

Consolidated Financial Statements
for the First Six Months of
the Fiscal Year Ending March 31, 2011

(From April 1, 2010 to September 30, 2010)

UBIC, Inc.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of September 30, 2010	As of March 31, 2010
ASSETS		
Current assets		
Cash and time deposits	271,155	345,249
Accounts receivable	261,180	117,758
Inventories	0	0
Other current assets	46,509	47,104
Allowance for doubtful accounts	(2,038)	(980)
Total current assets	576,806	509,132
Non-current assets		
Property and equipment	65,617	69,236
Intangible assets		
Software	136,348	57,021
Other intangible assets	23,510	16,362
Total intangible assets	159,858	73,384
Investments and other assets		
Investment securities	130,064	107,564
Claims provable in bankruptcy	4,982	4,982
Other assets	43,570	43,855
Allowance for doubtful accounts	(4,982)	(4,982)
Total investments and other assets	173,635	151,420
Total non-current assets	399,111	294,041
Total assets	975,917	803,173

(Thousands of yen)

	As of September 30, 2010	As of March 31, 2010
LIABILITIES		
Current liabilities		
Accounts payable	35,046	20,251
Short-term loans payable	-	30,000
Current portion of long-term loans payable	154,800	159,260
Income taxes payable	1,633	1,421
Accrued bonuses	18,502	10,132
Accounts payable-other	57,923	64,029
Other current liabilities	32,275	18,499
Total current liabilities	300,180	303,595
Non-current liabilities		
Convertible bond	286,500	-
Long-term loans payable	174,300	251,700
Provision for retirement benefits	6,448	5,901
Asset retirement obligations	3,029	-
Other non-current liabilities	4,825	6,774
Total non-current liabilities	475,102	264,375
Total liabilities	775,283	567,971

(Thousands of yen)

	As of September 30, 2010	As of March 31, 2010
NET ASSETS		
Shareholders' equity		
Common stock	452,493	452,443
Capital surplus	239,953	239,903
Retained earnings	(513,548)	(445,669)
Treasury stock	(26)	(16)
Total shareholders' equity	178,872	246,661
Valuation and translation adjustments		
Net unrealized loss on investment securities	22,500	-
Foreign currency translation adjustments	(9,753)	(11,459)
Total valuation and translation adjustments	12,746	(11,459)
Employee Stock Option	1,542	-
Minority interests	7,473	-
Total net assets	200,634	235,201
Total liabilities and net assets	975,917	803,173

(2) Consolidated Statements of Income

(Thousands of yen)

	First six months of fiscal 2009 (From April 1, 2009 to September 30, 2009)	First six months of fiscal 2010 (From April 1, 2010 to September 30, 2010)
Net sales	606,887	495,866
Cost of sales	348,793	222,218
Gross profit	258,093	273,648
Selling, general and administrative expenses	297,195	305,854
Operating profit (loss)	(39,101)	(32,206)
Non-operating income		
Interest income	242	165
Dividend income	-	-
Tax refund	222	-
Foreign exchange gain	-	-
Other income	40	25
Total non-operating income	504	191
Non-operating expenses		
Interest expense	4,215	5,030
Foreign exchange losses	27,920	26,899
Bond expense	-	1,500
Other expenses	211	890
Total non-operating expenses	32,347	34,320
Ordinary profit (loss)	(70,944)	(66,335)
Extraordinary income (loss)		
Asset retirement	-	(1,106)
Income before income taxes (loss)	(70,944)	(67,441)
Income taxes		
Current	82	378
Deferred	1,172	584
Total income taxes	1,254	963
Minority income (loss)	-	(526)
Net income (loss)	(72,199)	(67,879)

(3) Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of fiscal 2009 (From April 1, 2009 to September 30, 2009)	First six months of fiscal 2010 (From April 1, 2010 to September 30, 2010)
Cash flows from operating activities		
Loss before income taxes	(70,944)	(67,441)
Depreciation	36,039	22,001
Asset retirement	-	1,106
Stock issuance cost	2	36
Increase in provision for retirement benefits	846	547
Increase (decrease) in accrued bonuses	(2,853)	8,369
Increase (decrease) in allowance for bad debts	-	1,058
Interest and dividend income	(242)	(165)
Interest expense	4,215	5,030
Bond expense	-	1,500
Foreign exchange loss (gain)	20,409	20,487
Decrease in accounts receivable	135,432	(152,358)
Decrease in inventories	0	(359)
Increase in other current assets	(313)	(1,269)
Decrease in accounts payable	(55,409)	16,230
Decrease in accounts payable-other	(4,046)	1,882
Other	2,528	11,677
Subtotal	65,665	(131,666)
Interest and dividends received	242	165
Interest paid	(4,464)	(4,842)
Income taxes paid	(555)	514
Net cash (used in) provided by operating activities	60,887	(135,828)

	(Thousands of yen)	
	First six months of fiscal 2009 (From April 1, 2009 to September 30, 2009)	First six months of fiscal 2010 (From April 1, 2010 to September 30, 2010)
Cash flows from investing activities		
Acquisitions of property and equipment	(563)	(1,777)
Acquisitions of intangible assets	(28,819)	(107,876)
Payments for guarantee deposits	(2,025)	-
Acquisitions of investment securities	-	36
Net cash from used in investing activities	(31,408)	(109,616)
Cash flows from financing activities		
Net increase in short-term loans payable	100,000	-
Proceeds from long-term loans payable	-	(30,000)
Repayments of long-term loans payable	(59,580)	(81,860)
Proceeds from issuance of stocks	998	63
Proceeds from convertible bond	-	284,833
Proceeds from minority interests	-	8,000
Purchase for treasury stock	-	(9)
Net cash provided by financing activities	41,418	181,027
Effect of exchange rate changes on cash and cash equivalents	(15,751)	(9,672)
Net increase in cash and cash equivalents	55,145	(74,091)
Cash and cash equivalents, beginning of period	347,657	345,149
Cash and cash equivalents, end of period	402,802	271,058

(4) Segment Information

[Information by Operating Segment]

First six months of fiscal 2009 (from April 1, 2009 to September 30, 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.

First six months of fiscal 2010 (from April 1, 2010 to September 30, 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.

[Information by Geographic Segment]

First six months of fiscal 2009 (from April 1, 2009 to September 30, 2009)

(Thousands of yen)

	Japan	USA	Total	Elimination & corporate	Consolidated
Net sales					
(1) Outside customers	237,646	369,240	606,887	-	606,887
(2) Inter-segment sales and transfers	227,279	16,828	244,108	(244,108)	-
Total	464,926	386,069	850,995	(244,108)	606,887
Operating gain (loss)	(50,049)	10,948	(39,101)	-	(39,101)

First six months of fiscal 2010 (from April 1, 2010 to September 30, 2010)

(Thousands of yen)

	Japan	USA	Total	Elimination & corporate	Consolidated
Net sales					
(1) Outside customers	336,916	158,950	495,866	-	495,866
(2) Inter-segment sales and transfers	67,522	9,676	77,198	(77,198)	-
Total	404,438	168,626	573,065	(77,198)	495,866
Operating gain (loss)	(3,222)	(28,984)	(32,206)	-	(32,206)