

FINANCIAL RESULTS

【Second Quarter Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2010 -

1. Consolidated Balance Sheets

	(in million yen)	
	Current 2nd-qtr End (As of September 30, 2009)	Prior Year End (As of March 31, 2009)
	Amount	Amount
(ASSETS)		
Current assets		
1 Cash and cash equivalents	57,720	68,541
2 Accounts receivable	9,439	10,293
3 Merchandise	350	483
4 Other current assets	6,274	7,385
Allowance for bad debt	(14)	(36)
Total current assets	73,770	86,666
Fixed assets		
1 Tangible fixed assets		
(1) Machinery and equipment	11,464	13,398
(2) Others	6,298	5,915
Total tangible fixed assets	17,762	19,313
2 Intangible assets	2,939	3,418
3 Investments and other assets		
(1) Affiliated company stock	6,478	11,425
(2) Others	11,668	8,230
Total investments and other assets	18,146	19,655
Total fixed assets	38,848	42,386
Deferred assets	129	-
TOTAL ASSETS	112,746	129,052

Consolidated Balance Sheets (Continued)

(in million yen)

	Current 2nd-qtr End (As of September 30, 2009)	Prior Year End (As of March 31, 2009)
	Amount	Amount
(LIABILITIES)		
Current liabilities		
1 Trade accounts payable	2,723	4,064
2 Short-term debt	4,000	8,800
3 Current portion of Long-term debt	1,613	1,000
4 Current maturities of bonds	46,648	44,800
5 Other accounts payable	831	1,529
6 Accrued expenses	4,777	4,766
7 Income taxes payable	2,058	1,446
8 Provision for employee bonuses	-	141
9 Other current liabilities	5,316	3,420
Total current liabilities	67,966	69,968
Long-term liabilities		
1 Bonds	16,152	33,000
2 Long-term debt	12,815	9,000
3 Provision for retirement benefits	-	73
4 Other long-term liabilities	4,539	4,309
Total long-term liabilities	33,507	46,382
TOTAL LIABILITIES	101,473	116,349
(NET ASSETS)		
Shareholders' equity		
1 Common stock	18,389	18,368
2 Capital surplus	9,079	7,019
3 Retained earnings	(16,460)	(15,427)
Total shareholders' equity	11,007	9,960
Valuation and translation adjustments		
1 Valuation difference on investment securities	7	(7)
2 Deferred hedge gain and loss	(266)	(356)
Total valuation and translation adjustments	(259)	(363)
Minority interests	525	3,105
TOTAL NET ASSETS	11,273	12,702
TOTAL LIABILITIES AND NET ASSETS	112,746	129,052

2. Consolidated Statements of Operations

(in million yen)

	Prior 2nd-qtr (Six months ended September 30, 2008)	Current 2nd-qtr (Six months ended September 30, 2009)
	Amount	Amount
Revenue	45,542	42,784
Cost of revenue	31,082	24,558
Gross profit	14,460	18,226
Selling, general and administrative expenses	7,278	7,828
Operating profit	7,183	10,397
Other income		
1 Interest income	70	36
2 Dividend income	65	2
3 Other income	20	27
Other expenses		
1 Interest expense	888	1,075
2 Equity in net losses of affiliates	9,236	5,133
3 Others	42	98
Recurring income / (loss)	(2,828)	4,156
Non-recurring profit		
1 Gains on negative goodwill	-	467
2 Gains on redemption of bonds	-	238
3 Gains on retirement of stock purchase warrants	2	-
4 Others	-	123
Non-recurring loss		
1 Loss on disposition of fixed assets	11	299
2 Loss on write-down of investment securities	-	15
3 Business alliance expense	293	-
4 Others	42	38
Income / (Loss) before income taxes and minority interests	(3,171)	4,632
Income tax expense-current	2,182	1,973
Income tax expense-deferred	197	1,838
Income before minority interests	-	821
Minority interests	(123)	(92)
Net income /(loss)	(5,674)	729

3. Consolidated Statements of Cash Flows

(in million yen)		
	Prior 2nd-qr (Six months ended September 30, 2008)	Current 2nd-qr (Six months ended September 30, 2009)
	Amount	Amount
Cash flows from operating activities		
1 Income / (Loss) before income taxes and minority interests	(3,171)	4,632
2 Depreciation	3,446	3,818
3 Gains on negative goodwill	-	(467)
4 Gains on redemption of bonds	-	(238)
5 Loss on disposition of fixed assets	11	299
6 Other loss	7	13
7 Allowance for bad debt	3	(22)
8 Interest and dividend income	(135)	(38)
9 Interest expense	888	1,075
10 Equity in net losses of affiliates	9,236	5,133
11 Adjustments for unrealized profit	(239)	(185)
12 Trade accounts receivable	8,051	854
13 Inventory	(266)	140
14 Other assets	1,527	(3,716)
15 Trade accounts payable	(5,639)	(1,342)
16 Other accounts payable	53	(372)
17 Accrued expenses	(779)	4
18 Provision for retirement benefits	(110)	(214)
19 Other liabilities	(232)	3,287
Subtotal	12,650	12,660
20 Interest and dividend received	75	48
21 Interest paid	(649)	(824)
22 Payments of income taxes	(4,325)	(1,382)
Net cash provided by operating activities	7,751	10,502
Cash flows from investing activities		
1 Payments for purchase of investment securities	(25)	-
2 Proceeds from purchase of investment in stocks in ACCA Networks results in change in scope of consolidation	3,186	-
3 Purchase of tangible fixed assets	(2,242)	(2,093)
4 Purchase of intangible assets	(482)	(251)
5 Purchase of subsidiary stock	-	(2)
6 Others	(13)	-
Net cash provided by (used in) investing activities	423	(2,347)
Cash flows from financing activities		
1 Repayments of capital lease obligations	(318)	(483)
2 Repayments of installment obligations	(24)	(753)
3 Proceeds from short-term debt	-	17,000
4 Repayments of short-term debt	-	(21,800)
5 Proceeds from long-term debt	-	4,220
6 Repayments of long-term debt	(1,300)	(333)
7 Proceeds from issuance of bonds	-	5,866
8 Redemption of bonds	-	(20,762)
9 Purchase of treasury stock	-	(154)
10 Payments for purchase of treasury stock by consolidated subsidiaries	(6)	-
11 Proceeds from stock issuance, net	15	42
12 Payments to the specified fund trust for purchase of treasury stock by consolidated subsidiaries	(280)	-
13 Dividends paid	(1,628)	(1,763)
14 Dividends paid to minority shareholders	(288)	(56)
Net cash used in financing activities	(3,828)	(18,976)
Net change in cash and cash equivalents	4,347	(10,821)
Cash and cash equivalents at beginning of period	47,619	68,541
Cash and cash equivalents at end of period	51,966	57,720