

## Summary of Consolidated Financial Results for the First Quarter of the Year Ending March 31, 2011

**Company name:** SRA Holdings, Inc.  
 (URL: <http://www.sra-hd.co.jp>)  
**Stock listing:** Tokyo Stock Exchange  
**Code number:** 3817  
**President:** Toru Kashima  
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**Tel:** (03)-5979-2666  
**Scheduled date of submission of quarterly securities report:** August 13, 2010  
**Scheduled commencement of dividend payment:** —  
**Quarterly Results Supplemental Materials:** Yes  
**Quarterly Results Presentation Meeting:** No

### 1. Consolidated results for the first quarter of the fiscal year ending March 2011 (from April 1, 2010 to June 30, 2010)

#### (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 | %      |
| First quarter of fiscal 2011 | 7,848           | (0.0) | 217              | (23.5) | 267             | (13.7) | 40              | (73.9) |
| First quarter of fiscal 2010 | 7,849           | (9.9) | 283              | (41.3) | 309             | (36.7) | 154             | (18.2) |

|                              | Net Income per Share | Net Income per Share after Dilution |
|------------------------------|----------------------|-------------------------------------|
|                              | Yen                  | Yen                                 |
| First quarter of fiscal 2011 | 2.92                 | —                                   |
| First quarter of fiscal 2010 | 11.17                | —                                   |

#### (2) Consolidated Financial Position

|                              | Total Assets    | Net Assets      | Shareholders' Equity Ratio | Shareholders' Equity per Share |
|------------------------------|-----------------|-----------------|----------------------------|--------------------------------|
|                              | Millions of yen | Millions of yen | %                          | Yen                            |
| First quarter of fiscal 2011 | 26,182          | 14,538          | 55.3                       | 1046.30                        |
| Fiscal 2010                  | 27,204          | 15,129          | 55.4                       | 1,089.15                       |

Reference: Shareholders' equity

First quarter of fiscal 2011: ¥14,480 million

Fiscal 2010: ¥15,073 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 2010            | —                    | —                     | —                    | 40.00    | 40.00        |
| Fiscal 2011            | —                    | —                     | —                    | —        | —            |
| Fiscal 2011 (forecast) | —                    | —                     | —                    | 40.00    | 40.00        |

Note: Revision of dividend forecast in this quarter: No

### 3. Consolidated Earnings Forecast for Fiscal 2011 (from April 1, 2010 to March 31, 2011)

(% of change from FY2010 First Half or FY2010)

|                                                                        | 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                  |
| FY2011 First Half<br>(for the six months ending<br>September 30, 2010) | 16,300          | 2.1 | 850              | 23.7 | 850             | 19.9 | 490             | 38.0 | 35.41                |
| FY2011                                                                 | 35,500          | 4.2 | 2,600            | 30.1 | 2,600           | 26.2 | 1,500           | 21.1 | 108.38               |

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

### 4. Others

(1) Changes to significant subsidiaries during the current period : No

Note: Changes in specified subsidiaries during the current period that caused changes in the scope of consolidation

(2) Application of simplified accounting and application of special accounting : No

Note: Application of simplified and special accounting for quarterly consolidated financial statements

(3) Changes in accounting principles and procedures, presentation, etc.

1. Changes caused by revision of accounting standards, etc. : Yes

2. Changes other than 1. above: No

Note: Changes in significant accounting policies and procedures, presentation which are stated in “change in important matters in preparing quarterly consolidated financial statements”

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)

First quarter of fiscal 2011: 15,240,000 shares

Fiscal 2010: 15,240,000 shares

2. Number of treasury stock

First quarter of fiscal 2011: 1,400,230 shares

Fiscal 2010: 1,400,227 shares

3. Average number of shares over period (consolidated total for quarter)

First quarter of fiscal 2011: 13,839,771 shares

First quarter of fiscal 2010: 13,839,802 shares

#### \*Indication of quarterly review procedure implementation status

This earnings release is not subject to the quarterly review process as required by the Financial Instruments and Exchange Act of Japan. As of the date when this earning release was issued, the review process on quarterly financial statements as required by the Financial Instruments and Exchange Act had been finished.

#### \*Explanation relating to the appropriate use of results forecasts, and other noteworthy items

Forward-looking statements in this earnings release, such as forecasts of results of operations, are based on the information currently available and the certain assumptions that we regard as reasonable and therefore actual results may differ materially from those contained in or suggested by any forward-looking statements. With regard to the assumptions and other related matters concerning forecasts for the fiscal year ending March 31, 2011, please refer to the attachment page 2.

## 1. Qualitative Information Concerning First-Quarter Consolidated Business Results

### (1) Qualitative Information Concerning Consolidated Business Results

During the first quarter of the fiscal year (April 1, 2010 to June 30, 2010), the Japanese economy continued on a moderate recovery track owing to an improvement in corporate earnings and a halt in the decline in capital investment. Nevertheless, the outlook for the economy remains uncertain amid concerns about such factors as the employment situation and the strengthening of the yen.

In the information services industry, despite an ongoing improvement in corporate earnings, the harsh business environment persisted as customers maintained a cautious stance toward IT investments that reflected uncertainties about the future of the economy.

Amid these circumstances, the SRA Holdings Group implemented its group-wide fiscal year basic policies, namely, “securing a stable order flow,” “increasing gross profit margins and curbing costs” and “refining a solid customer base and strengthening order-generating activities to create new opportunities.” Consolidated business results realized for the first quarter are as follows.

Net sales amounted to ¥7,848 million, the same level as in the first quarter of the previous fiscal year, as sales in the Systems Development business compensated for declines in sales by the Systems Operations and Infrastructure Development business and the Product Sales business.

At the profit level, gross profit declined due to the recording of a provision for loss on construction contracts in projects involving Software Research Associates (SRA), Inc. and some overseas subsidiaries. Although we continued our efforts to curb selling, general and administrative (SG&A) expenses, operating income declined 23.5% from the first quarter of the previous fiscal year to ¥217 million and ordinary profit decreased 13.7% year on year to ¥267 million. Net income in the first quarter declined 73.9% year on year to ¥40 million as a result of an extraordinary loss that included a loss on valuation of investment securities and a loss on valuation of stocks of subsidiaries and affiliates.

As described in the above explanation of first-quarter consolidated results, net sales remained level while profits in all categories declined. Nonetheless, the amounts of the profit declines will not affect our consolidated forecasts and were generally within the range of our assumptions.

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

#### 1) Systems Development

Although sales to banks declined, the Systems Development business recorded increased sales to manufacturing and electric power industries and to universities. As a result, net sales for the first quarter rose 8.8% from the same period of the previous fiscal year to ¥4,150 million.

#### 2) System Operations and Infrastructure Development

Despite a slight rise in school-related orders, corporate-related orders declined. As a result, first-quarter net sales in the System Operations and Infrastructure Development segment declined 9.7% from the same period of the previous fiscal year to ¥940 million.

#### 3) Product Sales

A decline in sales of servers and other devices at Advanced Integration Technology, Inc. (AIT) caused first-quarter net sales to decline 7.9% from the same period of the previous fiscal year to ¥2,757 million.

**(2) Qualitative Information Concerning Consolidated Financial Condition**

Regarding financial condition for the first quarter, current assets at the end of the first quarter declined ¥1,078 million from the end of the previous fiscal year to ¥18,258 million. Although there was a ¥545 million increase in work in process, notes and accounts receivable—trade decreased ¥1,383 million owing to the collection of receivables, and cash and deposits decreased ¥724 million due to the purchase of short-term investment securities. Noncurrent assets increased ¥56 million to ¥7,924 million due to the acquisition and mark-to-market of investment securities. As a result, total assets decreased ¥1,022 million to ¥26,182 million.

On the liabilities side, total liabilities declined ¥431 million to ¥11,644 million due to a ¥708 million decline in accounts payable—trade arising from the payment of payables as well as to a ¥328 million decline in income taxes payable accompanying the payment of income taxes. Net assets declined ¥590 million to ¥14,538 million due mainly to cash dividends paid.

**Analysis of Consolidated Cash Flows**

Cash and cash equivalents decreased ¥2,499 million year on year and ¥724 million from the end of the previous fiscal year to ¥9,600 million.

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

**Cash Flows from Operating Activities**

Net cash provided by operating activities amounted to ¥273 million, a decrease of 75.7% from the same period of the previous fiscal year. This consisted mainly of such cash inflows as a decrease in notes and accounts receivable—trade of ¥1,380 million, an increase in provision for bonuses of ¥328 million and income before income taxes and minority interests of ¥112 million. Cash outflows included a decrease in notes and accounts payable—trade of ¥706 million, an increase in inventories of ¥668 million and income taxes paid of ¥547 million.

**Cash Flows from Investing Activities**

Net cash used in investing activities amounted to ¥383 million, an increase of 226.7% from the same period of the previous fiscal year. This was due mainly to ¥335 million for purchases of investment securities and ¥54 million for purchases of property, plant and equipment and purchases of intangible assets.

**Cash Flows from Financing Activities**

Net cash used in financing activities amounted to ¥593 million, a decrease of 11.6% from the same period of the previous fiscal year. This was due mainly to ¥553 million in cash dividends paid and a ¥40 million net decrease in short-term loans payable.

**(3) Qualitative Information Concerning Consolidated Results Forecast**

Although there are hopes that the economy will move toward a self-sustaining recovery, uncertainty over the future direction of the economy is expected to continue amid concerns about such factors as a worsening of employment trends. At present, the impact of these factors on the Group's business results is uncertain. Accordingly, no revision has been made to the second-quarter and full-year consolidated forecasts released on May 13, 2010 at the announcement of consolidated results for the previous fiscal year.

## **2. Other Information**

- (1) Significant changes involving subsidiaries during the period: None
- (2) Application of simplified accounting methods and accounting methods specific to the preparation of the quarterly consolidated financial statements: None

### **(3) Summary of Changes in Accounting Principles, Procedures and Presentation Methods**

#### **1) Application of “Accounting Standard for Business Combinations”**

From the first quarter of the current fiscal year, the Company adopted “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, December 26, 2008), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, December 26, 2008) and “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

#### **2) Application of “Accounting Standards for Asset Retirement Obligations”**

From the first quarter of the current fiscal year, the Company adopted “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008). As a result, income before income taxes and minority interests declined ¥13 million. This change had little impact on operating income and ordinary profit.

The change in the amount of asset retirement obligations due to Application of Accounting Standards for Asset Retirement Obligations was ¥14 million.

### **(4) Important Matters Regarding Assumptions of a Going Concern**

None

**3. Consolidated Financial Statements**

## (1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

|                                           | End of first quarter of fiscal<br>2011<br>(as of June 30, 2010) | Quarterly Consolidated<br>Balance Sheets at the end<br>of fiscal 2010 (summary)<br>(as of March 31, 2010) |
|-------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>ASSETS</b>                             |                                                                 |                                                                                                           |
| <b>Current assets:</b>                    |                                                                 |                                                                                                           |
| Cash and deposits                         | 8,233                                                           | 8,957                                                                                                     |
| Notes and accounts receivable—trade       | 4,891                                                           | 6,275                                                                                                     |
| Short-term investment securities          | 1,504                                                           | 1,504                                                                                                     |
| Merchandise and finished goods            | 510                                                             | 385                                                                                                       |
| Work in process                           | 1,685                                                           | 1,140                                                                                                     |
| Deferred tax assets                       | 643                                                             | 467                                                                                                       |
| Other                                     | 794                                                             | 610                                                                                                       |
| Allowance for doubtful accounts           | (4)                                                             | (4)                                                                                                       |
| Total current assets                      | 18,258                                                          | 19,337                                                                                                    |
| <b>Noncurrent assets:</b>                 |                                                                 |                                                                                                           |
| Property, plant and equipment             |                                                                 |                                                                                                           |
| Buildings                                 | 320                                                             | 257                                                                                                       |
| Accumulated depreciation                  | (178)                                                           | (173)                                                                                                     |
| Buildings, net                            | 142                                                             | 83                                                                                                        |
| Machinery, equipment and vehicles         | 643                                                             | 697                                                                                                       |
| Accumulated depreciation                  | (582)                                                           | (641)                                                                                                     |
| Machinery, equipment and vehicles,<br>net | 61                                                              | 56                                                                                                        |
| Land                                      | 0                                                               | 0                                                                                                         |
| Other                                     | 105                                                             | 101                                                                                                       |
| Accumulated depreciation                  | (70)                                                            | (69)                                                                                                      |
| Other, net                                | 34                                                              | 31                                                                                                        |
| Total property, plant and equipment       | 238                                                             | 172                                                                                                       |
| Intangible assets                         |                                                                 |                                                                                                           |
| Other                                     | 667                                                             | 701                                                                                                       |
| Total intangible assets                   | 667                                                             | 701                                                                                                       |
| Investments and other assets              |                                                                 |                                                                                                           |
| Investment securities                     | 4,162                                                           | 4,069                                                                                                     |
| Deferred tax assets                       | 1,530                                                           | 1,586                                                                                                     |
| Guarantee deposits                        | 529                                                             | 529                                                                                                       |
| Other                                     | 939                                                             | 949                                                                                                       |

|                                    |               |               |
|------------------------------------|---------------|---------------|
| Allowance for doubtful accounts    | (49)          | (48)          |
| Allowance for investment loss      | (95)          | (93)          |
| Total investments and other assets | 7,017         | 6,993         |
| Total noncurrent assets            | 7,924         | 7,867         |
| <b>Total assets</b>                | <b>26,182</b> | <b>27,204</b> |

(Millions of Yen)

|                                                        | End of first quarter of fiscal<br>2011<br>(as of June 30, 2010) | Quarterly Consolidated<br>Balance Sheets at the end<br>of fiscal 2010 (summary)<br>(as of March 31, 2010) |
|--------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>LIABILITIES</b>                                     |                                                                 |                                                                                                           |
| <b>Current liabilities:</b>                            |                                                                 |                                                                                                           |
| Accounts payable—trade                                 | 2,110                                                           | 2,818                                                                                                     |
| Short-term loans payable                               | 2,144                                                           | 2,184                                                                                                     |
| Income taxes payable                                   | 193                                                             | 522                                                                                                       |
| Accrued consumption taxes                              | 129                                                             | 243                                                                                                       |
| Accrued expenses                                       | 618                                                             | 570                                                                                                       |
| Provision for bonuses                                  | 898                                                             | 569                                                                                                       |
| Provision for directors' bonuses                       | 2                                                               | 0                                                                                                         |
| Provision for loss on construction contracts           | 238                                                             | 148                                                                                                       |
| Asset retirement obligations                           | 14                                                              | —                                                                                                         |
| Other                                                  | 862                                                             | 518                                                                                                       |
| <b>Total current liabilities</b>                       | <b>7,213</b>                                                    | <b>7,576</b>                                                                                              |
| <b>Noncurrent liabilities:</b>                         |                                                                 |                                                                                                           |
| Bonds payable                                          | 300                                                             | 300                                                                                                       |
| Deferred tax liabilities                               | 61                                                              | 135                                                                                                       |
| Provision for retirement benefits                      | 3,636                                                           | 3,632                                                                                                     |
| Provision for directors' retirement benefits           | 426                                                             | 422                                                                                                       |
| Negative goodwill                                      | 6                                                               | 8                                                                                                         |
| <b>Total noncurrent liabilities</b>                    | <b>4,431</b>                                                    | <b>4,498</b>                                                                                              |
| <b>Total liabilities</b>                               | <b>11,644</b>                                                   | <b>12,075</b>                                                                                             |
| <b>NET ASSETS</b>                                      |                                                                 |                                                                                                           |
| <b>Shareholders' equity</b>                            |                                                                 |                                                                                                           |
| Capital stock                                          | 1,000                                                           | 1,000                                                                                                     |
| Capital surplus                                        | 4,483                                                           | 4,483                                                                                                     |
| Retained earnings                                      | 9,690                                                           | 10,202                                                                                                    |
| Treasury stock                                         | (894)                                                           | (894)                                                                                                     |
| <b>Total shareholders' equity</b>                      | <b>14,280</b>                                                   | <b>14,792</b>                                                                                             |
| <b>Valuation and translation adjustments</b>           |                                                                 |                                                                                                           |
| Valuation difference on available-for-sales securities | 375                                                             | 414                                                                                                       |
| Foreign currency translation adjustments               | (175)                                                           | (133)                                                                                                     |
| <b>Total valuation and translation adjustments</b>     | <b>200</b>                                                      | <b>281</b>                                                                                                |
| <b>Subscription rights to shares</b>                   | <b>22</b>                                                       | <b>19</b>                                                                                                 |
| <b>Minority interests</b>                              | <b>35</b>                                                       | <b>36</b>                                                                                                 |
| <b>Total net assets</b>                                | <b>14,538</b>                                                   | <b>15,129</b>                                                                                             |
| <b>Total liabilities and net assets</b>                | <b>26,182</b>                                                   | <b>27,204</b>                                                                                             |



## (2) Quarterly Consolidated Statements of Income

(Millions of Yen)

|                                                                             | Consolidated<br>cumulative total for<br>first quarter of fiscal<br>2010 (from April 1,<br>2009 to June 30, 2009) | Consolidated<br>cumulative total for<br>first quarter of fiscal<br>2011 (from April 1,<br>2010 to June 30, 2010) |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <b>Net sales</b>                                                            | 7,849                                                                                                            | 7,848                                                                                                            |
| <b>Cost of sales</b>                                                        | 6,595                                                                                                            | 6,704                                                                                                            |
| Gross profit                                                                | 1,254                                                                                                            | 1,143                                                                                                            |
| <b>Selling, general and administrative expenses</b>                         | 970                                                                                                              | 926                                                                                                              |
| Operating income                                                            | 283                                                                                                              | 217                                                                                                              |
| <b>Non-operating income</b>                                                 |                                                                                                                  |                                                                                                                  |
| Interest received                                                           | 3                                                                                                                | 12                                                                                                               |
| Dividends received                                                          | 13                                                                                                               | 13                                                                                                               |
| Gain on allotment of investment securities                                  | —                                                                                                                | 21                                                                                                               |
| Other                                                                       | 23                                                                                                               | 19                                                                                                               |
| Total non-operating income                                                  | 40                                                                                                               | 67                                                                                                               |
| <b>Non-operating expenses</b>                                               |                                                                                                                  |                                                                                                                  |
| Interest expenses                                                           | 9                                                                                                                | 9                                                                                                                |
| Transfer agent processing fee                                               | —                                                                                                                | 3                                                                                                                |
| Other                                                                       | 4                                                                                                                | 4                                                                                                                |
| Total non-operating expenses                                                | 14                                                                                                               | 17                                                                                                               |
| <b>Ordinary profit</b>                                                      | 309                                                                                                              | 267                                                                                                              |
| <b>Extraordinary loss</b>                                                   |                                                                                                                  |                                                                                                                  |
| Loss on retirement of noncurrent assets                                     | 0                                                                                                                | —                                                                                                                |
| Loss on valuation of investment securities                                  | 11                                                                                                               | 51                                                                                                               |
| Loss on valuation of stocks of subsidiaries and affiliates                  | —                                                                                                                | 86                                                                                                               |
| Loss on application of Accounting Standard for Asset Retirement Obligations | —                                                                                                                | 13                                                                                                               |
| Other                                                                       | 0                                                                                                                | 3                                                                                                                |
| Total extraordinary loss                                                    | 11                                                                                                               | 155                                                                                                              |
| <b>Income before income taxes and minority interests</b>                    | 298                                                                                                              | 112                                                                                                              |
| Income taxes-current                                                        | 275                                                                                                              | 238                                                                                                              |
| Income taxes-deferred                                                       | (132)                                                                                                            | (166)                                                                                                            |
| Total income taxes                                                          | 143                                                                                                              | 72                                                                                                               |
| Income before minority interests                                            | —                                                                                                                | 39                                                                                                               |
| Minority interests in income                                                | 0                                                                                                                | (0)                                                                                                              |
| <b>Net income</b>                                                           | 154                                                                                                              | 40                                                                                                               |

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

|                                                                     | Consolidated<br>cumulative total for<br>first quarter of fiscal<br>2010 (from April 1,<br>2009 to June 30, 2009) | Consolidated<br>cumulative total for<br>first quarter of fiscal<br>2011 (from April 1,<br>2010 to June 30, 2010) |
|---------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| <b>Net cash provided by (used in) operating activities:</b>         |                                                                                                                  |                                                                                                                  |
| Income before income taxes and minority interests                   | 298                                                                                                              | 112                                                                                                              |
| Depreciation and amortization                                       | 56                                                                                                               | 67                                                                                                               |
| Increase (decrease) in provision for retirement benefits            | 19                                                                                                               | 18                                                                                                               |
| Increase (decrease) in provision for directors' retirement benefits | 4                                                                                                                | 3                                                                                                                |
| Increase (decrease) in provision for bonuses                        | 313                                                                                                              | 328                                                                                                              |
| Increase (decrease) in provision for directors' bonuses             | 1                                                                                                                | 2                                                                                                                |
| Increase (decrease) in allowance for doubtful accounts              | (2)                                                                                                              | 1                                                                                                                |
| Increase (decrease) in allowance for investment loss                | —                                                                                                                | 1                                                                                                                |
| Interest and dividend income                                        | (16)                                                                                                             | (26)                                                                                                             |
| Interest expense                                                    | 9                                                                                                                | 9                                                                                                                |
| Loss (gain) on valuation of investment securities                   | 11                                                                                                               | 51                                                                                                               |
| Loss on valuation of stocks of subsidiaries and affiliates          | —                                                                                                                | 86                                                                                                               |
| Loss (gain) on sales of noncurrent assets                           | 0                                                                                                                | —                                                                                                                |
| Loss on retirement of noncurrent assets                             | 0                                                                                                                | 1                                                                                                                |
| Decrease (increase) in notes and accounts receivable—trade          | 2,409                                                                                                            | 1,380                                                                                                            |
| Decrease (increase) in inventories                                  | (658)                                                                                                            | (668)                                                                                                            |
| Increase (decrease) in notes and accounts payable—trade             | (658)                                                                                                            | (706)                                                                                                            |
| Increase (decrease) in other liabilities                            | 611                                                                                                              | 448                                                                                                              |
| Increase (decrease) in accrued consumption taxes                    | (270)                                                                                                            | (114)                                                                                                            |
| Other, net                                                          | (242)                                                                                                            | (189)                                                                                                            |
| Subtotal                                                            | 1,887                                                                                                            | 807                                                                                                              |
| Interest and dividends income received                              | 15                                                                                                               | 21                                                                                                               |
| Interest expenses paid                                              | (8)                                                                                                              | (8)                                                                                                              |
| Income taxes paid                                                   | (768)                                                                                                            | (547)                                                                                                            |
| Net cash provided by operating activities                           | 1,126                                                                                                            | 273                                                                                                              |
| <b>Net cash provided by (used in) investing activities:</b>         |                                                                                                                  |                                                                                                                  |
| Purchases of property, plant and equipment                          | (10)                                                                                                             | (7)                                                                                                              |
| Proceeds from sale of property, plant and equipment                 | 0                                                                                                                | —                                                                                                                |
| Purchases of intangible assets                                      | (7)                                                                                                              | (47)                                                                                                             |
| Purchases of investment securities                                  | (90)                                                                                                             | (335)                                                                                                            |
| Proceeds from sales of investment securities                        | 19                                                                                                               | 7                                                                                                                |
| Payments of loans receivable                                        | (4)                                                                                                              | (0)                                                                                                              |

|                                                                     |        |        |
|---------------------------------------------------------------------|--------|--------|
| Collection of loans receivable                                      | 4      | 1      |
| Payments into time deposits                                         | (50)   | (0)    |
| Proceeds from withdrawal of time deposits                           | 20     | —      |
| Other, net                                                          | 0      | (1)    |
| Net cash used in investing activities                               | (117)  | (383)  |
| <b>Net cash provided by (used in) financing activities:</b>         |        |        |
| Net increase (decrease) in short-term loans payable                 | (114)  | (40)   |
| Repayments of long-term loans payable                               | (4)    | —      |
| Purchase of treasury stock                                          | —      | (0)    |
| Cash dividends paid                                                 | (553)  | (553)  |
| Net cash used in financing activities                               | (671)  | (593)  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> | 9      | (20)   |
| <b>Net increase (decrease) in cash and cash equivalents</b>         | 347    | (724)  |
| <b>Cash and cash equivalents at beginning of period</b>             | 11,753 | 10,324 |
| <b>Cash and cash equivalents at the end of period</b>               | 12,100 | 9,600  |

## (4) Notes Concerning Premise of Going Concern

None

## (5) Segment Information

## a. Segment Information by Type of Business

**Consolidated cumulative total for first quarter of fiscal 2010 (from April 1, 2009 to June 30, 2009)**

(Millions of yen)

|                                     | Systems<br>Development | System<br>Operations<br>and<br>Infrastructure<br>Development | Product<br>Sales | Total | Eliminations/<br>Corporate | Consolidated |
|-------------------------------------|------------------------|--------------------------------------------------------------|------------------|-------|----------------------------|--------------|
| Sales                               |                        |                                                              |                  |       |                            |              |
| (1) Sales to customers              | 3,814                  | 1,041                                                        | 2,993            | 7,849 | —                          | 7,849        |
| (2) Intersegment sales or transfers | 6                      | 79                                                           | 99               | 185   | (185)                      | —            |
| Total sales                         | 3,820                  | 1,121                                                        | 3,092            | 8,034 | (185)                      | 7,849        |
| Operating income                    | 336                    | 236                                                          | 180              | 754   | (470)                      | 283          |

Note:

Businesses are classified into segments according to similarities that include the types and characteristics of services.

## b. Geographical Segments

**Consolidated cumulative total for first quarter of fiscal 2010 (from April 1, 2009 to June 30, 2009)**

(Millions of yen)

|                                     | Japan | Other Regions | Total | Eliminations/<br>Corporate | Consolidated |
|-------------------------------------|-------|---------------|-------|----------------------------|--------------|
| Sales                               |       |               |       |                            |              |
| (1) Sales to customers              | 7,072 | 776           | 7,849 | —                          | 7,849        |
| (2) Intersegment sales or transfers | 56    | 6             | 62    | (62)                       | —            |
| Total sales                         | 7,129 | 783           | 7,912 | (62)                       | 7,849        |
| Operating income                    | 300   | 73            | 374   | (90)                       | 283          |

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.

## c. Overseas Sales

**Consolidated cumulative total for first quarter of fiscal 2010 (from April 1, 2009 to June 30, 2009)**

(Millions of yen)

|                                                                  | Other Regions | Total |
|------------------------------------------------------------------|---------------|-------|
| I Overseas Sales                                                 | 776           | 776   |
| II Consolidated net sales                                        | —             | 7,849 |
| III Overseas sales as a percentage of consolidated net sales (%) | 9.9           | 9.9   |

Notes:

- Countries and regions are categorized based on geographic proximity.
- 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.

- Overseas sales are those recorded by the Company and its consolidated subsidiaries in countries and regions outside Japan.

## (Additional Information)

Effective from the first quarter of the current fiscal year, the Company adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No. 20, March 21, 2008).

## 1. Summary of Reporting Segments

The Group’s reporting segments are those for which financial information separate from that of other units comprising the Group can be obtained. Periodic reviews are made of reporting segments by the Board of Directors for determining the allocation of management resources and assessment of business results.

The Company carries out overall management of subsidiaries engaged in the three businesses of “Systems Development,” “System Operations and Infrastructure Development” and “Product Sales.” Therefore, the Group’s three reporting segments are “Systems Development,” “System Operations and Infrastructure Development” and “Product Sales.”

**Principal contents of business in each segment.**

| Business segment    | Content of business                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Systems Development | <ul style="list-style-type: none"> <li>● Integrated system development ranging from defining requirements to development and maintenance of mainframe-based large systems</li> <li>● System integration covering system planning, development and introduction of open systems</li> <li>● Solutions business offering business tools that utilize various products and tools</li> <li>● Open source business that offers technical support for systems</li> </ul> |

|                                                  |                                                                                                                                                                                                                                                                              |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                  | through open source software                                                                                                                                                                                                                                                 |
| System Operations and Infrastructure Development | <ul style="list-style-type: none"> <li>● Operation management of computer systems and network systems</li> <li>● Overall operation that includes data management and facilities management</li> <li>● Building of network systems</li> <li>● Outsourcing services</li> </ul> |
| Product Sales                                    | <ul style="list-style-type: none"> <li>● Sales of packaged software that includes licensing</li> <li>● Sales of system devices, centering on servers, in integration services</li> <li>● Consulting services related to the introduction of IT</li> </ul>                    |

## 2. Information Concerning Net Sales and Income or Losses for each Reporting Segment

Consolidated cumulative total for first quarter of fiscal 2011 (from April 1, 2010 to June 30, 2010)

(Millions of yen)

|                                     | Systems Development | System Operations and Infrastructure Development | Product Sales | Total | Adjustment amount <sup>*1</sup> | Amount recorded on the quarterly consolidated statements of income <sup>*2</sup> |
|-------------------------------------|---------------------|--------------------------------------------------|---------------|-------|---------------------------------|----------------------------------------------------------------------------------|
| Sales                               |                     |                                                  |               |       |                                 |                                                                                  |
| (3) Sales to customers              | 4,150               | 940                                              | 2,757         | 7,848 | —                               | 7,849                                                                            |
| (4) Intersegment sales or transfers | 3                   | 46                                               | 109           | 159   | (159)                           | —                                                                                |
| Total sales                         | 4,153               | 987                                              | 2,866         | 8,007 | (159)                           | 7,849                                                                            |
| Operating income                    | 309                 | 198                                              | 170           | 678   | (461)                           | 217                                                                              |

Notes:

1. The segment income adjustment of minus ¥461 million is a company-wide expense not apportioned to any reporting segment. Company-wide expenses are general and administrative expenses and R&D expenses not attributed to any reporting segment.

2. Segment operating income is adjusted in operating income on the quarterly consolidated statements of income.

## (6) Notes on Significant Changes in Shareholders' Equity

Consolidated cumulative total for first quarter of fiscal 2011 (from April 1, 2010 to June 30, 2010)

None

## 4. Other Information

Status of Production, Orders and Sales

## (1) Production amounts

| Segment information by type of business          | Millions of Yen | % change YoY |
|--------------------------------------------------|-----------------|--------------|
| System Development                               | 4,985           | 112.9        |
| System Operations and Infrastructure Development | 969             | 90.9         |
| Total                                            | 5,955           | 108.6        |

## (2) Purchase amounts

| Segment information by type of business | Millions of Yen | % change YoY |
|-----------------------------------------|-----------------|--------------|
| Product Sales                           | 1,835           | 94.6         |
| Total                                   | 1,835           | 94.6         |

## (3) Status of orders

| Segment information by type of business          | Orders received<br>(Millions of Yen) | (% change YoY) | Order backlog<br>(Millions of Yen) | (% change YoY) |
|--------------------------------------------------|--------------------------------------|----------------|------------------------------------|----------------|
| System Development                               | 4,605                                | 93.4           | 4,573                              | 100.5          |
| System Operations and Infrastructure Development | 747                                  | 106.6          | 1,360                              | 94.0           |
| Product Sales                                    | 2,414                                | 79.9           | 2,295                              | 86.6           |
| Total                                            | 7,767                                | 89.8           | 8,229                              | 95.2           |

## (4) Sales amounts

| Segment information by type of business          | Millions of Yen | % change YoY |
|--------------------------------------------------|-----------------|--------------|
| System Development                               | 4,150           | 108.8        |
| System Operations and Infrastructure Development | 940             | 90.3         |
| Product Sales                                    | 2,757           | 92.1         |
| Total                                            | 7,848           | 100.0        |