

**Financial Statements
for the Fiscal Year Ended
March 31, 2010**

(From April 1, 2009 to March 31, 2010)

UBIC, Inc.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2009	As of March 31, 2010
ASSETS		
Current assets		
Cash and time deposits	347,791	345,249
Accounts receivable	292,174	117,758
Merchandise	252	0
Supplies	777	543
Deferred tax assets	4,420	10,327
Other current assets	47,260	36,233
Allowance for doubtful accounts	(4,982)	(980)
Total current assets	687,694	509,132
Noncurrent assets		
Property and equipment		
Buildings	43,802	44,077
Accumulated depreciation	(11,362)	(16,225)
Buildings, net	32,439	27,852
Tools, furniture and fixtures	124,820	125,559
Accumulated depreciation	(58,193)	(84,175)
Tools, furniture and fixtures, net	66,626	41,384
Total property and equipment	99,066	69,236
Intangible assets		
Software	156,269	57,021
Other intangible assets	–	16,362
Total intangible assets	156,269	73,384
Investments and other assets		
Investment securities	204,764	107,564
Guarantee deposits	–	43,845
Claims provable in bankruptcy	–	4,982
Other assets	48,163	10
Allowance for doubtful accounts	–	(4,982)
Total investments and other assets	252,928	151,420
Total noncurrent assets	508,264	294,041
Total assets	1,195,959	803,173

(Thousands of yen)

	As of March 31, 2009	As of March 31, 2010
LIABILITIES		
Current liabilities		
Accounts payable	70,534	20,251
Short-term loans payable	–	30,000
Current portion of long-term loans payable	115,260	159,260
Accounts payable-other	37,187	64,029
Income taxes payable	1,764	1,421
Accrued bonuses	6,626	10,132
Other current liabilities	22,932	18,499
Total current liabilities	254,304	303,595
Noncurrent liabilities		
Long-term loans payable	250,960	251,700
Provision for retirement benefits	4,290	5,901
Deferred tax liabilities	1,296	130
Other noncurrent liabilities	–	6,644
Total noncurrent liabilities	256,547	264,375
Total liabilities	510,851	567,971
NET ASSETS		
Shareholders' equity		
Capital stock	449,443	452,443
Capital surplus	251,193	239,903
Retained earnings	3,835	(445,669)
Treasury stock	(16)	(16)
Total shareholders' equity	704,456	246,661
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(11,339)	–
Foreign currency translation adjustments	(8,009)	(11,459)
Total valuation and translation adjustments	(19,349)	(11,459)
Total net assets	685,107	235,201
Total liabilities and net assets	1,195,959	803,173

(2) Consolidated Statements of Income

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Net sales	1,015,654	945,453
Cost of sales	495,642	566,792
Gross profit	520,011	378,661
Selling, general and administrative expenses	598,564	566,680
Operating income (loss)	(78,553)	(188,019)
Non-operating income		
Interest income	1,191	473
Dividend income	4,500	—
Foreign exchange gains	4,622	—
Insurance premiums refunded cancellation	—	1,246
Other income	2	264
Total non-operating income	10,315	1,984
Non-operating expenses		
Interest expense	7,598	10,024
Commission fee	—	11,890
Foreign exchange losses	—	14,384
Stock issuance cost	38	59
Other expenses	240	215
Total non-operating expenses	7,877	36,574
Ordinary income (loss)	(76,115)	(222,609)
Extraordinary income		
Gain on sales of investment securities	600	—
Total extraordinary income	600	—
Extraordinary loss		
Loss on retirement of noncurrent assets	—	21
Loss on valuation of investment securities	15,985	108,539
Impairment loss	—	139,592
Total extraordinary loss	15,985	248,153
Income (loss) before income taxes	(91,500)	(470,763)
Income taxes		
Current	626	269
Deferred	17,352	(7,237)
Total income taxes	17,979	(6,968)
Net income (loss)	(109,479)	(463,795)

(3) Statements of changes in net assets

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	445,193	449,443
Changes of items during the period		
Issuance of new shares	4,250	3,000
Total changes of items during the period	4,250	3,000
Balance at the end of current period	449,443	452,443
Capital surplus		
Balance at the end of previous period	246,943	251,193
Changes of items during the period		
Issuance of new shares	4,250	3,000
Deficit disposition	–	(14,290)
Total changes of items during the period	4,250	(11,290)
Balance at the end of current period	251,193	239,903
Retained earnings		
Balance at the end of previous period	119,939	3,835
Changes of items during the period		
Dividends from surplus	(6,624)	–
Deficit disposition	–	14,290
Net income (loss)	(109,479)	(463,795)
Total changes of items during the period	(116,103)	(449,504)
Balance at the end of current period	3,835	(445,669)
Treasury stock		
Balance at the end of previous period	–	(16)
Changes of items during the period		
Purchase of treasury stock	(16)	–
Total changes of items during the period	(16)	–
Balance at the end of current period	(16)	(16)
Total shareholders' equity		
Balance at the end of previous period	812,077	704,456
Changes of items during the period		
Issuance of new shares	8,500	6,000
Dividends from surplus	(6,624)	–
Deficit disposition	–	–
Net income (loss)	(109,479)	(463,795)
Purchase of treasury stock	(16)	–
Total changes of items during the period	(107,620)	(457,795)
Balance at the end of current period	704,456	246,661

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(18,735)	(11,339)
Changes of items during the period		
Net changes of items other than shareholders' equity	7,396	11,339
Total changes of items during the period	7,396	11,339
Balance at the end of current period	(11,339)	–
Foreign currency translation adjustment		
Balance at the end of previous period	(6,733)	(8,009)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,276)	(3,449)
Total changes of items during the period	(1,276)	(3,449)
Balance at the end of current period	(8,009)	(11,459)
Total valuation and translation adjustments		
Balance at the end of previous period	(25,469)	(19,349)
Changes of items during the period		
Net changes of items other than shareholders' equity	6,119	7,889
Total changes of items during the period	6,119	7,889
Balance at the end of current period	(19,349)	(11,459)
Total net assets		
Balance at the end of previous period	786,607	685,107
Changes of items during the period		
Issuance of new shares	8,500	6,000
Dividends from surplus	(6,624)	–
Deficit disposition	–	–
Net income (loss)	(109,479)	(463,795)
Purchase of treasury stock	(16)	–
Net changes of items other than shareholders' equity	6,119	7,889
Total changes of items during the period	(101,500)	(449,905)
Balance at the end of current period	685,107	235,201

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Cash flows from operating activities		
Income (loss) before income taxes	(91,500)	(470,763)
Depreciation	68,795	75,178
Impairment loss	–	139,592
Stock issuance cost	38	59
Increase (decrease) in provision for retirement benefits	2,161	1,610
Increase (decrease) in accrued bonuses	(2,344)	3,506
Increase (decrease) in allowance for doubtful accounts	4,982	980
Interest and dividend income	(5,691)	(473)
Interest expense	7,598	10,024
Foreign exchange losses (gains)	2,651	17,613
Loss (gain) on sales of investment securities	(600)	–
Loss (gain) on valuation of investment securities	15,985	108,539
Loss on retirement of noncurrent assets	–	21
Decrease (increase) in accounts receivable	35,109	160,684
Decrease (increase) in inventories	6,544	252
Increase (decrease) in accounts payable	27,306	(49,891)
Increase (decrease) in accrued consumption taxes	(669)	–
Decrease (increase) in consumption taxes refund receivable	(8,328)	4,987
Increase (decrease) in accounts payable—other	7,309	(5,376)
Other, net	(193)	7,901
Subtotal	69,155	4,448
Interest and dividends received	5,691	473
Interest paid	(7,652)	(10,004)
Income taxes paid	(59,876)	(560)
Net cash provided by (used in) operating activities	7,316	(5,643)

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Cash flows from investing activities		
Purchase of property and equipment	(83,613)	(800)
Purchase of intangible assets	(160,596)	(68,412)
Purchase of investment securities	(19,336)	–
Proceeds from sales of investment securities	3,936	–
Other, net	(13,288)	4,302
Net cash used in investing activities	(272,899)	(64,910)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	–	30,000
Proceeds from long-term loans payable	400,000	180,000
Repayments of long-term loans payable	(86,060)	(135,260)
Proceeds from issuance of stocks	8,461	5,940
Purchase of treasury stock	(16)	–
Dividends paid	(6,624)	–
Net cash provided by financing activities	315,761	80,680
Effect of exchange rate change on cash and cash equivalents	(350)	(12,633)
Net increase (decrease) in cash and cash equivalents	49,828	(2,507)
Cash and cash equivalents at beginning of period	297,828	347,657
Cash and cash equivalents at end of period	347,657	345,149

(Segment Information)

a. Information by Operating Segment

Fiscal 2008 (from April 1, 2008 to March 31, 2009)

Information by operating segment has been omitted because the Company and consolidated subsidiaries are involved in a single segment—computer forensics related business—and there are no other segments to disclose.

Fiscal 2009 (from April 1, 2009 to March 31, 2010)

Information by operating segment has been omitted because the Company and consolidated subsidiaries are involved in a single segment—computer forensics related business—and there are no other segments to disclose.

b. Information by Geographic Segment

Fiscal 2008 (from April 1, 2008 to March 31, 2009)

(Thousands of yen)

	Japan	USA	Total	Eliminations & corporate	Consolidated
I. Net sales					
(1) Outside customers	670,751	344,902	1,015,654	—	1,015,654
(2) Inter-segment sales and transfers	150,526	17,277	167,803	(167,803)	—
Total	821,277	362,180	1,183,457	(167,803)	1,015,654
Operating expenses	901,051	360,960	1,262,011	(167,803)	1,094,207
Operating income (loss)	(79,773)	1,219	(78,553)	—	(78,553)
II. Assets	1,174,825	247,061	1,421,887	(225,928)	1,195,959

Note:

1. Geographic segments are classified on the basis of geographic proximity.
2. None of the Company's unallocatable assets included in assets are allocated into the "Eliminations & corporate."
3. None of the Company's unallocatable operating expenses included in operating expenses are allocated into the "Eliminations & corporate."

Fiscal 2009 (from April 1, 2009 to March 31, 2010)

(Thousands of yen)

	Japan	USA	Total	Eliminations & corporate	Consolidated
I. Net sales					
(1) Outside customers	507,200	438,253	945,453	–	945,453
(2) Inter-segment sales and transfers	258,354	25,605	283,959	(283,959)	–
Total	765,555	463,858	1,229,413	(283,959)	945,453
Operating expenses	897,186	520,246	1,417,433	(283,959)	1,133,473
Operating income (loss)	(131,631)	(56,388)	(188,019)	–	(188,019)
II. Assets	789,239	145,399	934,638	(131,465)	803,173

Note:

1. Geographic segments are classified on the basis of geographic proximity.
2. None of the Company's unallocatable assets included in assets are allocated into the "Eliminations & corporate."
3. None of the Company's unallocatable operating expenses included in operating expenses are allocated into the "Eliminations & corporate."

c. Overseas Sales

Fiscal 2008 (from April 1, 2008 to March 31, 2009)

(Thousands of yen)

	USA	Other	Total
I Overseas net sales	185,400	1,100	186,500
II Consolidated net sales			1,015,654
III Percentage of overseas net sales to consolidated net sales (%)	18.3	0.1	18.4

Notes:

1. Countries and regions are classified on the basis of geographic proximity.
2. Overseas net sales are sales of the Company and its consolidated subsidiaries which were transacted in countries or regions outside of Japan.
3. The country that falls into the "Other" category is China.

Fiscal 2009 (from April 1, 2009 to March 31, 2010)

(Thousands of yen)

	USA	Other	Total
I Overseas net sales	108,379	1,020	109,400
II Consolidated net sales			945,453
III Percentage of overseas net sales to consolidated net sales (%)	11.5	0.1	11.6

Notes:

1. Countries and regions are classified on the basis of geographic proximity.
2. Overseas net sales are sales of the Company and its consolidated subsidiaries which were transacted in countries or regions outside of Japan.
3. The country that falls into the "Other" category is Korea.

5. Non-consolidated Financial Statements

(Thousands of yen)

	As of March 31, 2009	As of March 31, 2010
ASSETS		
Current assets		
Cash and time deposits	295,918	272,226
Accounts receivable	268,487	172,968
Merchandise	252	0
Supplies	777	543
Prepaid expenses	25,594	20,855
Accounts receivable—other from subsidiaries and affiliates	—	13,933
Other current assets	29,423	13,849
Allowance for doubtful accounts	(4,982)	(980)
Total current assets	615,471	493,396
Noncurrent assets		
Property and equipment		
Buildings	43,802	43,802
Accumulated depreciation	(11,362)	(16,188)
Buildings, net	32,439	27,613
Tools, furniture and fixtures	122,731	122,702
Accumulated depreciation	(57,810)	(83,300)
Tools, furniture and fixtures, net	64,920	39,401
Total property and equipment	97,360	67,014
Intangible assets		
Software	154,683	55,859
Software in progress	—	15,854
Other intangible assets	—	507
Total intangible assets	154,683	72,221
Investments and other assets		
Investment securities	204,764	107,564
Stocks of subsidiaries and affiliates	55,070	7,894
Investments in capital	10	10
Guarantee deposits	47,466	41,137
Claims provable in bankruptcy	—	4,982
Allowance for doubtful accounts	—	(4,982)
Total investments and other assets	307,310	156,606
Total noncurrent assets	559,354	295,842
Total assets	1,174,825	789,239

(Thousands of yen)

	As of March 31, 2009	As of March 31, 2010
LIABILITIES		
Current liabilities		
Accounts payable	70,642	11,134
Short-term loans payable	–	30,000
Current portion of long-term loans payable	115,260	159,260
Accounts payable–other	27,500	59,413
Accrued expenses	8,105	7,257
Income taxes payable	1,636	1,421
Advances received	10,624	6,961
Deposits received	4,187	4,210
Accrued bonuses	6,626	10,132
Total current liabilities	244,584	289,791
Noncurrent liabilities		
Long-term loans payable	250,960	251,700
Provision for retirement benefits	4,290	5,901
Other noncurrent liabilities	–	6,644
Total noncurrent liabilities	255,250	264,245
Total liabilities	499,835	554,037
NET ASSETS		
Shareholders' equity		
Capital stock	449,443	452,443
Capital surplus		
Legal capital surplus	251,193	184,193
Other provision for retirement benefits	–	55,709
Total provision for retirement benefits	251,193	239,903
Retained earnings		
Other retained earnings		
Retained earnings brought forward	(14,290)	(457,128)
Total retained earnings	(14,290)	(457,128)
Treasury stock	(16)	(16)
Total shareholders' equity	686,330	235,201
Valuation and translation adjustment		
Valuation difference on available-for-sale securities	(11,339)	–
Total valuation and translation adjustments	(11,339)	–
Total net assets	674,990	235,201
Total liabilities and net assets	1,174,825	789,239

(2) Non-consolidated Statements of Income

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Net sales		
Net sales of goods	29,268	79,795
Net sales of services	792,009	685,760
Total net sales	821,277	765,555
Cost of sales		
Cost of goods sold		
Beginning goods	7,851	252
Cost of purchased goods	14,398	26,931
Total	22,250	27,184
Goods transfer to other account	1,054	—
Ending goods	252	0
Cost of goods sold	20,942	27,184
Cost of services	459,777	504,456
Total cost of sales	480,720	531,640
Gross profit	340,557	233,914
Selling, general and administrative expenses		
Advertising expenses	28,154	10,860
Directors' compensations	47,864	39,864
Salaries and allowances	92,673	103,499
Provision of allowance for doubtful accounts	4,982	980
Provision for bonuses	3,262	5,569
Retirement benefit expenses	944	689
Legal welfare expenses	17,917	16,168
Traveling and transportation expenses	18,620	19,657
Depreciation	6,281	5,881
Rent expenses	20,223	16,918
Commission fee	127,491	104,388
Other	51,915	41,068
Total selling, general and administrative expenses	420,331	365,545
Operating income (loss)	(79,773)	(131,631)

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Non-operating income		
Interest income	666	103
Dividend income	4,500	–
Foreign exchange gain	2,476	–
Royalty income	10,266	13,528
Other income	2	1,510
Total non-operating income	17,911	15,142
Non-operating expenses		
Interest expense	7,598	10,024
Stock issuance cost	38	59
Foreign exchange losses	–	22,600
Commission fee	–	11,890
Other expenses	33	205
Total non-operating expenses	7,670	44,780
Ordinary income (loss)	(69,532)	(161,269)
Extraordinary income		
Gain on sales of investment securities	600	–
Total extraordinary income	600	–
Extraordinary loss		
Loss on retirement of noncurrent assets	–	21
Impairment loss	–	139,592
Loss on valuation of investment securities	15,985	108,539
Loss on valuation of stocks of subsidiaries and affiliates	–	47,175
Total extraordinary loss	15,985	295,329
Income (loss) before income taxes	(84,917)	(456,598)
Income taxes		
Current	530	530
Deferred	20,143	–
Total income taxes	20,673	530
Net income (loss)	(105,590)	(457,128)

(3) Statements of changes in net assets

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	445,193	449,443
Changes of items during the period		
Issuance of new shares	4,250	3,000
Total changes of items during the period	4,250	3,000
Balance at the end of current period	449,443	452,443
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	246,943	251,193
Changes of items during the period		
Issuance of new shares	4,250	3,000
Transfer to other capital surplus from legal capital surplus	—	(70,000)
Total changes of items during the period	4,250	(67,000)
Balance at the end of current period	251,193	184,193
Other capital surplus		
Balance at the end of previous period	—	—
Changes of items during the period		
Transfer to other capital surplus from legal capital surplus	—	70,000
Deficit disposition	—	(14,290)
Total changes of items during the period	—	55,709
Balance at the end of current period	—	55,709
Total capital surplus		
Balance at the end of previous period	246,943	251,193
Changes of items during the period		
Issuance of new shares	4,250	3,000
Transfer to other capital surplus from legal capital surplus	—	—
Deficit disposition	—	(14,290)
Total changes of items during the period	4,250	(11,290)
Balance at the end of current period	251,193	239,903

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the end of previous period	97,924	(14,290)
Changes of items during the period		
Dividends from surplus	(6,624)	–
Deficit disposition	–	14,290
Net income (loss)	(105,590)	(457,128)
Total changes of items during the period	(112,214)	(442,837)
Balance at the end of current period	(14,290)	(457,128)
Total retained earnings		
Balance at the end of previous period	97,924	(14,290)
Changes of items during the period		
Dividends from surplus	(6,624)	–
Deficit disposition	–	14,290
Net income (loss)	(105,590)	(457,128)
Total changes of items during the period	(112,214)	(442,837)
Balance at the end of current period	(14,290)	(457,128)
Treasury stock		
Balance at the end of previous period	–	(16)
Changes of items during the period		
Purchase of treasury stock	(16)	–
Total changes of items during the period	(16)	–
Balance at the end of current period	(16)	(16)
Total shareholders' equity		
Balance at the end of previous period	790,061	686,330
Changes of items during the period		
Issuance of new shares	8,500	6,000
Transfer to other capital surplus from legal capital surplus	–	–
Dividends from surplus	(6,624)	–
Deficit disposition	–	–
Net income (loss)	(105,590)	(457,128)
Purchase of treasury stock	(16)	–
Total changes of items during the period	(103,731)	(451,128)
Balance at the end of current period	686,330	235,201

(Thousands of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)	Fiscal 2009 (From April 1, 2009 to March 31, 2010)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(18,735)	(11,339)
Changes of items during the period		
Net changes of items other than shareholders' equity	7,396	11,339
Total changes of items during the period	7,396	11,339
Balance at the end of current period	(11,339)	–
Total valuation and translation adjustments		
Balance at the end of previous period	(18,735)	(11,339)
Changes of items during the period		
Net changes of items other than shareholders' equity	7,396	11,339
Total changes of items during the period	7,396	11,339
Balance at the end of current period	(11,339)	–
Total net assets		
Balance at the end of previous period	771,325	674,990
Changes of items during the period		
Issuance of new shares	8,500	6,000
Transfer to other capital surplus from legal capital surplus	–	–
Dividends from surplus	(6,624)	–
Deficit disposition	–	–
Net income (loss)	(105,590)	(457,128)
Purchase of treasury stock	(16)	–
Net changes of items other than shareholders' equity	7,396	11,339
Total changes of items during the period	(96,335)	(439,788)
Balance at the end of current period	674,990	235,201