

FINANCIAL RESULTS

【Third Quarter Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2010 -

1. Consolidated Balance Sheets

	(in million yen)	
	Current 3rd-qtr End (As of December 31, 2009)	Prior Year End (As of March 31, 2009)
	Amount	Amount
(ASSETS)		
Current assets		
1 Cash and cash equivalents	68,196	68,541
2 Accounts receivable	9,771	10,293
3 Merchandise	305	483
4 Other current assets	10,181	7,385
5 Allowance for bad debt	(13)	(36)
Total current assets	88,439	86,666
Fixed assets		
1 Tangible fixed assets		
(1) Machinery and equipment	10,834	13,398
(2) Others	5,968	5,915
Total tangible fixed assets	16,801	19,313
2 Intangible assets	2,667	3,418
3 Investments and other assets		
(1) Affiliated company stock	6,183	11,425
(2) Others	14,986	8,230
Total investments and other assets	21,169	19,655
Total fixed assets	40,637	42,386
Deferred assets	425	-
TOTAL ASSETS	129,502	129,052

Consolidated Balance Sheets (Continued)

(in million yen)

	Current 3rd-qtr End (As of December 31, 2009)	Prior Year End (As of March 31, 2009)
	Amount	Amount
(LIABILITIES)		
Current liabilities		
1 Trade accounts payable	4,871	4,064
2 Short-term debt	-	8,800
3 Current portion of Long-term debt	2,122	1,000
4 Current maturities of bonds	46,648	44,800
5 Other accounts payable	6,584	1,529
6 Accrued expenses	4,192	4,766
7 Income taxes payable	1,425	1,446
8 Provision for employee bonuses	-	141
9 Other current liabilities	5,598	3,420
Total current liabilities	71,441	69,968
Long-term liabilities		
1 Bonds	26,565	33,000
2 Long-term debt	13,913	9,000
3 Provision for retirement benefits	-	73
4 Other long-term liabilities	4,579	4,309
Total long-term liabilities	45,057	46,382
TOTAL LIABILITIES	116,497	116,349
(NET ASSETS)		
Shareholders' equity		
1 Common stock	18,391	18,368
2 Capital surplus	9,081	7,019
3 Retained earnings	(14,892)	(15,427)
Total shareholders' equity	12,581	9,960
Valuation and translation adjustments		
1 Valuation difference on investment securities	8	(7)
2 Deferred hedge gain / (loss)	(103)	(356)
Total valuation and translation adjustments	(94)	(363)
Minority interests	518	3,105
TOTAL NET ASSETS	13,005	12,702
TOTAL LIABILITIES AND NET ASSETS	129,502	129,052

2. Consolidated Statements of Operations

(in million yen)

	Prior 3rd-qtr (Nine months ended December 31, 2008)	Current 3rd-qtr (Nine months ended December 31, 2009)
	Amount	Amount
Revenue	70,412	63,155
Cost of revenue	46,824	36,540
Gross profit	23,588	26,615
Selling, general and administrative expenses	11,397	10,975
Operating profit	12,191	15,640
Other income		
1 Interest income	105	69
2 Dividend income	65	2
3 Other income	38	39
Other expenses		
1 Interest expense	1,351	1,594
2 Equity in net losses of affiliates	13,381	5,464
3 Stock issuance costs	150	-
4 Others	90	176
Recurring income / (loss)	(2,573)	8,516
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	-	124
Non-recurring loss		
1 Loss on disposition of fixed assets	60	341
2 Loss on write-down of investment securities	78	15
3 Business alliance expense	478	-
4 Impairment losses	340	-
5 Others	168	38
Income / (Loss) before income taxes and minority interests	(3,696)	8,952
Income tax expense-current	3,492	3,560
Income tax expense-deferred	704	2,100
Income before minority interests	-	3,292
Minority interests	48	(83)
Net income /(loss)	(7,845)	3,208

3. Consolidated Statements of Cash Flows

(in million yen)

	Prior 3rd-qtr (Nine months ended December 31, 2008)	Current 3rd-qtr (Nine months ended December 31, 2009)
	Amount	Amount
Cash flows from operating activities		
1 Income / (Loss) before income taxes and minority interests	(3,696)	8,952
2 Depreciation	5,357	5,671
3 Gains on negative goodwill	-	(467)
4 Gains on redemption of bonds	-	(238)
5 Loss on disposition of fixed assets	60	341
6 Other loss	506	23
7 Increase (decrease) in allowance for bad debt	(7)	(23)
8 Interest and dividend income	(170)	(71)
9 Interest expense	1,351	1,594
10 Stock issuance costs	150	-
11 Equity in net losses of affiliates	13,381	5,464
12 Adjustments for unrealized profit	(266)	(222)
13 Decrease (increase) in trade accounts receivable	4,968	522
14 Decrease (increase) in inventory	(187)	186
15 Decrease (increase) in accounts receivable-other from subsidiaries and affiliates	-	(11,165)
16 Decrease (increase) in other assets	1,722	(48)
17 Increase (decrease) in trade accounts payable	(2,427)	807
18 Increase (decrease) in other accounts payable	333	5,484
19 Increase (decrease) in accrued expenses	(909)	(874)
20 Increase (decrease) in provision for retirement benefits	(206)	(214)
21 Increase (decrease) in other liabilities	(239)	4,287
Subtotal	19,722	20,007
22 Interest and dividend received	106	55
23 Interest paid	(677)	(961)
24 Payments of income taxes	(7,273)	(3,569)
Net cash provided by operating activities	11,877	15,532
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	(3,284)	(2,689)
4 Purchase of intangible assets	(900)	(429)
5 Purchase of subsidiary stock	(9,028)	(2)
6 Others	127	-
Net cash provided by (used in) investing activities	(9,922)	(3,120)
Cash flows from financing activities		
1 Repayments of capital lease obligations	(699)	(698)
2 Repayments of installment obligations	(24)	(1,138)
3 Proceeds from short-term debt	13,500	17,000
4 Repayments of short-term debt	-	(25,800)
5 Proceeds from long-term debt	8,000	6,159
6 Repayments of long-term debt	(1,300)	(667)
7 Proceeds from issuance of bonds	-	16,486
8 Redemption of bonds	-	(21,257)
9 Purchase of treasury stock	-	(154)
10 Payments for purchase of treasury stock by consolidated subsidiaries	(7)	-
11 Proceeds from stock issuance, net	2,378	47
12 Payments to the specified fund trust for purchase of treasury stock by consolidated subsidiaries	(280)	-
13 Proceeds from withdrawal of the specified fund trust for purchase of treasury stock by consolidated subsidiaries	217	-
14 Dividends paid	(2,526)	(2,679)
15 Dividends paid to minority shareholders	(288)	(56)
Net cash provided by (used in) financing activities	18,970	(12,756)
Net change in cash and cash equivalents	20,925	(344)
Cash and cash equivalents at beginning of period	47,619	68,541
Cash and cash equivalents at end of period	68,543	68,196