May 30, 2005, by and between PPOL, Inc., a California corporation, K.K. Green Capital, a Japan corporation, and K.K. U Service, a Japan corporation. (4)
Exhibit 10.16	Stock Purchase Agreement, dated as of May 30, 2005, between PPOL, Inc., a California corporation, and K.K. Contents Provider Tokyo, a Japan corporation. (4)

Exhibit 10.17	Stock Purchase Agreement, dated as of May 30, 2005, between PPOL, Inc., a California corporation, and K.K. Seagull, a Japan corporation. (4)
Exhibit 10.18	Stock Purchase Agreement, dated as of May 30, 2005, between PPOL, Inc., a California corporation, and K.K. H.I. Consultants, a Japan corporation. (4)
Exhibit 10.19	Stock Purchase Agreement, dated as of May 30, 2005, between PPOL, Inc., a California corporation, and K.K. System Partners, a Japan corporation. (4)
Exhibit 10.20	Registration Rights Agreement, dated May 30, 2005, between PPOL, Inc., a California corporation and the INVESTORS (as defined). (4)
Exhibit 31.1	Chief Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (3)
Exhibit 31.2	Chief Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (3)
Exhibit 32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(3)
Exhibit 99.1	Stock Purchase Agreement denoting change in control of registrant. (1)

(1) Previously filed with the SEC as an exhibit to SC 13D, filed on April 15, 2005, and is incorporated herein by reference.

(2) Previously filed with the SEC an exhibit to the Company's 8-k filed on April 4, 2005, and is incorporated herein by reference.

(3) Filed herewith.

(4) Previously filed with the SEC an exhibit to the Company's 8-k filed on June 3, 2005, and is incorporated herein by reference.

B - Reports on Form 8-K

1) None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PPOL, Inc.
(Registrant)

March 3, 2008	/s/ Masao Yamamoto
Date	Masao Yamamoto, Chief Executive Officer

March 3, 2008	/s/ Richard Izumi
Date	Richard Izumi, Chief Financial Officer