



November 14, 2007

Summary of Consolidated Interim Financial Results

for the year ended March 31, 2008

Company name: SRA Holdings, Inc.
 (URL: <http://www.sra-hd.co.jp/>)
Code number: 3817
President: Toru Kashima
For inquiries, please contact: Tomotaka Yanase, General Manager, Finance Department, Administrative Headquarters
Tel: (03)-5979-2666
Scheduled date of submission of interim financial reports: December 21, 2007
Stock listing: Tokyo Stock Exchange

1. Consolidated Interim Financial Results for Fiscal 2008 (from April 1, 2007 to September 30, 2007)

(1) Consolidated Operating Results

(All amounts rounded down, % change YoY)

	Net Sales		Operating Income		Ordinary Profit		Interim (Fiscal 2008) Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2008 interim period	19,786	18.7	1,702	56.0	1,731	52.3	918	(24.1)
Fiscal 2007 interim period	16,673	—	1,091	—	1,136	—	1,210	—
Fiscal 2007	36,765		2,848		2,923		2,015	

	Interim (Fiscal 2008) Net Income per Share	Interim (Fiscal 2008) Net Income per Share after Dilution
Fiscal 2008 interim period	Yen 66.38	Yen 66.21
Fiscal 2007 interim period	87.44	87.27
Fiscal 2007	145.67	145.35

Reference: Gain (loss) on equity method investments:
 Fiscal 2008 Interim period: —
 Fiscal 2007 Interim period: —
 Fiscal 2007: —

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2008 interim period	25,611	12,033	46.8	866.34
Fiscal 2007 interim period	22,102	10,824	48.3	771.19
Fiscal 2007	24,622	11,632	47.2	838.97

Reference: Shareholders' equity
 Fiscal 2008 Interim period: ¥11,989 million
 Fiscal 2008 Interim period: ¥10,673 million
 Fiscal 2007: ¥11,611 million

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2008 interim period	346	(329)	(395)	9,545
Fiscal 2007 interim period	583	2,070	(221)	8,053
Fiscal 2007	2,846	1,665	(219)	9,919

2. Dividends

Record date	Dividend per Share		
	Interim	Year-end	For the year
Fiscal 2007	Yen —	Yen 25.00	Yen 25.00
Fiscal 2008 (actual)	—		30.00
Fiscal 2008 (forecast)	—	30.00	

3. Consolidated Earnings Forecast for Fiscal 2008 (from April 1, 2007 to March 31, 2008)

(% change YoY is for the fiscal year)

	Net Sales		Operating Income		Ordinary Profit		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	41,500	12.9	3,850	35.2	3,850	31.7	2,060	2.2	148.85

4. Others

(1) Changes to significant subsidiaries during the term (changes in specified subsidiaries due to change in scope of consolidation): None

(2) Changes in accounting principles, methods or reporting procedure (Changes to be announced regarding “Changes in Significant Accounting Policies”)

1. Changes due to change in accounting standards: Yes

2. Changes other than 1. above: No

Note: See “Changes in Significant Accounting Policies” on page 20 for more information.

(3) Number of outstanding shares (common shares)

1. Shares issued at the end of term (including own shares)

Fiscal 2008 Interim period: 15,240,000 shares

Fiscal 2007 Interim period: 15,240,000 shares

Fiscal 2007: 15,240,000 shares

2. Own shares at end of term

Fiscal 2008 Interim period: 1,400,198 shares

Fiscal 2007 Interim period: 1,400,198 shares

Fiscal 2007: 1,400,198 shares

Note: For share number which is the base for calculation of interim net income per share (consolidated), see “per share data” on page 30.

[Reference] Summary of non-consolidated financial results

1. Non-Consolidated Interim Financial Results for Fiscal 2008 (from April 1, 2007 to September 30, 2007)

(1) Non-Consolidated Operating Results

(% change YoY)

	Revenues		Operating Income		Ordinary Profit		Interim (Fiscal 2008) Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2008 interim period	542	—	258	—	249	—	227	—
Fiscal 2007 interim period	—	—	(15)	—	(9)	—	2	—
Fiscal 2007	640	—	414	—	417	—	429	—

	Interim (Fiscal 2008) Net Income per Share
	Yen
Fiscal 2008 interim period	14.94
Fiscal 2007 interim period	0.96
Fiscal 2007	49.47

(2) Non-Consolidated Financial Position

	Net Income	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2008 interim period	8,700	8,628	98.8	564.26
Fiscal 2007 interim period	8,359	8,328	99.6	546.30
Fiscal 2007	8,806	8,762	99.4	574.32

Reference: Shareholders' equity:

Fiscal 2008 Interim period: ¥8,599 million

Fiscal 2007 Interim period: ¥8,325 million

Fiscal 2007: ¥8,752 million

* Cautionary notice concerning forward-looking statements

Forecast performance is predicted by the Company based on information currently available at the time of the forecast. Actual financial results may differ due to a number of factors. For further information, please see page 6 of the attached reference.

1. Business Results

(1) Analysis of Business Results

[1] Business results for the interim period

During the interim period (six months ended September 30, 2007), the Japanese economy sustained a recovery, underpinned by an increase in capital investment, an improved employment situation, and a pickup in personal consumption against a background of ongoing improvement in corporate earnings.

In the information services industry, strategic IT investments, mainly by financial institutions, recorded an expansion and were favorable overall amid robust corporate earnings. Nonetheless, the severe business environment continued, as companies encountered pressure to respond promptly and accurately to increasingly sophisticated and diverse customer needs, including for security countermeasures, in addition to meeting demands for high-quality, low prices, and short delivery times.

Under these circumstances, all companies comprising the SRA Holdings Group worked in unison to attain the targets set for the current fiscal year, which is the final year of our medium-term management plan. While recording brisk orders, Software Research Associates (SRA), Inc., the core company of SRA Holdings, implemented thorough system development cycle management—covering functions ranging from order receiving to production and acceptance inspection—as a system for managing orders and production based on “Software Engineering.” In doing so, we promoted the “standardization of processes.” Through these initiatives, we are striving to equalize our order and sales levels while preventing the emergence of unprofitable projects. Moreover, to actively take advantage of the favorable business environment, we focused on expanding business in embedded systems for manufacturing industries. Also, a Singapore-based subsidiary, which was established as a relay base for offshore development in India, began operational functions during the interim period. As a result of these developments, we recorded all-time highs in interim net sales and ordinary profit. Advanced Integration Technology (AIT) Inc., a principal subsidiary, achieved favorable results, thanks largely to increased sales of devices, while other subsidiaries posted solid results overall. Consequently, SRA Holding’s interim sales and profits significantly exceeded initial forecasts and the Company recorded the following results.

SRA Holdings recorded consolidated interim net sales of ¥19,786 million, an increase of 18.7% from the previous interim period. At the profit level, interim operating income surged 56.0% over the previous interim period to ¥1,702 million and interim ordinary profit soared 52.3% to ¥1,731 million. These increases were due to a rise in gross profit accompanying the increase in net sales in addition to improvements in the gross profit margin and productivity as well as ongoing curbing of SG&A expenses. On the other hand, although interim net income declined 24.1% to ¥918 million, this

decrease was due to a one-off gain of ¥986 million on the gain on disposal of fixed assets recorded in the previous interim period accompanying the sale of the Technical Center in Yokohama.

Consolidated interim results compared with the previous interim period and initial forecast

(Millions of yen)

	Net sales	Operating income	Ordinary profit	Interim net income
Consolidated results for FY2008 interim period ended September 30, 2007	19,786	1,702	1,731	918
Consolidated results for FY2007 interim period ended September 30, 2006	16,673	1,091	1,136	1,210
Amount of change from previous interim period (percentage change from previous interim period)	3,112 (+ 18.7%)	611 (+56.0%)	594 (+52.3%)	(291) (-24.1%)
Initial results forecast for the FY2008 interim period	18,000	1,300	1,300	720
Amount of change from initial forecast (percentage change compared with initial forecast)	1,786 (+9.9%)	402 (+30.9%)	431 (+33.2%)	198 (+27.5%)

A summary of business results for the interim period by business segment is shown below.

[System Development]

The System Development business recorded brisk sales owing to increased orders, mainly from the manufacturing, financial, and distribution industries. As a result, net sales for the interim period amounted to ¥10,797 million, an increase of 11.8% from the previous interim period.

[Network & Systems Services]

The Network & Systems Services business achieved growth in company orders, although school-related orders were the same as those of the previous interim period. Therefore, interim net sales amounted to ¥2,247 million, an increase of 5.7% from the previous interim period.

[Consulting & Other Services]

In the Consulting & Other Services business, we recorded higher sales of devices. Thus, interim net sales totaled ¥6,741 million, a jump of 37.8% from the previous interim period.

[2] Outlook for the Full Fiscal Year

Regarding trends in the Japanese economy during the second half of the fiscal year, although the outlook is clouded by such concerns as the direction of the U.S. economy and fluctuations of crude oil prices, the information services industry is expected to witness a rise in IT investments, reflecting continued favorable corporate earnings. On the other hand, the environment for new orders is likely to remain harsh due to intensifying competition.

Under these circumstances, the SRA Holdings Group will work to achieve the targets set for the final year of our medium-term management plan and strive to create and strengthen synergies.

For the full fiscal year, we are forecasting consolidated net sales of ¥41,500 million, consolidated operating income of ¥3,850 million, consolidated ordinary profit of ¥3,850 million, and consolidated net income of ¥2,060 million. These figures are in accordance with our revised forecast announced on October 24, 2007.

Comparison of full-year consolidated results with the results from the previous year

(Millions of yen)

	Net sales	Operating income	Ordinary profit	Net income	Net income per share
Consolidated results for FY2008 ending March 31, 2008 (forecast)	41,500	3,850	3,850	2,060	148.85
Consolidated results for FY2007 ended March 31, 2007	36,765	2,848	2,923	2,015	145.67
Amount of change from the previous fiscal year	4,735	1,002	927	45	3.18
(percentage change from the previous fiscal year)	(+12.9%)	(+35.2%)	(+31.7%)	(+ 2.2%)	(+2.2%)

[Reference]

Notices of revised forecasts for fiscal 2008 interim consolidated results and fiscal 2008 full-year results, as well as revisions to period-end dividend forecasts, can be accessed at (<http://www.sra-hd.co.jp/ir/others/20071024.pdf>). [Japanese only]

(2) Analysis of Financial Position

Cash and cash equivalents on a consolidated basis at the end of the interim period decreased ¥374 million compared with at the end of the fiscal year ended March 31, 2007. As a result, cash and cash equivalents at the end of the interim period amounted to ¥9,545 million.

The status of cash flows and factors underlying changes in cash flows for the interim period are shown below.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥346 million. This consisted of such cash inflows as interim income before income taxes and minority interests of ¥1,745 million, an increase in accounts and notes payable—trade of ¥796 million, and a decrease in accounts and notes receivable—trade of ¥620 million, which exceeded such outflows as an increase in inventories of ¥1,831 million and income taxes paid and refunded of ¥664 million.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥329 million. This was due to an outflow of ¥136 million for purchases of fixed assets.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥395 million. This was due mainly to ¥345 million in cash dividends paid.

Trends in cash flows indicators for the SRA Holdings Group (the Company and its consolidated subsidiaries) are shown below.

	FY2008 interim period ended September 30, 2007	FY2007 interim period ended September 30, 2006	FY ended March 31, 2007
Shareholders' equity ratio (%)	46.8	48.3	47.2
Shareholders' equity ratio at market value (%)	99.3	110.6	105.4
Debt redemption years (years)	7.9	4.8	1.0
Interest coverage ratio	14.7	32.3	68.5

Notes:

Shareholders' equity ratio: Shareholders' equity/total assets

Shareholders' equity ratio at market value: Total market capitalization/total assets

Debt redemption years: Interest-bearing debt/operating cash flow

Interest coverage ratio: Operating cash flow/interest expense

1. All indicators were calculated using consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal period by the total number of shares outstanding at the end of the fiscal period.
3. Operating cash flow represents cash flows from operating activities on the Consolidated Statements of Cash Flows. Interest-bearing debt includes all debt that pays interest as listed on the Consolidated Balance Sheets. Interest expense is the amount of interest paid as listed on the Consolidated Statements of Cash Flows.
4. Market capitalization for September 2006 was calculated using the interim period-end closing price for SRA's stock on September 25, 2006.

(3) Business and Other Risks

The following principal risks could have an impact on the business results and financial condition of the Company as the Holdings Company.

“Forward-looking” statements contained in this report represent judgments by the Group based on information currently available to management as of the end of the interim period.

[1] Risk of fluctuations in business results of Group companies

An abrupt fluctuation in business results of Group companies due to various factors could have an adverse impact on the Company's business results.

[2] Maintaining confidentiality of customer information

In addition to being aware that it is an information processing company with numerous opportunities for handling personal information, the SRA Holdings Group also sufficiently recognizes the critical nature of protecting personal information, and thus, has established an internal monitoring structure. Concurrently, the SRA Group provides education for its Group employees and business partners and makes efforts to protect personal information. However, in the event of unexpected leakage of information, besides losing the trust of business partners, the SRA Group could become liable for payment of compensatory damages, which could have an effect on the Group's business results.

In addition to the above, the Company comprehensively incurs business and other risks of SRA, a main subsidiary.

2. Management Policy

(1) The Company's Basic Management Policy

The SRA Group adheres to a basic management policy of maximizing user satisfaction through IT based on its management principle of “contributing to the future of humanity through professional practice that fosters progress in the fields of computer science,” which has been our guiding principle since the founding of SRA. In accordance with this basic management policy, amid a rapidly changing business environment, we will strive to meet the expectations of the information services industry while raising profits for shareholders and increasing corporate value by pursuing profitability and growth. Regarding the management of the SRA Group, under our holding company structure centering on SRA Holdings, we will strengthen the Group's operating structure while taking concrete measures, such as implementing M&A, and raise the overall capabilities of the Group with the aim of enhancing corporate value.

(2) Management Indicator

The SRA Holdings Group has adopted “ordinary profit-to-sales ratio” as a representative indicator of the Company's overall profitability. The Group established a medium- and long-term numerical target of an “ordinary profit-to-sales ratio exceeding 8%.” Also, the SRA Holdings Group has adopted return on equity (ROE) as an indicator of capital efficiency. The Group has established the numerical target of “attaining and maintaining ROE of 10% or higher.”

The Group's consolidated ordinary profit-to-sales ratio and ROE are as shown below.

	Consolidated ordinary profit-to-consolidated sales ratio	Consolidated ROE
FY2006 (actual)	5.2%	10.1%
FY2007 (actual)	8.0%	18.8%
FY2008 (forecast)	9.3%	15.6%

Notes: The results for fiscal 2006 (ended March 31, 2007) are the consolidated results for SRA.

(3) Medium- and Long-term Management Strategy

Although strategic IT investments are likely to trend upward, SRA Holdings recognizes that the medium- and long-term management environment will be marked by unrelenting severe competition, with companies battling for survival amid a conspicuous industry polarization between winners and losers, which has resulted from mounting competition for new orders, the specialization of system development companies between primary contractors and sub-subcontractors, and the increased

complexity of technologies.

Against this backdrop, the SRA Holdings Group is progressing with its medium-term management plan that is being implemented through to the end of the fiscal year ending March 31, 2008. Under this plan, we are working to further elevate our presence in the IT industry and raise corporate value to meet the expectations of shareholders.

As key medium-term management tasks, the plan calls for SRA Holdings to continue making efforts to ensure our growth potential and improve profitability. Regarding specific targets for the final year of the plan, we aim for growth in sales exceeding 8% and an ordinary profit-to-sales ratio exceeding 8%. As part of efforts to attain these targets, we will promote the following measures throughout the SRA Holdings Group.

To ensure growth potential, we will fortify the structural and operational aspects of Group operations under a holding company structure while promoting specific initiatives for M&A that utilize this holding structure. By taking these steps, we intend to achieve continuous and stable business development and expansion for the SRA Holdings Group.

At the same time, we aim to steadily expand our earnings foundation utilizing the SRA Holding Group's strengths, namely, our overseas bases, advanced technological capabilities, and stable base of existing customers.

To improve our profitability, in addition to recording increases in gross profit by implementing the above measures, we plan to adopt various cost-reduction measures that include improving productivity, upgrading SG&A expense management to achieve an appropriate ratio of SG&A expenses to net sales, trimming outsourcing costs by moving ahead with offshore development (global sourcing), and implementing thorough project management.

Together with these measures, in working for the future growth of the Group, we will make concerted efforts to launch new businesses and cultivate new markets by transforming cutting-edge technologies into business models.

The fiscal year ending March 31, 2008 marks the final year of our current medium-term management plan. We are currently formulating a new medium-term management plan to be implemented from the fiscal year ending March 31, 2009.

(4) Issues to Be Addressed by the Company

In accordance with its medium- and long-term management strategy, the SRA Holdings Group will execute the following tasks to improve and strengthen the Group's business capabilities and bolster the holding company operating structure, as it strives for further growth and development.

- (1) Improve and strengthen the Group's business capabilities.

[1] Achieve the final-year targets of the medium-term management plan.

[2] Consolidate and implement all measures for achieving our medium-term management plan.

- Marketing

Implement project management and carry out marketing by customer segment.

- Production

Strengthen our production structure, implement appropriate project operation management, execute a business partner strategy, and promote offshore development.

- Technology

Create new business models and launch new businesses.

- Costs

Focus on efficiency of SG&A expenses and promote shared services.

[3] Formulate the Group's new medium-term management plan.

(2) Strengthen holding company operating structure.

[1] Carry out full-fledged operation of the holding company operating structure.

Upgrade and strengthen the functions of SRA Holdings.

Progress with autonomous operations for each Group company.

[2] Advance full-scale initiatives for M&A.

3. Consolidated Interim Financial Statements

(1) Consolidated Interim Balance Sheets

(Millions of Yen)

	FY2008 interim period (as of September 30, 2007)		FY2007 interim period (as of September 30, 2006)		FY2007 Summary of consolidated balance sheets (as of March 31, 2007)		Increase (Decrease)
	Amount	%	Amount	%	Amount	%	
	ASSETS						
Current assets:							
Cash and bank deposits	7,831		7,438		8,306		(474)
Notes and accounts receivable	7,184		6,567		7,790		(606)
Marketable securities	2,001		999		1,999		1
Inventories	2,677		1,513		846		1,831
Deferred income taxes	417		397		383		34
Other current assets	654		672		689		(35)
Allowance for doubtful accounts	(2)		(11)		(5)		2
Total current assets	20,763	81.1	17,577	79.5	20,010	81.3	753
Fixed assets:							
Tangible assets:							
Buildings and structures	99		109		95		3
Machinery and equipment	100		111		106		(6)
Land	0		14		0		—
Other tangible assets	34		35		33		0
Total tangible assets	234	0.9	271	1.2	237	1.0	(2)
Intangible assets:							
Software	467		635		568		(101)
Other intangible assets	115		30		31		84
Total intangible assets	583	2.3	666	3.0	600	2.4	(16)
Investments and other assets:							
Investment securities	1,659		1,704		1,919		(260)
Deferred income taxes	1,180		1,036		998		182
Guarantee money deposited	553		553		556		(3)
Other assets	695		348		357		337
Allowance for doubtful accounts	(8)		(6)		(8)		(0)
Allowance for loss on investments	(50)		(49)		(50)		—
Total investments and other assets	4,029	15.7	3,587	16.3	3,774	15.3	255
Total fixed assets	4,847	18.9	4,524	20.5	4,611	18.7	236
Total assets	25,611	100.0	22,102	100.0	24,622	100.0	989

(Millions of Yen)

	FY2008 interim period		FY2007 interim period		FY2007 Summary of consolidated balance sheets		Increase (Decrease)
	(as of September 30, 2007)		(as of September 30, 2006)		(as of March 31, 2007)		
	Amount	%	Amount	%	Amount	%	
LIABILITIES							
Current liabilities:							
Accounts payable	3,843		2,656		3,041		801
Debentures due for redemption within one year	300		—		—		300
Short-term loans	2,411		2,423		2,446		(34)
Income taxes payable	876		210		615		261
Accrued consumption tax	208		208		362		(154)
Accrued expenses	673		714		1,169		(496)
Allowance for bonuses payable	649		660		679		(29)
Allowance for directors' bonuses payable	36		21		54		(17)
Other	882		605		737		145
Total current liabilities	9,881	38.6	7,500	33.9	9,106	37.0	774
Long-term liabilities:							
Debentures	—		300		300		(300)
Long-term debt	18		52		32		(14)
Accrued employees' retirement benefits	3,270		3,062		3,149		121
Directors' retirement benefits	385		361		375		10
Negative goodwill	22		—		25		(2)
Total long-term liabilities	3,696	14.4	3,776	17.1	3,882	15.8	(186)
Total liabilities	13,578	53.0	11,277	51.0	12,989	52.8	588
NET ASSETS							
Shareholders' equity							
Common stock	1,000	3.9	1,000	4.5	1,000	4.1	—
Capital surplus	4,519	17.6	4,519	20.4	4,519	18.3	—
Earned surplus	6,723	26.3	5,345	24.2	6,151	25.0	572
Treasury stock, at cost	(894)	(3.5)	(894)	(4.0)	(894)	(3.6)	—
Total shareholders' equity	11,348	44.3	9,970	45.1	10,776	43.8	572
Valuation and translation adjustments							
Net unrealized holding gains on other securities	585	2.3	681	3.1	796	3.2	(211)
Translation adjustments	55	0.2	20	0.1	37	0.2	17
Total valuation and translation adjustments	640	2.5	702	3.2	834	3.4	(193)
Stock options	29	0.1	2	0.0	9	0.0	19
Minority interests	14	0.1	149	0.7	11	0.0	2
Total net assets	12,033	47.0	10,824	49.0	11,632	47.2	400
Total liabilities and net assets	25,611	100.0	22,102	100.0	24,622	100.0	989

(2) Consolidated Interim Statements of Income

(Millions of Yen)

	FY2008 interim period (Apr. 1, 2007-Sept. 30, 2007)		FY2007 interim period (Apr. 1, 2006-Sept. 30, 2006)		Increase (Decrease)	FY2007 Summary of consolidated statements of income (April 1, 2006-March 31, 2007)	
	Amount	%	Amount	%		Amount	%
	Net sales	19,786	100.0	16,673		100.0	3,112
Cost of sales	15,751	79.6	13,424	80.5	2,327	29,592	80.5
Gross profit	4,034	20.4	3,249	19.5	785	7,173	19.5
Selling, general and administrative expenses	2,332	11.8	2,158	13.0	174	4,324	11.8
Operating income	1,702	8.6	1,091	6.5	611	2,848	7.7
Non-operating income	72	0.3	81	0.5	(9)	151	0.5
Interest received	15		6		9	17	
Dividends received	9		5		4	8	
Others	47		70		(23)	125	
Non-operating expenses	43	0.2	36	0.2	6	75	0.2
Interest paid	24		18		5	41	
Others	19		18		1	34	
Ordinary profit	1,731	8.7	1,136	6.8	594	2,923	8.0
Extraordinary income	15	0.1	988	5.9	(973)	987	2.6
Extraordinary loss	0	0.0	37	0.2	(36)	295	0.8
Interim income before income taxes and minority interests	1,745	8.8	2,087	12.5	(341)	3,615	9.8
Current income taxes	921	4.7	195	1.2	725	936	2.5
Deferred income taxes	(97)	(0.5)	651	3.9	(749)	630	1.7
Minority interests	2	(0.0)	29	(0.2)	(26)	31	(0.1)
Interim net income	918	4.6	1,210	7.2	(291)	2,015	5.5

(3) Consolidated Interim Statements of Changes in Net Assets

Fiscal 2008 Interim Period (April 1, 2007 - September 30, 2007)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	1,000	4,519	6,151	(894)	10,776
Changes during the interim period					
Cash dividends			(345)		(345)
Interim net income			918		918
Net change in the items other than shareholders' equity during the interim period					
Total change during the interim period	—	—	572	—	572
Balance as of September 30, 2007	1,000	4,519	6,723	(894)	11,348

	Evaluation or conversion gain		
	Net unrealized holding gain on securities	Net foreign currency translation adjustment	Total evaluation or conversion gain
Balance as of March 31, 2007	796	37	834
Changes during the interim period			
Cash dividends			
Interim net income			
Net change in the items other than shareholders' equity during the interim period	(211)	17	(193)
Total change during the interim period	(211)	17	(193)
Balance as of September 30, 2007	585	55	640

	Stock options	Minority interests	Total net assets
Balance as of March 31, 2007	9	11	11,632
Changes during the interim period			
Cash dividends			(345)
Interim net income		2	921
Net change in the items other than shareholders' equity during the interim period	19		(174)
Total change during the interim period	19	2	400
Balance as of September 30, 2007	29	14	12,033

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	2,640	2,881	4,353	(893)	8,981
Changes during the interim period					
Cash dividends (note)			(172)		(172)
Directors' bonuses (note)			(45)		(45)
Net income			1,210		1,210
Transfer to equity due to reverse acquisition	(1,640)	1,637			(2)
Other				(0)	(0)
Net change in the items other than shareholders' equity during the interim period					
Total change during the interim period	(1,640)	1,637	991	(0)	989
Balance as of September 30, 2006	1,000	4,519	5,345	(894)	9,970

	Evaluation or conversion gain		
	Net unrealized holding gain on securities	Net foreign currency translation adjustment	Total evaluation or conversion gain
Balance as of March 31, 2006	859	21	880
Changes during the interim period			
Cash dividends (note)			
Directors' bonuses (note)			
Net income			
Transfer to equity due to reverse acquisition			
Other			
Net change in the items other than shareholders' equity during the interim period	(177)	(0)	(178)
Total change during the interim period	(177)	(0)	(178)
Balance as of September 30, 2006	681	20	702

	Stock options	Minority interests	Total net assets
Balance as of March 31, 2006	—	130	9,992
Changes during the interim period			
Cash dividends (note)			(172)
Directors' bonuses (note)			(45)
Net income			1,210
Transfer to equity due to reverse acquisition			(2)
Other			(0)
Net change in the items other than shareholders' equity during the interim period	2	18	(156)
Total change during the interim period	2	18	832
Balance as of September 30, 2006	2	149	10,824

Note: Profit appropriation items decided at the Ordinary General Meeting of Shareholders held in June 2006.

Fiscal 2007 (April 1, 2006-March 31, 2007)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	2,640	2,881	4,353	(893)	8,981
Changes during the period					
Cash dividends (note)			(172)		(172)
Directors' bonuses (note)			(45)		(45)
Net income			2,015		2,015
Transfer to equity due to reverse acquisition	(1,640)	1,637			(2)
Other				(0)	(0)
Net change in the items other than shareholders' equity during the period					
Total change during the period	(1,640)	1,637	1,797	(0)	1,794
Balance as of March 31, 2007	1,000	4,519	6,151	(894)	10,776

	Evaluation or conversion gain		
	Net unrealized holding gain on securities	Net foreign currency translation adjustment	Total evaluation or conversion gain
Balance as of March 31, 2006	859	21	880
Changes during the period			
Cash dividends (note)			
Directors' bonuses (note)			
Net income			
Transfer to equity due to reverse acquisition			
Other			
Net change in the items other than shareholders' equity during the period	(62)	16	(45)
Total change during the period	(62)	16	(45)
Balance as of March 31, 2007	796	37	834

	Stock options	Minority interests	Total net assets
Balance as of March 31, 2006	—	130	9,992
Changes during the period			
Cash dividends (note)			(172)
Directors' bonuses (note)			(45)
Net income			2,015
Transfer to equity due to reverse acquisition			(2)
Other			(0)
Net change in the items other than shareholders' equity during the period	9	(118)	(154)
Total change during the period	9	(118)	1,640
Balance as of March 31, 2007	9	11	11,632

Note: Profit appropriation items decided at the Ordinary General Meeting of Shareholders held in June 2006.

(4) Consolidated Interim Statements of Cash Flows

(Millions of Yen)

	FY2008 interim period (Apr. 1, 2007-Sept. 30, 2007)	FY2007 interim period (Apr. 1, 2006-Sept. 30, 2006)	FY2007 (April 1, 2006-March 31, 2007)
	Amount	Amount	Amount
I. Cash flows from operating activities:			
Interim income before income taxes and minority interests	1,745	2,087	3,615
Depreciation and amortization	138	148	298
Gain on disposal of fixed assets	—	(982)	(956)
Increase in employees' retirement benefits, net of payments	121	104	192
Increase (decrease) in directors' retirement benefits	10	(0)	13
Increase(decrease) in accounts and notes receivable—trade	620	886	(318)
Increase in inventories	(1,831)	(745)	(78)
Increase in accounts and notes payable—trade	796	100	468
Increase (decrease) in accrued consumption taxes payable	(154)	(123)	30
Other, net	(438)	(162)	660
Subtotal	1,009	1,313	3,924
Interest and dividends receivable	25	11	25
Interest paid	(23)	(18)	(41)
Income taxes paid and refunded	(664)	(723)	(1,062)
Net cash (used in) provided by operating activities	346	583	2,846
II. Cash flows from investing activities:			
Disbursements for investments in term deposits	(100)	(0)	(0)
Purchases of fixed assets	(136)	(85)	(299)
Proceeds from sale of fixed assets	—	2,168	2,180
Purchases of investment securities	(70)	(12)	(94)
Proceeds from sale of investment securities	—	44	49
Purchases of additional stock of consolidated subsidiary	—	—	(112)
Proceeds from share exchange with parent company	—	2	2
Disbursements for deposits	(3)	(9)	(56)
Collection of deposits	6	7	51
Other, net	(26)	(44)	(55)
Net cash provided by investing activities	(329)	2,070	1,665
III. Cash flows from financing activities:			
Decrease in short-term loans	(30)	(76)	(54)
Proceeds from long-term debt	—	50	50
Repayments of long-term debt	(19)	(11)	(31)
Other, net	(345)	(183)	(183)
Net cash used in financing activities	(395)	(221)	(219)
IV. Effect of exchange rate changes on cash and cash equivalents	4	3	10
V. Net increase in cash and cash equivalents	(374)	2,435	4,301
VI. Cash and cash equivalents at beginning of period	9,919	5,617	5,617
VIII. Cash and cash equivalents at end of interim period	9,545	8,053	9,919

Segment Information

(1) Segment Information by Type of Business

Fiscal 2008 Interim Period (from April 1, 2007 to September 30, 2007)

(Millions of yen)

	System Development	Network & Systems Services	Consulting & Other Services	Total	Eliminations/ Corporate	Consolidated
Net Sales and Operating Income						
Sales						
(1) Sales to customers	10,797	2,247	6,741	19,786	—	19,786
(2) Intersegment sales	28	157	450	636	(636)	
Total sales	10,825	2,404	7,192	20,422	(636)	19,786
Operating expenses	9,045	1,866	6,383	17,296	787	18,083
Operating income	1,779	538	808	3,126	(1,423)	1,702

Fiscal 2007 Interim Period (from April 1, 2006 to September 30, 2006)

(Millions of yen)

	System Development	Network & Systems Services	Consulting & Other Services	Total	Eliminations/ Corporate	Consolidated
Net Sales and Operating Income						
Sales						
(1) Sales to customers	9,654	2,126	4,892	16,673	—	16,673
(2) Intersegment sales	38	93	450	582	(582)	
Total sales	9,693	2,219	5,342	17,255	(582)	16,673
Operating expenses	8,293	1,805	4,848	14,947	634	15,582
Operating income	1,399	414	494	2,308	(1,216)	1,091

Fiscal 2007 (from April 1, 2006 to March 31, 2007)

(Millions of yen)

	System Development	Network & Systems Services	Consulting & Other Services	Total	Eliminations/Corporate	Consolidated
Net Sales and Operating Income						
Sales						
(3) Sales to customers	21,701	4,392	10,672	36,765	—	36,765
(4) Intersegment sales	79	208	964	1,252	(1,252)	
Total sales	21,780	4,600	11,637	38,018	(1,252)	36,765
Operating expenses	18,398	3,715	10,426	32,540	1,376	33,916
Operating income	3,382	884	1,210	5,477	(2,629)	2,848

Notes

1. Businesses are classified into segments according to similarities that include the types and characteristics of services.
2. The main scope of business in each segment is as follows.

Business segment	Main scope of business
System Development	<ul style="list-style-type: none"> ● Integrated system development ranging from defining requirements to development and maintenance of mainframe-based large systems ● System integration covering system planning, development, and introduction of open systems ● Solutions business offering business tools that utilize various products and tools ● Open source business that offers technical support for systems through open source software
Network & Systems Services	<ul style="list-style-type: none"> ● Operation management of computer systems and network systems ● Overall operation that includes data management and facilities management ● Building of network systems ● Outsourcing services
Consulting & Other Services	<ul style="list-style-type: none"> ● Sales of packaged software that includes licensing ● Sales of system devices, centering on servers, in integration services ● Consulting services related to the introduction of IT

3. Unallocatable operating expenses in Eliminations/Corporate amounted to ¥1,207 million for the interim period. These consisted mainly of R&D expenses and expenses related to management divisions.

(2) Geographical Segments

The amounts of net sales and assets in Japan exceed 90% of total sales and total assets for all segments and thus geographical segment information is omitted.

(3) Overseas Sales

Overseas net sales account for less than 10% of total consolidated net sales and are thus omitted.