

FINANCIAL RESULTS

【Year End Consolidated Financial Statements】

- Fiscal Year Ending March 31, 2010 -

1. Consolidated Balance Sheets

(Millions of Yen)		
	Prior Year End (As of March 31, 2009)	Current Year End (As of March 31, 2010)
	Amount	Amount
(ASSETS)		
I Current assets		
1 Cash and cash equivalents	68,541	26,110
2 Accounts receivable-trade	10,293	10,880
3 Merchandise	483	106
4 Advanced payments	3,731	2,833
5 Deferred income tax assets	2,405	1,854
6 Other current assets	1,249	3,936
7 Allowance for bad debt	(36)	(10)
Total current assets	86,666	45,709
II Fixed assets		
1 Tangible fixed assets		
(1) Machinery and equipments	49,681	47,666
Accumulated depreciation	(36,283)	(37,432)
(2) Terminal equipments	8,262	8,936
Accumulated depreciation	(4,621)	(5,356)
(3) Land	307	307
(4) Construction in progress	1,013	1,171
(5) Other tangible fixed assets	2,215	1,808
Accumulated depreciation and impairment loss	(1,261)	(1,163)
Total tangible fixed assets	19,312	15,936
2 Intangible assets		
(1) Software	3,385	2,419
(2) Software in progress	31	196
(3) Other intangible assets	3	-
Total intangible assets	3,418	2,614
3 Investments and other assets		
(1) Securities investments	4,170	4,178
(2) Affiliated company stocks	11,425	5,582
(3) Long-term accounts receivable-other from affiliate	-	9,271
(4) Deferred income tax assets	2,932	1,514
(5) Others	1,127	1,634
Total investments and other assets	19,655	22,180
Total fixed assets	42,386	40,730
III Deferred assets	-	425
TOTAL ASSETS	129,052	86,864

Consolidated Balance Sheets (Continued)

(Millions of Yen)

	Prior Year End (As of March 31, 2009)	Current Year End (As of March 31, 2010)
	Amount	Amount
(LIABILITIES)		
I Current liabilities		
1 Accounts payables-trade	4,064	2,098
2 Short-term debt	8,800	-
3 Current portion of Long-term debt	1,000	2,854
4 Current maturities of bonds	44,800	1,848
5 Current portion of capital lease obligations	1,543	894
6 Current portion of installment payment obligations	1,528	1,726
7 Other accounts payable	1,529	3,089
8 Accrued expenses	4,766	5,988
9 Income tax payable	1,446	2,899
10 Provision for employee bonus	141	19
11 Provision for directors bonus	-	88
12 Other current liabilities	350	2,632
Total current liabilities	69,968	24,134
II Long-term liabilities		
1 Bonds	33,000	26,126
2 Long-term debt	9,000	19,075
3 Capital lease obligations, less current portion	1,192	889
4 Installment payment obligations, less current portion	3,026	1,640
5 Provision for retirement benefits	73	-
6 Other long-term liabilities	91	1,844
Total long-term liabilities	46,382	49,575
TOTAL LIABILITIES	116,349	73,709
(NET ASSETS)		
I Shareholders' equity		
1 Common stock	18,368	18,392
2 Capital surplus	7,019	9,082
3 Retained earnings	(15,427)	(14,862)
Total shareholders' equity	9,960	12,612
II Valuation and translation adjustments		
1 Valuation adjustment on securities investments	(7)	8
2 Deferred hedge gain / (loss)	(356)	28
Total valuation and translation adjustments	(363)	36
III Minority interests	3,105	507
TOTAL NET ASSETS	12,702	13,155
TOTAL LIABILITIES AND NET ASSETS	129,052	86,864

2. Consolidated Statements of Operations

(Millions of Yen)

	Prior Year (Twelve months ended March 31, 2009)	Current Year (Twelve months ended March 31, 2010)
	Amount	Amount
I Revenue	94,467	83,067
II Cost of revenue	61,861	49,052
Gross profit	32,606	34,015
III Selling, general and administrative expenses		
1 Advertising	71	28
2 Sales promotion	5,082	5,261
3 Salaries and benefits	2,135	2,038
4 Provision for directors' bonus	-	88
5 Rent	772	639
6 Outsourcing	4,479	3,570
7 Depreciation	903	1,042
8 Research and development	544	438
9 Others	1,907	1,761
Total selling, general and administrative expenses	15,894	14,864
Operating profit	16,712	19,151
IV Non-operating income		
1 Interest income	156	99
2 Dividend income	65	2
3 Gain on disposal of unpaid dividend	-	19
4 Other income	59	36
Total other income	280	157
V Non-operating expenses		
1 Interest expense	1,935	2,217
2 Amortization of bond issuance costs	-	41
3 Equity in net losses of affiliates	17,285	6,027
5 Others	363	196
Total other expenses	19,583	8,481
Recurring profit / (loss)	(2,590)	10,828
VI Non-recurring profit		
1 Gain on negative goodwill	-	467
2 Gain on retirement of stock purchase warrants	2	-
3 Gain on redemption of bonds	232	238
4 Others	-	151
Total non-recurring profit	234	857
VII Non-recurring loss		
1 Loss on disposition of fixed assets	565	682
2 Non-recurring depreciation on noncurrent assets	56	-
3 Loss on write-down of securities investments	95	15
4 Cancellation charge	103	-
5 Business integration related expenses	649	-
6 Asset impairment losses	340	-
7 Others	168	38
Total non-recurring loss	1,976	735
Income / (loss) before income taxes and minority interests	(4,333)	10,950
Income tax expense-current	4,643	5,002
Income tax expense-deferred	743	1,727
Income before minority interests	-	4,220
Minority interests	129	72
Net income / (loss)	(9,849)	4,148

3. Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	SHAREHOLDERS' EQUITY				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2009	18,368	7,019	(15,427)	-	9,960
Change of items during the period					
Issuance of new stock, net	24	24			49
Dividend declared			(3,584)		(3,584)
Net income after tax			4,148		4,148
Increase by merger		2,193			2,193
Purchase of treasury stock				(154)	(154)
Retirement of treasury stock		(154)		154	-
Net changes of items other than shareholders' equity					-
Total changes of items during the period	24	2,063	564	-	2,652
Balance at March 31, 2010	18,392	9,082	(14,862)	-	12,612

	Valuation and translation adjustments			Minority interest	Total net assets
	Valuation difference on securities investments	Deferred hedge gain / (loss)	Total		
Balance at March 31, 2009	(7)	(356)	(363)	3,105	12,702
Change of items during the period					
Issuance of new stock, net					49
Dividend declared					(3,584)
Net income after tax					4,148
Increase by merger					2,193
Purchase of treasury stock					(154)
Retirement of treasury stock					-
Net changes of items other than shareholders' equity	15	384	399	(2,598)	(2,199)
Total changes of items during the period	15	384	399	(2,598)	453
Balance at March 31, 2010	8	28	36	507	13,155

4. Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Prior year (Twelve months ended March 31, 2009)	Current year (Twelve months ended March 31, 2010)
	Amount	Amount
I Cash flows from operating activities		
1 Income / (Loss) before income taxes and minority interests	(4,333)	10,950
2 Depreciation	7,430	7,499
3 Gain on negative goodwill	-	(467)
4 Non-recurring depreciation on noncurrent assets	56	-
5 Impairment loss	340	-
6 Loss on valuation of securities investments	95	15
7 Gain on redemption of bonds	(232)	(238)
8 Loss on disposition of fixed assets	565	682
9 Other loss	74	18
10 Increase (decrease) in allowance for bad debt	(13)	(27)
11 Increase (decrease) in provision for employee bonus	12	(123)
12 Increase (decrease) in provision for directors bonus	(19)	88
13 Interest and dividend income	(221)	(102)
14 Interest expense	1,935	2,217
15 Stock issuance costs	159	-
16 Equity in net losses of affiliates	17,285	6,027
17 Adjustments for unrealized profit with affiliate	(314)	(221)
18 Decrease (increase) in trade accounts receivable	8,442	(586)
19 Decrease (increase) in inventories	(186)	413
20 Decrease (increase) in accounts receivable-other from affiliates	-	(11,881)
21 Decrease (increase) in advanced payments	2,025	898
22 Decrease (increase) in long-term prepaid expenses	(144)	105
23 Decrease (increase) in other assets	1,019	12
24 Increase (decrease) in trade accounts payable	(5,557)	(1,967)
25 Increase (decrease) in other accounts payable	319	1,609
26 Increase (decrease) in accrued expenses	(653)	1,016
27 Increase (decrease) in provision for retirement benefits	(100)	(73)
28 Increase (decrease) in other liabilities	(290)	4,112
Subtotal	27,695	19,975
29 Interest and dividend received	151	116
30 Interest paid	(1,412)	(1,638)
31 Payments of income taxes	(7,326)	(3,581)
Net cash provided by operating activities	19,107	14,872
II Cash flows from investing activities		
1 Payments for purchase of investment securities	(25)	-
2 Purchase of subsidiary stocks	(9,028)	(2)
3 Sales of shares of unconsolidated subsidiaries	295	-
4 Purchase of stocks of subsidiaries and affiliates	(1,016)	-
5 Proceeds brought by the stock purchase accompanying the consolidation scope change from affiliate to subsidiary	3,186	-
6 Purchase of tangible fixed assets	(5,272)	(3,408)
7 Sales of tangible fixed assets	79	3
8 Purchase of intangible assets	(1,196)	(592)
9 Others	43	-
Net cash provided by (used in) investing activities	(12,934)	(3,999)

Consolidated Statements of Cash Flows (Continued)

(Millions of Yen)

III	Cash flows from financing activities		
1	Repayments of capital lease obligations	(1,003)	(919)
2	Proceeds from sales-and-leaseback transactions	4,800	350
3	Repayments of installment obligations	(271)	(1,538)
3	Proceeds from short-term debt	19,300	17,000
4	Repayments of short-term debt	(10,500)	(25,800)
5	Proceeds from long-term debt	10,000	12,387
6	Repayments of long-term debt	(1,300)	(1,000)
7	Proceeds from issuance of bonds	-	16,445
8	Redemption of bonds	(4,968)	(66,486)
9	Purchase of treasury stocks	-	(154)
10	Payments for purchase of treasury stock by consolidated subsidiaries	(7)	-
11	Proceeds from stock issuance, net	2,375	48
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	(3,261)	(3,581)
15	Dividends paid to minority shareholders	(370)	(56)
	Net cash provided by (used in) financing activities	14,732	(53,303)
IV	Net change in cash and cash equivalents	20,904	(42,430)
V	Cash and cash equivalents at the beginning of the period	47,619	68,541
VI	Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	18	-
IV	Net change in cash and cash equivalents at the end of the period	68,541	26,110