

FINANCIAL RESULTS

【 Consolidated Financial Statements 】

- Fiscal Year Ended March 31, 2009 -

1. Consolidated Balance Sheets

(in million yen,%)

	Prior year End (As of March 31, 2008)		Current Year End (As of March 31, 2009)		Change
	Amount	%	Amount	%	Increase/ (Decrease)
(ASSETS)					
Current assets					
1 Cash and cash equivalents	40,119		68,541		28,422
2 Accounts receivable	14,412		10,293		(4,118)
3 Short-term investments	7,500		-		(7,500)
4 Inventories	236		-		(236)
5 Merchandise	-		483		483
6 Advance payments	5,756		3,731		(2,025)
7 Deferred income taxes	1,097		2,405		1,308
8 Other current assets	1,599		1,249		(350)
Allowance for bad debt	(1)		(36)		(35)
Total current assets	70,717	58.2	86,666	67.2	15,949
Fixed assets					
1 Tangible fixed assets					
(1) Machinery and equipment	35,070		49,681		14,611
Accumulated depreciation	(24,260)	10,811	(36,283)	13,398	2,587
(2) Terminal equipment	-		8,262		8,262
Accumulated depreciation	-		(4,621)	3,640	3,640
(3) Land	307		307		-
(4) Construction in progress	200		1,013		814
(5) Other tangible fixed assets	4,008		2,215		(1,793)
Accumulated depreciation	(2,877)	1,132	(1,261)	954	(177)
Total tangible fixed assets	12,449	10.2	19,313	15.0	6,864
2 Intangible assets					
(1) Goodwill	257		-		(257)
(2) Software	2,034		3,385		1,351
(3) Construction in progress	47		31		(16)
(4) Other intangible assets	1		3		2
Total intangible assets	2,340	1.9	3,418	2.6	1,079
3 Investments and other assets					
(1) Investment securities	6,575		4,170		(2,405)
(2) Affiliated company stock	27,441		11,425		(16,016)
(3) Deferred income taxes	1,363		2,932		1,569
(4) Long-term prepaid expenses	7		-		(7)
(5) Others	699		1,127		428
Total intangible assets	36,085	29.7	19,655	15.2	(16,430)
Total fixed assets	50,874	41.8	42,386	32.8	(8,488)
TOTAL ASSETS	121,590	100.0	129,052	100.0	7,461

Consolidated Balance Sheets (Continued)

(in million yen,%)

	Prior year End (As of March 31, 2008)		Current Year End (As of March 31, 2009)		Change
	Amount	%	Amount	%	Increase/ (Decrease)
(LIABILITIES)					
Current liabilities					
1 Trade accounts payable	6,554		4,064		(2,489)
2 Short-term debt	-		8,800		8,800
3 Current portion of Long-term debt	1,300		1,000		(300)
4 Current maturities of bonds	-		44,800		44,800
5 Current portion of capital lease obligations	-		1,543		1,543
6 Current portion of installment obligations	-		1,528		1,528
7 Other accounts payable	1,436		1,529		93
8 Accrued expenses	4,933		4,766		(167)
9 Income taxes payable	4,137		1,446		(2,690)
10 Bonus accrual for employee	-		141		141
11 Bonus accrual for directors	19		-		(19)
12 Other current liabilities	780		350		(430)
Total current liabilities	19,158	15.8	69,968	54.2	50,810
Long-term liabilities					
1 Bonds	83,000		33,000		(50,000)
2 Long-term debt	-		9,000		9,000
3 Capital lease obligations, less current portion	-		1,192		1,192
4 Installment obligations, less current portion	-		3,026		3,026
5 Provision for retirement benefits	-		73		73
6 Other long-term liabilities	-		91		91
Total long-term liabilities	83,000	68.3	46,382	35.9	(36,618)
TOTAL LIABILITIES	102,158	84.0	116,349	90.2	14,192

Consolidated Balance Sheets (Continued)

(in million yen,%)

	Prior year End (As of March 31, 2008)		Current Year End (As of March 31, 2009)		Change
	Amount	%	Amount	%	Increase/ (Decrease)
(NET ASSETS)					
Owners' equity					
1 Common stock	17,101		18,368		1,267
2 Capital surplus	5,751		7,019		1,267
3 Retained earnings	684		(15,427)		(16,110)
4 Treasury stock	(3,000)		-		3,000
Total owners' equity	20,536	16.9	9,960	7.7	(10,576)
Valuation and translation adjustments					
1 Valuation difference on investment securities	(987)		(7)		980
2 Deferred hedge gain and loss	(721)		(356)		365
Total valuation and translation adjustments	(1,708)	(1.4)	(363)	(0.3)	1,345
Stock purchase warrants	2	0.0	-	-	(2)
Minority interests	603	0.5	3,105	2.4	2,503
TOTAL NET ASSETS	19,433	16.0	12,702	9.8	(6,731)
TOTAL LIABILITIES AND NET ASSETS	121,590	100.0	129,052	100.0	7,461

2. Consolidated Statements of Operations

(in million yen,%)

	For the year ended (March 31, 2008)		For the year ended (March 31, 2009)		Change Increase/ (Decrease)	
	Amount	%	Amount	%		
Revenue		67,564	100.0	94,467	100.0	26,903
Cost of revenue		41,853	61.9	61,861	65.5	20,008
Gross profit		25,711	38.1	32,606	34.5	6,895
Selling, general and administrative expenses						
1 Advertising	119			71		
2 Sales promotion	5,909			5,082		
3 Salaries and benefits	1,950			2,135		
4 Rent	616			772		
5 Outsourcing	4,842			4,479		
6 Depreciation	1,151			903		
7 Research and development	2,303			544		
8 Others	1,730	18,620	27.6	1,907	15,894	16.8
Operating profit		7,092	10.5	16,712	17.7	9,620
Other income						
1 Interest income	197			156		
2 Dividend income	73			65		
3 Other income	55	325	0.5	59	280	0.3
Other expenses						
1 Interest expense	1,969			1,935		
2 Equity in net losses of affiliates	13,506			17,285		
3 Others	307	15,782	23.4	363	19,583	20.7
Recurring loss		(8,365)	(12.4)	(2,590)	(2.7)	5,774
Non-recurring profit						
1 Gains on sale of investments	30			-		
2 Gains on retirement of stock purchase warrants	-			2		
3 Gains on sale of subsidiary company stocks	4,641			-		
4 Gains from forfeiture of interest swap	420			-		
5 Gains on redemption of bonds	-	5,091	7.5	232	234	0.2
Non-recurring loss						
1 Loss on disposition of fixed assets	98			565		
2 Extraordinary depreciation of intangible assets	69			-		
3 Loss on write-down of investment securities	25			95		
4 Cancellation charge	-			103		
5 Business alliance expense	-			649		
6 Impairment losses	-			340		
7 Others	-	191	0.3	224	1,976	2.1
Loss before income taxes and minority interests		(3,465)	(5.1)	(4,333)	(4.6)	(868)
Income tax expense-current	6,041			4,643		
Income tax expense-deferred	(545)	5,496	8.1	743	5,387	5.7
Minority interest		2,610	3.9	(129)	(0.1)	(2,739)
Net loss		(6,351)	(9.4)	(9,849)	(10.4)	(3,497)

3. Consolidated Statements of Changes in Net Assets

For the year ended March 31, 2009

(in million yen)

	OWNERS' EQUITY				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity
Balance at March 31, 2008	17,101	5,751	684	(3,000)	20,536
Change of items during the period					
Proceeds from stock issuance, net	1,267	1,267			2,534
Cash dividends			(3,262)		(3,262)
Net loss			(9,849)		(9,849)
Retirement of treasury stock			(3,000)	3,000	-
Net changes of items other than owners' equity					
Total changes of items during the period	1,267	1,267	(16,110)	3,000	(10,576)
Balance at March 31, 2009	18,368	7,019	(15,427)	-	9,960

	Valuation and translation adjustments			Subscription rights to shares	Minority interest	Total net assets
	Valuation difference on investment securities	Loss on deferred hedge	Total			
Balance at March 31, 2008	(987)	(721)	(1,708)	2	603	19,433
Change of items during the period						
Proceeds from stock issuance, net						2,534
Cash dividends					(72)	(3,334)
Net loss						(9,849)
Retirement of treasury stock						-
Net changes of items other than owners' equity	980	365	1,345	(2)	2,575	3,918
Total changes of items during the period	980	365	1,345	(2)	2,503	(6,731)
Balance at March 31, 2009	(7)	(356)	(363)	-	3,105	12,702

4. Consolidated Statements of Cash Flows

(in million yen)

	For the year ended (March 31, 2008)	For the year ended (March 31, 2009)	Change
	Amount	Amount	Increase/ (Decrease)
Cash flows from operating activities			
1 Loss before income taxes and minority interests	(3,465)	(4,333)	(868)
2 Depreciation	8,382	7,430	(952)
3 Extraordinary depreciation	69	56	(13)
4 Impairment losses	-	340	340
5 Loss on write-down of investment securities	25	95	70
6 Gains on redemption of bonds	-	(232)	(232)
7 Loss on disposition of fixed assets	98	565	468
8 Other loss (gain)	(3)	74	77
9 Allowance for bad debt	0	(13)	(13)
10 Bonus accrual for employee	-	12	12
11 Bonus accrual for directors	(31)	(19)	12
12 Interest and dividend income	(270)	(221)	49
13 Interest expense	1,969	1,935	(35)
14 Stock issuance costs	1	159	158
15 Equity in net losses of affiliates	13,506	17,285	3,779
16 Adjustments for unrealized profit	877	(314)	(1,191)
17 Gains on sale of investments	(30)	-	30
18 Gains on sale of EMOBILE stocks	(4,641)	-	4,641
19 Gains from forfeiture of interest swap	(420)	-	420
20 Trade accounts receivable	(7,145)	8,442	15,587
21 Inventory	(1,925)	-	1,925
22 Merchandise	-	(186)	(186)
23 Advance payments	(5,756)	2,025	7,781
24 Other current assets	(862)	1,019	1,881
25 Long-term prepaid expenses	104	(144)	(248)
26 Trade accounts payable	2,352	(5,557)	(7,909)
27 Other accounts payable	(926)	319	1,244
28 Accrued expenses	(1,098)	(653)	446
29 Provision for retirement benefits	-	(100)	(100)
30 Other liabilities	155	(290)	(444)
Subtotal	964	27,695	26,730
31 Interest and dividend received	256	151	(105)
32 Interest paid	(1,727)	(1,412)	315
33 Payments of income taxes	(4,364)	(7,326)	(2,962)
Net cash provided by (used in) operating activities	(4,872)	19,107	23,979
Cash flows from investing activities			
1 Payments for purchase of investment securities	(4,792)	(25)	4,767
2 Proceeds from sale of investment securities	230	-	(230)
3 Purchase of subsidiary stock in ACCA Networks	-	(9,028)	(9,028)
4 Proceeds from sale of investments in unconsolidated subsidiaries	-	295	295
5 Purchase of affiliated company stock	(10,025)	(1,016)	9,009
6 Proceeds from capital reduction of affiliated company stock	9,935	-	(9,935)
7 Proceeds from purchase of investment in stocks in ACCA Networks results in change in scope of consolidation	-	3,186	3,186
8 Proceeds from sales of investment in EMOBILE results in charge in scope of consolidation	(71,154)	-	71,154
9 Purchase of tangible fixed assets	(16,441)	(5,272)	11,169
10 Proceeds from sale of tangible fixed assets	206	79	(128)
11 Purchase of intangible assets	(5,428)	(1,196)	4,232
12 Proceeds from sale of intangible assets	109	-	(109)
13 Others	-	43	43
Net cash used in investing activities	(97,361)	(12,934)	84,427

Consolidated Statements of Cash Flows (Continued)

(in million yen)

	For the year ended (March 31, 2008)	For the year ended (March 31, 2009)	Change
	Amount	Amount	Increase/ (Decrease)
Cash flows from financing activities			
1 Repayments of capital lease obligations	(1,325)	(1,003)	322
2 Proceeds from sale and redemption by installment payment	-	4,800	4,800
3 Repayments of installment obligations	(150)	(271)	(120)
4 Proceeds from short-term debt	-	19,300	19,300
5 Repayments of short-term debt	-	(10,500)	(10,500)
6 Proceeds from long-term debt	-	10,000	10,000
7 Repayments of long-term debt	(2,590)	(1,300)	1,290
8 Redemption of bonds	-	(4,968)	(4,968)
9 Purchase of treasury stock	(3,000)	-	3,000
10 Payments for purchase of treasury stock by consolidated subsidiaries	-	(7)	(7)
11 Proceeds from stock issuance, net	133	2,375	2,242
12 Proceeds from minority interest shareholders	551	-	(551)
13 Payments to the specified fund trust for purchase of treasury stock by consolidated subsidiaries	-	(280)	(280)
14 Proceeds of withdrawal of the specified fund trust for purchase of treasury stock by consolidated subsidiaries	-	217	217
15 Payments for change in condition for commitment line	(605)	-	605
16 Payments for forfeiture of interest swap	(964)	-	964
17 Dividends paid	(3,125)	(3,261)	(136)
18 Dividends paid to minority shareholders	-	(370)	(370)
Net cash provided by (used in) financing activities	(11,074)	14,732	25,806
Net change in cash and cash equivalents	(113,307)	20,904	134,211
Cash and cash equivalents at beginning of period	160,926	47,619	(113,307)
Increase in cash and cash equivalents resulting from merger with subsidiaries	-	18	18
Cash and cash equivalents at end of period	47,619	68,541	20,922