PPOL INC
Form 10-K
October 16, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 2007 OR

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

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

CALIFORNIA	000-50065	95-4436774
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

1 CITY BOULEVARD WEST, SUITE 820
ORANGE, CALIFORNIA 92868
(Address of principal executive offices, including zip code)

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

Securities registered pursuant to Section 12(b) of the Act: NONE.

Securities registered pursuant to Section 12(g) of the Act:

TITLE OF EACH CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
Common Stock, $.001 par value	None

Indicate by check mark whether PPOL, Inc. (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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of PPOL, Inc.'s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether PPOL, Inc. is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes [ ] No [X]

As of March 31, 2008, 205,146 shares of PPOL, Inc.'s common stock, $0.001 par value per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE. Certain exhibits of PPOL, Inc. previously filed with the SEC are incorporated by reference in item 15 of this report.

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PPOL, INC.
FORM 10-K

TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS

THIS ANNUAL REPORT ON FORM 10-K, IN PARTICULAR "ITEM 7 - MANAGEMENT'S

DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS," AND "ITEM 1 - BUSINESS," INCLUDE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED AND SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED. THESE STATEMENTS REPRESENT OUR EXPECTATIONS OR BELIEFS CONCERNING, AMONG OTHER THINGS, FUTURE REVENUE, EARNINGS, GROWTH STRATEGIES AND OTHER FINANCIAL RESULTS, NEW PRODUCTS, FUTURE OPERATIONS AND OPERATING RESULTS, AND FUTURE BUSINESS AND MARKET OPPORTUNITIES. WE WISH TO CAUTION AND ADVISE READERS THAT THESE STATEMENTS INVOLVE RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE EXPECTATIONS AND BELIEFS CONTAINED HEREIN. BECAUSE A SUBSTANTIAL MAJORITY OF OUR OPERATIONS ARE IN JAPAN, SIGNIFICANT VARIATIONS IN OPERATING RESULTS INCLUDING REVENUE, GROSS MARGIN AND EARNINGS FROM THOSE EXPECTED COULD BE CAUSED BY RENEWED OR SUSTAINED UNCERTAINTY IN THE JAPANESE ECONOMY, WEAKENING OF THE JAPANESE YEN, FAILURE OF PLANNED INITIATIVES TO GENERATE CONTINUED INTEREST AND ENTHUSIASM AMONG DISTRIBUTORS OR TO ATTRACT NEW DISTRIBUTORS. FOR A SUMMARY OF CERTAIN ADDITIONAL RISKS RELATED TO OUR BUSINESS, SEE "ITEM 1A - RISK FACTORS."

PART I

ITEM 1 BUSINESS

OVERVIEW

PPOL, Inc., a California corporation ("PPOL" or "the Company") is a holding company which conducts its business primarily through its wholly owned subsidiary, AJOL Co., Ltd., a Japan corporation (sometimes referred to as "AJOL" or "we" or "us" or "our"). AJOL does not conduct any business in the United States.

Our total assets, in millions, were $56, $113 and $153 at March 31, 2007, 2006, and 2005, respectively.

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-Phone hardware that are 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.

Our revenues, in millions, are allocated as follows:

FISCAL YEAR ENDED MARCH 31:	SF-70 AND U-PHONES HARDWARE SALES	SF-70 AND U-PHONES HARDWARE % OF TOTAL SALES	SUBSCRIPTIONS SALES	SUBSCRIPTIONS % OF TOTAL SALES	CONSUMER PRODUCTS, COMMISSIONS & OTHER SALES	CONSUMER PRODUCTS, COMMISSIONS & OTHER % OF TOTAL SALES	SALE
2007.......	$ 48	69.6%	$ 11	15.9%	$ 10	14.5%	$ 6
2006.......	73	68.2%	14	12.7%	20	19.0%	10
2005.......	92	71.6%	14	11.3%	22	17.1%	12

PRODUCTS AND SERVICES

(1) SF-70 AND U-PHONES

Our primary products are multi-functional facsimile based machines with telephone and networking capabilities, the SF-70 and U-Phone. Both products feature a built-in liquid crystal color monitor display. The SF-70 and U-Phone hardware combines the attributes of a telephone and fax machine with full I-Mode(TM) e-mail and database search capabilities. I-Mode(TM) is a mobile telephone system developed by Japan's largest mobile telecommunications company, NTT Docomo. Through I-Mode(TM) one can access information on I-Mode(TM) compatible Internet sites and exchange e-mails of up to 1,000 full size characters with anyone having an Internet e-mail address. However, the SF-70 and U-Phone hardware does not have the full functional capabilities that may be available on an e-mail sent through a personal computer.

An important aspect of the SF-70 and U-Phone hardware is that it allows users to communicate using handwritten Japanese characters, which comprise the Japanese language's phonetic alphabets: Hiragana, Katakana, and especially Kanji. "Kanji" are a set of pictographs used extensively in the Japanese written language to represent words and ideas. Kanji is also used as artistic expression, and could be considered as a form of calligraphy. Kanji characters are unique in that their definition and meaning are subject to personal interpretation by the reader. The reader's interpretation and understanding of Kanji characters and, to a lesser extent, Hiragana and Katakana, are based largely on the manner in which their respective characters are written.

We believe that the full texture and meaning of Kanji characters and, to a lesser extent, Hiragana and Katakana, cannot be effectively communicated through the preset fonts available on a typical computer. Therefore an important aspect of the SF-70 and U-Phone hardware is that it allows users to communicate using the full breadth of the Japanese language through the uniquely expressive medium of handwriting. Furthermore, our SF-70 and U-Phone hardware expands the communication capabilities of the elderly and children below junior high school level by removing the obstacle of keyboard input. As English education does not commence until the beginning of junior high school, children below junior high school levels are not familiar with the Roman alphabet and have difficulty using a keyboard. The elderly are also more comfortable with handwritten Japanese characters. Our business plan assumes that subscribers and potential subscribers believe that handwritten Moji, i.e. Japanese characters, is a preferred form of communication because they are more personal and accessible than computer-based fonts.

We contract for the manufacture of the SF-70 and U-Phone hardware and then resell the SF-70 and U-Phone units through our direct marketing distribution network. We are currently marketing the fifth generation SF version, the SF-70 and U-Phone. Such products are purchased from Advance Communications K.K., a Japanese corporation, (Advanced Communications) under a one year contract, effective November 19, 2003, that automatically renews each anniversary for an additional one year term unless a termination notice is provided two months prior to the anniversary by either party. Under the OEM contract, we retained the rights to the design and metallic mold required to manufacture the SF-70, but outsourced the actual manufacturing of the SF-70 and U-Phone to Advanced Communications. By outsourcing the manufacturing of the product, we avoid the investment required for the plant, equipment and personnel required to manufacture the product. PPOL and Advanced Communications became related parties as a common entity, K.K. Green Capital (Green Capital), a Japan corporation, became the ultimate majority investor in both companies during fiscal 2006.

The SF-70 and U-Phone differ from the previous SF-60 model with new features consisting of a color display panel, use of plain paper and enhanced email functions. The SF-70 is similar to the SF-60 in that it connects users to our database via the Internet rather than through conventional telephone lines. Versions of the hardware prior to the SF-60 utilized conventional telephone lines, requiring some users to incur long distance telephone charges in order to access our services. The amount of these charges varied from user to user. Subscribers living in areas with higher long distance rates to contact their applicable server were required to pay more per call than users in lower-rate localities. In addition, since long distance charges are based on call time, frequent users of models prior to SF-60 incurred higher charges than infrequent users. While the SF-70 and U-Phones use the Internet to connect subscribers, it is not possible to browse the worldwide Internet using these products.

Owners of the SF-70 and U-Phone obtains Internet access through NTT Communications (a Japanese telecommunications company) at hourly or monthly rates. The NTT fee removes the variance in telecommunications charges caused by varying long distance rates. As a result, we expect telecommunications costs for SF-70 and U-Phone users will now be uniform throughout Japan.

Because the SF-70 and U-Phone are intended to be simple to use, from a user's perspective there are very few differences between them and previous versions of SF-70. Since the SF-70 and U-Phone automatically connect to the UU Online database via the Internet, the fact that they connect via the Internet, rather than over the telephone lines, is not obvious to most users.

(2) AJOL'S NETWORK SERVICES -- UU ONLINE

The SF-70 and U-Phone hardware allow users to connect to our UU Online without the use of a keyboard. Our customers purchase the SF-70 and U-Phone hardware and, although not required, most concurrently subscribe to our facsimile based network and database - "UU Online." The functionality of the SF-70 and U-Phone hardware can only be fully utilized in conjunction with this subscription. Our database contents are provided by subscribers who wish to broaden their circle of acquaintances and actively share information with other subscribers.

UU Online is a co-proprietary database we share with U-World K.K. (U-World), a Japanese corporation, that is a wholly-owned subsidiary of K.K. Seagull (Seagull), a Japanese corporation that also owns 4.52% of PPOL. U-World also sells U-Phones, but not the SF-70. Its CEO is Yoshiyuki Aota, a Director of PPOL. Subscribers may also submit information about various products and services that they may offer to the UU Online database. Subscriptions to full interactive access to UU Online are offered through AJOL on a monthly basis that automatically renew unless cancelled by the subscriber.

4

Access to the UU Online network and database is only available to subscribers through the SF-70 and U-Phone hardware. While the SF-70 and U-Phone hardware can also be used to transmit and receive faxes outside the network and to send and receive general I-Mode e-mails, the hardware's full capability is only realized when used in conjunction with its connection to the UU Online database subscription. Subscribers can search the network's database to find other subscribers matching their search criteria to establish interpersonal relationships, solicit categories of faxes, or to specify a group of recipients for the subscriber's faxes, among other things. Subscribers can also search from and/or submit to the database specific types of information. What is unique about our database is that the great majority of the information stored in the database is provided by the subscribers themselves. We actively encourage our subscribers to submit content for the database.

Unlike personal computer based services, our on-line service utilizes the SF-70 and U-Phone hardware and has paper-based input and output. Since users are able to input handwritten information on paper into the SF-70 and U-Phone hardware, many users with little computing knowledge, including young children in addition, the elderly are able to utilize our online service. In this sense, the SF-70 and U-Phone are similar to a conventional fax machine.

Subscribers of our on-line service use the SF-70 and U-Phone hardware to transmit their data to a centralized hub where we receive hard copies. The hard copies are then manually processed, screened for content, and input to a central database. We use a centralized hub to manually process and screen hard copies for content that does not meet our qualitative standards, such as language, adult themes, slander, patent/copyright infringement and objectionable material. We do this manually as we believe a centralized electronic system will not effectively screen out materials that should not be admitted to our database. SF-70 and U-Phone users are then able to access the central database through the SF-70 and U-Phone hardware. Such accessed information can be transmitted from the central database to the appropriate destination where the user(s) receive a hard copy printout. Our co-proprietary database does not contain as much information as may be available to an individual who searches the Internet on any particular given subject. However, our database may contain information that may not be available through a search of the Internet.

UU Online can be customized for each subscriber and each member of their family. Representative services include mail and bulletin boards. Each service can be utilized without the use of a keyboard and may include free hand illustrations and writing which can be transmitted to other subscribers. Mail service requires the input of the receiver's ID number. Our mail service is also capable of sending the same message to a distribution list of up to 100 ID numbers. Since the identity of the sender cannot be manipulated as is possible over the Internet, spam mail is practically non-existent. Because each member of the subscriber's family has a unique ID and password, the privacy of each family member is also preserved.

Our on-line offerings include bulletin boards, mail, and information exchange services. Our bulletin board service allows subscribers to submit invitations, product advertisements, and help-wanted ads to a bulletin board accessible by all our subscribers. Subscribers can also use the bulletin board service to share personal experiences and create pen pal relationships, among other things. All subscriber submissions are screened for content and none are anonymous. We encourage subscribers to contribute to our database. A subscriber's submission is retained in the database for 60 days after which time it is deleted unless the subscriber resubmits his or her submission. Subscribers may also reply to posted ads via this service. Similarly, our service allows subscribers to send faxes to up to 50 other subscribers at once. Families are able to designate personal identification passwords to family members enabling them to print faxes addressed to them, and thus maintaining the confidentiality of the fax.

(3) U-BRAND PRODUCTS

We created a co-proprietary brand called U-Brand, formerly Kamome, for use in the sale of products associated with AJOL. U-Brand products may only be purchased by or through subscribers of AJOL and U-World. The U-Brand is granted to companies that sell products through a distribution agreement with us, and which we can recommend to members for their reasonable pricing. The distribution agreements require them to make direct shipments to the members. The customers are charged the "retail" price while we pay these companies "wholesale." The difference between the "retail" and "wholesale" price is reported as a part of service fee income in the consolidated financial statements, as we do not have the risk of carrying inventories for these products.

The U-Brand is added to the selling company's existing brand, and products are sold with dual branding. Additionally, we use the U-Brand as a private brand on a limited basis. U-Brand products appear in catalogs, which are distributed quarterly to subscribers and updated via our co-proprietary UU Online interactive database system. U-Brand products may only be purchased through the SF-70 and U-Phone, including those sold by U-World, hardware or by fax to our headquarters. Because products are purchased through the SF-70 and U-Phone, customers receive their orders via mail as opposed to a traditional retail outlet whereby customers gain immediate possession and satisfaction of the goods.

5

We re-evaluate U-Brand products based, in part, on feedback from our subscribers. We also search for new products based, in part, on requests received from subscribers. Following is a table of the number of U-Brand products during each of the indicated periods.

MARCH 31:	NUMBER OF U-BRAND PRODUCTS
2007......	450
2006......	337
2005......	494

We publish a quarterly magazine for our subscribers introducing goods manufactured and provided by our subscribers as well as independent third parties. U-Brand products are featured in our periodical magazines in articles highlighting the virtues of the products. We solicit feedback from subscribers who can also write reviews of U-Brand products for submission to our database.

Although the qualification standards are subjective, only high quality goods and services offered at reasonable prices are eligible to become U-Brand products. Quality assurance and safety of products are foremost criteria. Low price alone will not qualify for U-Brand status. To promote and develop the image of the U-Brand, we place a high degree of emphasis on the manufacturer's selectivity of raw materials, manufacturing process, and their pride in the products.

Our intent is to provide our subscribers with a broad range of high quality merchandise at prices lower than could be obtained through traditional retailers. A subscriber's ability to purchase U-Brand products is a feature of their subscription to UU Online. We attempt to obtain lower prices for U-Brand products through operating efficiencies achieved by volume purchasing, efficient distribution and reduced handling of merchandise through mail-order deliveries. Subscribers are also encouraged to sell U-Brand products to non-subscribers.

"CO-OP OF THE 21ST CENTURY." We obtain lower pricing for U-Brand products through volume purchasing and sell products to subscribers at favorable prices. Our method of buying and selling of U-Brand products is similar to a mutual benefit "cooperative" or "co-op." Unlike co-ops that operate on a non-profit basis, our system is designed to generate profits for us. Co-ops presently exist in Japan, but are generally limited to serving a limited geographic region. A typical Japanese co-op draws upon local area residents and businesses as members, and would not expect membership from residents or businesses outside of that local area as their outlets are limited to a specific municipality referred to as a prefecture in Japan. Our business plan is to create and maintain the co-op model to extend beyond local regional borders and to provide consistent and attractive pricing of U-Brand products to our subscribers throughout Japan. We refer to our Japan wide co-op model as creating the "Co-op of the 21st Century." We intend to create, through our "Co-op of the 21st Century," an increasingly valuable organization that will appeal to potential and existing subscribers: (1) as a source of U-Brand products for personal use, and (2) by expanding the U-Brand product list and creating the potential for increased financial incentives through direct marketing distribution sales of U-Brand products. The goal and marketing concept of the Co-op of the 21st Century is to provide value to our subscribers and generate interest for new AJOL subscriptions and renewals.

(4) SERVICES

Service fees are generated primarily from administrative services we provide to U-Service Mutual Benefit Association (UMBA). Commissions are generated primarily through purchases of goods and services by members where AJOL is not the vendor through use of members' prepayments to U-Service Friendship Association (USFA). The nature of administrative services we provide and commissions earned are covered in the next section covering UMBA and USFA.

U-SERVICE MUTUAL BENEFIT AND U-SERVICE FRIENDSHIP ASSOCIATIONS

UMBA and USFA, are associations established by owners of the SF-70 and U-Phone, including earlier models (collectively, owners). The primary reason why owners join USFA is to broaden their circle of acquaintances and actively share information with others. Membership in UMBA or USFA is not required for owners of SF-70 and U-Phones. PPOL and AJOL do not have any equity ownership in UMBA or USFA.

UMBA and USFA are informal associations and do not have legal status. However, under Japanese regulations, they are able to open bank accounts in their own name. Concurrently, such regulations require bank accounts to only be opened and maintained by a legal entity or natural persons. For purposes of opening and maintaining the bank account, the Chairman of the Board of Trustees (BOT) of UMBA or USFA, is named as the responsible party. However, under Japanese law, such account is beyond each respective association's Chairman of the BOT's personal creditors, even in bankruptcy or other receivership. As customary for many not-for-profit organizations, the Chairman of USFA is not compensated for his role as Chairman of the BOT. The Chairman and BOT of UMBA are compensated for their respective roles from UMBA. The respective Chairmen and BOT of USFA and UMBA are not employees of AJOL.

UMBA offers various insurance products that are exclusively available to members. They are not available to the general public. UMBA receives prepayments directly from its members for payment of monthly insurance premiums available through UMBA. Its cash disbursements are to the respective insurance companies and AJOL for the administrative functions. UMBA has outsourced its administrative functions (comprised of promotional activities, application processing, and maintenance of required information on insured individuals) to AJOL. AJOL's consideration for its services is a fixed percentage, ranging from 20% to 32% depending on the plan, of the insurance premiums that UMBA collects directly from its members on a monthly basis. AJOL recognizes such fees received on a monthly basis when UMBA collects such premiums. This matches the revenues with the costs incurred by AJOL.

The insurance plans are provided by independent third-party insurance companies. They are unrelated to AJOL and UMBA. There are no contracts between AJOL and its members related to such insurance plans. AJOL has no title to cash collected from and related liability to such insurance plans. PPOL's financial statements do not reflect such cash and related liabilities.

USFA receives prepayments directly from its members for orders that they will place in the future. The prepayment system, known as "Cube," was originally established to facilitate the processing of orders received on goods and services available through AJOL, including U-Brand products. Thus, it can be regarded as a "Private debit card." Today, while the majority of purchases are still through AJOL, its use has been expanded to purchases from other sources.

Members place orders directly with AJOL. After AJOL completes the order, it invoices USFA, which in turn, makes payments every 10 days to AJOL. AJOL records sales and related cost of sales upon shipment of the goods ordered from its warehouse. Among the orders placed with AJOL by the members, there are goods and services provided in which AJOL is not the vendor. The difference between the amount paid by the member and what AJOL pays the vendor is recorded as a commission.

USFA's functions described in the foregoing two paragraphs were previously handled by UMBA. Due to changes in Japanese laws, an association could no longer conduct insurance and non-insurance activities. Accordingly, UMBA's non-insurance related activities were transferred to USFA.

DISTRIBUTION SYSTEM

As of March 31, 2007, the cumulative number of SF-70 and U-Phone users approximated 430,000. AJOL has grown to its present state through the proactive efforts of its subscriber-distributors.

At the end of the quarter ended December 31, 2005, PPOL's wholly owned subsidiary, AJOL had converted from its previous revenue model, the network marketing plan (Network) method, and commenced its new revenue model, the direct marketing plan (Direct) method. The Network method is still in effect for units sold prior to the conversion to the Direct method. Under the Direct method, the purchaser of the SF-70 and U-Phone can separately purchase a monthly service giving them a monthly right to: (1) access the Company's co-proprietary database, (2) enjoy the interactive features of the database, (3) purchase consumer products that primarily utilize AJOL's U-Brand, and (4) purchase services offered by various companies with whom we have cooperation agreements through UU Online. There is no obligation for the purchaser of an SF-70 or U-Phone, sold under the Direct method, to subscribe to such monthly service. They can cancel such services at any time and re-subscribe to such services again in the future without any penalty. Under the previous Network method, the purchaser was required to purchase the SF-70 and subscribe to such services for one year initially. Subsequent renewals are for one year periods.

We refer to our subscribers who sell the SF-70 and U-Phones hardware as distributors. An AJOL distributor must be an AJOL subscriber to sell SF-70 and U-Phone hardware and U-Brand products. All subscribers have an opportunity to become a distributor. Subscribers who desire to become distributors must undergo an application and screening process. Subscribers who lose the right to be a distributor, for any reason, must apply to reacquire distributor status. Our distributors are not required to purchase or maintain inventory of SF-70 and U-Phone hardware or U-Brand products, and therefore are not at financial risk if they do not complete sales. AJOL bears the risk of obtaining and maintaining inventory. Distributors submit product orders to us, which we then fulfill. Payment for our products is paid directly to us.

We emphasize and encourage subscribers to develop personal relationships among subscribers and between subscribers and non-subscribers as a vehicle to increase awareness of AJOL and its products. Distributors are required to attend at least one monthly training session to retain the right to be a distributor. We believe that the subscribers' efforts to create personal relationships among themselves and with non-subscribers create beneficial word of mouth advertising for our products and services. Year-round training sessions for our distributors, as well as social and recreational events for our subscribers and their guests, are held throughout Japan to encourage interaction among subscribers and potential subscribers.

7

PPOL's Director, Mr. Yoshihiro Aota, places emphasis on and personally speaks at many of these events. Attendees may consist of subscribers and non-subscribers. The underlying themes of Mr. Aota's presentations include (1) responding to each individual's needs for self realization in a new society, (2) happiness is attained by those that make steady and persistent effort, and (3) the fundamental source of a community's vitality is each individual's vigor and energy.

THE INDUSTRY

From a macro viewpoint, AJOL is involved in the Network Service Provider (NSP) industry. Within this industry categorization, the Internet has taken the lead. However, AJOL offers its co-proprietary network service through its "handwritten database" using the Internet. Information dispatch can be easily performed in "handwriting" from the terminal of SF-70 and U-Phone. Thus the relatively complicated operations that are required through a computer are not required by the subscriber seeking access to its database. In addition, AJOL is not merely a network service provider enterprise. At the core of our corporate value is face to face interchange amongst our subscribers. AJOL holds meetings throughout Japan on an annual basis where its subscribers meet other subscribers and prospective subscribers.

We believe that we operate in a unique market niche. Although the Company's business plan has similarities to those of Internet service providers (ISP), its reliance on a fax based technology eliminates access to many of the features and functionality offered by ISP's, including access to the Internet. Unlike the Internet, which provides access to a worldwide database, the subscribers access to information and networking capabilities is limited to our fax based UU Online network and database. The Company's business plan does, however, share a common objective with ISP of increasing and maintaining paid subscriptions.

Unlike ISP's, we rely heavily on word of mouth advertising through our system of direct marketing distributors. In addition, we had 326 outlets referred to as "Cabins" as of March 31, 2007 where prospective members can receive live demonstrations of the SF-70 and U-Phones. The number of "Cabins" has declined significantly from March 31, 2006 when we had over 1,000 as a result of our change to direct marketing from our previous network marketing. In direct marketing, "Cabins'" role for revenue generation is no longer critical. The "Cabins" are independently operated by subscribers who are also distributors.

With SF-70 and U-Phones users at the focal point, we intend to establish our own closed market of customized information, products and services. AJOL does not grant any exclusive distribution rights based on geographic boundaries.

We are unaware of the percentage of the Japanese population generally, or the percentage of people in various demographic groups, who engage in direct marketing sales.

GENERAL DEVELOPMENT OF BUSINESS

(1) GENERAL DEVELOPMENT OF THE BUSINESS OF PPOL

PPOL was incorporated as a California corporation on May 19, 1993 under the name Diversified Strategies, Inc. On August 15, 2002, the Company amended its articles of incorporation to change its name to PPOL, Inc.

From PPOL's inception through March 31, 2002 it maintained its existence, in part, as a corporation with no operating business and no subsidiaries. Thereafter, PPOL entered into a Stock Purchase and Business Combination Agreement ("Agreement"), effective as of April 1, 2002, with the shareholders of AJOL to acquire all of the outstanding common shares of AJOL in exchange for the issuance of PPOL common shares representing 95% of PPOL's then outstanding common shares ("AJOL Acquisition"). The transactions covered by the Agreement closed as of August 15, 2002, effective as of April 1, 2002. As a result of the AJOL Acquisition, AJOL became a wholly-owned subsidiary of PPOL.

In connection with the AJOL Acquisition, PPOL effected a reverse stock split of its issued and outstanding common shares on a 1:7 basis. As a result of the reverse stock split, PPOL's issued and outstanding shares were reduced from 6,298,231 (pre-reverse split) to 899,746 (post-reverse split) as of August 15, 2002. PPOL was obligated to and did purchase fractional shares that resulted from the reverse stock split at a price equal to the opening bid price of PPOL's shares on October 14, 2003 (the date the shares became listed on the National Association of Securities Dealers' OTC Bulletin Board).

As previously reported in the Company's Form 8-K, filed with the Securities and Exchange Commission ("the Commission") on March 8, 2007, and in the Company's definitive Schedule 14C, filed with the Commission 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 provides 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. This Form 10-K reflect the effect of the Reverse Split retroactively.

Also, as previously reported in the above-referenced filings to the Commission, the Board, on February 16, 2007, 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 reporting obligations to the Commission 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.

At March 31, 2007, and through the filing of this Form 10-K, the Spin-Off was not completed. The financial information included herein does not treat AJOL as a discontinued operation as of March 31, 2007 as AJOL will be treated as the spinnor and surviving entity for accounting purposes even though PPOL will be the spinnor and surviving entity for legal purposes. Additionally the current shareholders of PPOL will continue to 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.

Condensed stand alone balance sheet for PPOL as of March 31, 2007 and 2006 follows:

	2007	2006

Current assets	$ 152,720	$ 857,022
Investment in AJOL	253,392	253,392
Other assets	4,409	8,245
Total assets	$ 410,521	$ 1,118,659
Current liabilities	$ 52,110	$ 161,715
Notes payable to AJOL	169,598	--
Total liabilities	221,708	161,715
Capital stock and additional-paid-in-capital	14,522,341	14,522,341
Accumulated other comprehensive income	2,344,055	2,344,055
Accumulated deficit	(16,677,583)	(15,909,452)
Total shareholders' equity	188,813	956,944
Total liabilities and shareholders' equity	$ 410,521	$ 1,118,659

Condensed stand alone statement of operations for PPOL for the years ended March 31, 2007, 2006 and 2005 follows:

	2007	2006	2005
Service fee income from AJOL	$ 309,171	$ --	$ --
Dividend income from AJOL	--	--	1,185,253
General and administrative expenses	(892,521)	(1,519,760)	(2,379,002)
Other income (expense), net	20,567	(91,234)	(67,319)
Income tax expense	(205,349)	(800)	(37,441)
Net loss	$ (768,132)	$(1,611,794)	$(1,298,509)

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.

(2) GENERAL DEVELOPMENT OF PPOL'S SUBSIDIARY'S BUSINESS (AJOL AND K.K. U-SERVICE)

PPOL's sole wholly-owned subsidiary is AJOL. AJOL was incorporated under the laws of Japan on April 8, 1991 under the name Forval CDK. It was then a wholly owned subsidiary of Forval Corporation ("Forval"), a Japan corporation. In April 1992 Forval CDK changed its name to Forval Research Institute Co. Ltd. Effective July 1, 2000, Forval Research Institute Co. Ltd amended its articles to change its name to AJOL Co., Ltd.

In March 1999, AJOL dissolved its subsidiary, FO Technology Co., Ltd. ("FOT"). From March 1996 to its dissolution, FOT had been a subsidiary of AJOL. AJOL presently has no subsidiaries.

In response to the slowing of activity and declining membership in U-Service (formerly, Acube), the SF-70 and U-Phone users' organization, changing attitudes toward network marketing, and recent changes in laws and regulations that network marketing is subject to in Japan, we have completed our conversion from network marketing to direct marketing. One of the primary reasons for the declining membership in U-Service is attributable to the high initial cost to the subscriber. We needed to reduce the initial cost to a fraction of what we were able to offer our SF-70 and U-Phone products under network marketing.

10

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 PPOL, USC and Green Capital (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). As noted previously on page 4, Green Capital is the majority investor in PPOL. At the end of the Fiscal 2006 third quarter, USC was merged into AJOL.

The acquisition of USC played a crucial role in our ability to transition from network marketing to direct marketing much more quickly than would otherwise have been possible. USC had the critical leadership personnel with experience in setting up and running direct marketing operations. The purchase price represented a $1,967,092 (JPY212,210,538) premium over the recorded net worth of USC's assets. In determining to pay this premium, we considered various factors, including the opportunities that USC offers to enhance our future growth opportunities, synergies with our present operations, cost and time advantages of establishing a comparable company on our own, contacts with prospective vendors and elimination of a potential competitor. For financial accounting purposes, the excess of purchase price over the net assets of USC is treated as a return of capital to Green Capital. See Note 8 to the financial statements - Related Party Transactions for further information.

As noted in (1) above, following the Spin-Off, AJOL will obtain foreign private issuer status in the United States and seek suspension of any reporting obligations to the Commission which it may be subject following the Spin-Off.

(3) GENERAL DEVELOPMENT OF PPOL'S SUBSIDIARY'S BUSINESS (GATEFOR)

Gatefor, Inc. ("Gatefor") was incorporated in Japan on June 16, 2004. PPOL was the sole shareholder of 30,000 shares of Gatefor common stock or 100% of the issued and outstanding stock of Gatefor. Gatefor was created to implement a strategy of the Company and was to act as the distributor of US and European sourced technologies into Japan. With Gatefor, the Company had two operating segments: 1) network communications through sales of SF-70, U-Phone and related services and products by AJOL and 2) technology sales by Gatefor. These segments were determined based on the nature of products and services and their respective channels of distribution. On March 31, 2005, the Company sold its entire interest in Gatefor to Forval. Thus, at March 31, 2005, the Company again operated in one reportable business segment.

The Company also had a minority investment of 1,500 shares of common stock in Object Innovation, a Florida corporation, which produces and markets a middleware software product called Bridgegate. Gatefor distributed Bridgegate software in Japan. On March 31, 2005, the Company also sold its investment in Object Innovation to Forval.

TRANSITION TO DIRECT MARKETING DISTRIBUTION

As noted under Distribution System above, commencing at the end of the quarter ended December 31, 2005, the Company replaced its network marketing system with a direct marketing system. This decision was precipitated by three main factors: (1) reduced activity and declining membership in Acube, the SF-70 and U-Phone user's association, (2) changes in the laws regulating network marketing and (3) changing attitudes toward network marketing. By revising its marketing system, the Company hopes to attract and maintain subscribers with a lower sales price than possible under the Network method. Furthermore, the Direct method is not subject to the same legal restrictions or consumer attitude towards the Network method. Our decision to redefine our sales focus reflects our continuing dedication to the constant development of our business and our sensitivity to the concerns of our members.

Prior to January 2006, we sold SF-70 and U-Phone hardware and U-Brand products through a network marketing system. Under this system all subscribers had the opportunity to become "distributors," or retailers of SF-70 and U-Phone hardware. In order to become a distributor, subscribers had to complete an application and screening process. As part of our transition into direct marketing, we discontinued acceptance of applications for network marketing activities in October 2005. Unlike a traditional network marketing system, our system did not require distributors to maintain an inventory of SF-70, U-Phone or U-Brand products. Distributors submitted orders to us, which we then filled. Payment for our products was made directly to us and we in turn disbursed commissions to the various levels of the distribution network. Approximately fifty percent (50%) of the sales price of each SF-70 and U-Phone unit was paid to distributors, which contributed significantly to price markup. By eliminating the multi-tier commission schedule of our network marketing program, we reduced the markup of SF-70 and U-Phone unit prices.

We believe that similarly to its predecessor, the network marketing system, our direct distribution system appeals to a broad cross-section of people in Japan including those seeking to supplement family income and start small, in-home businesses. We believed that direct marketing was the ideal way to market our products because the use of such products is enhanced by ongoing personal relationships with other distributors. In addition, our utilization of the direct marketing and distribution system allows us to continue to minimize the fixed costs of maintaining an in-house sales force, as we were able to under the Network method.

During the fiscal year ended March 31, 2007, our revenues have continued to decline since our transition to the direct marketing system. In particular, shipments of SF-70 have been negligible. This is attributable to customers' preference of the U-Phone's cosmetic appearance and ability to place paperless orders of products and services whereas the SF-70 required paper orders to be faxed to AJOL's offices. We have also been unable to compete effectively with U-World in the sale of U-Phones. They utilize the network marketing system and have a pricing structure similar to our former system. Our failure to effectively compete with U-World appears to center around the financial incentives provided to distributors by U-World despite the lower initial costs incurred by the customer through a purchase through us. Concurrently, we have been successful in reducing our costs resulting in an increase of operating income by $5.9 million during the year ended March 31, 2007. The Company is continuously monitoring the appropriate balance between cost reduction for current profitsand incurring costs that would improve future profitability.

COMPETITIVE CONDITIONS

The market for companies that operate similar businesses, i.e., providing interactive telecommunications products and/or services, is intensely competitive. We are and will continue to be in competition with companies with substantially longer operating histories, greater financial, technical, product development and marketing resources, greater name recognition and larger customer bases than that of AJOL. Our competitors include sellers of products that offer interactive telecommunications including, but not limited to, telephones, facsimile machines, and personal computers.

Other companies not currently operating in AJOL's industry may attempt to launch a business that is similar to or identical to AJOL's in the future. New or existing competitors may develop products and/or services comparable to or superior to those offered by AJOL. Competitors may devote substantially greater resources to the development and promotion of their products. They may also adapt more quickly to industry trends, new technologies, and customer preferences. As a result, there can be no assurances that AJOL will be able to compete effectively in the industry in which it operates.

During the prior year U-World commenced operations. U-World sells U-Phones, but not the SF-70. Its CEO is Yoshiyuki Aota, a Director of PPOL. U World is wholly owned by Seagull, which owns 4.52% of PPOL. While we are in competition with them in selling the U-Phone hardware, UU-Online is a co-proprietary database we share with them. In addition, we derive revenues from their members who purchase U-Brand products which are only available through AJOL.

We maintain a cordial relationship with U-World and have discussed alternatives in which AJOL and U-World can cooperate for mutual benefit, including, but not limited to a merger of the two entities. The management and directors of PPOL believe significant improvements to AJOL's business can be achieved by entering into a formal relationship with U-World. Our discussions, to date, can only be characterized as preliminary and exploratory. There is no assurance that we will continue such discussions. Furthermore, even if discussions should continue beyond the initial stages, there is no assurance that we will be able to reach any terms and conditions that are acceptable to both organizations.

RESEARCH AND DEVELOPMENT ACTIVITIES

We conduct research and development activities primarily aimed at improving the functionality and reliability of future versions of our hardware.

Our research and development expenditures for each of the last three fiscal years are as follows:

YEAR	R&D EXPENDITURES
2007......	$ 0
2006......	$ 2,120,249
2005......	$ 279,204

Please refer to Item 7, Management's Discussion and Analysis: Research and Development Expenses for more information.

ENVIRONMENTAL MATTERS

Japanese law requires that we dispose of returned or damaged SF-70 and U-Phone units in an environmentally safe manner. We fully comply with Japanese law. The cost of this compliance is not material to us.

EMPLOYEE AND LABOR MATTERS

As of March 31, 2007, we employed 11 people on a full-time basis. We also employed 10 part-time employees and 5 others who are contracted through temporary employment agencies. AJOL utilizes part-time employees and those contracted through temporary employment agencies to provide specialized skills and clerical tasks on an "as needed" basis. Utilization of such personnel gives us the flexibility of expanding and contracting our staffing levels quickly as considered necessary by the level of our operations. None of our employees are represented by labor unions. We are not a party to any collective bargaining agreements or labor union contracts. We have not been the subject of any material strikes or employment disruptions in our history.

FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

(1) PPOL

PPOL has not derived any revenue either domestically or internationally from the operation of any business during the last three fiscal years and does not currently intend to actively operate any business, either within the United States or internationally, other than holding 100% of the common stock of AJOL. Exceptions to this business situation include intercompany management consulting agreement between PPOL and AJOL in connection with Sarbanes Oxley compliance requirements. Such income for PPOL, and corresponding expense for AJOL, is eliminated in consolidation.

(2) PPOL's Subsidiaries

For each of the last three fiscal years, all of AJOL's operations have been conducted in Japan, and AJOL currently has no operations in countries other than Japan.

From June 16, 2004 (inception) to March 31, 2005, when Gatefor was disposed by PPOL, Gatefor's operations was conducted solely in Japan.

On May 30, 2005, K.K. U Service (USC), a Japanese corporation with operations in only Japan, was acquired by PPOL. USC was merged with AJOL in December 2005.

ITEM 1A. RISK FACTORS

In addition to other information contained in this Annual Report, 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 to investigate, but have not obtained, "Key Executive Insurance" with respect to Mr. Aota.

Mr. Aota is 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 2007, 2006 and 2005 of $3,843,011, $2,386,538 and $2,740,733, respectively. We have an accumulated deficit of approximately $18,000,000, at March 31, 2007. The Company's ability to continue in business and maintain its financing arrangements would be adversely affected by a continued lack of profitability.

WORKING CAPITAL DEFICIT

At March 31, 2007 and 2006, PPOL current liabilities exceeded current assets by $5,852,282 and $2,596,174, respectively. See discussion on working capital deficit in Liquidity and Capital Resources section on page 26.

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.

UNCERTAIN 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 $820,000 at March 31, 2007 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.

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, co-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 co-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 co-proprietary technology. We rely on a combination of patent, trademark, trade secret and copyright law and contractual restrictions to protect our co-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 co-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, purchased from Advanced Communications, K.K., an entity under common control, 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, 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.

LACK OF MARKET FOR COMMON EQUITY SECURITIES

The Company's shares are currently quoted on the "Pink Sheets" of Pink Sheets, LLC. Trading has been limited and sporadic. No assurance can be given that any market for the Company's common stock will develop or be maintained.

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 controls beginning with our fiscal year commencing on April 1, 2007 to maintain our status as a US reporting company. 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 registered public accounting firm will be able to conclude that our internal controls over financial reporting are effective as required by Section 404 of Sarbanes-Oxley Act of 2002.

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 2. PROPERTIES

PPOL's corporate office is leased at One City Boulevard West, Suite 820, Orange, California 92868 (telephone 714-937-3211). We occupy a 746 square foot administrative office. AJOL's corporate office is leased at Tennozu First Tower 9th floor, 2-2-4 Higashi Shinagawa, Shinagawa-ku, Tokyo 140-0002, Japan (telephone 03-5783-7323). We occupied about 3,520 square feet for AJOL's corporate headquarters as well as all other corporate functions. We believe that such facilities will be adequate for our business needs in the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

On October 17, 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 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

1. Information required by this item is incorporated by reference to the first and second paragraphs on page 9 of this filing.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Common Stock is currently quoted on the "Pink Sheets" of Pink Sheets, LLC, under the symbol "PPLI." Trading has been limited and sporadic. No assurance can be given that any market for the Company's common stock will develop or be maintained.

The following chart lists the high and low closing stock price range from the Company's market makers, retroactively adjusted for reverse stock splits. These over-the-counter market quotations reflect the inter-deal prices without retail mark-up, markdown, or commissions and may not necessarily represent actual transactions.

YEAR ENDED MARCH 31, 2007	HIGH	LOW
First Quarter.........................	$ 215	$ 175
Second Quarter........................	$ 175	$ 105
Third Quarter.........................	$ 105	$ 51
Fourth Quarter........................	$ 61	$ 53
YEAR ENDED MARCH 31, 2006		
First Quarter.........................	$ 400	$ 340
Second Quarter........................	$ 800	$ 390
Third Quarter.........................	$ 650	$ 300
Fourth Quarter........................	$ 350	$ 200

HOLDERS OF RECORD

As of March 31, 2007, there were 6,030 holders of record of our common stock according to our transfer agents.

STOCK REPURCHASE PROGRAMS

We have not repurchased or had any stock repurchase programs during the fiscal year ended March 31, 2007. In conjunction with our reverse stock split which became effective on April 23, 2007, we will repurchase fractional shares at $54 per post reverse stock split share ($0.54 per pre-reverse stock split share). The number of shares we will be obligated to repurchase are approximately 300 post reverse stock split shares (30,000 pre-reverse stock split shares).

DIVIDENDS

We have not declared any dividends during the fiscal years ending March 31, 2007 and 2006. The declaration of any dividends in the future by the Company is subject to the discretion of our Board of Directors and will depend upon various factors, including our net earnings, financial condition, cash requirements, future projects and other factors deemed relevant by our Board of Directors. PPOL currently does not intend to pay dividends in the foreseeable future. We do not have restrictions on the payment of dividends by any contractual obligations.

STOCK BASED COMPENSATION

For information on our equity compensation plans, refer to Notes 1 and 9 in our Notes to Consolidated Financial Statements.

ITEM 6. SELECTED FINANCIAL DATA

The following selected consolidated financial data (post reverse split) as of and for the years ended March 31, 2003, 2004, 2005, 2006 and 2007 have been derived from and qualified by reference to our audited consolidated financial statements. See Item 7 for discussion on going concern.

	YEAR ENDED MARCH 31:			
	2003	2004	2005	
Net Revenues......................	$134,985,824	$135,805,340	$127,833,591	$
Net Income (loss)	5,995,682	7,722,366	(2,740,733)	
Net Income (loss) per common share, basic............	33.95	42.92	(15.23)	
Net Income (loss) per common share, diluted...........	33.95	42.92	(15.23)	
Total Assets......................	161,548,658	160,369,283	152,588,310	
Long-term obligations.............	--	--	--	
Cash dividends declared per common share..........................	5.00	--	--	

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS:

Certain matters discussed in this Annual Report on Form 10-K 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.

Management's discussion and analysis that follows is designed to provide information that will assist readers in understanding our consolidated financial statements, changes in certain items in those statements from year to year and the primary factors that caused those changes and how certain accounting principles, policies and estimates affect our financial statements.

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 12 - Spin-Off of AJOL, 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-Phone 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-Phone 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 year ended March 31, 2007 include:

INVOLVEMENT OF 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.

Mr. Aota is 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 36% for the fiscal year ended March 31, 2007 from 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, 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 $6.9 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 made a conscientious effort to reduce our selling, general and administrative costs. A more detailed discussion follows immediately.

We continue to face a variety of challenges and opportunities inherent within our industry which is characterized by rapid change, evolving customer demands and intense competition. Key challenges include focus on increasing demand for our products in a highly competitive market, increasing revenue, lowering costs, managing our supply chain and maintaining and increasing gross margin percentages. See Item 1A "Risk Factors."

GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had recurring losses during the last three years, negative cash flows from operations of $1,470,920 and $14,700,864 for the years ended March 31, 2007 and 2006, respectively, and, as of March 31, 2007, had a working capital deficit of $5,852,282 and an accumulated deficit of $17,958,920. The majority of income before income taxes in recent years is attributed to the release of deferred revenue and related costs that are being recognized as income and expense for financial accounting purposes. Deferred revenues and related costs are attributable to (1) shipments of our MOJICO machines in prior periods and (2) on-line service fee subscriptions and renewals. Shipments of our MOJICO machines have been negligible during the years ended March 31, 2007 and 2006.

During the year ended March 31, 2006, the Company changed from a network marketing plan (Network) method to a direct marketing plan (Direct) method. Under the Network method and through the influence and guidance of Yoshihiro Aota, a member of our Board of Directors, the Company generated significant sales of its MOJICO machines. These sales generated significant cash and deferred revenues and costs for the Company. After changing to a direct sales method, however, the Company's sales of its MOJICO have effectively ceased. Further, Mr. Aota has become the chief executive officer of U-World Co., Ltd., a wholly owned subsidiary of K.K. Seagull and a direct competitor of the Company which utilizes a network marketing plan similar to the Company's previous marketing plan. U-World is a related party through Mr. Aota who is a member of the Board of Directors of both entities.

Management has been able to adjust the Company's organizational structure to substantially reduce selling, general and administrative costs and the liquidation of deferred costs and deferred revenues will not consume or provide any cash.

Further, as discussed in detail in Note 12, on February 16, 2007, the Board unanimously approved the divestiture and Spin-Off of its wholly owned operating subsidiary, AJOL, to the Company's shareholders. 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. As of the filing date of these consolidated financial statements, the Spin-Off was not completed. Accordingly, the financial statements do not treat AJOL as a discontinued operation.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties should the Company be unable to continue as a going concern.

CURRENCY RISK AND EXCHANGE RATE INFORMATION

PPOL uses the U.S. dollar as its reporting currency for financial statement purposes. PPOL conducts business through its Japanese subsidiary that uses local currency (Japanese yen) to denominate its transactions, and is, therefore, subject to certain risks associated with fluctuating foreign currencies. All revenues and expenses are translated at weighted average exchange rates for the periods reported. Therefore, our reported revenue and earnings will be positively impacted by a weakening of the U.S. dollar and will be negatively impacted by a strengthening of the U.S. dollar. Given the uncertainty of exchange rate fluctuations, we cannot estimate the effect of these fluctuations on our future business, results of operations or financial condition.

The resulting changes in the financial statements due to the fluctuating exchange rates do not indicate any underlying changes in the financial position of the international subsidiary but merely reflect the adjustment in the carrying value of the net assets of the subsidiary at the current U.S. dollar exchange rate. Due to the long-term nature of PPOL's investment in this subsidiary, the translation adjustments resulting from these exchange rate fluctuations are excluded from the results of operations and are recorded in a separate component of consolidated stockholders' equity. PPOL monitors its currency exposures but does not hedge its translation exposures primarily due to the long-term nature of its investment.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations contains a discussion of PPOL's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements and related disclosures in conformity with generally accepted accounting principles and PPOL's discussion and analysis of our financial condition and results of operations requires PPOL's management to make judgments, assumptions and estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the period reported.

Management believes the following are "critical accounting estimates" because they are particularly dependent on estimates and assumptions made by management about matters that are highly uncertain at the time the accounting estimates are made. 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.

REVENUE RECOGNITION:

The Company commenced sales of its MOJICO product utilizing the Direct Marketing method ("Direct Method") in January 2006. Revenues derived from the Direct Method are recognized when (a) products are shipped or services are provided, (b) customer payment is fixed, (c) payment is free of contingencies and significant uncertainties, and (d) collection is reasonably assured. Under the Direct Method, our customers may purchase only the deliverables they choose to purchase and are not required to purchase multiple deliverables for one price. Accordingly, our revenues and related profits will decline if our customers do not choose to purchase the different deliverables they were previously required to purchase as part of one sales price.

Revenue from MOJICO product sales sold under the Network Marketing method ("Network Method") is accounted for in accordance with guidelines established by the Emerging Issues Task Force Issue of the Financial Accounting Standards Board Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables," or EITF 00-21. Under the Network Method, customers were required to purchase multiple deliverables for one price.

Revenue from the Network Method is recognized over the weighted average customer relationship period of three years. Revenue from sales of annual online subscription services to Pan Pacific Online is recognized over one year. The revenue and associated costs deferred for revenue recognition purposes are recorded as deferred revenue and deferred costs, respectively. Deferred costs are comprised of costs of the MOJICO hardware and distributors incentive commissions. Deferred costs are directly related to deferred revenues. Deferred costs are amortized into income over the weighted average customer relationship period of three years or the online subscription period of one year, as applicable.

The weighted average customer relationship period will increase if we are successful in increasing the length of time a customer maintains their relationship with us. This translates into a longer period over which we would recognize revenues from the sales of the MOJICO resulting in lower quarterly revenues unless we are able to make up for the reduction by an increase in our current MOJICO shipments and other revenues where deferred revenue recognition is not required. Our other revenues where deferred revenue recognition is not required is dependent, in part, on the length of our average customer relationship period as this implies a broader base of customers from whom we can derive revenues from. Conversely, if our average customer relationship period declined, this would have the direct opposite effect of what was heretofore discussed in this paragraph.

While we terminated sales under the Network method, in December 2005, we continue to recognize revenues derived from the Network method as required by EITF 00-21. In this regard, we have evaluated the average customer relationship period as of March 31, 2007 and determined three years as the appropriate period over which revenues and costs are to be recognized. We will continue to evaluate the average customer relationship period at least once a year in the future.

The impact of termination of the Network Method is a systematic reduction of our existing largest asset and liability on our balance sheet, deferred costs and deferred revenues, respectively, over the course of the next three years. Deferred revenues and costs will be recognized as revenues and cost of sales, respectively. It is expected that the difference by which our existing deferred revenues exceed deferred costs will be recognized as gross profit to the Company over the next three years. Any changes in the average customer relationship period will result in the recognition of such gross profit over a period shorter or longer than three years. When the Spin-Off of AJOL becomes effective, such gross profit may only be partially recognized.

VARIABLE INTEREST ENTITIES

PPOL has adopted Financial Accounting Standards Board Interpretation No. 46(R) "Consolidation of Variable Interest Entities (revised December 2003) - an Interpretation of ARB No. 51" ("FIN 46(R) for the year ended March 31, 2005. The Company must consolidate variable interest entities ("VIE") if it has been deemed the primary beneficiary of such entities. We have critically reviewed and determined that there are no interests we hold in other entities, other than AJOL, that we are required to absorb losses or entitled to receive residual returns, respectively. Accordingly, we do not have any VIEs that we are required to consolidate other than AJOL during the years ended March 31, 2007, 2006, and 2005.

TRANSLATION OF FOREIGN CURRENCY

Substantially all of our subsidiaries revenue and expenses are received and incurred in Japanese Yen. PPOL's reporting currency is the United States Dollar. 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 in accordance with the requirements of Statement of Financial

Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." Assets and liabilities are translated at the exchange rate as of the respective balance sheet dates and related revenues and expenses are translated at average exchange rates in effect during the period.

If the U.S. dollar strengthens relative to the Yen, our reported revenue, gross profits and net income will likely be reduced. 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.

INVENTORY VALUATION

The business environment in which PPOL operates is subject to rapid changes in technology and customer demand. We record write-downs for components and products, which have become obsolete or are in excess of anticipated demand or net realizable value. We perform an assessment of inventory each quarter, which includes a review of, among other factors, inventory on hand and forecast requirements, product life cycle (including end of life product) and development plans, component cost trends, product pricing and quality issues. Based on this analysis, we record an adjustment for excess and obsolete inventory. PPOL may be required to record additional write-downs if actual demand, component costs or product life cycles differ from estimates, which would affect earnings in the period the write-downs are made.

SOFTWARE

The Company follows the guidance in Statement of Position ("SOP") 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SOP 98-1 requires that entities capitalize certain internal-use software costs once certain criteria are met. Under SOP 98-1, overhead, general and administrative and training costs are not capitalized. Capitalized software costs are being amortized on a straight-line basis principally over 5 years. Our computer software is also subject to review for impairment as events or changes in circumstances occur indicating that the amount of the asset reflected in the Company's balance sheet may not be recoverable.

INCOME TAXES

Income taxes are provided based on the asset and liability method of accounting pursuant to SFAS No. 109, "Accounting for Income Taxes." Deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at year-end. These deferred taxes are measured by applying currently enacted tax laws. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

LITIGATION

PPOL is currently involved in certain legal proceedings (see Item 3 and Note 6 to the Consolidated Financial Statements). When a loss is considered probable in connection with litigation or governmental proceedings and the loss amount can be reasonably estimated within a range, we record the minimum estimated liability related to the claim if there is no best estimate in the range. As additional information becomes available, we assess the potential liability related to the legal proceedings and revise those estimates. Revisions in estimates of the potential liability could materially impact our results of operations in the period of adjustment.

RECLASSIFICATIONS

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. As presented below, 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 with requirements of SEC's Regulation S-X Rule 5-03(b)(1) and (2). Prior to the fourth quarter of 2006, 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. Prior year information has been reclassified to conform with current year presentation.

RESULTS OF OPERATIONS

The following table sets forth the results of operations for the periods indicated:

	2007	% CHANGE	2006	% CH
Revenues				
Product sales	$52,974,307	-32.07%	$ 77,983,915	-19
Service fee income	15,618,601	-45.47%	28,640,154	-8
Total revenues	68,592,908	-35.67%	106,624,069	-16
Cost of sales and expenses				
Cost of sales -- Products	13,271,275	-39.82%	22,053,203	-17
Cost of sales -- Services	9,126,758	9.15%	8,361,781	6
Distributor incentives	30,376,719	-35.65%	47,203,479	-24
Selling, general and administrative	9,185,140	-67.56%	28,310,587	-1
Total cost of sales and expenses	61,959,892	-41.51%	105,929,050	-15
Operating income	6,633,016	854.36%	695,019	-68
Other income (expense)	229,512	129.49%	100,010	143
Income before income tax and loss from discontinued operations	6,862,528	763.18%	795,029	-60
Income tax expense	10,705,539	236.49%	3,181,567	15
Loss from discontinued operations	0	0.00%	0	-100
Net (Loss)	$(3,843,011)	61.03%	$(2,386,538)	-12

YEAR ENDED MARCH 31, 2007 COMPARED TO YEAR ENDED MARCH 31, 2006

PRODUCT SALES. For the year ended March 31, 2007 (Fiscal 2007), revenues decreased by 32.07% over the year ended March 31, 2006 (Fiscal 2006) from $77,983,915 to $52,974,307. The decrease in product sales is attributable to a decline in SF-70 and U-Phone unit sales from 17,257 units in Fiscal 2006 to 312 units in Fiscal 2007. Such decline is attributable to the growing strength of U-World, a direct competitor, whose CEO, Mr. Aota, is also a PPOL director, and transition challenges of our revenue model from the network marketing to the direct marketing system. Revenues from sales of other products, comprised of cosmetics and foodstuffs ordered through our SF-70 and U-Phone, have been an encouraging factor. Despite the overall declines in product sales, we have been able to return to pre-tax profitability in fiscal 2007 due to cost reductions. We are currently reviewing alternative strategies for our long term viability.

SERVICE FEE INCOME. Service fee income declined 45.47% in Fiscal 2007 over Fiscal 2006 from $28,640,154 to $15,618,601. This decline is mainly attributable to the loss of service fee income from insurance administrative services as a result of new insurance regulations that prohibited us from providing such services, which amounted to $9,779,145 in fiscal 2006.

COST OF PRODUCT SALES. Cost of product sales declined by 39.82% from $22,053,203 in the prior year to $13,271,275, a greater percentage decline than related product sales. Management attributes this improvement to the shift in our revenues to higher gross profit products.

COST OF SERVICE FEE INCOME. Cost of service fee income has increased 9.15% from $8,361,781 in Fiscal 2006 to $9,126,758 despite the 45.47% decrease in service fee income. This resulted from additional expenses incurred to provide new services to replace lost revenues and our inability to reduce fixed overhead related to lost revenues.

DISTRIBUTOR INCENTIVES. Distributor incentives decreased 35.65% over the prior year from $47,203,479 in Fiscal 2006 to $30,376,719 in Fiscal 2007. The decrease is substantially comparable to the decrease in total revenues of 35.67%.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses decreased by 67.56% from $28,310,587 in Fiscal 2006 to $9,185,140 in Fiscal 2007. We have reduced selling, general and administrative costs to address our declining sales. Major cost reductions were achieved in personnel - $3.9 million, selling expenses - $3.6 million, information technology - $3.6 million, rent - $0.7 million, and outsourcing - $1.4 million. In addition, we did not incur the transition costs to direct marketing and merger integration costs with USC that were present in the prior year. We also did not expend any funds for research and development in the current year that accounted for $2.1 million in the prior year.

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenditures are included as a component of our selling, general and administrative expenses.

OTHER INCOME, NET. $229,512 in Fiscal 2007 represents a 129.49% increase from $100,010 in Fiscal 2006. The income and expense included in this account are all derived from (incurred for) one time non-recurring events. The largest item in Fiscal 2007 is income from expired and unused gift certificates of $136,020.

INCOME TAXES. Income taxes were 156.00% of income before income taxes in Fiscal 2007. Our effective tax rate exceeded the expected rate of 40.69%. It is primarily attributable to a net increase in our valuation allowance of deferred tax assets of $7,685,037 due to reservations regarding its future use.

YEAR ENDED MARCH 31, 2006 COMPARED TO YEAR ENDED MARCH 31, 2005

PRODUCT SALES. For the year ended March 31, 2006 (Fiscal 2006), revenues decreased by 19.35% over the year ended March 31, 2005 (Fiscal 2005) from $96,690,799 to $77,983,915. The decrease in product sales is attributable to a decline in SF-70 and U-Phone unit sales from 25,624 units in Fiscal 2005 to 17,257 units in Fiscal 2006. Such decline is attributable to market entry of U-World, whose CEO, Mr. Aota, is also director of PPOL, that sells U-Phones, and transition challenges of our revenue model from the network marketing to the direct marketing system.

SERVICE FEE INCOME. Service fee income declined 8.04% for Fiscal 2006 over Fiscal 2005 from $31,142,792 to $28,640,154. This minor decline, despite the larger decline in product sales, reflects AJOL's emphasis on services, which require less capital than revenues derived from tangible product sales.

COST OF PRODUCT SALES. Cost of product sales declined by 17.84% from $26,842,453 in the prior year to $22,053,203, a greater percentage decline than related product sales. Management attributes the increase to the revenue mix containing higher gross profit percentage items.

COST OF SERVICE FEE INCOME. Cost of service fee income has increased 6.32% from $7,864,701 in Fiscal 2005 to $8,361,781 despite the 8.04% decrease in sales. This is reflective of our investment in the future to maintain our current customer base with lower priced services.

DISTRIBUTOR INCENTIVES. Distributor incentives decreased 24.00% over the prior year from $62,106,377 to $47,203,479. The decrease, which is greater than the sales decrease is due to lower mix of commissionable and high commission sales in the current year.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses decreased by 1.64% from Fiscal 2005 even though total revenues declined by 16.59%. While the Company has made every effort to reduce costs, transition costs to direct marketing, merger integration with USC, information system maintenance expense increases all contributed to the current year selling general and administrative expenses.

27

RESEARCH AND DEVELOPMENT EXPENSES. Research and development expenditures are included as a component of our selling, general and administrative expenses. For Fiscal 2006, our expenditures were $2,120,249, which is a $1,841,045 increase from Fiscal 2005 spending of $279,204. Fiscal 2006 expenditures are at the level we consider necessary as an investment in the future. In Fiscal 2005, we used our cash resources to enhance our internal use customized software.

OTHER EXPENSE, NET. The approximate $330,000 change in other expense from an expense of $230,000 in Fiscal 2005 to $100,000 income in the current year were associated with one time non-recurring events.

INCOME TAXES. Income taxes exceeded income before income taxes during the year ended March 31, 2006. AJOL is subject to Japanese taxing authorities on a standalone basis. Losses incurred at PPOL of approximately $1.6 million and $2.4 million at USC prior to merger with AJOL cannot be deducted from AJOL's earnings. In addition, foreign currency translation of deferred income taxes had a $1.1 million negative impact. Without the negative impact of these items, our tax rate would have approximated 45.5%.

INFLATION

To date, the effects of inflation on our financial results have not been significant. We cannot provide assurances, however, that inflation will not affect us materially in the future.

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 equity financing to meet our cash needs and business objectives without relying on long-term debt to fund operating activities

During the year ended March 31, 2007, our cash position had a net decline of $1,142,330, or 17.3%. Cash used by operating activities comprised $1,470,920, Such uses were offset by cash generated from investing activities primarily associated with the return of $347,675 from lease deposits. The impact of foreign currency exchange was minimal. Management believes that cash flow from operations will adequately meet the working capital needs for the foreseeable future. Further comments on cash is on page 21 under "Going Concern."

WORKING CAPITAL DEFICIT

At March 31, 2007,and 2006 PPOL's current liabilities exceeded current assets by $5,852,282 and $2,596,174, respectively. As noted in the table below, our current assets included deferred costs and current liabilities include deferred revenue. The deferred revenue and deferred costs are attributable to the revenue recognition policy for revenue arrangements for multiple deliverables (see Note 1 to the consolidated financial statements for further information). Current deferred revenue will be recognized as revenues, and current deferred costs will be recognized as cost of sales and distributor incentives, during the following fiscal year. The recognition of these items as revenues, cost of sales, and distributor incentives will not use or provide any working capital. Working capital, adjusted for deferred revenues and deferred costs at March 31, 2007 and 2006 is as follows:

	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL (DEFICIT)
Working capital deficit at March 31, 2007	$ 28,403,133	$ 34,255,415	$(5,852,28
Less: Current deferred costs	(22,025,853)	--	(22,025,85
Less: Current deferred revenues	--	31,668,727	31,668,72
Working capital, adjusted for deferred revenues and deferred costs, at March 31, 2007	$ 6,377,280	$ 2,586,688	$ 3,790,59

Working capital deficit at March 31, 2006	$ 55,813,085	$ 58,409,259	$(2,596,17
Less: Current deferred costs	(38,972,218)	--	(38,972,21
Less: Current deferred revenues	--	53,439,556	53,439,55
Working capital, adjusted for deferred revenues and deferred costs, at March 31, 2006	$ 16,840,867	$ 4,969,703	$ 11,871,16

CHANGES IN CASH AND CASH EQUIVALENTS BETWEEN 2006 THROUGH 2007

Cash and cash equivalents were $5,474,547 at March 31, 2007, representing a $1,142,330 reduction from $6,616,877 at March 31, 2006. Net decline of $10,831,591 in current assets and liabilities were offset by non-cash expense items of $10,496,954 in deferred taxes, $2,588,159 in depreciation and amortization, while net loss of $3,843,011 resulted in a net use of $1,470,920 for operating activities. Investing activities provided $345,411 in cash and cash equivalents primarily from a $347,675 reduction in deposits and other assets.

CHANGES IN CASH AND CASH EQUIVALENTS BETWEEN 2005 THROUGH 2006

While we had raised $10,196,516 in equity capital, our cash and cash equivalents declined $5,390,660 to $6,616,877 at March 31, 2006 from $12,007,537 at March 31, 2005. This decline is substantially attributable to loss from operations of $2,386,538 for the year. Increases in inventories and prepaid expenses used $1,052,521 and $652,112, respectively. Due to a reduction in the number of SF-70 and U-Phones sold during the year, accounts payable declined $7,828,340 and advances received declined $2,079,238. Changes in income taxes, ($941,359), and other current liabilities, ($1,195,234), offset by trade accounts receivable, $853,211 and advance payments, $897,446 were also factors in the net cash used by operating activities of $14,700,863. Deposit of $3,317,382 related to prior leases was returned during the year while we paid off loans of $1,115,760. The excess of cash paid in excess of net book value, $1,967,092, for the acquisition of USC was treated as a return of capital to Green Capital for accounting purposes and was a use of capital.

While we believe that our current cash on hand, together with cash we expect to generate from future operations, will be sufficient to satisfy our anticipated cash requirements and capital expenditures for the next 12 months, additional sources of financing will be considered if deemed to be in the best interests of the Company.

CONTRACTUAL OBLIGATIONS

The Company's operating lease & purchase obligations as of March 31, 2007 are as follows:

	PAYMENTS DUE DURING THE YEAR ENDING		
	TOTAL	2008	THEREAFTER

CONTRACTUAL OBLIGATIONS.....			
Operating Lease Obligations	$ 249,060	$ 239,160	$ 9,900
Service Provider Contracts	75,327	75,327	--
Total......................	$ 324,387	$ 314,487	$ 9,900

RECENT FINANCIAL ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), an interpretation of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." FIN 48 changes the accounting for uncertainty in income taxes by prescribing a recognition threshold for tax positions taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. FIN 48 will have no impact on our financial position and results of operations.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities--Including an amendment of FASB Statement No. 115" (FAS 159), FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the FASB's long-term measurement objectives for accounting for financial instruments. It is not expected to have any impact on our financial position and results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 applies under other accounting pronouncements that require or permit fair value measurement. FAS 157 does not require any new fair value measurements and we do not expect the application of this standard to change our current practice. FAS 157 requires prospective application for fiscal years ending after November 15, 2007. It is not expected to have any impact on our financial position and results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by Item 7A of this Form 10-K is incorporated herein by reference to the information contained above in Item 7 of this Form 10-K, Management's Discussion and Analysis of Financial Condition and Results of Operations - "Currency Risk and Exchange Rate Information" and in Item 1A of this Form 10-K, Risk Factors - "Foreign Currency (Yen) Fluctuations," respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

1. Information required by this item appears at pages 41 through 64, attached to this Form 10-K report.

2. Financial Statement Schedules: Financial statement schedules have been omitted because they are not required or are not applicable, or because the required information is set forth in the financial statements or notes thereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. 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 March 31, 2007. Based upon their evaluation, these executive officers have concluded that our disclosure controls and procedures were not effective as of March 31, 2007.

Specifically, we have identified the following material weaknesses in our internal control over financial reporting: (i) we have not effectively implemented comprehensive entity-level internal controls; (ii) we do not have a sufficient complement of personnel with appropriate training and experience in U.S. generally accepted accounting principals; (iii) we do not adequately segregate the duties of different personnel within our accounting group due to an insufficient complement of staff; (iv) we have not performed 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 have 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 Form 10-K 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 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 12 - Spin-Off of AJOL, 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 reporting obligations to the Commission 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 III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS

Prior to their resignations on March 31, 2005, the Board had four independent directors who served on the 1) audit committee, 2) nominating and corporate governance committee and 3) compensation committee. Subsequent to March, 31, 2005, with the resignation of the former independent directors, the current Board has not assigned any members to committees. However, the entire Board has taken on the responsibilities of each of the committees until such time that independent directors are added to the Board. The Company does not have any independent directors at the current time. The following describes each intended committee and its intended function upon formation.

Subsequent to March 31, 2005, the entire Board has been performing the responsibilities of the Audit Committee. The functions of the Audit Committee, upon reconstitution of independent directors, will include reviewing and supervising the financial controls of the Company, making recommendations to the Board of Directors regarding the Company's independent registered public accounting firms, reviewing the books and accounts of the Company, meeting with the officers of the Company regarding the Company's financial controls, acting upon recommendations of the independent accountants and taking such further actions as the Audit Committee deems necessary to complete an audit of the books and accounts of the Company. The members of the Audit Committee will be "independent" as defined in Rule 4200 (a)(15) of the National Association of Securities Dealers' listing standards. The Company currently does not have a financial expert on the audit committee because it currently does not yet have any independent directors to serve that role.

Subsequent to March 31, 2005 the entire Board has been performing the responsibilities of the Compensation Committee. The Compensation Committee's functions, upon appointment of its members, will include reviewing with management cash and other compensation policies for employees, making recommendations to the Board of Directors regarding compensation matters and determining compensation for the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. In addition, the Compensation Committee will administer the Company's stock plans and determine the terms and conditions of issuances of awards there under.

Subsequent to March 31, 2005, the entire Board has been performing the responsibilities of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee, upon appointment of its members, will make recommendations to the Board regarding the size and composition of the

Board, establish procedures for the nomination process, recommend candidates for election to the Board of Directors and nominate officers for appointment by the Board. In addition, the Committee will review and report to the Board on a periodic basis with regard to matters of corporate governance. The Committee will consider nominees recommended by security holders and evaluate those nominees. Security holders making such a nomination must deliver the recommendation in writing to the principal financial officer of the Company.

CURRENT DIRECTORS AND NOMINEES

The following table sets forth the name, age and other information of current directors and nominees:

CURRENT DIRECTORS COMMENCING AS OF MARCH 31, 2005

NAME	AGE	DIRECTOR SINCE	TERM EXPIRES	STANDING FOR RE-ELECTION
Yoshihiro Aota	62	5/20/2005	2008	Yes
Richard Izumi	54	3/31/2005	2008	No
Masao Yamamoto	58	3/31/2005	2008	Yes

The following is a brief background summary for each of the current and nominee directors:

Mr. Yoshihiro Aota currently serves as CEO of U-World, direct competitor of the Company. He was the President and a director of AJOL from 1994 through December 2004. Mr. Aota was also previously a director of PPOL through December 31, 2004. Prior to AJOL, Mr. Aota worked for Forval Corporation, which was the majority shareholder in PPOL, Inc. While at Forval Corporation, Mr. Aota directed Forval's business strategy, PC business and NW business. Prior to Forval Corporation, Mr. Aota was in charge of business planning and administration of Katena Corporation, a Japanese Corporation. Mr. Aota holds a B.S. from Tokyo University.

Mr. Richard Izumi is Chief Financial Officer of PPOL, Inc. Mr. Izumi is also Senior Managing Director of JGS Co. Ltd, a Japanese corporation involved in the licensing of energy and high-tech related intellectual property and Director of City Communication, Inc., a Japanese corporation involved in broadcast technology. He is also an independent consultant to public companies, including previously the registrant, on financial matters and international transactions, primarily between U.S. and Japan. Earlier he served as Partner at accounting firms Ernst & Young and Price Waterhouse (now known as PricewaterhouseCoopers). Mr. Izumi holds a B.S. in Business Administration from the University of Southern California. Mr. Izumi will resign as the Chief Financial Officer, effective with the conclusion of the next Annual Shareholders Meeting, and has elected not to stand for re-election to the Board of Directors.

Mr. Masao Yamamoto is Chief Executive Officer of PPOL, Inc. and Chief Executive Officer of AJOL Co. Ltd. ("AJOL"), PPOL's wholly owned subsidiary, where he previously served as General Manager of Finance and Director. Prior to joining AJOL he was General Manager of accounting with Chiiki Shinko Kyouiku Jigyo Foundation. Mr. Yamamoto graduated from the Koganei Industrial School, with a major in Electronics.

Mr. Manabu Nakamura is presently a Director of AJOL and General Manager of Customer Service. He has joined AJOL in June, 1995 and has been a Director since March, 2000. Prior to AJOL, he was a Managing Director of Drug Ando, K.K., a Japanese corporation, from July, 1992. He graduated from Seikei College with a B.S. in Law.

If elected, each of the nominees is expected to serve until the 2009 annual meeting of shareholders and thereafter until his or her successor is duly elected and qualified.

CODE OF ETHICS

The Company adopted a code of ethics applicable to all of its directors, officers and employees which is a "code of ethics" as defined by the applicable rules of the Commission. This code of ethics is found as exhibit 14 to our 10-K for fiscal 2004 as filed with the Commission. If the Company makes any amendments to this code of ethics other than technical, administrative or other non-substantive amendments, or grants any waiver, including implicit waivers, from a provision of this code of ethics, the Company will disclose the nature of the amendments or waivers, its effective date and to whom it applies in a report on Form 8-K filed with the SEC. A copy of our code of ethics will be provided, without charge, to any person who makes a request in writing by mail to the attention of Investor Relations at our principal offices, 1 City Boulevard West, Suite 820, Orange, California 92868.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION AND OTHER INFORMATION

COMPENSATION DISCUSSION AND ANALYSIS

As disclosed in Item 10, the entire Board has been performing the responsibilities of the Compensation Committee.

Compensation Objectives and Philosophy

The basic philosophy behind executive compensation is to reward executives for performance and use an incentive to create shareholder value. Salary adjustments, bonuses and long-term incentive grants are reviewed at least annually to ensure consistency with this philosophy.

Elements of Compensation

The principal components of our compensation program are base salary, bonuses and long-term incentive awards in the form of stock options. These elements are intended to formulate compensation packages which provide competitive pay, reward the achievement of financial, operational and strategic objectives, and align the interests of our executive officers and other senior personnel with those of our stockholders. We have not retained a compensation consultant to review our policies and procedures with respect to executive compensation.

Designing a Competitive Compensation Package

Our goal of successful recruitment and retention of leadership to manage the Company requires a competitive compensation package, involving salary, bonus opportunities, and long-term incentive awards.

Base Salary

Base salaries of the Named Executive Officers are determined on an individual basis and are based on job responsibilities and individual contributions. Decisions regarding base salary are made based upon such factors as analysis of compensation levels set by other companies, review of available compensation studies, Company need and candidate availability. In general, in determining executive officers' salaries, we considered individual experience and prior service with the Company, level of responsibility and overall job performance.

Cash Bonus

Annual cash bonuses are designed to align employees' goals with the Company's financial and operational objectives for the current year and to reward individual performance. Decisions regarding bonuses are made based upon achievement of the Company's objectives.

Long-Term Incentive Awards

To promote our long-term objectives, equity awards are made to executive officers who are in a position to make a significant contribution to our long-term success.

Termination Provisions

We have no Employment agreements with our executive officers currently. Severance payments, if any, are at the discretion of the Board of Directors. Separation benefits, if any, are intended to ease the consequences to an executive of an unexpected termination of employment.

Tax and Accounting Implications

As part of its role, we review and consider the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, or the Code, which generally provides that the Company may not deduct compensation of more than $1,000,000 that is paid to certain individuals. None of the Named Executive Officers currently receive compensation amounts which would raise such a deductibility issue.

Accounting for Stock-Based Compensation

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payments" on April 1, 2006. We adopted the Modified Prospective Method in which compensation cost is recognized beginning with the effective date of adoption (a) based on the requirements of SFAS No. 123R for all share-based payments granted after the effective date of adoption and (b) based on the requirements of SFAS No. 123 for all awards granted to employees prior to the effective date of adoption that remain unvested on the date of adoption.

Discussion with Management

The entire Board of Directors have reviewed and discussed the foregoing "Compensation Discussion and Analysis" with the Company's management. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the "Compensation Discussion and Analysis" be included herein for the fiscal year ended March 31, 2007.

A. THE COMPANY

The following table sets forth the compensation of PPOL's "Named Executive Officers," which consist of a) all persons serving as the chief executive officer during the fiscal year and b) Chief Financial Officer:

NAME	AGE	POSITION	ANNUAL SALARY
Masao Yamamoto	57	Chief Executive Officer	$ 0*
Richard Izumi	54	Chief Financial Officer	$ 336,000

* Mr. Yamamoto's entire compensation is from AJOL, which is listed on the the following page, describing compensation of certain AJOL employees.

Salary. Salaries for named executive officers are determined based on a variety of factors, including the executive's scope of responsibilities, a market competitive assessment of similar roles at peer group companies, and a comparison of salaries to peers in Microsoft. Salaries are reviewed for our named executive officers once each year, and may be adjusted after considering the above factors and the named executive officer's performance.

The following table sets forth the stock options granted to directors and officers of the company in fiscal 2005:

Name	Number of securities underlying options granted*	Percent of total options granted to employers during fiscal year	Exercise price per share*	Expiration date	Poten at of st f
Robert Brasch	400	50.00%	$ 400	July 25, 2014	$2
Lowell Hattori	400	50.00%	$ 400	July 25, 2014	$2
Total for 2005	800	100.00%			

There were no additional options granted for the fiscal 2007 and 2006.

Outstanding Equity Awards at Fiscal Year-End

The following table presents information regarding outstanding equity awards as of March 31, 2007 for the named executive officers and directors.

Name	Number of securities underlying unexercised options* exercisable	Number of securities underlying unexercised options* unexercisable	Options exercise price*	Option expiration date
Yoshihiro Aota	10,000	--	$400	March 25, 2014
Masao Yamamoto	400	--	$400	March 25, 2014

* As adjusted for 1 for 100 reverse stock split as of April 23, 2007

B. AJOL (THE COMPANY'S WHOLLY OWNED SUBSIDIARY)

The following table sets forth the compensation of AJOL's "Named Executive Officers," which consist of a) all persons serving as the chief executive officer during the fiscal year and b) the four (4) most highly compensated individuals serving at the end of the fiscal year, in addition to the chief executive officer:

34

SUMMARY ANNUAL COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR	SALARY ($)	BONUS ($)	TOT
Yoshihiro Aota	2007	$ 0	$ 0	$
Representative and Director	2006	$ 0	$ 0	$
	2005	$ 147,513	$ 557,880	$ 705
Manabu Nakamura	2007	$ 113,019	$	$ 113
Director	2006	$ 110,052	$ 44,172	$ 154
	2005	$ 114,373	$ 41,881	$ 156
Masao Yamamoto	2007	$ 144,012	$ 0	$ 144
Representative Director	2006	$ 173,754	$ 0	$ 173
	2005	$ 114,959	$ 55,841	$ 156
Maki Iida	2007	$ 52,688	$ 8,829	$ 61
Director	2006	$ 53,708	$ 10,601	$ 64
	2005	$ 44,239	$ 19,052	$ 63
Go Takashima	2007	$ 36,210	$ 16,216	$ 52
Corporate Planning Staff	2006	$ 41,485	$ 13,892	$ 55
	2005	$ 36,222	$ 17,723	$ 53
Tetsu Okada	2007	$ 37,658	$ 11,077	$ 48
Corporate Planning Staff	2006	$ 43,796	$ 10,623	$ 54
	2005	$ 37,041	$ 14,339	$ 51

The following is a line graph comparing the cumulative total stockholder return on our common stock with the cumulative total return of the American Composite Index and the Russell 1000 Index from March 2007. The graph assumes that $100 was invested on March 31, 2006 in each of our common stock, American Composite Index and the Russell 1000 Index.

	PPOL		American Composite		Russell 1000	
3/30/07	$1.20	55.81%	2,174.90	112.34%	775.97	109.79

3/29/07	$1.20	55.81%	2,172.20	112.20%	776.55	109.88
3/28/07	$1.20	55.81%	2,151.25	111.12%	773.99	109.51
3/27/07	$1.20	55.81%	2,154.77	111.30%	779.89	110.35
3/26/07	$1.20	55.81%	2,162.79	111.71%	784.63	111.02
3/23/07	$1.20	55.81%	2,150.21	111.07%	784.12	110.95
3/22/07	$1.20	55.81%	2,156.01	111.36%	783.3	110.83
3/21/07	$1.20	55.81%	2,164.50	111.80%	783.46	110.85
3/20/07	$1.20	55.81%	2,140.12	110.54%	770.59	109.03
3/19/07	$1.20	55.81%	2,111.39	109.06%	765.56	108.32
3/16/07	$1.20	55.81%	2,098.32	108.38%	757.32	107.16
3/15/07	$1.20	55.81%	2,082.76	107.58%	760.36	107.59
3/14/07	$1.20	55.81%	2,063.37	106.58%	757.15	107.13
3/13/07	$1.20	55.81%	2,064.99	106.66%	752.57	106.48
3/12/07	$1.20	55.81%	2,108.03	108.89%	768.09	108.68
3/9/07	$1.20	55.81%	2,094.46	108.19%	765.91	108.37
3/8/07	$1.20	55.81%	2,075.60	107.21%	765.18	108.27
3/7/07	$1.20	55.81%	2,074.42	107.15%	759.73	107.50
3/6/07	$1.20	55.81%	2,081.01	107.49%	761.57	107.76
3/5/07	$1.20	55.81%	2,055.91	106.19%	749.85	106.10
3/2/07	$1.20	55.81%	2,087.74	107.84%	757.83	107.23
3/1/07	$1.20	55.81%	2,113.99	109.19%	766.91	108.51
2/28/07	$1.20	55.81%	2,116.56	109.33%	768.66	108.76
2/27/07	$1.20	55.81%	2,105.03	108.73%	764.84	108.22
2/26/07	$1.20	55.81%	2,175.57	112.38%	791.38	111.97
2/23/07	$1.20	55.81%	2,165.47	111.85%	793.15	112.22
2/22/07	$1.20	55.81%	2,162.70	111.71%	795.79	112.60
2/21/07	$1.20	55.81%	2,154.43	111.28%	796.65	112.72
2/20/07	$1.20	55.81%	2,150.77	111.09%	797.58	112.85
2/16/07	$1.20	55.81%	2,157.98	111.47%	794.79	112.46
2/15/07	$1.20	55.81%	2,168.14	111.99%	795.23	112.52
2/14/07	$1.20	55.81%	2,169.86	112.08%	794.15	112.37
2/13/07	$1.20	55.81%	2,154.78	111.30%	788.11	111.51
2/12/07	$1.20	55.81%	2,138.27	110.45%	782.05	110.65
2/9/07	$1.20	55.81%	2,153.06	111.21%	784.99	111.07
2/8/07	$1.20	55.81%	2,165.59	111.86%	790.78	111.89
2/7/07	$1.20	55.81%	2,162.95	111.72%	791.69	112.02
2/6/07	$1.20	55.81%	2,148.88	111.00%	790.17	111.80

	PPOL		American Composite		Russell 1000	
2/5/07	$1.20	55.81%	2,134.92	110.28%	789.27	111.68
2/2/07	$1.20	55.81%	2,136.22	110.34%	789.88	111.76
2/1/07	$1.20	55.81%	2,145.76	110.84%	788.46	111.56
1/31/07	$1.20	55.81%	2,123.71	109.70%	784.11	110.95
1/30/07	$1.20	55.81%	2,115.73	109.28%	778.79	110.19
1/29/07	$1.20	55.81%	2,104.61	108.71%	774.51	109.59
1/26/07	$1.20	55.81%	2,087.36	107.82%	774.97	109.65
1/25/07	$1.20	55.81%	2,075.30	107.20%	775.65	109.75
1/24/07	$1.20	55.81%	2,088.94	107.90%	784.31	110.97
1/23/07	$1.20	55.81%	2,086.80	107.79%	777.5	110.01
1/22/07	$1.20	55.81%	2,060.44	106.43%	774.73	109.62
1/19/07	$1.20	55.81%	2,067.95	106.82%	778.8	110.19
1/18/07	$1.20	55.81%	2,063.03	106.56%	776.39	109.85
1/17/07	$1.20	55.81%	2,080.41	107.46%	779.12	110.24
1/16/07	$1.20	55.81%	2,060.80	106.45%	779.86	110.34
1/12/07	$1.20	55.81%	2,058.03	106.30%	779.21	110.25

1/11/07	$1.20	55.81%	2,037.57	105.25%	775.3	109.70
1/10/07	$1.20	55.81%	2,015.74	104.12%	769.93	108.94
1/9/07	$1.20	55.81%	2,010.47	103.85%	767.89	108.65
1/8/07	$1.20	55.81%	2,008.52	103.75%	767.88	108.65
1/5/07	$1.20	55.81%	1,999.60	103.29%	766.12	108.40
1/4/07	$1.20	55.81%	2,023.60	104.53%	770.87	109.07
1/3/07	$1.20	55.81%	2,050.01	105.89%	769.59	108.89
12/29/06	$1.20	55.81%	2,056.43	106.22%	770.08	108.96
12/28/06	$1.20	55.81%	2,053.48	106.07%	773.54	109.45
12/27/06	$1.20	55.81%	2,056.31	106.21%	774.64	109.61
12/26/06	$1.20	55.81%	2,039.24	105.33%	769.31	108.85
12/22/06	$1.20	55.81%	2,034.67	105.10%	765.96	108.38
12/21/06	$1.20	55.81%	2,040.11	105.38%	769.93	108.94
12/20/06	$1.20	55.81%	2,057.26	106.26%	772.93	109.36
12/19/06	$1.20	55.81%	2,069.33	106.89%	773.88	109.50
12/18/06	$1.20	55.81%	2,043.76	105.57%	772.37	109.28
12/15/06	$1.20	55.81%	2,061.81	106.50%	775.08	109.67
12/14/06	$1.20	55.81%	2,066.93	106.76%	774.47	109.58
12/13/06	$1.20	55.81%	2,076.84	107.28%	768.1	108.68
12/12/06	$1.20	55.81%	2,081.01	107.49%	767.43	108.59
12/11/06	$1.20	55.81%	2,085.15	107.70%	768.62	108.75
12/8/06	$1.20	55.81%	2,086.28	107.76%	766.95	108.52
12/7/06	$1.20	55.81%	2,089.35	107.92%	765.66	108.34
12/6/06	$1.20	55.81%	2,093.80	108.15%	768.7	108.77
12/5/06	$1.20	55.81%	2,082.80	107.58%	769.65	108.90
12/4/06	$1.20	55.81%	2,075.78	107.22%	766.54	108.46
12/1/06	$1.20	55.81%	2,065.93	106.71%	759.61	107.48
11/30/06	$1.20	55.81%	2,069.16	106.88%	761.44	107.74
11/29/06	$1.20	55.81%	2,059.57	106.38%	760.5	107.61
11/28/06	$1.20	55.81%	2,039.93	105.37%	753.42	106.60
11/27/06	$1.20	55.81%	2,020.33	104.36%	750.95	106.25
11/24/06	$1.20	55.81%	2,037.12	105.22%	761.83	107.79
11/22/06	$1.20	55.81%	2,026.34	104.67%	764.31	108.14
11/21/06	$1.20	55.81%	2,022.19	104.45%	762.13	107.84
11/20/06	$1.20	55.81%	2,008.68	103.75%	760.61	107.62
11/17/06	$1.20	55.81%	1,996.66	103.13%	760.76	107.64
11/16/06	$1.20	55.81%	1,996.77	103.14%	760.14	107.55
11/15/06	$1.20	55.81%	2,010.56	103.85%	758.46	107.32
11/14/06	$1.20	55.81%	1,987.32	102.65%	756.36	107.02
11/13/06	$1.20	55.81%	1,979.90	102.27%	751.46	106.33
11/10/06	$1.20	55.81%	1,986.37	102.60%	749.56	106.06
11/9/06	$1.20	55.81%	1,999.36	103.27%	747.84	105.81
11/8/06	$1.20	55.81%	1,993.68	102.98%	751.72	106.36
11/7/06	$1.20	55.81%	1,981.39	102.35%	749.97	106.12
11/6/06	$1.20	55.81%	1,992.07	102.90%	748.32	105.88
11/3/06	$1.20	55.81%	1,974.36	101.98%	739.86	104.68
11/2/06	$1.20	55.81%	1,950.25	100.74%	741.31	104.89
11/1/06	$1.20	55.81%	1,948.95	100.67%	741.59	104.93
10/31/06	$1.20	55.81%	1,965.35	101.52%	747.3	105.74
10/30/06	$1.20	55.81%	1,971.68	101.84%	747.43	105.76
10/27/06	$1.20	55.81%	1,983.34	102.45%	747.07	105.70
10/26/06	$1.20	55.81%	1,992.52	102.92%	753.32	106.59
10/25/06	$1.20	55.81%	1,984.85	102.52%	749.16	106.00
10/24/06	$1.20	55.81%	1,955.18	100.99%	746.65	105.65
10/23/06	$1.20	55.81%	1,946.33	100.53%	746.5	105.62
10/20/06	$1.20	55.81%	1,936.66	100.03%	742	104.99
10/19/06	$1.20	55.81%	1,933.08	99.85%	741.52	104.92
10/18/06	$1.20	55.81%	1,916.87	99.01%	741.09	104.86
10/17/06	$1.20	55.81%	1,915.00	98.92%	740.18	104.73
10/16/06	$1.20	55.81%	1,928.04	99.59%	743.25	105.16
10/13/06	$1.20	55.81%	1,902.87	98.29%	741.14	104.87
10/12/06	$1.20	55.81%	1,879.92	97.10%	739.53	104.64

10/11/06	$1.20	55.81%	1,864.81	96.32%	732.29	103.61
10/9/06	$1.20	55.81%	1,887.45	97.49%	732.64	103.66
10/6/06	$1.20	55.81%	1,881.67	97.19%	731.46	103.50

	PPOL		American Composite		Russell 1000	
10/5/06	$1.20	55.81%	1,888.64	97.55%	733.56	103.79
10/4/06	$1.20	55.81%	1,875.20	96.86%	731.18	103.46
10/3/06	$1.20	55.81%	1,870.34	96.61%	722.26	102.19
10/2/06	$1.20	55.81%	1,896.80	97.98%	720.98	102.01
9/29/06	$1.20	55.81%	1,906.86	98.50%	723.48	102.37
9/28/06	$1.20	55.81%	1,916.92	99.01%	725.42	102.64
9/27/06	$1.20	55.81%	1,917.56	99.05%	724.19	102.47
9/26/06	$1.20	55.81%	1,908.05	98.56%	723.96	102.44
9/25/06	$1.20	55.81%	1,898.90	98.08%	718.61	101.68
9/22/06	$1.20	55.81%	1,918.27	99.08%	712.54	100.82
9/21/06	$1.20	55.81%	1,933.97	99.90%	714.46	101.09
9/20/06	$1.20	55.81%	1,933.86	99.89%	718.57	101.67
9/19/06	$1.20	55.81%	1,930.90	99.74%	714.77	101.13
9/18/06	$1.20	55.81%	1,949.05	100.67%	716.37	101.36
9/15/06	$1.20	55.81%	1,939.28	100.17%	715.95	101.30
9/14/06	$1.20	55.81%	1,936.23	100.01%	714.2	101.05
9/13/06	$1.20	55.81%	1,942.96	100.36%	715.27	101.21
9/12/06	$1.20	55.81%	1,983.34	102.45%	712.43	100.80
9/11/06	$1.20	55.81%	1,958.76	101.18%	704.66	99.70
9/8/06	$1.20	55.81%	1,977.49	102.14%	704.41	99.67
9/7/06	$1.20	55.81%	1,984.63	102.51%	701.86	99.31
9/6/06	$1.20	55.81%	2,001.68	103.39%	705.28	99.79
9/5/06	$1.20	55.81%	2,033.17	105.02%	712.58	100.82
9/1/06	$1.20	55.81%	2,030.22	104.87%	711.25	100.64
8/31/06	$1.20	55.81%	2,022.33	104.46%	707.55	100.11
8/30/06	$1.20	55.81%	2,021.14	104.40%	707.46	100.10
8/29/06	$1.20	55.81%	2,008.30	103.74%	707.13	100.05
8/28/06	$1.20	55.81%	2,006.91	103.66%	705.59	99.84
8/25/06	$1.20	55.81%	2,003.69	103.50%	701.57	99.27
8/24/06	$1.20	55.81%	1,994.89	103.04%	702.15	99.35
8/23/06	$1.20	55.81%	2,001.21	103.37%	700.69	99.14
8/22/06	$1.20	55.81%	2,008.48	103.74%	704.1	99.63
8/21/06	$1.20	55.81%	2,007.69	103.70%	703.31	99.51
8/18/06	$1.20	55.81%	1,998.80	103.24%	706.26	99.93
8/17/06	$1.20	55.81%	1,986.50	102.61%	703.9	99.60
8/16/06	$1.20	55.81%	2,000.57	103.34%	702.87	99.45
8/15/06	$1.20	55.81%	1,986.18	102.59%	697.11	98.64
8/14/06	$1.20	55.81%	1,968.11	101.66%	687.39	97.26
8/11/06	$1.20	55.81%	1,971.72	101.85%	686.5	97.13
8/10/06	$1.20	55.81%	1,989.90	102.78%	689.51	97.56
8/9/06	$1.20	55.81%	2,001.72	103.40%	686.41	97.12
8/8/06	$1.20	55.81%	1,991.33	102.86%	689.68	97.58
8/7/06	$1.20	55.81%	1,993.68	102.98%	692.25	97.95
8/4/06	$1.80	83.72%	1,990.90	102.84%	694.5	98.27
8/3/06	$1.80	83.72%	1,993.44	102.97%	694.87	98.32
8/2/06	$1.80	83.72%	2,000.39	103.33%	693.4	98.11
8/1/06	$1.80	83.72%	1,971.59	101.84%	689.24	97.52
7/31/06	$1.80	83.72%	1,970.42	101.78%	692.59	98.00
7/28/06	$1.80	83.72%	1,964.16	101.46%	693.38	98.11
7/27/06	$1.80	83.72%	1,931.66	99.78%	684.69	96.88

7/26/06	$1.80	83.72%	1,948.92	100.67%	688.07	97.36
7/25/06	$1.80	83.72%	1,931.25	99.76%	688.49	97.42
7/24/06	$1.80	83.72%	1,921.69	99.26%	683.76	96.75
7/21/06	$1.80	83.72%	1,891.87	97.72%	672.4	95.14
7/20/06	$1.80	83.72%	1,897.54	98.01%	677.88	95.92
7/19/06	$1.80	83.72%	1,911.54	98.74%	684.31	96.82
7/18/06	$1.80	83.72%	1,882.80	97.25%	671.56	95.02
7/17/06	$1.80	83.72%	1,871.69	96.68%	670.25	94.84
7/14/06	$1.80	83.72%	1,895.27	97.90%	671.3	94.98
7/13/06	$1.80	83.72%	1,899.88	98.13%	675.01	95.51
7/12/06	$1.80	83.72%	1,922.11	99.28%	684.18	96.81
7/11/06	$1.80	83.72%	1,936.85	100.04%	691.76	97.88
7/10/06	$1.80	83.72%	1,935.70	99.99%	689.33	97.54
7/7/06	$1.80	83.72%	1,944.44	100.44%	688.71	97.45
7/6/06	$1.80	83.72%	1,956.93	101.08%	693.47	98.12
7/5/06	$1.80	83.72%	1,938.14	100.11%	691.66	97.86
7/3/06	$1.80	83.72%	1,945.76	100.50%	697.08	98.63
6/30/06	$1.80	83.72%	1,928.59	99.62%	691.81	97.89
6/29/06	$1.80	83.72%	1,900.94	98.19%	693.04	98.06
6/28/06	$1.80	83.72%	1,856.66	95.90%	678.35	95.98
6/27/06	$1.80	83.72%	1,847.34	95.42%	674.96	95.50
6/26/06	$1.80	83.72%	1,874.94	96.85%	681.05	96.36
6/23/06	$1.80	83.72%	1,866.05	96.39%	677.84	95.91
6/22/06	$1.80	83.72%	1,858.73	96.01%	677.9	95.92
6/21/06	$1.80	83.72%	1,865.81	96.37%	681.61	96.44
6/20/06	$1.80	83.72%	1,846.93	95.40%	674.59	95.45
6/19/06	$1.80	83.72%	1,841.36	95.11%	674.73	95.47
6/16/06	$1.80	83.72%	1,858.87	96.02%	681.17	96.38
6/15/06	$1.80	83.72%	1,814.11	93.70%	683.53	96.71
6/14/06	$1.80	83.72%	1,810.57	93.52%	668.92	94.65
6/12/06	$1.80	83.72%	1,859.34	96.04%	673.1	95.24
6/9/06	$1.80	83.72%	1,883.14	97.27%	682.16	96.52

37

	PPOL		American Composite		Russell 1000	
6/8/06	$1.80	83.72%	1,894.41	97.85%	684.78	96.89
6/7/06	$1.80	83.72%	1,910.34	98.68%	684.26	96.82
6/6/06	$1.80	83.72%	1,924.49	99.41%	688.09	97.36
6/5/06	$1.80	83.72%	1,950.95	100.77%	689.58	97.57
6/2/06	$1.80	83.72%	1,977.44	102.14%	701.91	99.32
6/1/06	$1.80	83.72%	1,957.20	101.10%	700.54	99.12
5/31/06	$1.80	83.72%	1,928.36	99.61%	691.78	97.88
5/30/06	$1.80	83.72%	1,929.55	99.67%	685.89	97.05
5/26/06	$1.80	83.72%	1,953.55	100.91%	696.71	98.58
5/25/06	$1.80	83.72%	1,925.65	99.47%	692.49	97.98
5/24/06	$1.80	83.72%	1,890.83	97.67%	684.67	96.88
5/23/06	$1.80	83.72%	1,897.37	98.01%	684.01	96.78
5/22/06	$1.80	83.72%	1,901.64	98.23%	687.05	97.21
5/18/06	$1.80	83.72%	1,916.13	98.97%	687.53	97.28
5/16/06	$1.80	83.72%	1,969.87	101.75%	704.09	99.62
5/15/06	$2.00	93.02%	1,951.71	100.81%	705.12	99.77
5/12/06	$2.00	93.02%	1,992.77	102.93%	703.79	99.58
5/11/06	$2.00	93.02%	2,012.84	103.97%	711.96	100.74
5/10/06	$2.00	93.02%	2,041.64	105.46%	720.97	102.01
5/9/06	$2.00	93.02%	2,044.78	105.62%	722.27	102.20
5/8/06	$2.00	93.02%	2,024.23	104.56%	722.25	102.19

5/5/06	$2.00	93.02%	2,028.68	104.79%	722.57	102.24
5/4/06	$2.00	93.02%	2,015.12	104.09%	714.97	101.16
5/3/06	$2.00	93.02%	2,001.00	103.36%	712.41	100.80
5/2/06	$2.00	93.02%	2,020.21	104.35%	715.05	101.17
4/28/06	$2.00	93.02%	2,007.83	103.71%	714.37	101.08
4/27/06	$2.00	93.02%	1,991.73	102.88%	713.91	101.01
4/26/06	$2.00	93.02%	2,000.26	103.32%	711.43	100.66
4/25/06	$2.00	93.02%	2,006.39	103.64%	709.95	100.45
4/24/06	$2.00	93.02%	2,020.04	104.34%	713.35	100.93
4/21/06	$2.00	93.02%	2,017.63	104.22%	715.11	101.18
4/20/06	$2.00	93.02%	1,995.59	103.08%	715.5	101.24
4/19/06	$2.00	93.02%	2,011.13	103.88%	714.78	101.14
4/18/06	$2.00	93.02%	1,986.47	102.61%	713.16	100.91
4/17/06	$2.00	93.02%	1,959.71	101.23%	701.07	99.20
4/13/06	$2.00	93.02%	1,941.68	100.29%	703.1	99.48
4/12/06	$2.00	93.02%	1,944.93	100.46%	702.53	99.40
4/11/06	$2.00	93.02%	1,936.18	100.01%	701.67	99.28
4/10/06	$2.00	93.02%	1,950.99	100.77%	706.95	100.03
4/7/06	$2.00	93.02%	1,954.59	100.96%	706.64	99.98
4/6/06	$2.00	93.02%	1,975.63	102.05%	713.74	100.99
4/5/06	$2.00	93.02%	1,955.99	101.03%	715.08	101.18
4/4/06	$2.00	93.02%	1,952.45	100.85%	711.96	100.74
4/3/06	$2.00	93.02%	1,935.31	99.96%	707.98	100.17
3/31/06	$2.15	100.00%	1,935.99	100.00%	706.75	100.00

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of March 31, 2007, certain information with respect to the beneficial ownership of the Company's Common Stock by (i) any person (including any "group" as that term is used in Section 13(d)(3) of the Exchange Act) known by the Company to be the beneficial owner of more than 5% of any class of the Company's voting securities, (ii) each director, (iii) each of the named executive officers, as defined below, and (iv) all current directors and executive officers of the Company as a group. As of March 31, 2007, there were 20,542,875 shares (1) of issued and outstanding Common Stock. On April 23, 2007, PPOL effected a 1 for 100 reverse stock split. As a result of the reverse stock split, the outstanding shares had been reduced to approximately 204,000 shares. However, the percent of total common stock owned by each individual or entity listed below had remained substantially the same.

NAME AND ADDRESS	NUMBER OF SHARES OF COMMON STOCK BENEFICIALLY OWNED (1)	PERCENT COMMON
5% Shareholders		
Foster Strategic Investment Partnership(2)	105,475.	51.

9 Raffles Place #08-01, Republic Plaza Singapore, 048619		
Leo Global Fund(3) Mori Bldg, 3F Toranomon 11 6-4 Toranomon, 2-Chome Minato-Ku, Tokyo, Japan 105-0001	31,385.	15.
Directors and Officers		
Yoshihiro Aota Tennozu Fist Tower, 9th floor 2-2-4 Higashi Shinagawa, Shinagawa-ku Tokyo, Japan 140-0002	0	0.
Richard H. Izumi 1 City Boulevard West, Suite 820 Orange, California 92868	244	0.
Masao Yamamoto Tennozu First Tower, 9th floor 2-2-4 Higashi Shinagawa, Shinagawa-ku Tokyo, Japan 140-0002	0	0.

(1) Beneficial ownership is determined in accordance with the rules of the Commission and generally includes voting or investment power with respect to securities.

(2) Based on reasonable inquiry, the Company is aware that Green Capital claims beneficial ownership of 100% of the shares owned by Foster Strategic Investment Partnership. The basis for this determination is an oral understanding between Green Capital and Foster Strategic Investment Partnership that Foster Strategic Management will exercise its shareholder voting rights only with the concurrence of Green Capital. In October 2005, Green Capital, on behalf of Foster Strategic Investment Partnership, filed a claim in the Tokyo District Civil Court to recover, from eight Japanese investors, share certificates representing 6,100,000 shares of the Company's common stock held of record by Foster Strategic Investment Partnership. The investors allegedly purchased the shares in March and April 2005 from Nobuo Takada, who was an affiliate of Foster Strategic Investment Partnership and Leo Global Fund. Green Capital contends in its lawsuit that Mr. Takada was not authorized to sell the shares on behalf of Foster Strategic Investment Partnership. The lawsuit is presently pending. Mr. Takada served as the Company's Chief Executive Officer until July 2004 and was a director of the Company until December 2004.

(3) Based on reasonable inquiry, the Company is aware that Green Capital claims beneficial ownership of 98% of the shares owned by Leo Global Fund. The basis for this determination is an oral understanding between Leo Global Fund and Foster Strategic Investment Partnership that Leo Global Fund will exercise its shareholder voting rights only with the concurrence of Green Capital.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes information relating to equity compensation plan of PPOL pursuant to which grants of options, warrants or other rights to acquire shares may be granted from time to time.

PLAN CATEGORY	(A) NUMBER OF SECURITIES REMAINING TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS*	(B) AVAILABLE FOR FUTURE ISSUANCE WEIGHTED-AVERAGE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS*
Equity compensation plans approved by security holders(1)	13,000	$400.00
Equity compensation plans not approved by security holders	0	Not applicable
Total	13,000	$400.00

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(1) This plan is PPOL's 2004 Stock Option Plan.
* As adjusted for 1 for 100 reverse stock split as of April 23, 2007, 1,300,000 shares, $4.00, and 700,000 shares become 13,000 shares, $400, and 7,000 shares, respectively.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

It is the corporate policy of PPOL that any transactions with related parties, other than those within the consolidated group of PPOL that are eliminated in consolidation, must be at arms length and have the written approval of at least two of the three directors of PPOL.

The following are transactions with related parties during the fiscal year ended March 31, 2007:

Advanced Communications

During the year ended March 31, 2007, PPOL entered into the following transactions with Advanced Communications K.K. ("AC"), a Japanese corporation that is 79.55% owned by Green Capital:

Inventory purchases	$ 124,387
Information technology services	6,807,496
Other receipts, net	(141,098)
	$ 6,790,785

Inventory purchases, noted above, are comprised of the SF-70 and U-Phone hardware under an automatically renewing one year contract, unless a termination notice is provided two months prior to the anniversary by either party. Under the OEM basis, we retained the rights to the design and metallic mold required to manufacture the SF-70, but outsourced the actual manufacturing of the SF-70 and U-Phone to Advanced Communications. On March 31, 2007, we wrote off our remaining inventory of SF-70 and U-Phone as a reserve for slow moving inventory.

At March 31, 2007, our net accounts payable to AC was $511,584.

Seagull

During the year ended March 31, 2007, PPOL entered into the following transactions with K.K. Seagull (Seagull), a Japanese corporation and shareholder of 4.52% of the Company's outstanding common stock:

Sales promotion activities	$ 20,296

UMBA

The Company has not received any funds during the year ended March 31, 2007 in service fee income from UMBA for providing certain administrative services in connection with their insurance operations.

U-World

PPOL made product sales of $367,351 and earned service revenues of $1,153,759 from U-World and were billed $1,105,935 for services provided by them during the fiscal year ended March 31, 2007. At March 31, 2007, our net accounts payable to U-World was $21,717.

Other

Tax services were performed by an accounting firm whose principal officer is the spouse of our Chief Financial Officer. The Company paid $9,850 to Izumi & Co. for tax planning and compliance related matters in the fiscal year ended March 31, 2007

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT FEES

The Company incurred the following fees to Windes and McClaughry Accountancy Corporation in fiscal 2007 and Stonefield Josephson, Inc. in fiscal 2006.

	2007	2006
Assurance	$ 124,080	$339,000
Tax fees	--	--
All other fees	--	--
	$ 124,080	$339,000

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(1) The following financial statement schedule of PPOL, Inc. and its subsidiary for the fiscal years ended March 31, 2007, 2006, and 2005 is filed as part of this report and should be read in conjunction with the Consolidated Financial Statements of PPOL, Inc. and its subsidiary:

(2) The financial statements required by Item 8 of this report are filed in the report on pages 41-61.

Schedule II: Valuation and Qualifying Accounts

Schedules not listed above have been omitted because they are not applicable or are not required or the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto.

(3) See exhibit list below.

(b) During the year ended March 31, 2007 through this filing, we filed the following reports on Form 8-K:

(1) On September 8, 2006 the Company filed a Current Report on Form 8-K under item 8.01, Other Events, which reported that on September 6, 2006, the NASD informed PPOL that its securities will be removed effective immediately from the OTC Bulletin Board. pursuant to NASD Rule 6530(e), the Company's securities are not eligible for quotation on the OTCBB for a period of one year, because the Company has been delinquent three times in the past 24 months in its reporting obligations under the Securities Exchange Act of 1934, as amended. The Company is presently delinquent in filing its annual report for the fiscal year ended March 31, 2006, which was due to be filed with the Commission on June 29, 2006, and is delinquent in filing its quarterly report for the quarter ended June 30, 2006, which was due to be filed with the SEC on August 14, 2006. Following the removal of the Company's securities from the OTCBB, its securities shall not be eligible for quotation until the Company has timely filed in a complete form all required annual and quarterly reports due in a one-year period.

(2) On March 8, 2007, the Company filed a Current Report on Form 8-K under item 8.01, Other Events which reported the approval by written consents of the holders of a majority of the outstanding shares of common stock of the Company on that day, of the following resolutions by the Board of Directors: (a) the Spin-Off of AJOL, and (b) 1 for 100 Reverse Stock

Split of the Company's presently issued and outstanding shares of common stock, and to provide for the payment of cash in lieu of fractionalized shares otherwise issuable in connection with the Reverse Split.

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.

(c) Exhibits:

2.0	Stock Purchase and Business Combination Agreement (1)
3.1	Articles of Incorporation and Amendments thereto (1)
3.2	Bylaws (1)
10.5	Purchase Agreement between PPOL, Inc. and Forval Corporation for shares of Gatefor, Inc. and Object Innovation. (4)
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. (5)
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. (5)
10.17	Stock Purchase Agreement, dated as of May 30, 2005, between PPOL, Inc., a California corporation, and K.K. Seagull, a Japan corporation. (5)
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. (5)
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. (5)
10.20	Registration Rights Agreement, dated May 30, 2005, between PPOL, Inc., a California corporation and the INVESTORS (as defined). (5)
14.0	Code of Ethics (2)

21.0	Subsidiaries of PPOL (3)
31.1	Certifications of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (3)
31.2	Certifications of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (3)
32.0	Certifications of CEO and CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (3)

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(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 as exhibit 14.0 to the Company's Form 10-K filed, on June 29, 2004, 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 April 4, 2005, and is incorporated herein by reference.
(5) Previously filed with the SEC an exhibit to the Company's 8-K filed on June 3, 2005, and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on October 16, 2008.

PPOL, INC.

By: /s/ Masao Yamamoto

Masao Yamamoto, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on October 16, 2008.

SIGNATURE	CAPACITY IN WHICH SIGNED
/s/ Masao Yamamoto ------------------------------ Masao Yamamoto	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)
/s/ Richard Izumi ------------------------------ Richard Izumi	Director and Chief Financial Officer (Principal Financial Officer and Accounting Officer)
/s/ Yoshihiro Aota	Director

Yoshihiro Aota

44

PPOL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2007, 2006 AND 2005

CONTENTS

45

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of PPOL, Inc.

We have audited the accompanying consolidated balance sheets of PPOL, Inc. and its subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of operations and comprehensive (loss) income, shareholders' equity (deficit), and cash flows for the years ended March 31, 2007 and 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PPOL, Inc. and its subsidiaries as of March 31, 2007 and 2006, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has had recurring losses during the last three years, negative cash flows from operations of $1,470,920 and $14,700,864 for the years ended March 31, 2007 and 2006, respectively, and, as of March 31, 2007, had a working capital deficit of $5,852,282 and an accumulated deficit of $17,958,920. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedule listed in the index appearing under Item 15(a)(1) is presented for the purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

/s/ Windes & McClaughry

Irvine, CA
October 9, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of PPOL, Inc.
Orange, California

We have audited the accompanying consolidated statement of operations and comprehensive (loss) income (as restated), shareholders' deficit, cash flow and financial statement schedule for the year ended March 31, 2005 as listed in the appendix appearing under items 15(a)(1) and (2) of the Annual Report on Form 10-K. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over the financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of their operations, shareholders' deficit and their cash flows for the year ended March 31, 2005 (as restated), in conformity with generally accepted accounting principles in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Stonefield Josephson, Inc.

Los Angeles, California August 17, 2005, (Except for Footnote 10, as to which the date is September 6, 2006)

47

PPOL, INC.

CONSOLIDATED BALANCE SHEETS

ASSETS		MARCH 31, 2007
CURRENT ASSETS:		
Cash and cash equivalents	$	5,474,547
Trade accounts receivable, net of doubtful account allowance of 0 and 0		253,379
Inventories		278,343
Deferred costs, current		22,025,853
Deferred income taxes, current		--

Prepaid expenses and other current assets		371,011
TOTAL CURRENT ASSETS		28,403,133
RESTRICTED CASH		20,506,573
PROPERTY AND EQUIPMENT, NET		244,994
SOFTWARE, NET		3,634,466
DEFERRED COSTS, NON-CURRENT		2,317,296
DEFERRED INCOME TAXES, NON-CURRENT		--
GUARANTEED DEPOSITS		896,876
OTHER ASSETS		161,412
TOTAL ASSETS	$	56,164,750
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$	1,939,122
Advances received		7,027
Deferred revenue, current		31,668,727
Income taxes payable		2,459
Other current liabilities		638,080
TOTAL CURRENT LIABILITIES		34,255,415
ADVANCES RECEIVED, CUBE		20,506,573
DEFERRED REVENUE, NON-CURRENT		2,803,969
TOTAL LIABILITIES		57,565,957
COMMITMENTS & CONTINGENCIES (NOTE 14)		
SHAREHOLDERS' (DEFICIT) EQUITY:		
Common stock; $0.001 par value; 100,000,000 shares authorized; 205,428 shares issued and outstanding as of March 31, 2007 and 2006, respectively		205
Additional paid-in capital		14,522,136
Accumulated other comprehensive income.		2,035,372
Accumulated deficit		(17,958,920)
TOTAL SHAREHOLDERS' (DEFICIT) EQUITY		(1,401,207)
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY	$	56,164,750

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

PPOL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	YEAR ENDED MARCH 31, 2007	YEAR END MARCH 31,
NET REVENUE		
Product sales	$ 52,974,307	$ 77,98
Service fee income	15,618,601	28,64
Total revenues	68,592,908	106,62
COSTS AND EXPENSES		
Cost of sales - Products	13,271,275	22,05
Cost of sales - Services	9,126,758	8,36
Distributor incentives	30,376,719	47,20
Selling, general and administrative expenses	9,185,140	28,31
Total costs and expenses	61,959,892	105,92
OPERATING INCOME	6,633,016	69
OTHER INCOME (EXPENSE):		
Interest income (expense)	372	(1
Others, net	229,140	11
Total other income (expense), net	229,512	10
INCOME BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	6,862,528	79
INCOME TAX EXPENSE:		
Current	208,585	
Deferred	10,496,954	3,17
Total income tax expense	10,705,539	3,18
NET (LOSS) FROM CONTINUING OPERATIONS	(3,843,011)	(2,38
DISCONTINUED OPERATIONS		
Loss from discontinued segment, including no gain on disposal	--	
	--	
NET LOSS	(3,843,011)	(2,38

OTHER COMPREHENSIVE (LOSS) INCOME:		
Foreign currency translation	(35,736)	1,16
COMPREHENSIVE LOSS	$ (3,878,747)	$ (1,22
NET LOSS PER COMMON SHARE:		
Basic	$ (18.71)	$ (
Diluted	$ (18.71)	$ (
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	205,428	20
Diluted	205,428.	20

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

49

PPOL, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	CUMULATIVE OTHER COMPREHENSIVE (LOSS) GAIN
	SHARES	AMOUNT		
Balance, April 1, 2004	179,937	180	3,380,173	316,307
Capital contribution from majority shareholder	--	--	2,912,564	--
Foreign currency translation adjustment	--	--	--	589,512
Net loss	--	--	--	--
Balance, March 31, 2005	179,937	180	6,292,737	905,819
Issuance of common stock	25,491	25	10,196,491	--
Return of capital to Green Capital	--	--	(1,967,092)	--
Foreign currency translation adjustment	--	--	--	1,165,289

Net loss	--	--	--	--
Balance, March 31, 2006	205,428	205	14,522,136	2,071,108
Foreign currency translation adjustment	--	--	--	(35,736)
Net loss	--	--	--	--
Balance, March 31, 2007	205,428	205	14,522,136	2,035,372

The notes are an integral part of these consolidated financia

PPOL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED MARCH 31, 2007	YEAR ENDE MARCH 31, 2
CASH FLOWS (USED FOR) PROVIDED BY OPERATING ACTIVITIES:		
Net loss	$ (3,843,011)	$ (2,386,5
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES:		
Depreciation and amortization	2,588,159	3,421,7
Loss on sales/disposal of property, equipment and .... software	118,569	323,1
Loss on sale of investment	--	
Deferred income taxes	10,496,954	3,177,0
CHANGES IN ASSETS AND LIABILITIES:		
(INCREASE) DECREASE IN ASSETS:		
Restricted cash	562,461	13,400,7
Trade accounts receivables	134,201	853,2
Inventories	1,870,237	(1,052,5
Advance payments	--	897,4
Deferred costs	38,893,197	16,287,8
Prepaid expenses and other current assets	852,097	(652,1
INCREASE (DECREASE) IN LIABILITIES:		
Accounts payable, including related parties	(2,123,471)	(7,828,3
Advances received	(35,118)	(2,079,2
Advances received--Cube	(562,461)	(13,400,7
Deferred revenue	(50,228,006)	(23,525,9
Income taxes payable	(29,120)	(941,3
Other current liabilities	(165,608)	(1,195,2
Total adjustments	2,372,091	(12,314,3

Net cash (used for) provided by operating activities	(1,470,920)	(14,700,8
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES:		
Proceeds from sale of property, equipment and software	52,166	22,7
Purchase of property, equipment and software	(54,430)	(275,7
Investment in Object Innovation	--	
Proceeds from sale of Object Innovation	--	
Net (increase) decrease in deposits and other assets	347,675	3,317,3
Net cash provided by (used for) investing activities	345,411	3,064,3
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:		
Proceeds from loan payable - related party	--	
Capital contribution by majority shareholder - Discontinued Operations	--	
Return of Capital	--	(1,967,0
Loans repaid	--	(1,115,7
Proceeds from stock issuance	--	10,196,5
Net cash provided by financing activities	--	7,113,6
EFFECTS OF EXCHANGE RATE	(16,821)	(867,8
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,142,330)	(5,390,6
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,616,877	12,007,5
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,474,547	$ 6,616,8
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ --	$ 5,5
Income taxes paid	$ 44,254	$ 974,8

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES
(See Note 7 - Green Capital and Forval)

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

51

PPOL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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 distributes SF-70 and U-Phone throughout Japan through a direct marketing system from January 1, 2006, and a network marketing system, previously. The Company has a network of registered distributors located throughout Japan that introduce purchasers to the Company. 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.

PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of PPOL, Inc., and its wholly owned subsidiaries, AJOL Co., Ltd. ("AJOL"), K.K. U-Service ("USC") and Gatefor, Inc. ("Gatefor"), which are all Japanese corporations. Gatefor was disposed on March 31, 2005 and USC was merged into AJOL on December 28, 2005. See Notes 3 and 8 for additional information on USC and Gatefor. All significant intercompany balances and transactions have been eliminated upon consolidation.

VARIABLE INTEREST ENTITIES:

PPOL has adopted Financial Accounting Standards Board Interpretation No. 46(R) "Consolidation of Variable Interest Entities (revised December 2003) - an Interpretation of ARB No. 51" ("FIN46(R)") for the year ended March 31, 2004. The Company must consolidate variable interest entities ("VIE") if it has been deemed the primary beneficiary of such entities. During the years ended March 31, 2007 and 2006, we were not the primary beneficiary of any VIEs.

BASIS OF PRESENTATION:

The Company's present and past subsidiaries in Japan have all maintained their records and prepared their financial statements in accordance with accounting principles generally accepted in Japan. Certain adjustments and reclassifications have been incorporated in the accompanying financial statements to conform to accounting principles generally accepted in the United States of America ("US GAAP"). These adjustments were not recorded in the statutory books of account. The principal adjustments relate to accounting for: (1) revenue and related cost adjustments, (2) compensated absences, and (3) deferred assets and liabilities. The accounts of PPOL, on a stand alone basis, are maintained in accordance with US GAAP.

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 with 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. These reclassifications did not have any effect on previously reported net income or shareholders' deficit.

TRANSLATION OF FOREIGN CURRENCY:

Our subsidiaries' functional currency is the Japanese Yen and PPOL's reporting currency is the United States Dollar. The Company translates the foreign currency financial statements in accordance with the requirements of Statement of Financial Accounting Standards ("SFAS") No. 52," Foreign Currency Translation." Assets and liabilities are translated at the exchange rate as of the respective balance sheet dates and related revenues and expenses are translated at average exchange rates in effect during the period. Resulting translation adjustments are recorded as a separate component in shareholders' equity (deficit). Foreign currency transaction gains and losses are included in determining net income.

52

USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. The most significant accounting estimates inherent in the preparation of the Company's financial statements include estimates as to the appropriate carrying value of certain assets and liabilities which are not readily apparent from other sources, primarily deferred costs and deferred revenue balances, and allowance for obsolete inventory.

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include all highly liquid investments, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

TRADE ACCOUNTS RECEIVABLE:

We record trade accounts receivable at net realizable value. This value includes an appropriate allowance for estimated uncollectible accounts to reflect any loss anticipated on the trade accounts receivable balances and charged to the provision for doubtful accounts. We calculate this allowance based on our history of write-offs, level of past due-accounts based on the contractual terms of the receivables, and our relationships with and economic status of our customers. At March 31, 2007 and 2006, no allowance for doubtful accounts was necessary.

FINANCIAL INSTRUMENTS:

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, trade accounts receivable, accounts payable, and advance payments approximate their fair values as of March 31, 2007 and 2006 due to the short maturity of these instruments.

INVENTORIES:

Inventories, consisting of purchased merchandise for resale, are valued at the lower of cost (which is determined by the weighted average method) or market, including provisions for obsolescence. Inventories are shown net of an allowance for obsolescence of $2,934,452 and $1,409,906, as of March 31, 2007 and 2006, respectively.

PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost. Depreciation is computed using the straight line and declining-balance methods at rates based on the estimated useful lives of the related assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or intended lease term, including renewal options, and range from 3 to 15 years. Maintenance and repairs, including minor renewals and betterments, are expensed as incurred.

RESTRICTED CASH AND ADVANCES RECEIVED - CUBE:

AJOL had collected advance payments from distributors. Upon receiving orders from these distributors for goods or services, the distributor's account would be charged. During the fiscal year ended March 31, 2005, all such funds were turned over to U-Service Friendship Association's ("USFA") predecessor, U-Service Mutual Benefit Association (UMBA), formerly known as Kamome Mutual Benefit Association and also referred to as Kamome Benefit Club, an unrelated membership entity, to administer the advance payments and orders from distributors which were maintained through a system known as "Cube." The effect of this transaction reduced Cash and Advances Received (a liability) and simultaneously increased Restricted Cash and Advances Received - Cube (a liability)dollar for dollar. Advance Payments, which increase Restricted Cash and Advances Received - Cube, and orders, which decrease Restricted Cash and Advances Received - Cube, from distributors are received by the USFA and not AJOL. A portion of Advances Received are still under a liability to AJOL as those advances (classified as restricted cash) were made under agreements directly with AJOL and not with UMBA or USFA. We reviewed the requirements of FIN46(R) and have determined UMBA and USFA are not required to be consolidated.

53

STOCK-BASED COMPENSATION:

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payments" on April 1, 2006. We adopted the Modified Prospective Method in which compensation cost is recognized beginning with the effective date of adoption (a) based on the requirements of SFAS No. 123(R) for all share-based payments granted after the effective date of adoption and (b) based on the requirements of SFAS No. 123 for all awards granted to employees prior to the effective date of adoption that remain unvested on the date of adoption.

Previously, PPOL had accounted for its employee stock-based compensation plans using an intrinsic value-based method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations. Under APB 25, because the exercise price of the Company's employee stock options equals or exceeds the market price of the underlying stock on the date of grant, no compensation expense was recognized. Thus, the Company utilized only the disclosure provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," that applied to 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.

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.

Pro forma information using the Black-Scholes method at the date of grant was based on the following assumptions: average risk free interest rate of 4.35% for 2006 and 4.34% for 2005; dividend yield of 0.0% for 2006, and 2005; average volatility factor of the expected market price of the Company's common stock of 262% for 2006, and 251% for 2005; and an expected life of the options of 10 years for 2006, and 2005. No options were granted in Fiscal 2007 and all previously granted options were fully vested prior to Fiscal 2007.

Had compensation cost for the Company's 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 loss and loss per share would have been reduced to the pro forma amounts indicated below:

	YEARS ENDED MARCH 31:	
	2006	2005
Net income (loss) as reported (in thousands $)	(2,387)	(2,741)
Stock compensation calculated under APB25 (in thousands $)	--	--
Stock compensation calculated under SFAS 123 (in thousands $)	(1,041)	(990)
Pro forma (in thousands $)	(3,428)	(3,731)
Basic earnings per share as reported	(11.86)	(15.23)
Pro forma	(17.03)	(20.74)
Diluted earnings per share as reported	(11.86)	(15.23)
Pro forma	(17.03)	(20.74)

COMPUTER SOFTWARE:

The Company follows the guidance in Statement of Position ("SOP") 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use". SOP 98-1 requires that entities capitalize certain internal-use software costs once certain criteria are met. Under SOP 98-1, overhead, general and administrative and training costs are not capitalized. Capitalized software costs are being amortized on a straight-line basis principally over 5 years. The Company reviews the carrying value of Computer Software on a quarterly basis or whenever events and circumstances indicate that the carrying value of an asset may not be recoverable.

ADVANCES RECEIVED:

Advances received represent the balance of customer receipts prior to shipment. Upon shipment, the balances transfer to deferred revenue where it then is amortized into revenue in accordance with the Company's revenue recognition policy.

IMPAIRMENT OF LONG-LIVED ASSETS:

The Company accounts for the impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The statement provides a single accounting model for the disposal of long-lived assets. New criteria must be met to classify the asset as an asset held-for-sale. This statement also focuses on reporting the effects of a disposal of a segment of a business. The Company disposed of its Gatefor, Inc. subsidiary on March 31, 2005.

On March 8, 2007, the Company filed a Current Report on Form 8-K under item 8.01, Other Events which reported the approval by written consents of the holders of a majority of the outstanding shares of common stock of the Company on that day, among other resolutions by the Board of Directors, the Spin-Off of AJOL from the Company. SFAS No. 144 requires us to an recognize an impairment loss, if any, when the asset is disposed of, if the carrying amount of the asset (disposal group) exceeds its fair value in addition to any impairment losses required to be recognized while the asset is classified as held and used. The Company has determined that the carrying amount of the asset is below the fair market value of assets to be disposed of.

REVENUE RECOGNITION:

Revenue from SF-70 and U-Phone product sales made prior to December 31, 2005, was recognized over the weighted average customer relationship period of three years.

The revenue and associated costs deferred for revenue recognition purposes are recorded as deferred revenue and deferred costs, respectively. Deferred costs are comprised of costs of the SF-70 and U-Phone hardware and distributors incentive commissions. Deferred costs are directly related to deferred revenues. Deferred costs are amortized into income over the weighted average customer relationship period of three years or the online subscription period of one year, as applicable.

Revenue from sales of annual online subscription services to UU Online is recognized over one year. Revenue from SF-70 and U-Phone product sales made after December 31, 2005, is recognized upon delivery of the product. This change is attributable to the elimination of revenue arrangements with multiple deliverables. Previously, a purchaser was required to purchase the SF-70 and U-Phones with online subscription services to UU-Online. After December 31, 2005, this requirement was eliminated. A customer can now elect to not purchase any Online subscriptions or purchase them in one month increments.

Revenue from other on-line services provided through UU Online Services is recognized upon the delivery of underlying products, including U-Brand products, or services. We also generate commissions from ticket sales to tours, events and concerts which our UU Online subscribers can purchase through the UU Online network.

SEGMENT INFORMATION:

The Company currently operates in one segment. Sales of the SF-70 and U-Phone product, sales of the UU Online Services that represents sales of online subscriptions services which enables access to the Company's facsimile based network and database, and sales of the granting of a distributor license are considered as one segment as each of the Company's products and services are dependent upon one another. UU Online Services are not useable without the SF-70 and U-Phone hardware. The most advantageous use of SF-70 and U-Phone hardware's functions are through the use of UU Online Services although not required. Because of the interdependencies, the Company is considered to operate in one segment.

RESEARCH AND DEVELOPMENT EXPENSE:

Research and development costs are charged to expense when incurred. They are a component of selling, general and administrative expenses. Research and development expenses for the years ended March 31, 2007, 2006, and 2005 were $0, $2,120,249, and $279,204, respectively.

SHIPPING AND HANDLING COSTS:

Shipping and handling costs are included in selling, general and administrative expenses. The amount of shipping and handling costs for the fiscal years ended March 31, 2007, 2006, and 2005 was $474,569, $966,909, and $1,166,912, respectively.

INCOME TAXES:

Income taxes are provided based on the asset and liability method of accounting pursuant to SFAS No. 109, "Accounting for Income Taxes". Deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at year-end. These deferred taxes are measured by applying currently enacted tax laws.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Income taxes on the impact of foreign currency translation is not provided for as earnings from AJOL, our subsidiary in Japan, is considered to be indefinitely reinvested.

COMPREHENSIVE INCOME:

SFAS No. 130, "Reporting Comprehensive Income," establishes standards for the reporting and display of comprehensive income and its components in the consolidated financial statements. Other comprehensive income (loss), and accumulated other comprehensive income, (loss) for the Company for the years ended March 31, 2007, 2006 and 2005 was primarily from the effects of foreign currency translation adjustments.

EARNINGS PER SHARE:

The Company reports both basic loss per share, which is based on the weighted average number of common shares outstanding and diluted net loss per share, which is based on the weighted average number of common shares outstanding and dilutive potential common shares.

Stock options to purchase approximately 13,000 shares of common stock during fiscal 2007, 2006 and 2005, respectively, were outstanding but not included in the computation of diluted loss per common share because PPOL had a loss in the fiscal years ended March 31, 2007, 2006 and 2005 and therefore, the effect on dilutive loss per common share would have been anti-dilutive.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

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. We adopted FIN 48 commencing on April 1, 2007 for PPOL. There was 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 was effective for the fiscal year commencing on April 1, 2008, for PPOL. There is no impact of SFAS 157 on our Consolidated Financial Statements.

In February 2008, the FASB issued Staff Position 157-b, Effective Date of FASB Statement No. 157, which delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities until April 1, 2009, for PPOL.

ACCOUNTING CHANGES AND ERROR CORRECTIONS

In June 2006, the FASB issued SFAS No. 154, Accounting Changes and Error Corrections ("SFAS 154"), which changed 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 ("the Commission") issued Staff Accounting Bulletin 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 became effective as of the end of our fiscal year ended 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. The adoption of SAB 108 did not have a material impact on our consolidated financial statements.

BUSINESS COMBINATIONS

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations ("SFAS 141R"), which changes how business combinations are accounted for and will impact financial statements both on the acquisition date and in subsequent periods. SFAS 141R is effective April 1, 2009, for PPOL and will be applied prospectively. The impact of adopting SFAS 141R will depend on the nature and terms of future acquisitions.

NON-CONTROLLING INTERESTS IN CONSOLIDATED FINANCIAL STATEMENTS

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements ("SFAS 160"), which changes the accounting and reporting standards for the noncontrolling interests in a subsidiary in consolidated financial statements. SFAS 160 recharacterizes minority interests as noncontrolling interests and requires noncontrolling interests to be classified as a component of shareholders' equity. SFAS 160 is effective April 1, 2009 for PPOL and requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. We do not believe the adoption of SFAS 160 will have a material impact on our consolidated financial statements.

(2) GOING CONCERN

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has had recurring losses during the last three years, negative cash flows from operations of $1,470,920 and $14,700,864 for the years ended March 31, 2007 and 2006, respectively, and, as of March 31, 2007, had a working capital deficit of $5,852,282 and an accumulated deficit of $17,958,320. The majority of income before income taxes in recent years is attributed to the release of deferred revenue and related costs that are being recognized as income and expense for financial accounting purposes. Deferred revenues and related costs are attributable to (1) shipments of our MOJICO machines in prior periods and (2) on-line service fee subscriptions and renewals. Shipments of our MOJICO machines have been negligible during the years ended March 31, 2007 and 2006.

During the year ended March 31, 2006, the Company changed from a network marketing plan (Network) method to a direct marketing plan (Direct) method. Under the Network method and through the influence and guidance of Yoshihiro Aota, a member of our Board of Directors, the Company generated significant sales of its MOJICO machines. These sales generated significant cash and deferred revenues and costs for the Company. After changing to a direct sales method, however, the Company's sales of its MOJICO have effectively ceased. Further, Mr. Aota has become the chief executive officer of U-World Co., Ltd., a wholly owned subsidiary of K.K. Seagull, a direct competitor of the Company which utilizes a network marketing plan similar to the Company's previous marketing plan. U-World is a related party through Mr. Aota who is a member of the Board of Directors of both entities.

Management has been able to adjust the Company's organizational structure to substantially reduce selling, general and administrative costs and the liquidation of deferred costs and deferred revenues will not consume or provide any cash.

Further, as discussed in detail in Note 12,on February 16, 2007, the Board unanimously approved the divestiture and Spin-Off of its wholly owned operating subsidiary, AJOL, to the Company's shareholders. 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. As of the filing date of these consolidated financial statements, the Spin-Off was not completed. Accordingly, the financial statements do not treat AJOL as a discontinued operation.

57

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties should the Company be unable to continue as a going concern.

(3) DISPOSAL OF BUSINESS SEGMENT:

Operating segments are defined as components of an enterprise about which separate financial information is available that is regularly evaluated by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Company evaluates performance based on several factors, of which the primary financial measure is income before income taxes.

Gatefor, Inc. ("Gatefor") was incorporated in Japan on June 16, 2004. PPOL was the sole shareholder of 30,000 shares of Gatefor common stock or 100% of the issued and outstanding stock of Gatefor. Gatefor was created to implement a strategy of the Company and was to act as the distributor of US and European sourced technologies into Japan. With Gatefor, the Company had two operating segments: 1) network communications through sales of SF-70 and U-Phone and related services by AJOL and 2) technology sales by Gatefor. These segments were determined based on the nature of products and services and their respective channels of distribution. On March 31, 2005, the Company sold its entire interest in Gatefor to Forval Corporation, PPOL's majority shareholder up to such date. Thus, at March 31, 2005, the Company again operates in one reportable business segment. See Note (8), related party transactions.

Revenues and pretax loss from Gatefor approximated $270,000 and $1,980,000, respectively, during the fiscal year ended March 31, 2005. There is no income tax benefit from the pretax loss of Gatefor as it is not likely PPOL can utilize such losses to offset future income. See Note (7) for further information.

(4) CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Company to concentration of credit risk consist of trade receivables and cash and cash equivalents. The Company collects a significant portion of payments from the ultimate customers through intermediaries. One intermediary comprised 87.1% and 83.7% of accounts receivable at March 31, 2007 and 2006, respectively. The Company maintains cash deposits with major Japanese and U.S. banks. The Company periodically assesses the financial conditions of the institutions and believes that the risk of any loss is minimal.

(5) PROPERTY AND EQUIPMENT AND SOFTWARE:

Property and equipment and software consisted of the following:

	YEAR ENDED MARCH 31:	
	2007	2006
Leasehold improvements	$ 135,944	$ 101,709
Office equipment	1,374,333	1,952,094
Less: accumulated depreciation	(1,265,283)	(1,605,889)
Property & Equipment, net	$ 244,994	$ 447,914
Software	$ 6,081,563	$ 9,252,781
Less: accumulated amortization	(2,447,097)	(3,081,735)
Software, net	$ 3,634,466	$ 6,171,046

Depreciation and amortization of property and equipment and software totaled $2,588,159, $3,421,770, and $4,377,326 for the years ended March 31, 2007, 2006 and 2005, respectively.

(6) FINANCING ARRANGEMENTS:

On March 31, 2007, the Company had a $4,239,947 line of credit with a bank. This line of credit was never used and had expired on August 31, 2007 and was not renewed, thereafter. On March 31, 2005, the Company borrowed $1,115,760 and an additional $275,115 from a shareholder at 2.375% interest. The loan was repaid in full on June 2, 2005.

Additional financing arrangements are discussed under Note 8 under Common Stock Offering.

(7) INCOME TAXES:

PPOL files stand-alone tax returns in the US as it is not permitted to file consolidated tax returns with its Japanese subsidiary, AJOL. In Japan, AJOL files its own separate tax returns. Income taxes imposed by the national, prefecture and municipal governments of Japan resulted in a normal statutory tax rate of approximately 40.69%. The deferred tax assets expected to be reversed in or after the year ending March 31, 2005 are calculated at the new effective tax rate of 40.7%. PPOL, on a stand-alone basis, does not conduct revenue generating activities. Its primary source of income has been and will continue to be dividends from AJOL for the foreseeable future. Thus, PPOL on a stand-alone basis is not expected to have any taxable income unless it receives dividends from its operating subsidiaries. At March 31, 2006, PPOL has net operating loss carry forwards of approximately $1.2 million and $2.5 million for federal and California reporting purposes, respectively, expiring through March 31, 2025. PPOL has provided a 100% valuation allowance on such loss carryforwards as it is not likely that it can utilize such losses to offset income in the future.

	INCOME BEFORE INCOME TAXES	INCOME TAXES	
		CURRENT	DEFERRED
2007			
Japan	$ 7,424,490	$ 3,236	$ 10,496,9
US	(561,962)	205,349	
	$ 6,862,528	$ 208,585	$ 10,496,9
2006			
Japan	$ 2,406,023	$ 3,762	$ 3,177,0
US	(1,610,994)	800	
	$ 795,029	$ 4,562	$ 3,177,0
2005			
Japan	$ 4,452,928	$ 1,581,475	$ 1,145,6
US	(2,446,321)	37,441	
	$ 2,006,607	$ 1,618,916	$ 1,145,6

A reconciliation between the statutory tax rate and the effective income tax rate is as follows:

	YEAR ENDED MARCH 31, 2007	YEAR ENDED MARCH 31, 2006
Normal statutory tax rate.............	40.7%	40.7%
Valuation reserve of deferred tax assets	108.4	--
Entertainment and other non-deductible expenses.........................	0.2	17.4
Effect of non-deductibility of US losses	8.1	82.5
Effect on non-deductibility of acquired entity's losses...........	--	122.1
Foreign currency translation..........	(.5)	137.0
Other.................................	(1.0)	.5
Effective tax rate....................	155.9%	400.2%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets are as follows:

	MARCH 31, 2007	MAR
Deferred tax assets (liabilities):		
Deferred revenues.......................	$ 14,026,940	$
Deferred costs..........................	(9,905,227)	
Excess of accrued bonus.................	12,072	
Resort membership admission fees........	--	
Accrued compensated absences............	8,023	
Excess depreciation and amortization....	22,088	
Inventory write-down....................	1,175,216	
Net operating losses	1,809,256	
Others..................................	309,475	
Net deferred tax assets - Japan.........	7,457,843	
Net operating losses....................	1,533,022	
Net deferred tax assets - US...........	1,533,022	
Net deferred tax assets - combined......	8,990,865	
Valuation allowance.....................	(8,990,865)	
Total deferred tax assets...........	$ --	$

Management believes that it is more likely than not that the deferred tax assets attributable to operations in Japan will not be realized through future earnings, tax planning or future reversals of existing temporary differences with the exception of certain nominal items. Accordingly, a valuation allowance is recorded for all Japanese deferred tax assets as it is considered more likely to not be realized as of March 31, 2007. At March 31, 2006, all items were considered to be more likely than not to be realizeable, and no valuation allowance was recorded.

The increase in deferred tax assets from fiscal 2006 to 2007 in the United States is entirely from net operating losses of PPOL on a stand-alone basis in fiscal 2007. PPOL does not have any revenue sources other than through its subsidiary in Japan. As it is our intention to reinvest earnings for future growth, management is uncertain of the realization of the tax benefit associated with deferred tax assets attributable to net operating losses in the United States. Accordingly, there is a 100% valuation allowance for losses incurred in the United States at March 31, 2007 and 2006. The valuation allowance increased by $7,685,037 and $655,513 between March 31, 2007 to 2006, and March 31, 2006 and 2005, respectively. At March 31, 2007, PPOL's net operating loss carry forward was approximately $3,700,000 in the U.S. expiring through 2027 and $7,000,000 in Japan, expiring through 2012.

(8) RELATED PARTY TRANSACTIONS:

GREEN CAPITAL

On May 30, 2005, the Company completed the acquisition of K.K. U Service, a Japanese corporation ("USC") based in Tokyo, Japan pursuant to a Purchase Agreement dated May 30, 2005, by and between the Company, USC and K.K. Green Capital, a Japan corporation (the Seller or Green Capital). The Company purchased all of the issued and outstanding shares of USC for $3,522,000. Seller is the majority investor in Foster Strategic Investment Partnership (FSIP), a Singapore partnership, which owns approximately 10,547,594 shares of the Company's common stock, representing approximately 51.34% of the Company's issued and outstanding stock. The following summarizes the assets acquired and liabilities assumed in connection with this acquisition:

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

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 have accounted for the acquisition of USC in a manner that is similar to the pooling method to comply with paragraph 11 of Financial Accounting Standards Board's Statement of Financial Accounting Standards Statement No. 141 Business Combinations. For accounting purposes, the excess of purchase price over the net assets of USC, $1,967,092, was treated as a return of capital to Green Capital.

ADVANCED COMMUNICATIONS

During Fiscal 2007 and 2006, PPOL entered into the following transactions with Advanced Communications K.K.("AC"), a Japanese corporation that is 79.55% owned by Green Capital:

	2007	2006
Inventory purchases	$ 124,387	$12,123,000
Information technology services	6,807,496	13,925,000
Other transactions, net	(141,098)	--
	$ 6,790,785	$26,048,000

Information technology services in Fiscal 2006, includes $2,120,000 in research and development activities for the enhancement of our U-Phones' functional features.

At March 31, 2007 and 2006, PPOL's net accounts payable to AC was $511,584 and none, respectively.

SEAGULL

During Fiscal 2007, 2006 and 2005, PPOL entered into the following transactions with K.K. Seagull (Seagull), a Japanese corporation and shareholder of 926,956 shares the Company's common stock:

	2007	2006	2005
Sales promotion activities	$ 20,296	$5,197,000	$7,434,765
Events planning and production	--	1,451,000	1,831,345
Other	--	212,000	732,149
	$ 20,296	$6,860,000	$9,988,259

At March 31, 2007, 2006 and 2005, PPOL had payables to Seagull of $0, $0, and $803,838, respectively.

FORVAL

Effective March 31, 2005 (the "Effective Date"), the Company entered into a Purchase Agreement (the "Purchase Agreement"), as discussed below, with Forval, which at the time of the Effective Date owned approximately 10,547,594 shares of common stock of the Company, representing approximately 58.62% of the Company's issued and outstanding common stock. Forval's Chief Executive Officer ("CEO"), Hideo Ohkubo, also served as the CEO and Chairman of the Board of the Company at the time of the Effective Date of the Purchase Agreement.

The Company was the 100% owner of the common stock of Gatefor (the "Gatefor Shares"), a Japan joint stock company.. The Company was also the owner of 1,500 shares (the "OI Shares") of common stock of Object

Innovation, Inc., a Florida corporation ("OI") representing a 15% interest in OI.

The Company and OI were parties to a certain Exclusive Distribution Agreement, dated May 26, 2004 (the "Exclusive Distribution Agreement"), which agreement the Company assigned (the "Assignment") to Gatefor pursuant to that certain Exclusive Distribution Right License Agreement (the "Distribution Right License Agreement"), dated October 1, 2004, between the Company and Gatefor. In connection with the Assignment, OI and Gatefor entered into a revised letter of understanding, dated August 11, 2004 (the "Revised Letter of Understanding"), providing for, among other things, OI's right to purchase 5% of the equity of Gatefor and certain payments to be made by Gatefor to OI.

In furtherance of the Purchase Agreement, the Company sold to Forval the Gatefor Shares and the OI Shares, and assigned to Forval the Company's receivable from Gatefor (the "Gatefor Receivable") in the principal amount of $1,643,000, plus accrued interest. The Purchase Agreement valued the Gatefor and OI Shares at approximately $1,395,000, and $279,000, respectively.

In connection with Forval's acquisition of the Gatefor Shares, OI Shares and Gatefor Receivable, Forval cancelled the Company's debt to Forval in the principal amount of approximately $3,161,000 plus accrued interest, and further paid the Company approximately $143,000. As further consideration in the transaction, the Company assigned to Forval all of the Company's right, title and interest in and to, and Forval assumed all obligations under, the Exclusive Distribution Agreement and the Distribution Right License Agreement, except that the payment of approximately $930,000 previously made by Gatefor to the Company pursuant to the Distribution Right License Agreement was deemed non-refundable.

For accounting purposes, the transaction described in the preceding paragraph, the difference, $2,912,564, between the sum of amount of Forval's cancellation of the Company's debt plus accrued interest, approximately $143,000 cash consideration, combined with approximately $930,000 deemed non-refundable and PPOL's net book value in Gatefor immediately preceding the transaction was accounted for as a capital contribution from the then majority shareholder, Forval.

A Special Committee (the "Committee") of independent directors of the Company's Board of Directors was formed to review the terms and conditions of the Purchase Agreement. The Committee approved the Company's execution, delivery and performance of the Purchase Agreement. Following the consummation of the Purchase Agreement, the independent directors and non-independent directors, prior to the consummation of this transaction, resigned from the Board of Directors.

PPOL entered into separate agreements with Forval and Leo Global Fund, which collectively held approximately 94% the Company's common stock, in which PPOL was to provide certain consulting services during fiscal 2003. As provided for in the agreements, PPOL received a prepayment of $483,858 from Forval and Leo Global Fund in fiscal 2003. Since the Company did not complete the consulting services called for in the agreements prior to March 31, 2003, the payments received were included in "deferred revenue," as a liability, at March 31, 2003. The consulting services were completed in fiscal 2004 at which time the consulting revenues were recognized. There is no assurance that PPOL will receive such projects from Forval and Leo Global Fund in the future.

UMBA

The Company has received $0, $9,779,145, and $11,166,622 during the years ended March 31, 2007, 2006 and 2005, respectively, in service fee income from UMBA for providing certain administrative services in connection with their insurance operations.

At March 31, 2007, 2006 and 2005, PPOL had no receivables or payables to UMBA.

U-World

PPOL made product sales of $367,351 and $0 and had earned service revenues of $1,153,759 and $299,662 from U-World and were billed $1,105,935 and $1,509,921 for services provided by them during the fiscal years ended March 31, 2007 and 2006, respectively. There were no transactions between PPOL and U-World during the fiscal year ended March 31, 2005. At March 31, 2007, our net accounts payable to U-World was $21,717. At March 31, 2006,our net receivables from U-World was $70,088.

COMMON STOCK OFFERING:

On May 30, 2005, the Company sold to four purchasers a total of 2,549,129 shares of its common stock, $0.001 par value per share ("Common Stock") for an aggregate consideration of JPY1,100,000,000 (US $10,196,516) at $4 per share. The Company entered into separate Stock Purchase Agreements ("Stock Purchase Agreements"), each dated as of May 30, 2005, with (i) K.K. Contents Provider Tokyo, a Japan corporation, which paid JPY400,0000,000 (US$3,707,824); (ii) K.K. Seagull, a Japan corporation, which paid JPY400,000,000 (US$3,707,824); (iii) K.K. H.I. Consultants, a Japan corporation, which paid JPY200,000,000 (US$1,853,912); and (iv) K.K. System Partners, a Japan corporation, which paid JPY100,000,000 (US$926,956) (collectively, the "Investors"). The Company issued the Common Stock in a private placement without registration under the Securities Act of 1933, as amended (the "Act"), in reliance on one or more exemptions from the registration requirements under the Act, including Regulation D.

Pursuant to the Stock Purchase Agreements, the Company entered into a Registration Rights Agreement ("Registration Rights Agreement"), dated May 30, 2005, with each of the four Investors, which granted "piggy-back" registration rights to the Investors. Pursuant to the Registration Rights Agreement, if the Company at any time files a registration statement (other than a Form S-4 or Form S-8 registration statement) with the Commission under the Act, Registrant agrees to use its best efforts to include in such registration statement such shares of the Investors' Common Stock as the Investors may request, subject to the terms and conditions of the Registration Rights Agreement.

The Company used the proceeds from the above noted sale of equity securities to purchase 100% of the issued and outstanding common stock of K.K. U Service, a Japanese corporation.

The CEO of PPOL, at the time of the offering, ia also the Representative Director of K.K. H.I. Consultants.

OTHER

Prior to his employment as CFO with PPOL, Inc., which began on March 31, 2005, Richard Izumi served the Company as a consultant through his consulting company, ECO2 Pacific Partners, LLC. We paid ECO2 Pacific Partners, LLC $225,000 in the year ending March 31, 2005.

Tax services were performed by an accounting firm whose principal officer is the spouse of our Chief Financial Officer. The Company paid $9,850, $8,000 and $12,000 to Izumi & Co. for tax planning and compliance related matters in the fiscal years ended March 31, 2007, 2006, and 2005, respectively.

(9) 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 20,000 shares of the Company's post reverse stock split (see Note 11) common stock to employees, directors and consultants.

A total of 12,200 post reverse stock split, options were granted to employees on March 25, 2004 which vested 100% on March 25, 2006 (options cliff vest two years after the grant date) and expire on March 25, 2014 (ten years after the grant date). 800 post reverse stock split options were granted to two outside directors of PPOL in fiscal 2005. Such options became fully vested during fiscal 2006. A summary of the Company's stock option plan activity is presented below for the fiscal year ended March 31, 2005:. There have been no stock option plan activities in the years ended March 31, 2007 and 2006.

	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at March 31, 2004................	12,200	$ 400
Granted..................................	800	400
Exercised................................	--	--
Forfeited................................	--	--
Expired..................................	--	--
Outstanding at March 31, 2005................	13,000	$ 400

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2007:

	OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
YEAR OPTIONS GRANTED	RANGE OF EXERCISE PRICES	OPTIONS	AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE

2004..........	$ 400	12,200	7.00	$ 400	12,200	$ 400
2005..........	400	800	7.25	400	800	400
2006..........	--	--	--	--	--	--
2007..........	--	--	--	--	--	--
Total		13,000	7.02	$ 400	13,000	$ 400

As of March 31, 2007, 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.

(10) CORRECTION OF AN ERROR IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the fourth quarter of 2006, PPOL has determined it has made an error in prior periods in its application of accounting principles. The error involved the reporting of revenues gross as a principal when we should have reported them net as an agent as our involvement in such transactions was not as their primary obligor and we did not any economic risk of carrying inventory or credit risk. The impact of the accounting error was to overstate both sales and cost of sales by $2,223,959 for the year ended March 31, 2005. Prior year information has been restated to conform to current year presentation.

For financial reporting purposes, this error has been accounted for as a prior period adjustment in accordance with APB Opinion 20, Accounting Changes. There was no effect of this correction on income before income taxes and discontinued operations, net (loss) income and net (loss) earnings per common share during the year ended March 31, 2005.

(11) REVERSE STOCK SPLIT:

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.

(12) SPIN-OFF OF AJOL

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 reporting obligations to the Commission which it would 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.

At March 31, 2007, and through the filing of this Form 10-K, the Spin-Off was not completed. The financial information included herein does not treat AJOL as a discontinued operation as of March 31, 2007 as AJOL will be treated as the spinnor and surviving entity for accounting purposes even though PPOL will be the spinnor and surviving entity for legal purposes. Additionally the current shareholders of PPOL will continue to 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.

Condensed stand alone balance sheet for PPOL as of March 31, 2007 and 2006 follows:

	2007	2006
Current assets	$ 152,720	$ 857,022
Investment in AJOL	253,392	253,392
Other assets	4,409	8,245
Total assets	$ 410,521	$ 1,118,659
Current liabilities	$ 52,110	$ 161,715
Notes payable to AJOL	168,777	--
Total liabilities	220,887	161,715
Capital stock and additional-paid-in-capital	14,522,341	14,522,341
Accumulated other comprehensive income	2,344,055	2,344,055
Accumulated deficit	(16,676,762)	(15,909,452)
Total shareholders' equity	189,634	956,944
Total liabilities and shareholders' equity	$ 410,521	$ 1,118,659

Condensed stand alone statement of operations for PPOL for the years ended March 31, 2007, 2006 and 2005 follows:

	2007	2006	2005
Service fee income from AJOL	$ 309,171	$ --	$ --
Dividend income from AJOL	--	--	1,185,253
General and administrative expenses	(892,521)	(1,519,760)	(2,379,002)
Other income (expense), net	20,567	(91,234)	(67,319)
Income tax expense	(205,349)	(800)	(37,441)
Net loss	$ (768,132)	$(1,611,794)	$(1,298,509)

(13) CERTIFICATELESS/ELECTRONIC BOOK ENTRY OWNERSHIP

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.

(14) COMMITMENTS AND CONTINGENCIES:

COMMITMENTS

PPOL leases certain operating facilities and equipment under noncancelable operating leases expiring at various dates through 2009. Rent expense for fiscal years ended March 31, 2007, 2006, and 2005 were approximately $337,612, $1,081,212, and $997,150, respectively. Additionally, the Company has various professional consulting service contracts in effect which collectively require payments in the future.

At March 31, 2007 minimum non-cancelable payments to be made in the future are as follows:

YEAR ENDING MARCH 31,	OPERATING LEASES	CONSULTING SERVICES
2008	$ 239,160	$ 75,327
Thereafter	9,900	--

CONTINGENCIES

On October 17, 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, management believes the ultimate resolution of this litigation will not have a material impact on the financial position, results of operations or cash flows of the Company.

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.

QUARTERLY INFORMATION
(Unaudited)

Quarter Ended	June 30	September 30	December 31	March 31
Fiscal year ended March 31, 2007				
Revenue	$ 20,520,541	$ 17,961,325	$ 16,304,648	$ 13,806,39
Gross profit	$ 12,738,369	$ 12,366,453	$ 11,536,134	$ 9,553,91
Net income (loss)	$ (9,891,385)	$ 2,291,900	$ 2,060,084	$ 1,696,39
Basic earnings per share	$ (48.15)	$ 11.16	$ 10.03	$ 8.2
Diluted earnings per share	$ (48.15)	$ 11.16	$ 10.03	$ 8.2
Fiscal year ended March 31, 2006				
Revenue	$ 31,844,425	$ 27,195,437	$ 25,069,610	$ 22,514,59
Gross profit	$ 23,013,837	$ 19,260,034	$ 17,728,385	$ 16,206,82
Net income (loss)	$ (3,042,260)	$ (1,175,874)	$ 135,638	$ 1,695,95
Basic earnings (loss) per share	$ (16.12)	$ (5.72)	$ 0.66	$ 9.3
Diluted earnings per share	$ (16.12)	$ (5.72)	$ 0.66	$ 9.3

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED MARCH 31, 2007, 2006 AND 2005

DESCRIPTION	BEGINNING BALANCE ACCRUAL	ADDITIONS CHARGED TO INCOME	NON-CASH (REDUCTIONS) OR ADDITIONS	REVE
Provision for doubtful receivable				
2007............		--	--	
2006............	(0)	--	--	
2005............	(0)	--	--	
Provision for inventory obsolescence				
2007............	$1,409,906	$1,707,494	$ 29,961	$ (2
2006............	$ 50,316	--	$1,400,170	$ (
2005............	$ 130,757	--	$ (4,000)	$ (

68