

FINANCIAL RESULTS

【Second Quarter Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2009 -

1. Consolidated Balance Sheets

(in million yen,%)

	Current 2nd-qtr End (As of September 30, 2008)		Prior Year End (As of March 31, 2008)	
	Amount	%	Amount	%
(ASSETS)				
I Current assets				
1 Cash and cash equivalents	44,972		40,119	
2 Accounts receivable	10,672		14,412	
3 Short-term investments	7,492		7,500	
4 Merchandise	690		232	
5 Other current assets	7,831		8,456	
Allowance for bad debt	(52)		(1)	
Total current assets	71,605	58.1	70,717	58.2
II Fixed assets				
1 Tangible fixed assets				
(1) Machinery and equipment	14,018		10,811	
(2) Others	5,603		1,638	
Total tangible fixed assets	19,621	15.9	12,449	10.2
2 Intangible assets				
(1) Goodwill	2,899		257	
(2) Others	4,190		2,082	
Total intangible assets	7,089	5.8	2,340	1.9
3 Investments and other assets				
(1) Affiliated company stock	18,846		27,441	
(2) Others	6,038		8,644	
Total investments and other assets	24,884	20.2	36,085	29.7
Total fixed assets	51,593	41.9	50,874	41.8
TOTAL ASSETS	123,198	100.0	121,590	100.0

Consolidated Balance Sheets (Continued)

(in million yen,%)

	Current 2nd-qtr End (As of September 30, 2008)		Prior Year End (As of March 31, 2008)	
	Amount	%	Amount	%
(LIABILITIES)				
I Current liabilities				
1 Trade accounts payable	3,965		6,554	
2 Current portion of Long-term debt	-		1,300	
3 Other accounts payable	1,816		1,436	
4 Accrued expenses	4,641		4,933	
5 Income taxes payable	1,974		4,137	
6 Bonus accrual	148		19	
7 Other current liabilities	1,886		780	
Total current liabilities	14,431	11.7	19,158	15.8
II Long-term liabilities				
1 Bonds	83,000		83,000	
2 Provision for retirement benefits	63		-	
3 Others	2,110		-	
Total long-term liabilities	85,173	69.1	83,000	68.3
TOTAL LIABILITIES	99,603	80.8	102,158	84.0
(NET ASSETS)				
I Owners' equity				
1 Common stock	17,109		17,101	
2 Capital surplus	5,759		5,751	
3 Retained earnings	(9,619)		684	
4 Treasury stock	-		(3,000)	
Total owners' equity	13,249	10.8	20,536	16.9
II Valuation and translation adjustments				
1 Valuation difference on investment securities	(33)		(987)	
2 Deferred hedge gain and loss	(635)		(721)	
Total valuation and translation adjustments	(668)	(0.5)	(1,708)	(1.4)
III Stock purchase warrants				
	-	-	2	0.0
IV Minority interests				
	11,014	8.9	603	0.5
TOTAL NET ASSETS	23,595	19.2	19,433	16.0
TOTAL LIABILITIES AND NET ASSETS	123,198	100.0	121,590	100.0

2. Consolidated Statements of Operations

(in million yen,%)

	Prior 2nd-qtr (Six months ended September 30, 2007)		Current 2nd-qtr (Six months ended September 30, 2008)	
	Amount	%	Amount	%
I Revenue	30,140	100.0	45,542	100.0
II Cost of revenue	19,334	64.1	31,082	68.2
Gross profit	10,806	35.9	14,460	31.8
III Selling, general and administrative expenses	9,399	31.2	7,278	16.0
Operating profit	1,407	4.7	7,183	15.8
IV Other income				
1 Interest income	124		70	
2 Dividend income	36		65	
3 Others	34		20	
IV Other expenses				
1 Interest expense	1,071		888	
2 Equity in net losses of affiliates	4,250		9,236	
3 Others	289		42	
Recurring loss	(4,008)	(13.3)	(2,828)	(6.2)
VI Non-recurring profit				
1 Gains on retirement of stock purchase warrants	-		2	
2 Gains on sale of subsidiary company stocks	4,641		-	
VII Non-recurring loss				
1 Loss on disposition of fixed assets	15		11	
2 Business alliance expense	-		293	
3 Others	-		42	
Income/(Loss) before income taxes and minority interests	618	2.0	(3,171)	(7.0)
Income tax expense-current	3,211	10.7	2,182	4.8
Income tax expense-deferred	41	0.1	197	0.4
Minority interest	2,568	8.5	(123)	(0.3)
Net loss	(67)	(0.2)	(5,674)	(12.5)

3. Consolidated Statements of Cash Flows

(in million yen)

	Prior 2nd-qr (Six months ended September 30, 2007)	Current 2nd-qr (Six months ended September 30, 2008)
	Amount	Amount
I Cash flows from operating activities		
1 Income /(Loss) before income taxes and minority interests	618	(3,171)
2 Depreciation	4,065	2,797
3 Amortization of intangible assets	729	453
4 Amortization of goodwill	5	196
5 Loss on disposition of fixed assets	15	11
6 Other loss (gain)	(1)	7
7 Bad debt expense	0	3
8 Interest and dividend income	(160)	(135)
9 Interest expense	1,071	888
10 Equity in net losses of affiliates	4,250	9,236
11 Adjustments on unrealized gain on affiliates	-	(239)
12 Gains on sale of stocks in EMOBILE	(4,641)	-
13 Trade accounts receivable	(1,582)	8,051
14 Inventory	(1,824)	(266)
15 Advance payments	-	1,176
16 Other current assets	(853)	352
17 Trade accounts payable	(1,119)	(5,639)
18 Other accounts payable	(885)	53
19 Accrued expenses	(2,012)	(779)
20 Provision for retirement benefits	(50)	(110)
21 Other current liabilities	(47)	(232)
Subtotal	(2,422)	12,650
22 Interest and dividend received	88	75
23 Interest paid	(1,074)	(649)
24 Payments of income taxes	(2,300)	(4,325)
Net cash (used in) provided by operating activities	(5,708)	7,751
II Cash flows from investing activities		
1 Payments for purchase of investment securities	(191)	(25)
2 Proceeds from sales of investment in stocks in EMOBILE results in charge in scope of consolidation	(71,154)	-
3 Proceeds from purchase of investment in stocks in ACCA Networks results in charge in scope of consolidation	-	3,186
4 Purchase of affiliated company stock	(6,500)	-
5 Purchase of tangible fixed assets	(13,714)	(2,242)
6 Purchase of intangible assets	(4,759)	(482)
7 Others	6	(13)
Net cash (used in) provided by investing activities	(96,312)	423
III Cash flows from financing activities		
1 Repayments of capital lease obligations	(814)	(318)
2 Repayments of installment obligations	(137)	(24)
3 Repayments of long-term debt	(1,650)	(1,300)
4 Payments for purchase of treasury stock by consolidated subsidiaries	-	(6)
5 Proceeds from stock issuance, net	63	15
6 Proceeds of capital increase from minority shareholders	551	-
7 Payments to the specified fund trust for purchase of treasury stock by consolidated subsidiaries	-	(280)
8 Payments for change in condition for commitment line	(605)	-
9 Dividends paid	(1,475)	(1,628)
10 Dividends paid to minority shareholders	-	(288)
Net cash used in financing activities	(4,067)	(3,828)
IV Net change in cash and cash equivalents	(106,088)	4,347
V Cash and cash equivalents at beginning of period	160,926	47,619
VI Cash and cash equivalents at end of period	54,838	51,966