May 14, 2009

Summary of Consolidated Financial Results for the Year Ended March 31, 2009

Company name: SRA Holdings, Inc.
(URL: http://www.sra-hd.co.jp/)
Stock listing: Tokyo Stock Exchange
Code number: 3817
President: Toru Kashima
For inquiries, please contact: Shigeru Yoshimura, General Manager, Finance Department, Administrative Headquarters
Tel: (03)-5979-2666
Date of ordinary general meeting of shareholders: June 25, 2009
Scheduled commencement of dividend payment: June 11, 2009
Scheduled date of submission of financial reports: June 25, 2009

1. Consolidated Financial Results for Fiscal 2009 (from April 1, 2008 to March 31, 2009)

(1) Consolidated Operating Results (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	%
Fiscal 2009	41,777	(7.3)	3,820	(6.9)	3,894	(6.9)	2,041	(8.2)
Fiscal 2008	45,058	22.6	4,102	44.0	4,181	43.0	2,224	10.4

	Net Income per Share	Net Income per Share after Dilution	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Profit to Total Assets	Ordinary Profit Ratio
	Yen	Yen	%	%	%
Fiscal 2009	147.52	—	15.0	14.3	9.1
Fiscal 2008	160.74	160.35	18.0	15.9	9.1

Reference: Gain (loss) on equity method investments:
Fiscal 2009: —
Fiscal 2008: —

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2009	26,519	14,164	53.0	1,014.91
Fiscal 2008	27,967	13,224	47.0	950.22

Reference: Shareholders' equity
Fiscal 2009: ¥14,046 million
Fiscal 2008: ¥13,150 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 2009	2,194	(852)	(772)	11,753
Fiscal 2008	2,025	(434)	(238)	11,265

2. Dividends

	Dividend per Share					Total Dividends (for the year)	Dividend Propensity (consolidated)	Net Assets to Dividend Ratio (consolidated)
Record date	End of First Quarter	End of Second Quarter	End of Third Quarter	Year-end	For the year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal 2008	0.00	0.00	0.00	40.00	40.00	553	24.9	4.5
Fiscal 2009	0.00	0.00	0.00	40.00	40.00	553	27.1	4.1
Fiscal 2010 (forecast)	0.00	0.00	0.00	40.00	40.00	—	38.2	—

3. Consolidated Earnings Forecast for Fiscal 2010 (from April 1, 2009 to March 31, 2010)

(% 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
Interim Period	15,000	(22.8)	1,000	(30.6)	1,000	(31.3)	530	(25.5)	38.30
Full Year	32,600	(22.0)	2,740	(28.3)	2,740	(29.6)	1,450	(29.0)	104.77

4. Others

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

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

1. Changes due to change in accounting standards: Yes
2. Changes other than 1. (above): No

(3) Number of outstanding shares (common shares)

1. Shares issued at the end of term (including own shares)
   Fiscal 2009: 15,240,000 shares
   Fiscal 2008: 15,240,000 shares
2. Own shares at end of term
   Fiscal 2009: 1,400,198 shares
   Fiscal 2008: 1,400,198 shares

[Reference] Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for Fiscal 2009 (from April 1, 2008 to March 31, 2009)

(1) Non-Consolidated Operating Results (% change YoY)

	Net Sales		Operating Income		Ordinary Profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2009	1,626	26.8	1,046	55.6	1,034	57.2	1,033	62.6
Fiscal 2008	1,282	100.3	672	62.2	657	57.7	635	48.1

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Fiscal 2009	68.57	—
Fiscal 2008	41.68	41.59

(2) Non-Consolidated Financial Position

	Net Income	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2009	9,207	9,156	98.5	603.65
Fiscal 2008	9,150	9,058	98.4	591.00

Reference: Shareholders' equity:
Fiscal 2009: ¥9,072 million
Fiscal 2008: ¥9,006 million

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. For further information, please see page 5 of the attached reference.

1. Business Results

(1) Analysis of Business Results

(Business results for the fiscal year)

Amid the global recession triggered by the worldwide financial crisis, the Japanese economy rapidly deteriorated in the fiscal year ended March 31, 2009, owing to sluggish stock markets, a decrease in exports resulting from the strong yen, and a decline in capital expenditures accompanying a worsening of corporate earnings.

In the information services industry, the business environment surrounding the SRA Holdings Group rapidly worsened, especially from the third quarter as IT investments by customers were successively postponed, scaled down, or frozen.

Under these conditions, the SRA Holdings Group strived to generate new orders and sales and raise profitability to attain our fiscal year performance targets. Concurrently, as an urgent measure for raising profit levels, we also focused on cutting selling, general and administrative (SG&A) expenses and other expenses. Additionally, with the view that the current harsh management environment provides excellent opportunities for reform, the entire SRA Holdings Group worked in unison to implement reforms of its business structure with the aims of strengthening our business foundation and positioning the Company for future growth. Specifically, under these reforms we will work to "raise our gross profit margin by establishing a cost management system," "establish a structure for stable orders backed by our solid customer base," and "undertake a sweeping review our cost structure."

The following is a brief overview of the reforms.

Raise our gross profit margin by establishing a cost management system

- Raise productivity per employee
  Raise productivity through automation and semi-automation by deploying an assortment of tools and promote reuse through componentization and sample codes
- Promote offshore development (India and China)
- Lower unit prices for orders placed and review ordering conditions by thoroughly monitoring our domestic business partners

Establish a structure for stable orders backed by our solid customer base

(SRA)

- Industrial-related: We established the Industrial Sales Promotion Division and will work to increase orders and sales as well as expand and upgrade our customer base and strengthen relationships with our customers.
- Financial-related: We will shift to a structure that can respond to changes in the business environment [strengthen relationships with existing customers and cultivate ties with peripheral customers (subsidiaries and other customers)].
- System Operations and Infrastructure Development: We will make efforts to stabilize business in the System Operations business and raise profitability in the Infrastructure Development business.

Undertake a sweeping review our cost structure

- We separated cost of sales and SG&A expenses into the categories of fixed costs and variable costs and formulated and implemented exhaustive cost-cutting measures that extend beyond conventional cost-reduction measures.

Meanwhile, in keeping with efforts to “expand overseas business earnings opportunities,” which is a priority issue under our medium-term management plan, we formed a business and capital alliance agreement with SJ Holdings Inc. in February 2009. The business alliance provides complementary benefits by allowing the mutual use of each group’s management resources, including human resources, technologies, know-how, and products, while strengthening the profitability of both companies. At the same time, the alliance enables the companies to efficiently advance into the promising Chinese market and thus create new corporate value.

Regarding the capital alliance, to enhance the effectiveness of the cooperative tie-up at the operational level, SRA will also hold a portion of SJ Holdings’ shares.

Despite the implementation of the aforementioned measures, net sales and income declined from the previous fiscal year, as shown in the table below. Nonetheless, our consolidated business results for the fiscal year exceeded the figures in our revised forecast announced in November 2008.

Moreover, our consolidated business results for fiscal 2009 surpassed the results recorded up to the fiscal year ended March 2007, and we believe that the SRA Holdings Group’s growth potential and rising profitability are being sustained.

SRA Holdings recorded consolidated net sales of ¥41,777 million, a decline of 7.3% from the previous fiscal year. This decrease mirrored a large decline in the Product Sales business at Software Research Associates (SRA), Inc., a core company, owing to curtailments of IT investments by customers, as well as a decrease in SRA’s Systems Development business, mainly in financial-related sectors. Additionally, Advanced Integration Technology (AIT), Inc., a principal subsidiary, posted a decrease in large-scale sales of devices to financial institutions.

At the profit level, SRA Holdings posted a 6.9% decline in operating income to ¥3,820 million and a 6.9% decrease in ordinary profit to ¥3,894 million. These decreases resulted from a decline in SRA Holdings’ gross profit accompanying lower net sales.

Despite the harsh business environment, we attained an operating profit margin of 9.1% and an ordinary profit margin of 9.3%, thereby maintaining these margins at the same level as in the previous fiscal year.

SRA Holdings raised its gross profit margin due to the implementation of profit improvement measures at SRA, including measures to strengthen the management of business partners in Japan, and an increase in the weighting of businesses with high profit margins at AIT.

Net income declined 8.2% to ¥2,041 million, owing to a loss on evaluation of investment securities.

Trends in Consolidated Business Results (¥ million)

	FY2005	FY2006	FY2007	FY2008	FY2009	
					Most recent forecast figures (announced November 6)	Actual
Net sales	34,259	34,145	36,765	45,058	41,500	41,777
Operating income	1,659	1,719	2,848	4,102	3,500	3,820
Ordinary profit	1,626	1,762	2,923	4,181	3,500	3,894
Net income	1,056	933	2,015	2,224	1,850	2,041

Note: The figures prior to FY2006 are consolidated figures for SRA.

A summary of business results for the fiscal year by business segment is shown below.

1) Systems Development

The Systems Development business faced an extremely severe operating environment and recorded a decline in orders from the financial sector, including financial securities businesses, as well from manufacturing industries. As a result, net sales for the fiscal year amounted to ¥22,837 million, a decrease of 5.6% from the previous fiscal year.

2) System Operations and Infrastructure Development

Although school-related orders remained level with those of the previous year, the System Operations and Infrastructure Development business recorded an increase in company orders. Moreover, in addition to achieving favorable business results in the System Operations business, we also focused on our high profit margin network creation business. Therefore, net sales amounted to ¥5,078 million, an increase of 8.9% from the previous fiscal year.

3) Product Sales

SRA posted sluggish results while AIT recorded a decrease in large-scale sales of devices to financial institutions. As a result, net sales for the fiscal year amounted to ¥13,861 million, a decline of 14.4% from the previous fiscal year.

Outlook for the Next Fiscal Year

In the next fiscal year, the Japanese economy is expected to post negative real growth and difficult conditions will likely continue.

In the information services industry, IT investments by customers, mainly manufacturing industries and financial institutions, are expected to be curtailed as the environment for securing new orders becomes increasingly harsh and uncertainties about the future persist.

Under these conditions, the SRA Holdings Group will focus on selectiveness in accepting orders by further upgrading the precision of project information management in building a structure for reliably obtaining high-certainty orders for projects, while not accepting orders that have a risk of being unprofitable. For project orders that we accept, we will also strive to raise profitability by increasing productivity in addition to assuring quality and stringently adhering to delivery dates through appropriate project management.

To achieve a significant increase in our future business results when the business environment eventually improves, we will continue to promote our structural reforms under which we will “raise our gross profit margin by establishing a cost management system,” “establish a structure for stable orders backed by our solid customer base,” and “undertake a sweeping review our cost structure.”

Regarding our business alliance with SJ Holdings, we will focus on expanding orders for offshore development in China and on building business models in the education and electric power fields in China.

For the fiscal year ending March 31, 2010, we are forecasting consolidated net sales of ¥32,600 million, consolidated operating income of ¥2,740 million, consolidated ordinary profit of ¥2,740 million, and consolidated net income of ¥1,450 million. Because the timing of a recovery in the business environment is uncertain under the harsh economic circumstances, the profit targets in this consolidated forecast have been formulated based on the current business environment.

The reasons underlying the expected ¥9,177 million, or 22.0%, decline in net sales in fiscal 2010 are as follows.

SRA	Net sales are projected to decline 21.1% to ¥4,881 million due to the scaling down and uncertain timing of IT investments by such principal customers as manufacturing industries and financial institutions.
AIT	Although activities to secure orders are continuing, there were no large-scale orders expected for device sales (¥2,654 million recorded in fiscal 2009) at the time the sales plan was formulated. Net sales are thus projected to decline 33.9% to ¥3,855 million.
Domestic development subsidiaries	Principal customers (semiconductor companies, automakers, and manufacturers) are expected to curtail IT investments and net sales are forecast to decline 16.1% to ¥749 million.
Overseas subsidiaries	Sales are expected to remain virtually level with the previous year.

(2) Analysis of Financial Position

Cash and cash equivalents on a consolidated basis at the end of the fiscal year increased ¥487 million to ¥11,753 million compared with at the previous fiscal year-end.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥2,194 million. This consisted mainly of such cash inflows as income before income taxes and minority interests of ¥3,784 million, a decrease in accounts and notes receivable—trade of ¥1,245 million, and a decrease in inventories of ¥609 million. Cash outflows were primarily income taxes paid and refunded of ¥2,718 million and a decrease in accounts and notes payable—trade of ¥740 million.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥852 million. This was due mainly to the outflows of ¥588 million for purchases of investment securities and ¥232 million for purchases of fixed assets.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥772 million. This was due mainly to such cash outflows as ¥553 million in cash dividends paid and a ¥196 million decrease in short-term loans.

Trends in Cash Flows Indicators

	FY2007	FY2008	FY2009
Shareholders’ equity ratio (%)	47.2	47.0	53.0
Shareholders’ equity ratio at market value (%)	105.4	93.9	37.3
Debt redemption years to cash flow (years)	1.0	1.4	1.2
Interest coverage ratio (times)	68.5	38.2	41.4

Notes:

Shareholders’ equity ratio: Shareholders’ equity/total assets

Shareholders’ equity ratio at market value: Market capitalization/total assets

Debt redemption years to cash flow: 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 using the total number of shares outstanding at the end of the fiscal period excluding treasury shares.
3. Cash flows from operating activities is used for cash flow.
4. Interest-bearing debt includes all debt that pays interest as listed on the Consolidated Balance Sheets.

(3) Basic Policy on Profit Allocation and Dividends for the Fiscal Year under Review and the Next Fiscal Year

The Company's basic policy regarding the allocation of profits is to enhance the redistribution of profits to shareholders in accordance with the state of its earnings, while also retaining earnings for R&D and the establishment of a development environment for responding to the rapid and revolutionary technological advances within the industry as well as to prepare for future business development.

The Company aims to allocate profits with a consolidated dividend payout ratio of 20%. Moreover, at the Ordinary General Meeting of Shareholders held on September 20, 2006, the Articles of Incorporation were changed to allow for a flexible distribution of retained earnings as dividends based on resolutions by the Board of Directors.

Regarding dividends for the fiscal year ended March 31, 2009, in accordance with our dividend policy of striving to realize a consolidated payout ratio of 20% while considering various factors, the Company will pay regular cash dividends per share of ¥40.00.

Concerning dividends for the fiscal year ending March 31, 2010, although our basic dividend policy is to "strive to realize a consolidated payout ratio of 20%," we plan to pay cash dividends per share of ¥40.00 for the reasons detailed below based on our recognition that the decline in business results in fiscal 2009 was temporary and that the Company will return to a path of growth when the business environment eventually improves. Thus, assuming the ¥40.00 per share dividend is paid, the payout ratio will be 38.2%.

1. One of the Company's management targets is to "achieve and maintain double-digit consolidated ROE" and we aim to carry out management that emphasizes the efficient use of shareholders' equity.

2. Therefore, we are implementing a policy of making proactive investments (such as investments for M&A) in our main businesses in working to ensure the Group's growth.

3. At the same time, we also continually consider "redistributing profits to shareholders" from the perspective of efficient use of shareholders' equity.

4. Taking into consideration our ample liquidity in hand at present, as part of efforts to contribute to the efficient utilization of assets and capital, we have decided that "redistributing profits to shareholders" is a high priority and in the fiscal year ending March 31, 2010, we thus plan to maintain cash dividends per share of ¥40.00.

We also regard the acquisition of treasury shares as an effective means of redistributing profits to shareholders. Accordingly, we make such acquisitions appropriately while considering such factors as our stock price trends and financial condition.

(4) Business and Other Risks

The following principal risks could have an impact on the business results and financial condition of the Company as the Group’s controlling 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 fiscal 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 Holdings Group provides education for its Group employees and business partners and makes efforts to protect personal information. However, in the event of the unexpected leakage of information, besides losing the trust of business partners, the SRA Holdings 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.

<SRA>

* The below-mentioned “SRA Holdings Group” consists of Software Research Associates (SRA), Inc., and its subsidiaries. The following principal risks could have an impact on the business results and financial condition of the SRA Holdings Group.

[1] Securing business partners during times of expansion of production volume

In the Systems Development and the System Operations and Infrastructure Development businesses, besides its own in-house engineers, the SRA Holdings Group utilizes business partners for the planned augmentation of its staff of in-house engineers and expansion of business, as well as to augment those areas where it does not possess technologies and to respond flexibly to changes in production volumes during peak production.

The SRA Holdings Group also utilizes business partners as one means of reducing production costs.

Nonetheless, the inability to sufficiently secure business partners possessing requisite skills could have an impact on the Group’s business results.

The utilization of business partners accounted for 54.4% of manufacturing costs as of the end of the fiscal period.

[2] Project profitability in Systems Development

In the core Systems Development business, the SRA Holdings Group concludes bulk subcontracting contracts whereby it handles the entire system development and is responsible to its customers for completion. There are also projects during which more than one year elapses from the time the order is obtained to system completion and handover. Therefore, even for projects for which a certain amount of income is expected at the time the order is received, there are instances when profitability worsens because of such factors as customer requests for specification changes after commencing development activities or a work process that exceeds the initial estimate. Moreover, the incurrence of additional expenses such as those related to defect guarantees after the confirmation of sales could ultimately result in an unprofitable project.

To prevent the occurrence of unprofitable projects, the Group reviews risk factors at the time an order is received and works to improve the precision of its estimates while strengthening its project management structure in an organized manner. Nevertheless, any project incurring a large loss could have an effect on the Group's business results.

[3] Maintaining confidentiality of customer information

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

2. Management Policy

(1) The Company's Basic Management Policy

The SRA Holdings 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 Holdings 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 Targets

The SRA Holdings Group has adopted "ordinary profit margin" as a representative indicator of the Company's overall earnings power and has set the medium- and long-term numerical target of quickly attaining and maintaining an ordinary profit margin of 10% or higher."

Also, the SRA Holdings Group continues to use return on equity (ROE) as an indictor of efficient deployment of shareholders' equity. The Group has established the numerical target of "attaining and maintaining double-digit consolidated ROE."

The Group's consolidated ordinary profit margin and ROE are as shown below.

	Consolidated ordinary profit margin	Consolidated ROE
FY2006 (actual)	5.2%	10.1%
FY2007 (actual)	8.0%	18.8%
FY2008 (actual)	9.3%	18.0%
FY2009 (actual)	9.3%	15.0%
FY2010 target	8.4% (plan)	10.0% (plan)

Note: The results for FY2006 are the consolidated results for SRA.

(3) Medium- and Long-term Management Strategy

The Group implemented its three-year management plan in fiscal 2009, the plan's first year.

Under this plan, we aim to establish a position in the industry as an independent company that provides truly optimal choices from a neutral standpoint without bias toward any specific vendors and manufacturers and to strengthen our business strategies and business structures to achieve continual development. At the same time, we will lay the cornerstone for advancing the Group's business capabilities with a focus on the future.

1. Establish a position as an independent company

[1] Attain the corporate size of a prime contractor

[2] Raise the constitution of management for the purpose of strengthening our corporate competitiveness (steadily raise important management indicators)

2. Strengthen our business strategies and business structures to achieve continual development

[1] Strengthen business strategies by rebuilding business segments

- Systems Development business: Shift weighting toward promising markets (financial, embedded systems, education, and others)
- System Operations and Infrastructure Development business: Shift weighting toward such high-profit businesses as building server systems
- Product Sales business: Undertake an exhaustive review of product and sales structures with the aim of expanding markets and achieving a large improvement in profit ratios (strengthen the solutions business and product business as well as bolster sales structures)
- Promote the lifecycle business
- Rebuild the production structure (employees, offshore, and domestic business partners) and strengthen the production management system

[2] Strengthen our business structure by realizing Group synergies

- Strategically carry out business in the embedded systems, education, product sales, and electric power fields as well as in China through "virtual" organizations

3. Lay the cornerstone for advancing the SRA Holdings Group's business capabilities over the medium- and long-term

[1] Strengthen our business portfolio through initiatives focused on the "product business"

[2] Realize SRA's strengths by "establishing business models for leading-edge technologies"

[3] Expand overseas business earnings opportunities by upgrading and expanding business in Europe and the United States and building a foundation for growth in Asia

(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 as it strives for further growth and development.

1. Secure orders and raise profitability

The SRA Holdings Group will focus on selectiveness in accepting orders by further upgrading the precision of project information management in building a structure for reliably obtaining high-certainty orders for projects, while not accepting orders that have a risk of being unprofitable.

For projects that we accept, we will also work to raise profitability by increasing productivity in addition to assuring quality and stringently adhering to delivery dates by carrying out appropriate project management.

2. Promote structural reforms

Additionally, to ensure that we can achieve a significant increase in our business results in the future when the business environment improves, we will continue to promote our structural reforms under which we will "raise our gross profit margin by establishing a cost management system," "establish a structure for stable orders backed by our solid customer base," and "undertake a sweeping review our cost structure."

The following is a brief overview of the reforms.

Raise our gross profit margin by establishing a cost management system

- Raise productivity per employee
  Raise productivity through automation and semi-automation by deploying an assortment of tools and promote reuse through componentization and sample codes
- Promote offshore development (India and China)
- Lower unit prices for orders placed and review ordering conditions by thoroughly monitoring our domestic business partners

Establish a structure for stable orders backed by our solid customer base

(SRA)

- Industrial-related: We established the Industrial Sales Promotion Division and will work to increase orders and sales as well as expand and upgrade our customer base and strengthen relationships with our customers.

- Financial-related: We will shift to a structure that can respond to changes in the business environment [strengthen relationships with existing customers and cultivate ties with peripheral customers (subsidiaries and other customers)].
- System Operations and Infrastructure Development: We will make efforts to stabilize business in the System Operations business and raise profitability in the Infrastructure Development business.

Undertake a sweeping review of our cost structure

- We separated cost of sales and SG&A expenses into the categories of fixed costs and variable costs and formulated and implemented exhaustive cost-cutting measures that extend beyond conventional cost-reduction measures.

3. Concretely Promote the Business Alliance with SJ Holdings

Through our business alliance with SJ Holdings, we will expand offshore development orders in China and build business models in education, electric power-related, and other fields in China.

(5) Other Important Management Matters

None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	FY2008 (as of March 31, 2008)	FY2009 (as of March 31, 2009)
ASSETS		
Current assets:		
Cash and deposits	9,351	10,335
Notes and accounts receivable-trade	8,940	7,613
Short-term investment securities	2,003	1,503
Inventories	1,740	—
Merchandise and finished goods	—	558
Work in process	—	571
Deferred tax assets	471	461
Other	657	591
Allowance for doubtful accounts	(22)	(37)
Total current assets	23,143	21,599
Noncurrent assets:		
Property, plant and equipment		
Buildings	240	254
Accumulated depreciation	(136)	(157)
Buildings, net	103	97
Machinery, equipment and vehicles	736	717
Accumulated depreciation	(645)	(646)
Machinery, equipment and vehicles, net	91	71
Land	0	0
Other	97	100
Accumulated depreciation	(64)	(66)
Other, net	32	33
Total property, plant and equipment	228	202
Intangible assets		
Other	440	429
Total intangible assets	440	429
Investments and other assets		
Investment securities	1,510	1,314
Deferred tax assets	1,318	1,677
Guarantee deposits	553	531
Other	889	882
Allowance for doubtful accounts	(10)	(10)
Allowance for investment loss	(107)	(107)

Total investments and other assets	4,155	4,287
Total noncurrent assets	4,824	4,920
Total assets	27,967	26,519

(Millions of Yen)

	FY2008 (as of March 31, 2008)	**FY2009** (as of March 31, 2009)
LIABILITIES		
Current liabilities:		
Accounts payable-trade	3,502	2,702
Short-term loans payable	2,554	2,358
Current portion of long-term loans payable	22	10
Current portion of bonds	300	—
Accrued expenses	963	658
Income taxes payable	1,640	743
Accrued consumption taxes	392	414
Provision for bonuses	653	568
Provision for directors’ bonuses	74	0
Other	798	542
Total current liabilities	10,901	7,999
Noncurrent liabilities:		
Bonds payable	—	300
Long-term loans payable	10	—
Provision for retirement benefits	3,412	3,620
Provision for directors’ retirement benefits	400	422
Negative goodwill	19	13
Total noncurrent liabilities	3,842	4,356
Total liabilities	14,743	12,355
NET ASSETS		
Shareholders’ equity		
Capital stock	1,000	1,000
Capital surplus	4,519	4,483
Retained earnings	8,029	9,518
Treasury stock	(894)	(894)
Total shareholders’ equity	12,654	14,107
Valuation and translation adjustments		
Valuation difference on available-for-sales securities	480	60
Foreign currency translation adjustment	15	(121)
Total valuation and translation adjustments	495	(61)
Subscription rights to shares	52	83
Minority interests	21	34
Total net assets	13,224	14,164
Total liabilities and net assets	27,967	26,519

(2) Consolidated Statements of Income

(Millions of Yen)

	FY2008 (April 1, 2007- March 31, 2008)	**FY2009** (April 1, 2008- March 31, 2009)
Net sales	45,058	41,777
Cost of sales	36,311	33,430
Gross profit	8,747	8,346
Selling, general and administrative expenses	4,645	4,525
Operating income	4,102	3,820
Non-operating income		
Interest received	36	34
Dividends received	14	15
Technical guidance fee	9	9
Sales reward	25	48
Gain on sales of securities	—	5
Other	68	40
Total non-operating income	154	153
Non-operating expenses		
Interest expenses	53	52
Transfer agent processing fee	15	15
Other	7	11
Total non-operating expenses	75	79
Ordinary profit	4,181	3,894
Extraordinary income		
Gain on sale of investment securities	7	—
Gain on prior period adjustments	13	—
Total extraordinary income	21	—
Extraordinary loss		
Loss on sale of noncurrent assets	0	—
Loss on retirement of noncurrent assets	5	1
Provision of allowance for investment loss	57	—
Loss on valuation of investment securities	—	70
Loss on valuation of stocks of subsidiaries and affiliates	—	10
Loss on valuation of memberships	—	27
Other	0	—
Total extraordinary loss	63	110
Income before income taxes and minority interests	4,139	3,784
Income taxes-current	2,123	1,810
Income taxes-deferred	(217)	(81)

Total income taxes	1,905	1,729
Minority interests in income	9	13
Net income	2,224	2,041

(3) Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY2008 (April 1, 2007- March 31, 2008)	FY2009 (April 1, 2008- March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at end of previous period	1,000	1,000
Changes of items during the period		
Total change during the period	—	—
Balance at end of current period	1,000	1,000
Capital surplus		
Balance at end of previous period	4,519	4,519
Changes of items during the period		
Decrease due to purchase of treasury stock from consolidated subsidiaries	—	(35)
Total change of items during the period	—	(35)
Balance at the end of period	4,519	4,483
Retained earnings		
Balance at the end of previous period	6,151	8,029
Changes of items during the period		
Dividends from surplus	(345)	(553)
Net income	2,224	2,041
Total change of items during the period	1,878	1,488
Balance at the end of period	8,029	9,518
Treasury stock		
Balance at the end of previous period	(894)	(894)
Changes of items during the period		
Total change of items during the period	—	—
Balance at end of current period	(894)	(894)
Total shareholders' equity		
Balance at the end of previous period	10,776	12,654
Changes of items during the period		
Dividends from surplus	(345)	(553)
Net income	2,224	2,041
Decrease due to purchases of treasury stock from consolidated subsidiary	—	(35)
Total change during the period	1,878	1,452
Balance at the end of period	12,654	14,107

Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	796	480
Changes of items during the period		
Net change of items other than shareholders' equity	(316)	(420)
Total change of items during the period	(316)	(420)
Balance at the end of current period	480	60
Foreign currency translation adjustment		
Balance at the end of previous period	37	15
Changes of items during the period		
Net change of items other than shareholders' equity	(22)	(137)
Total change of items during the period	(22)	(137)
Balance at the end of current period	15	(121)
Total valuation and translation adjustments		
Balance at end of previous period	834	495
Changes of items during the period		
Net change of items other than shareholders' equity	(338)	(557)
Total change of items during the period	(338)	(557)
Balance at the end of current period	495	(61)
Subscription rights to shares		
Balance at end of previous period	9	52
Changes of items during the period		
Net change of items other than shareholders' equity	42	31
Total change of items during the period	42	31
Balance at end of current period	52	83
Minority interests		
Balance at end of previous period	11	21
Changes during the period		
Net change of items other than shareholders' equity	9	13
Total change of items during the period	9	13
Balance at the end of current period	21	34
Total net assets		
Balance at end of previous period	11,632	13,224

Changes of items during the period		
Dividends from surplus	(345)	(553)
Net income	2,224	2,041
Decrease due to purchase of treasury shares from consolidated subsidiary	—	(35)
Net change of items other than shareholders' equity	(287)	(512)
Total change of items during the period	1,591	939
Balance at end of current period	13,224	14,164

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2008 (April 1, 2007- March 31, 2008)	**FY2009** (April 1, 2008- March 31, 2009)
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	4,139	3,784
Depreciation and amortization	306	258
Loss on valuation of memberships	—	27
Increase (decrease) in provision for retirement benefits	246	201
Increase (decrease) in provision for directors’ retirement benefits	25	21
Increase (decrease) in provision for bonuses	(25)	(84)
Increase (decrease) in provision for directors’ bonuses	20	(73)
Increase (decrease) in allowance for doubtful accounts	19	14
Increase (decrease) in allowance for investments loss	57	—
Interest and dividend income	(51)	(49)
Interest expense	53	52
Loss (gain) on valuation of investment securities	—	81
Loss (gain) on sales of investment securities	(7)	—
Loss (gain) on sale of noncurrent assets	0	—
Loss on retirement of noncurrent assets	5	1
Decrease (increase) in notes and accounts receivable-trade	(1,172)	1,245
Decrease (increase) in inventories	(895)	609
Increase (decrease) in notes and accounts payable-trade	481	(740)
Increase (decrease) in other liabilities	(105)	(552)
Increase (decrease) in accrued consumption taxes	29	21
Other, net	9	96
Subtotal	3,136	4,915
Interest and dividends income received	51	49
Interest expenses paid	(53)	(53)
Income taxes paid	(1,110)	(2,718)
Net cash provided by (used in) operating activities	2,025	2,194
Net cash provided by (used in) investing activities:		
Purchases of property, plant and equipment	(64)	(57)
Proceeds from sale of property, plant and equipment	0	0
Purchases of intangible assets	(144)	(174)
Purchases of investment securities	(108)	(588)
Proceeds from sales of investment securities	12	0
Payments for loans receivable	(56)	(48)

Collection of loans receivable	42	47
Payment into time deposits	(100)	(105)
Proceeds from withdrawal of term deposits	—	105
Payment for guarantee deposited	(5)	(10)
Proceeds from collection of guarantee deposited	7	3
Other, net	(16)	(23)
Net cash provided by (used in) investing activities	(434)	(852)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	148	(196)
Repayments of long-term loans payable	(40)	(22)
Proceeds from the issue of bonds	—	300
Redemption of bonds	—	(300)
Cash dividends paid	(345)	(553)
Net cash provided by (used in) financing activities	(238)	(772)
Effect of exchange rate change on cash and cash equivalents	(6)	(82)
Net increase (decrease) in cash and cash equivalents	1,346	487
Cash and cash equivalents at beginning of period	9,919	11,265
Cash and cash equivalents at end of period	11,265	11,753

Segment Information

a. Segment Information by Type of Business

Fiscal 2008 (from April 1, 2007 to March 31, 2008)

(Millions of yen)

	System Development	Network & Systems Services	Consulting & Other Services	Total	Eliminations/ Corporate	Consolidated
I Net Sales, Operating Income and Expenses						
Sales (1) Sales to customers	24,205	4,664	16,189	45,058	—	45,058
(2) Intersegment sales or transfers	63	383	480	926	(926)	—
Total sales	24,268	5,047	16,669	45,985	(926)	45,058
Operating expenses	20,156	3,918	15,375	39,451	1,504	40,956
Operating income	4,111	1,128	1,293	6,533	(2,431)	4,102
II Assets, depreciation expenses and capital-related expenditures						
Assets	9,241	1,971	5,002	16,215	11,752	27,967
Depreciation expenses	188	29	87	305	1	306
Capital-related expenditures	96	12	106	215	7	223

Notes:

1. Businesses are classified into segments according to similarities that include the types and characteristics of services.
2. Principal contents of business in each segment.

Business segment	Content of business
System Development	● 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	● 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	● 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 ¥2,431 million for the fiscal year. These consisted mainly of R&D expenses and expenses related to the Group’s management divisions.

4. Total Company assets in Eliminations/Corporate amounted to ¥11,930 million for the fiscal year. These consisted mainly of the Group’s surplus operating assets (cash, deposits, and marketable securities), long-term invested assets (investment securities), and deferred tax assets.

5. Depreciation expenses and capital-related expenditures included depreciation and additions to long-term prepaid expenses, respectively.

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

(Millions of yen)

	Systems Development	System Operations and Infrastructure Development	Product Sales	Total	Eliminations/ Corporate	Consolidated
I Net Sales, Operating Income and Expenses						
Sales (1) Sales to customers	22,837	5,078	13,861	41,777	—	41,777
(2) Intersegment sales or transfers	77	323	497	897	(897)	—
Total sales	22,915	5,401	14,358	42,675	(897)	41,777
Operating expenses	18,988	4,122	13,247	36,358	1,597	37,956
Operating income	3,926	1,279	1,110	6,316	(2,495)	3,820
II Assets, depreciation expenses and capital-related expenditures						
Assets	8,077	1,829	4,719	14,626	11,893	26,519
Depreciation expenses	164	28	64	256	1	258
Capital-related expenditures	129	40	52	222	0	222

Notes:

1. 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 fiscal 2009, 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.

2. Principal contents of business in each segment.

Business segment	Content of business
Systems Development	● 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
System Operations and Infrastructure Development	● Operation management of computer systems and network systems ● Overall operation that includes data management and facilities management ● Building of network systems ● Outsourcing services
Product Sales	● 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 ¥2,495 million for the fiscal year. These consisted mainly of R&D expenses and expenses related to the Group's management divisions.

4. Total Company assets in Eliminations/Corporate amounted to ¥12,075 million for the fiscal year. These consisted mainly of the Group's surplus operating assets (cash, deposits, and marketable securities), long-term invested assets (investment securities), and deferred tax assets.

5. Depreciation expenses and capital-related expenditures included depreciation and additions to long-term prepaid expenses, respectively.

b. Geographical Segments

Fiscal 2008 (from April 1, 2007 to March 31, 2008)

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.

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

(Millions of yen)

	Japan	Other Regions	Total	Eliminations/ Corporate	Consolidated
I Net Sales, Operating Income and Expenses					

Sales (1) Sales to customers (2) Intersegment sales or transfers	38,260 113	3,516 43	41,777 156	— (156)	41,777 —
Total sales	38,373	3,559	41,933	(156)	41,777
Operating expenses	34,340	3,231	37,572	384	37,956
Operating income	4,033	328	4,361	(540)	3,820
II Assets	24,570	1,019	25,589	929	26,519

Notes:

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

Fiscal 2008 (from April 1, 2007 to March 31, 2008)

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

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

(Millions of yen)

	Other Regions	Total
I Overseas Sales	3,518	3,518
II Consolidated net sales	—	41,777
III Overseas sales as a percentage of consolidated net sales (%)	8.4	8.4

Notes:

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 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.