



Summary of Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2009

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 (URL: <http://www.sra-hd.co.jp/>)
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1. Consolidated results for the second quarter of the fiscal year ending March 2009 (from April 1, 2008 to September 30, 2008)

(1) Consolidated Operating Results (cumulative total)

(All amounts rounded down, % change YoY)

	Net Sales		Operating Income		Ordinary Profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter of fiscal 2009	19,430	—	1,440	—	1,455	—	711	—
Second quarter of fiscal 2008	19,786	18.7	1,702	56.0	1,731	52.3	918	(24.1)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Second quarter of fiscal 2009	51.41	51.36
Second quarter of fiscal 2008	66.38	66.21

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Second quarter of fiscal 2009	26,169	13,224	50.1	948.25
Fiscal 2008	27,967	13,224	47.0	950.22

Reference: Shareholders' equity

Second quarter of fiscal 2009: ¥13,123 million

Fiscal 2008: ¥13,150 million

2. Dividends

	Dividend per Share				
	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	For the Year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2008	—	—	—	40.00	40.00
Fiscal 2009	—	—	—	—	—
Fiscal 2009 (forecast)	—	—	—	40.00	40.00

Note: Revision of dividend forecast in this quarter: No

3. Consolidated Earnings Forecast for Fiscal 2009 (from April 1, 2008 to March 31, 2009)

(% change YoY is for the fiscal year or for interim period)

	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	(7.9)	3,500	(14.7)	3,500	(16.3)	1,850	(16.8)	133.68

Note: Revision of consolidated results forecast in this quarter: No

4. Others

(1) Changes to significant subsidiaries during the term (changes in specified subsidiaries due to change in scope of consolidation): No

Newly consolidated — (Company names)

Removed from consolidation — (Company names)

(2) Simplified accounting procedures and accounting procedures specific to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting principles, methods or reporting procedures

1. Changes due to change in accounting standards: Yes

2. Changes other than 1. above: Yes

Note: See “Qualitative Information and Financial Statements, 4. Others” on page 3 for more information.

(4) Number of outstanding shares (common shares)

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

Second quarter of fiscal 2009: 15,240,000 shares

Fiscal 2008: 15,240,000 shares

2. Own shares at end of term

Second quarter of fiscal 2009: 1,400,198 shares

Fiscal 2008: 1,400,198 shares

3. Average number of shares during the period (For the entire consolidated quarter)

Second quarter of fiscal 2009: 13,839,802 shares

Second quarter of fiscal 2008: 13,839,802 shares

* Note:

- 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.
- Effective from the current consolidated fiscal year, the Group has adopted “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements have been prepared in accordance with the “Regulations for Quarterly Financial Reporting.”

Qualitative Information and Financial Statements

1. Qualitative Information Concerning Consolidated Business Results

During the second quarter of the fiscal year (April 1, 2008 to September 30, 2008), the Japanese economy was affected by the appreciation of the yen and high crude oil prices triggered by the subprime loan problem in the United States in addition to a global decline in stock prices accompanying the U.S. financial crisis, which led to a sharp slowdown of the economy in the latter part of the quarter.

Owing to these economic developments, the business environment surrounding the SRA Holdings Group rapidly worsened during the latter part of the first half of the fiscal year, as IT investments by customers were successively postponed, scaled down, or frozen.

Under these conditions, the SRA Group marked the first fiscal year of its medium-term management plan, under which the Group is working in unison to promote structural reforms that will pave the way for future growth and strengthen our business foundation. At the same time, we worked to secure orders and sales and raise profits as we strive to attain our fiscal year performance targets. Specifically, Software Research Associates (SRA), Inc., the core company of SRA Holdings, strengthened its sales activities by collaborating with various departments in financial fields. Concurrently, we gradually dissolved the Industrial Sales Division set up to increase orders in non-financial industrial fields, and with an eye toward the second half of the fiscal year we combined four industrial-related business departments and newly created the Industrial Sales Promotion Division to strengthen marketing and sales. Additionally, we launched sales of new products in the first quarter of the fiscal year as part of efforts to strengthen initiatives in our products businesses.

Despite these efforts, consolidated business results for the second quarter declined from the same period in the previous fiscal year as indicated below.

SRA Holdings posted consolidated net sales of ¥19,430 million, a slight decline of 1.8% from the same quarter of the previous year. In its mainstay Systems Development business, SRA was able to minimize the impact of the harsh business environment thanks to activities to obtain orders in financial-related sectors from the last half of the previous fiscal year; however, the company faced harsh operating conditions in industrial sectors and other non-financial fields. These factors, coupled with a lackluster performance in its Product Sales business, resulted in lower net sales.

On the other hand, overall sales of Group companies, excluding SRA, surpassed the level recorded in the same period of the previous fiscal year, as Advanced Integration Technology (AIT), Inc., which engages mainly in the sales of devices, attained its business targets along with U.S. subsidiaries also recording favorable results. Nonetheless, these solid results were unable to compensate for a decline in sales by SRA.

At the profit level, SRA Holdings posted lower profits, with operating income declining 15.4% from the same period of the previous fiscal year to ¥1,440 million and ordinary profit decreasing 15.9% to ¥1,455 million. These declines were due mainly to a decrease in SRA's gross profit margin owing to low-profit projects in the industrial-related Systems Development business in addition to a decrease in gross profit accompanying lower net sales as well as to low-margin projects undertaken by Software Science, Inc. Net income for the second quarter declined 22.5% to ¥711 million due to the write-down of memberships.

A summary of business results for the second quarter by business segment is shown below.

1. Systems Development

The Systems Development business recorded an increase in orders from financial institutions and manufacturing industries (embedded systems), although sales to the distribution and services industries declined. As a result, net sales for the second quarter amounted to ¥10,679 million, a decrease of 1.1% from the same period in the previous fiscal year.

2. System Operations and Infrastructure Development

The System Operations and Infrastructure Development business recorded robust results in school-related business and posted an increase in systems operation sales to financial institutions. Therefore, net sales amounted to ¥2,471 million, an increase of 9.9% from the same period of the previous fiscal year.

3. Product Sales

SRA's Product Sales business was sluggish. As a result, net sales declined 6.9% from the same period of the previous fiscal year to ¥6,279 million.

Business results by geographic segment are as follows.

Sales recorded outside Japan accounted for more than 10% of total consolidated sales recorded in all segments and thus geographic segment information is included from the current fiscal year.

However, in the second quarter of the previous fiscal year, net sales in Japan exceeded 90% of the total from all segments and thus geographic segment information is omitted and no comparisons are made with the same period of the previous fiscal year.

1) Japan

Net sales amounted to ¥17,408 million.

2) Other Regions

We carried out business utilizing the SRA Group's strengths, beginning with the open system software (OSS) business, targeting world markets, while undertaking the systems development, creation, and operation businesses with an emphasis on the local overseas operations of Japanese companies. As a result, net sales in Other Regions amounted to ¥2,021 million.

* From the current fiscal year, SRA Holdings is applying "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and its Implementation Guidance, "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). Accordingly, different standards were used in preparing the Consolidated Statements of Income for the second quarter of the current fiscal year and the Consolidated Statements of Income for the same quarter of the previous fiscal year. Therefore, data showing comparisons with the same period of the previous fiscal year are included merely for reference purposes.

2. Qualitative Information Concerning Consolidated Financial Condition

Regarding financial condition for the second quarter, current assets declined ¥1,748 million from the end of the

previous fiscal year to ¥21,395 million. Although there was a ¥955 million increase in work in progress from the end of the previous fiscal period, current assets decreased due to a ¥1,558 million decline in notes and accounts receivable owing to the collection of sales receivables and a ¥501 million decrease in marketable securities. Fixed assets declined ¥49 million to ¥4,774 million due to such factors as mark-to-market valuation of investment securities. As a result, total assets declined ¥1,798 million to ¥26,169 million.

On the liabilities side, total liabilities declined ¥1,798 million to ¥12,945 million due to a ¥929 million decrease in income taxes payable accompanying the payment of income taxes as well as a ¥505 million decrease in accounts payable. Despite an increase in earned surplus derived from net income, net assets declined (because this decline was less than ¥1 million, the expression of this amount has been omitted) to ¥13,224 million due to the payment of dividends and a decline in net unrealized holding gains on other securities.

Analysis of Consolidated Cash Flows

Cash and cash equivalents on a consolidated basis at the end of the second quarter decreased ¥969 million to ¥10,296 million from the end of the previous fiscal year.

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

Cash Flows from Operating Activities

Net cash used in operating activities amounted to ¥405 million. This consisted mainly of such cash inflows as a decrease in accounts and notes receivable—trade of ¥1,552 million and income before income taxes and minority interests amounting to ¥1,420 million. Cash-reducing factors included an increase in inventories of ¥756 million, a decrease in accounts and notes payable—trade of ¥492 million and income taxes paid and refunded totaling ¥1,715 million.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥200 million. This was due mainly to the outflows of ¥90 million for purchases of fixed assets and ¥65 million for purchases of investment securities.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥341 million. This was due chiefly to such cash outflows as ¥553 million in cash dividends paid and ¥14 million in repayments of long-term debt, which exceeded such inflows as an increase in short-term loans of ¥227 million.

3. Qualitative Information Concerning Consolidated Results Forecast

No revision has been made to the consolidated results forecast announced on November 6, 2008.

4. Others

(1) Significant changes involving subsidiaries during the period (changes involving specific subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of simplified accounting methods and accounting methods specific to the preparation of the quarterly consolidated financial statements: No

(3) Changes of accounting principles, procedures and presentation methods related to the preparation of the quarterly consolidated financial statements.

1) Effective from the current consolidated fiscal year, the Company has adopted “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements have been prepared in accordance with the “Regulations for Quarterly Financial Reporting.”

2) Application of “Accounting Standard for Measurement of Inventories”

Effective from the first quarter of the current consolidated fiscal year, the Company has adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) and has changed its measurement of inventories from the cost method to a method for writing down the book value of inventories based on decreased profitability.

This change had no impact on second-quarter consolidated operating income, ordinary profit, and income before income taxes and minority interests.

3) Application of “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

Effective from the first quarter of the current consolidated fiscal year, the Company has adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, May 17, 2006) and is making the necessary adjustments to the consolidated financial statements.

The application of this accounting treatment had no impact on second-quarter consolidated operating income, ordinary profit, and income before income taxes and minority interests.

4) Application of “Accounting Standard for Lease Transactions”

Previously, the Group used lease transaction methods to account for transactions for finance leases not involving the transfer of ownership. However, the application of “Accounting Standard for Lease Transactions” (ASBJ Statement No.13 (issued by the First Subcommittee of the Business Accounting Council on June 17, 1993, revised on September 30, 2007)) and “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16 (issued on January 18, 1994 by the Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, revised on March 30, 2007)) was permitted for quarterly financial statements from the consolidated fiscal year beginning April 1, 2008. Accordingly, the Company adopted these accounting procedures from the first quarter of the current consolidated fiscal year and accounts for finance leases not involving the transfer of ownership using accounting procedures for normal sales transactions.

Finance lease assets not involving the transfer of ownership are depreciated to the residual value of zero by the straight-line method using the lease term as the useful life.

The application of this accounting procedure had no impact on cumulative second-quarter consolidated operating income, ordinary profit, and income before income taxes and minority interests.

The same accounting procedure previously used for regular lease transactions will still be used for transactions for

finance leases not involving the transfer of ownership that commenced prior to the fiscal year in which the new accounting procedure is applied.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	End of the second quarter of fiscal 2009 (as of September 30, 2008)	Consolidated balance sheets at the end of fiscal 2008 (summary) (as of March 31, 2008)
ASSETS		
Current assets:		
Cash and bank deposits	8,880	9,351
Notes and accounts receivable	7,382	8,940
Marketable securities	1,501	2,003
Products	947	1,145
Work in progress	1,549	594
Deferred income taxes	502	471
Other current assets	664	657
Allowance for doubtful accounts	(34)	(22)
Total current assets	21,395	23,143
Fixed assets:		
Tangible assets		
Buildings	252	240
Accumulated depreciation	(146)	(136)
Buildings (net)	106	103
Machinery and equipment	742	736
Accumulated depreciation	(651)	(645)
Machinery and equipment (net)	90	91
Land	0	0
Other tangible assets	102	97
Accumulated depreciation	(67)	(64)
Other tangible assets (net)	35	32
Total tangible assets	232	228
Intangible assets		
Other intangible assets	411	440
Total intangible assets	411	440
Investments and other assets		
Investment securities	1,349	1,510
Deferred income taxes	1,449	1,318
Other assets	1,449	1,443

Allowance for doubtful accounts	(10)	(10)
Allowance for loss on investments	(107)	(107)
Total investments and other assets	4,130	4,155
Total fixed assets	4,774	4,824
Total assets	26,169	27,967

(Millions of Yen)

	End of the second quarter of fiscal 2009 (as of September 30, 2008)	Consolidated balance sheets at the end of fiscal 2008 (summary) (as of March 31, 2008)
LIABILITIES		
Current liabilities:		
Accounts payable	2,996	3,502
Short-term loans	2,799	2,576
Debentures due for redemption within one year	—	300
Income taxes payable	711	1,640
Accrued consumption tax	218	392
Accrued expenses	608	963
Allowance for bonuses payable	658	653
Allowance for directors' bonuses payable	40	74
Other	678	798
Total current liabilities	8,712	10,901
Long-term liabilities:		
Debentures	300	—
Long-term debt	—	10
Accrued employees' retirement benefits	3,509	3,412
Directors' retirement benefits	406	400
Negative goodwill	16	19
Total long-term liabilities	4,232	3,842
Total liabilities	12,945	14,743
NET ASSETS		
Shareholders' equity		
Common stock	1,000	1,000
Capital surplus	4,483	4,519
Earned surplus	8,187	8,029
Treasury stock, at cost	(894)	(894)
Total shareholders' equity	12,777	12,654
Valuation and translation adjustments		
Net unrealized holding gains on other securities	351	480
Translation adjustments	(5)	15
Total valuation and translation adjustments	346	495
Stock options	70	52
Minority interests	29	21
Total net assets	13,224	13,224
Total liabilities and net assets	26,169	27,967

(2) Quarterly Consolidated Statements of Income

(Consolidated cumulative total for second quarter)

(Millions of Yen)

	Consolidated cumulative total for second quarter of fiscal 2009 (April 1, 2008-September 30, 2008)
Net sales	19,430
Cost of sales	15,585
Gross profit	3,844
Selling, general and administrative expenses	2,404
Operating income	1,440
Non-operating income	
Interest received	20
Dividends received	8
Gain on sale of marketable securities	5
Other	29
Total non-operating income	63
Non-operating expenses	
Interest paid	27
Other	20
Total non-operating expenses	48
Ordinary profit	1,455
Extraordinary loss	
Write-down of shares of affiliated company	10
Write-down of memberships	22
Other	1
Total extraordinary loss	34
Income before income taxes and minority interests	1,420
Current income taxes	775
Deferred income taxes	(75)
Total income taxes	700
Minority interests	8
Net income	711

(Second quarter accounting period)

(Millions of Yen)

	Second quarter accounting period of fiscal 2009 (July 1, 2008-September 30, 2008)
Net sales	10,713
Cost of sales	8,609
Gross profit	2,103
Selling, general and administrative expenses	1,146
Operating income	956
Non-operating income	
Interest received	14
Dividends received	0
Gain on sale of marketable securities	5
Other	14
Total non-operating income	34
Non-operating expenses	
Interest paid	14
Other	11
Total non-operating expenses	25
Ordinary profit	965
Extraordinary loss	
Write-down of shares of affiliated company	10
Write-down of memberships	22
Other	0
Total extraordinary loss	33
Income before income taxes and minority interests	931
Current income taxes	327
Deferred income taxes	79
Total income taxes	407
Minority interests	2
Net income	522

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	Consolidated cumulative total for second quarter of fiscal 2009 (April 1, 2008-September 30, 2008)
Cash flows from operating activities:	
Income before income taxes and minority interests	1,420
Depreciation and amortization	121
Write-down of memberships	22
Increase in employees' retirement benefits, net of payments	83
Increase in directors' retirement benefits	6
Increase in allowance for bonuses payable	5
Increase (decrease) in allowance for directors' bonuses payable	(33)
Increase in allowance for doubtful accounts	11
Interest and dividend income	(28)
Interest paid	27
Loss on disposal of fixed assets	1
Write-down of shares of affiliated company	10
(Increase) decrease in accounts and notes receivable—trade	1,552
(Increase) decrease in inventories	(756)
Increase (decrease) in accounts and notes payable—trade	(492)
Increase (decrease) in other operating liabilities	(494)
Increase (decrease) in accrued consumption taxes payable	(173)
Other, net	26
Subtotal	1,309
Interest and dividends receivable	28
Interest paid	(28)
Income taxes paid and refunded	(1,715)
Net cash used in operating activities	(405)
Cash flows from investing activities:	
Purchases of tangible fixed assets	(37)
Purchases of intangible fixed assets	(53)
Purchases of investment securities	(65)
Payments for loans receivable	(21)
Collection of loans receivable	7
Other, net	(30)
Net cash used in investing activities	(200)
Cash flows from financing activities:	
Increase in short-term loans	227
Repayments of long-term debt	(14)

Proceeds from the issue of corporate bonds	300
Disbursements for the redemption of corporate bonds	(300)
Cash dividends paid	(553)
Net cash used in financing activities	(341)
Effect of exchange rate changes on cash and cash equivalents	(22)
Net increase (decrease) in cash and cash equivalents	(969)
Cash and cash equivalents at beginning of period	11,265
Cash and cash equivalents at the end of period	10,296

Effective from the current consolidated fiscal year, the Group has adopted “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements have been prepared in accordance with the “Regulations for Quarterly Financial Reporting.”

(4) Notes Concerning Premise of Going Concern

None

(5) Segment Information

a. Segment Information by Type of Business

Consolidated cumulative total for second quarter (from April 1, 2008 to September 30, 2008)

(Millions of yen)

	Systems Development	System Operations and Infrastructure Development	Product Sales	Total	Eliminations/ Corporate	Consolidated
Net Sales						
(1) Sales to customers	10,679	2,471	6,279	19,430	—	19,430
(2) Intersegment sales or transfers	14	125	262	402	(402)	—
Total sales	10,693	2,596	6,542	19,832	(402)	19,430
Operating income	1,634	557	543	2,736	(1,295)	1,440

Note:

Change in the Names of Business Segments

Previously, the Company expressed its business segments as “System Development,” “Network & Systems Services,” and “Consulting & Other Services.” From the first quarter of the current consolidated fiscal year, the Company changed the names of these business segments to the “Systems Development,” “System Operations and Infrastructure Development,” and “Product Sales” segments, respectively. This change had no impact on business segment information.

b. Geographical Segments

Consolidated cumulative total for second quarter (from April 1, 2008 to September 30, 2008)

(Millions of yen)

	Japan	Other Regions	Total	Eliminations/ Corporate	Consolidated

Net Sales					
(3) Sales to customers	17,408	2,021	19,430	—	19,430
(4) Intersegment sales or transfers	13	18	31	(31)	—
Total sales	17,421	2,039	19,461	(31)	19,430
Operating income	1,564	167	1,732	(291)	1,440

Note:

1. Countries and regions are categorized based on geographic proximity.
2. Because only small amounts of net sales were recorded in each country and region outside Japan, these countries and regions are aggregated under Other Regions.

Principal countries included in Other Regions are the United States and the Netherlands.

3. Overseas sales accounted for more than 10% of total consolidated sales during the first quarter and thus geographic segment information has been included from the first quarter of the current fiscal year.

c. Overseas Sales

Consolidated cumulative total for second quarter (from April 1, 2008 to September 30, 2008)

(Millions of yen)

	Other Regions	Total
Overseas Sales	2,024	2,024
Consolidated net sales	—	19,430
Overseas sales as a percentage of consolidated net sales (%)	10.4	10.4

Note:

1. Countries and regions are categorized based on geographic proximity.
2. Because only small amounts of net sales were recorded in each country and region outside Japan, these countries and regions are aggregated under Other Regions.
3. Overseas sales are those recorded by the Company and its consolidated subsidiaries in countries and regions outside Japan.
4. Overseas sales accounted for more than 10% of total consolidated sales in the first quarter of the current fiscal year and thus overseas sales are included in segment information from first quarter of the current fiscal year.

(6) Notes on Significant Fluctuations in Shareholder's Equity

None

6. Other Information

[Reference]

Consolidated Financial Statements of the Second Quarter of Fiscal 2008

(1) Consolidated Interim Statements of Income

(Millions of yen)

	Fiscal 2008 interim period (April 1, 2007-September 30, 2007)	
	Amount	%
Net sales		19,786 100.0
Cost of sales		15,751 79.6
Gross profit		4,034 20.4
Selling, general and administrative expenses		2,332 11.8
Operating income		1,702 8.6
Non-operating income		72 0.3
Interest received	15	
Dividends received	9	
Other	47	
Non-operating expenses		43 0.2
Interest paid	24	
Other	19	
Ordinary profit		1,731 8.7
Extraordinary income		15 0.1
Extraordinary loss		0 0.0
Interim income before income taxes and minority interests		1,745 8.8
Current income taxes		921 4.7
Deferred income taxes		(97) (0.5)
Minority interests		2 (0.0)
Interim net income		918 4.6

(2) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2008 interim period (April 1, 2007-September 30, 2007)
	Amount
I. Cash flows from operating activities:	
Interim income before income taxes and minority interests	1,745
Depreciation and amortization	138
Increase in employees' retirement benefits, net of payments	121
Increase in directors' retirement benefits	10
Increase in accounts and notes receivable—trade	620
Increase (decrease) in inventories	(1,831)
Increase in accounts and notes payable—trade	796
Increase (decrease) in accrued consumption taxes payable	(154)
Other, net	(438)
Subtotal	1,009
Interest and dividends receivable	25
Interest paid	(23)
Income taxes paid and refunded	(664)
Net cash provided by operating activities	346
II. Cash flows from investing activities:	
Disbursements for investments in term deposits	(100)
Purchases of fixed assets	(136)
Purchases of investment securities	(70)
Disbursements for deposits	(3)
Collection of deposits	6
Other, net	(26)
Net cash used in investing activities	(329)
III. Cash flows from financing activities:	
Increase (decrease) in short-term loans	(30)
Repayments of long-term debt	(19)
Other, net	(345)
Net cash used in financing activities	(395)
IV. Effect of exchange rate changes on cash and cash equivalents	4
V. Net increase (decrease) in cash and cash equivalents	(374)
VI. Cash and cash equivalents at beginning of period	9,919
VII. Cash and cash equivalents at end of period	9,545

(3) Segment Information

[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						
(1) Sales to customers	10,797	2,247	6,741	19,786	—	19,786
(2) Intersegment sales or transfers	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

[Geographical Segments]

Fiscal 2008 interim period (from April 1, 2007 to September 30, 2007)

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.

[Overseas Sales]

Fiscal 2008 interim period (from April 1, 2007 to September 30, 2007)

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