May 12, 2011

Summary of Consolidated Financial Results for the Year Ended 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
For inquiries, please contact: Makoto Kitai, General Manager, Finance Department, Administrative Headquarters
Tel: (03)-5979-2666
Date of ordinary general meeting of shareholders: June 24, 2011
Scheduled commencement of dividend payment: June 10, 2011
Scheduled date of submission of financial reports: June 25, 2011
Results Supplement Materials: Yes
Results Presentation Meeting : Yes (for institutional investors)

1. Consolidated Financial Results for Fiscal 2011 (from April 1, 2010 to March 31, 2011)

(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 2011	33,164	(2.6)	2,238	12.1	2,374	15.3	1,313	6.1
Fiscal 2010	34,053	(18.5)	1,997	(47.7)	2,059	(47.1)	1,238	(39.3)

Attention：Comprehensive Income
Fiscal 2011: ¥962 million
Fiscal 2010: ¥1,853million
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	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 2011	94.93	—	8.6	8.8	6.8
Fiscal 2010	89.48	—	8.5	7.7	5.9

Reference: Gain (loss) on equity method investments:
Fiscal 2011: —
Fiscal 2010: —

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2011	26,451	15,522	58.5	1,118.71
Fiscal 2010	27,204	15,129	55.4	1,089.15

Reference: Shareholders' equity
Fiscal 2011: ¥15,482 million
Fiscal 2010: ¥15,073 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 2011	1,458	(1,548)	(837)	9,309
Fiscal 2010	2,025	(2,714)	(737)	10,324

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 2010	—	—	—	40.00	40.00	553	44.7	3.8
Fiscal 2011	—	—	—	40.00	40.00	553	42.1	3.6
Fiscal 2012 (forecast)	—	—	—	40.00	40.00	—	40.9	—

3. Consolidated Earnings Forecast for Fiscal 2012 (from April 1, 2011 to March 31, 2012)

(% 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	16,000	(1.8)	880	10.1	880	2.9	520	31.2	37.57
Full Year	33,500	1.0	2,300	2.7	2,300	(3.1)	1,355	3.1	97.91

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 2011: 15,240,000 shares
   Fiscal 2010: 15,240,000 shares
2. Own shares at end of term
   Fiscal 2011: 1,400,230 shares
   Fiscal 2010: 1,400,227 shares
3. Average number of shares over period
   Fiscal 2011: 13,839,770 shares
   Fiscal 2010: 13,839,786 shares

[Reference] Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for Fiscal 2011 (from April 1, 2010 to March 31, 2011)

(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 2011	1,226	6.3	799	1.1	790	0.5	796	(7.3)
Fiscal 2010	1,153	(29.1)	790	(24.4)	787	(23.9)	859	(16.8)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Fiscal 2011	52.98	—
Fiscal 2010	57.17	—

(2) Non-Consolidated Financial Position

	Net Income	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2011	9,577	9,536	99.2	631.84
Fiscal 2010	9,740	9,570	98.0	635.45

Reference: Shareholders' equity:
Fiscal 2011: ¥9,496 million
Fiscal 2010: ¥9,550 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.

1. Business Results

(1) Analysis of Business Results

(Business results for the fiscal year)

During the fiscal year ended March 31, 2011, despite remaining at a standstill from summer 2010, the Japanese economy began a mild recovery from the start of 2011 due to a pickup in exports, production, and personal consumption. Nevertheless, corporate production activities weakened and personal consumption declined as a result of the Great East Japan Earthquake in March 2011, and the direction of the economy is uncertain.

In the information services industry, corporate customers maintained a cautious stance toward IT investment due to uncertainty over future performance and the trend of curbing investments continued.

Amid these circumstances, the SRA Holdings Group implemented its fiscal year business 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.” Along with these measures, we implemented the following business management initiatives as a response to quantitative and qualitative declines in projects that occurred from the start of the third quarter of the fiscal year.

1) Promote recovery measures at each group company.
2) Determine full fiscal-year business results in the third quarter based on the state of progress of these measures.
3) Consider and implement a “contingency plan” for the entire group.

Within our fiscal-year business plan and recovery measures, policies of particular importance are “securing a stable order flow” and “increasing gross profit margins and curbing costs”. The state of progress in implementing each of these initiatives is as follows.

Regarding “securing a stable order flow”, revenues increased at Software Science, Inc., which secured favorable orders for prime projects for medium-sized companies, and at SRA America, Inc., which was involved in large projects for its principal customers.

However, despite efforts to secure orders and create projects, mainly with existing customers, Software Research Associates, Inc. (SRA) posted declines in orders and revenues amid a harsh environment. Advanced Integration Technology, Inc. (AIT) also posted lower revenues due to a decline in sales of devices, mainly in the financial industry.

Regarding “increasing gross profit margins and curbing costs”, Software Science and SRA America, Inc. achieved increases in gross profit on the back of higher revenues. Despite lower revenues, AIT posted an increase in profits due to such factors as a rise in the gross profit margin for building servers. On the other hand, SRA posted a decrease in profits due to lower net sales.

As a result of the preceding initiatives, consolidated business results for the fiscal year were as follows.

Looking at sales, although sales in the Systems Development business remained level with the previous year, sales declined in the System Operations and Infrastructure Development business and in the Product Sales business. As a result, consolidated net sales declined 2.6% from the previous fiscal year to ¥33,164 million.

At the profit level, gross profit increased due to improved profitability at SRA America, Inc. and AIT and to cost constraints under the “contingency plan” at SRA, while operating income rose 12.1% from the previous fiscal year to ¥2,238 million and ordinary profit increased 15.3% to ¥2,374 million. We recorded extraordinary losses that included a loss on valuation of investment securities and a loss on valuation of stocks of subsidiaries and affiliates. As a result, net income increased 6.1% over the previous fiscal year to ¥1,313 million.

As detailed in the above explanation of consolidated results, revenues declined and profits increased from the previous fiscal year. Consolidated results for the fiscal year exceeded our revised forecast of results announced in February 2011.

The SRA Group suffered no direct human or material damages from the Great East Japan Earthquake and the impact of the earthquake on the group's consolidated results for the fiscal year was minimal.

Trends in Consolidated Business Results (¥ million)

	FY2007	FY2008	FY2009	FY2010	FY2011	
					Most recent forecast figures (announced February 10)	Actual
Net sales	36,765	45,058	41,777	34,053	32,000	33,164
Operating income	2,848	4,102	3,820	1,997	2,000	2,238
Ordinary profit	2,923	4,181	3,894	2,059	2,100	2,374
Net income	2,015	2,224	2,041	1,238	1,150	1,313

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

Systems Development

Despite a decline in sales in most types of industries, the Systems Development business recorded increased sales to manufacturing and electric power industries. As a result, net sales for the fiscal year edged up 0.4% from the previous fiscal year to ¥17,909 million.

System Operations and Infrastructure Development

Although university-related orders increased, corporate-related orders for System Operations and Infrastructure Development business declined as customers shifted to internal production. As a result, net sales for the fiscal year in the System Operations and Infrastructure Development segment declined 9.9% from the previous fiscal year to ¥3,723 million.

Product Sales

Net sales of Product Sales business declined 4.6% to ¥11,531 million due to a decrease in sales of devices at AIT, mainly in the financial sector, and a decrease in sales of packages and other products at SRA.

(**Outlook for the Next Fiscal Year**)

In the next fiscal year, despite continued weakness in the immediate term due to the impact of the earthquake, a subsequent recovery in production will be accompanied by expectations of a recovery in the Japanese economy against a background of improvements in overseas economies and positive effects of government policies. Nevertheless, there is also the risk of a downturn due to such factors as constraints on electric power supplies and a rise in crude oil prices, and the direction of the economy remains uncertain.

In the information services industry, for the time being a constraint on IT investments, mainly among companies that suffered damage from the earthquake, is expected. Following the disaster recovery, IT investments as part of reconstruction efforts are expected, but the timing and scale of these investments are difficult to forecast and the uncertain business environment is expected to persist.

Under these circumstances, during the next fiscal year, which will mark the first fiscal year of the medium-term management plan, the SRA Group will "expand orders by strengthening business capabilities," "build a high-profit production structure," and "transform to a cost structure appropriate for our business scale" (ensure appropriate production costs and SG&A expenses).

◎**Medium-Term Management Plan** (From the fiscal year ending March 2012 through the year ending March 2014)
Under this plan, for the fiscal year ending March 2014, we aim to surpass our previous record for profits (recorded for the fiscal year ended March 2008) by “raising and strengthening profitability through the promotion of structural reforms” and “securing medium- and long-term growth through initiatives to develop new business overseas and fully promoting our own company IP products business.”

Note: Own company IP products business: Business for our own-brand products covered by intellectual property rights.

Regarding the outlook for consolidated results for the fiscal year ending March 2012, while implementing the above measures and taking into account the effects of the Great East Japan Earthquake, we forecast net sales of ¥33,500 million, operating income of ¥2,300 million, ordinary profit of ¥2,300 million and net income of ¥1,355 million.

(2) Analysis of Financial Position

Cash and cash equivalents on a consolidated basis at the end of the fiscal year decreased ¥1,015 million to ¥9,309 million compared with at the previous fiscal year-end.

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

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥1,458 million, a decrease of 28.0% from the previous fiscal year. This consisted mainly of such cash inflows as income before income taxes and minority interests of ¥2,078 million and a decrease in inventories of ¥158 million, while cash outflows were primarily income taxes paid of ¥815 million and a ¥769 million decrease in notes and accounts payable—trade.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥1,548 million, a decrease of 42.9% from the previous fiscal year. This consisted mainly of such inflows as ¥350 million in proceeds from sales of investment securities and such outflows as ¥1,054 million for the purchases of investment securities, ¥607 million for payments of loans receivable and ¥274 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 ¥837 million, an increase of 13.5% from the previous fiscal year.
This was due mainly to such cash outflows as ¥553 million in cash dividends paid and a net decrease in short-term loans payable amounting to ¥283 million.

Trends in Cash Flow Indicators

	FY2009	FY2010	FY2011
Shareholders’ equity ratio (%)	53.0	55.4	58.5
Shareholders’ equity ratio at market value (%)	37.3	43.0	42.9
Dept redemption years to cash flow (years)	1.2	1.2	1.5
Interest coverage ratio (times)	41.4	52.5	42.8

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, 2011, 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.

Regarding dividends for the fiscal year ending March 31, 2012, the Company plans to maintain ordinary cash dividends per share of ¥40.00 for the reasons detailed below. In the event that these dividends are paid, the consolidated payout ratio will be 40.9%.

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, 2012, 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] Responses of business partners when production volume fluctuates

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, in the event of a sudden unforeseen fluctuation in production volume, the inability to secure enough business partners possessing requisite skills or to arrange for business partners to take timely action could have an impact on the Group's business results.

The utilization of business partners accounted for 43.4% 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. 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, incurring additional expenses such as those related to defect guarantees after the confirmation of sales could result in lower profitability.

To prevent the occurrence of these 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 management vision of “creating new value together with people through a global perspective and technologies,” we will 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
FY2007 (actual)	8.0%	18.8%
FY2008 (actual)	9.3%	18.0%
FY2009 (actual)	9.3%	15.0%
FY2010 (actual)	6.0%	8.5%
FY2011 (actual)	7.2%	8.6%
FY2012 (target)	6.9% (plan)	8.5% (plan)

(3) Medium- and Long-term Management Strategy

With the aim of further raising profitability, the SRA Group has formulated and will implement a new medium-term management plan running from the fiscal year ending March 2012 through the fiscal year ending March 2014. A summary of the plan follows.

1. Management Targets

①Increase and strengthen profitability by undertaking structural reforms in existing businesses.

②Secure medium- and long-term growth potential by fully promoting our own IP products businesses and undertaking new businesses overseas.

③In the fiscal year ending March 2014, the final year of our medium-term management plan, strive to record “operating income,” “ordinary profit,” “and “net income” that exceeds our previous record for profits (operating income and ordinary profit of ¥4,100 million and net income of ¥2,200 million) recorded for the fiscal year ended March 2008 (fiscal 2007).

2. Management Strategies

①Promote structural reforms.

(1)[Systems Development and System Operations and Infrastructure Development]

Increase profitability by strengthening the foundations of existing businesses.

◎Expand orders by strengthening our business capabilities.

・Specialize in fields of expertise (manufacturing embedded systems, financial, education, and others).

・Undertake “cross-selling” in Systems Development, System Operations and Infrastructure Development, and Product Sales.

・Refine business processes from creating projects to securing orders.

◎Build a high-profit production structure.

・Increase the profitability of projects.

・Ensure appropriate production overhead costs and increase productivity.

・Expand the scope of offshore production.

◎Transform to a cost structure appropriate for our business scale.

・Ensure appropriate production costs and SG&A expenses.

(2)[Product Sales]

◎Promote new businesses with high growth potential and high profitability.

◎Develop business in China and other overseas countries.

②Medium- and Long-Term Growth Strategies

(1) Utilize technological progressiveness, one of our strengths, and promote high-profit “product businesses.”

In product businesses, offer our own company IP products as well as advanced, high-profit products in Japan and overseas.

[Targeted value]

Make IP products account for 10% of consolidated net sales in the year ending March 31, 2014 (the final year of the medium-term management plan).

(2) Utilize “global reach,” one of our strengths, and undertake business in growth markets, beginning with China, India and ASEAN.

(Targeted value)

Make overseas business account for 20% of consolidated net sales in the fiscal year ending March 2016 (after five years).

(4) Issues to Be Addressed by the Company

The SRA Holdings Group will execute the following tasks in the first fiscal year of its medium-term management plan.

1. Expand orders by strengthening business capabilities.

(1) Priority business fields for expanding orders

[Systems Development and System Operation and Infrastructure Development]

①Specialize in fields of expertise (financial, manufacturing embedded systems, education, others).

②Promote “cross-selling” in Systems Development, System Operations and Infrastructure Development, and Product Sales).

[Product Sales]

①Expand into new fields (manufacturing, securities, municipalities, others).

②Promote new businesses (solutions, cloud computing).

③Develop business overseas (infrastructure development business and others in China).

(2) **Refine business processes.**

①Refine business processes for creating opportunities and ensuring that this can reliably and efficiently lead to the securing of new orders.

②Increase business efficiency and strengthen coverage for each customer.

③Strengthen business skills.

(3) **Measures for increasing gross profit**

[Systems Development and System Operation and Infrastructure Development]

①Secure orders with high unit prices by promoting high added-value (advanced technologies, other) proposal-based business.

②Expand high-profit infrastructure development business.

[Product Sales]

①Promote product sales.

②Expand solution business (sales and services).

2. Build a high-profit production structure.

(1) Ensure appropriate production overhead costs and realize qualitative improvements to production management.
Realize a management structure appropriate for the scale of production (flatten layers of management).

(2) Increase the profitability of projects.

①Promote componentization and frameworks.

②Realize appropriate staffing through the visualization of the capabilities of needed personnel.

③Increase productivity by building a development foundation and firmly positioning development processes.

(3) Promote offshore development.

Expand the scope of offshore (long-term maintenance, tests).

3. Transform to a cost structure appropriate for our business scale.

・Ensure appropriate production costs and SG&A expenses.

(5) Other Important Management Matters

None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	FY2010 (as of March 31, 2010)	FY2011 (as of March 31, 2011)
ASSETS		
Current assets:		
Cash and deposits	8,957	7,940
Notes and accounts receivable—trade	6,275	6,118
Short-term investment securities	1,504	1,504
Merchandise and finished goods	385	316
Work in process	1,140	1,024
Deferred tax assets	467	433
Other	610	922
Allowance for doubtful accounts	(4)	(2)
Total current assets	19,337	18,259
Noncurrent assets:		
Property, plant and equipment		
Buildings	257	314
Accumulated depreciation	(173)	(191)
Buildings, net	83	123
Machinery, equipment and vehicles	697	561
Accumulated depreciation	(641)	(508)
Machinery, equipment and vehicles, net	56	52
Land	0	0
Other	101	100
Accumulated depreciation	(69)	(66)
Other, net	31	34
Total property, plant and equipment	172	211
Intangible assets		
Other	701	629
Total intangible assets	701	629
Investments and other assets		
Investment securities	4,069	4,252
Deferred tax assets	1,586	1,579
Guarantee deposits	529	460
Other	949	1,145
Allowance for doubtful accounts	(48)	(13)
Allowance for investment loss	(93)	(73)
Total investments and other assets	6,993	7,351

Total noncurrent assets	7,867	8,192
Total assets	27,204	26,451

(Millions of Yen)

	FY2010 (as of March 31, 2010)	**FY2011** (as of March 31, 2011)
LIABILITIES		
Current liabilities:		
Accounts payable—trade	2,818	1,986
Short-term loans payable	2,184	1,901
Current portion of bonds	—	300
Accrued expenses	570	430
Income taxes payable	522	489
Accrued consumption taxes	243	296
Provision for bonuses	569	602
Provision for directors' bonuses	0	0
Provision for loss on construction contracts	148	151
Provision for loss on liquidation of subsidiaries and affiliates	—	14
Other	518	698
Total current liabilities	7,576	6,872
Noncurrent liabilities:		
Bonds payable	300	—
Deferred tax liabilities	135	—
Provision for retirement benefits	3,632	3,606
Provision for directors' retirement benefits	422	444
Negative goodwill	8	2
Others	—	2
Total noncurrent liabilities	4,498	4,057
Total liabilities	12,075	10,929
NET ASSETS		
Shareholders' equity		
Capital stock	1,000	1,000
Capital surplus	4,483	4,483
Retained earnings	10,202	10,963
Treasury stock	(894)	(894)
Total shareholders' equity	14,792	15,552
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	414	239
Foreign currency translation adjustments	(133)	(309)
Total accumulated other comprehensive income	281	(69)
Subscription rights to shares	19	39
Minority interests	36	—
Total net assets	15,129	15,522
Total liabilities and net assets	27,204	26,451

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of Yen)

	FY2010 (April 1, 2009- March 31, 2010)	**FY2011** (April 1, 2010- March 31, 2011)
Net sales	34,053	33,164
Cost of sales	28,341	27,292
Gross profit	5,711	5,872
Selling, general and administrative expenses	3,713	3,633
Operating income	1,997	2,238
Non-operating income		
Interest received	30	55
Dividends received	20	26
Technical guidance fee	0	0
Sales incentives	12	21
Gain on allocation of investment securities	—	21
Dividends income of insurance	14	17
Other	44	62
Total non-operating income	122	204
Non-operating expenses		
Interest expenses	39	34
Foreign exchange losses	—	14
Transfer agent processing fee	10	15
Other	10	4
Total non-operating expenses	61	69
Ordinary profit	2,059	2,374
Extraordinary income		
Gain on sales of noncurrent assets	0	—
Gain on reversal of subscription rights to shares	73	6
Reversal of provision for directors' retirement benefits	18	—
Total extraordinary income	91	6
Extraordinary loss		
Loss on sales of noncurrent assets	—	0
Loss on retirement of noncurrent assets	1	9
Provision of allowance for investment loss	22	0
Loss on valuation of investment securities	8	52
Loss on valuation of stocks of subsidiaries and affiliates	—	153
Loss on liquidation of subsidiaries and affiliates	—	38
Other	3	48
Total extraordinary loss	35	302

Income before income taxes and minority interests	2,115	2,078
Income taxes-current	879	771
Income taxes-deferred	(4)	(6)
Total income taxes	875	764
Income before minority interests	—	1,313
Minority interests in income	1	—
Net income	1,238	1,313

(Consolidated Statements of Comprehensive Income)

Income before minority interests	—	1,313
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(175)
Foreign currency translation adjustments	—	(176)
Total other comprehensive income	—	(351)
Comprehensive income	—	962
(breakdown)		
Comprehensive income attributable to parent company shareholders	—	962
Comprehensive income attributable to minority shareholders	—	—

(3) Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY2010 (April 1, 2009- March 31, 2010)	**FY2011** (April 1, 2010 March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,000	1,000
Changes of items during the period		
Total change during the period	—	—
Balance at the end of current period	1,000	1,000
Capital surplus		
Balance at end of previous period	4,483	4,483
Changes of items during the period		
Total change of items during the period	—	—
Balance at the end of current period	4,483	4,483
Retained earnings		
Balance at the end of previous period	9,518	10,202
Changes of items during the period		
Dividends from surplus	(553)	(553)
Net income	1,238	1,313
Total change of items during the period	684	760
Balance at the end of current period	10,202	10,963
Treasury stock		
Balance at the end of previous period	(894)	(894)
Changes of items during the period		
Purchase of treasury stock	(0)	(0)
Total change of items during the period	(0)	(0)
Balance at the end of current period	(894)	(894)
Total shareholders' equity		
Balance at the end of previous period	14,107	14,792
Changes of items during the period		
Dividends from surplus	(553)	(553)
Net income	1,238	1,313
Purchase of treasury stock	(0)	(0)
Total change of items during the period	684	761
Balance at the end of current period	14,792	15,552

Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	60	414
Changes of items during the period		
Net change of items other than shareholders' equity	354	(175)
Total change of items during the period	354	(175)
Balance at the end of current period	414	239
Foreign currency translation adjustment		
Balance at the end of previous period	(121)	(133)
Changes of items during the period		
Net change of items other than shareholders' equity	(11)	(176)
Total change of items during the period	(11)	(176)
Balance at the end of current period	(133)	(309)
Total accumulated other comprehensive income		
Balance at the end of previous period	(61)	281
Changes of items during the period		
Net change of items other than shareholders' equity	342	(351)
Total change of items during the period	342	(351)
Balance at the end of current period	281	(69)
Subscription rights to shares		
Balance at the end of previous period	83	19
Changes of items during the period		
Net change of items other than shareholders' equity	(64)	20
Total change of items during the period	(64)	20
Balance at the end of current period	19	39
Minority interests		
Balance at the end of previous period	34	36
Changes of items during the period		
Net change of items other than shareholders' equity	1	—
Purchase of shares of consolidated subsidiaries	—	(36)
Total change of items during the period	1	(36)
Balance at the end of current period	36	—

Total net assets		
Balance at the end of previous period	14,164	15,129
Changes of items during the period		
Dividends from surplus	(553)	(553)
Net income	1,238	1,313
Purchase of treasury stock	(0)	(0)
Purchase of shares of consolidated subsidiaries	―	(36)
Net change of items other than shareholders’ equity	280	(331)
Total change of items during the period	965	392
Balance at the end of current period	15,129	15,522

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2010 (April 1, 2009- March 31, 2010)	**FY2011** (April 1, 2010 March 31, 2011
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	2,115	2,078
Depreciation and amortization	238	289
Loss on valuation of memberships	0	—
Increase (decrease) in provision for retirement benefits	6	(10)
Increase (decrease) in provision for directors' retirement benefits	0	22
Increase (decrease) in provision for bonuses	0	33
Increase (decrease) in provision for directors' bonuses	(0)	(0)
Increase (decrease) in allowance for doubtful accounts	5	(36)
Increase (decrease) in allowance for investment loss	(13)	(11)
Interest and dividend income	(51)	(82)
Interest expense	39	34
Loss (gain) on valuation of investment securities	8	52
Loss on valuation of stocks of subsidiaries and affiliates	—	153
Loss (gain) on sales of noncurrent assets	(0)	0
Loss on retirement of noncurrent assets	1	9
Decrease (increase) in notes and accounts receivable—trade	1,328	101
Decrease (increase) in inventories	(394)	158
Increase (decrease) in notes and accounts payable—trade	121	(769)
Increase (decrease) in other liabilities	14	43
Increase (decrease) in accrued consumption taxes	(170)	53
Other, net	(129)	119
Subtotal	3,121	2,240
Interest and dividends income received	43	67
Interest expenses paid	(38)	(34)
Income taxes paid	(1,100)	(815)
Net cash provided by operating activities	2,025	1,458
Net cash provided by (used in) investing activities:		
Purchase of property, plant and equipment	(33)	(111)
Proceeds from sale of property, plant and equipment	2	0
Purchase of intangible assets	(422)	(163)
Proceeds from sales of intangible assets	—	1
Purchase of investment securities	(2,243)	(1,054)
Proceeds from sales of investment securities	24	350
Purchase of investments in subsidiaries	—	(32)
Payments of loans receivable	(527)	(607)
Collection of loans receivable	568	23

Payments into time deposits	(70)	(0)
Proceeds from withdrawal of time deposits	20	—
Payments for guarantee deposits	(35)	(10)
Proceeds from collection of guarantee deposited	36	78
Other, net	(34)	(22)
Net cash used in investing activities	(2,714)	(1,548)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(174)	(283)
Repayments of long-term loans payable	(10)	—
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(553)	(553)
Other	—	(0)
Net cash used in financing activities	(737)	(837)
Effect of exchange rate changes on cash and cash equivalents	(2)	(88)
Net increase (decrease) in cash and cash equivalents	(1,428)	(1,015)
Cash and cash equivalents at beginning of period	11,753	10,324
Cash and cash equivalents at the end of period	10,324	9,309

Segment Information

a. Segment Information by Type of Business

Fiscal 2010 (from April 1, 2009 to March 31, 2010)

(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	17,831	4,130	12,091	34,053	—	34,053
(2) Intersegment sales or transfers	56	234	476	767	(767)	—
Total sales	17,887	4,364	12,567	34,820	(767)	34,053
Operating expenses	15,871	3,394	11,764	31,030	1,024	32,055
Operating income	2,016	970	803	3,789	(1,791)	1,997
II Assets, depreciation expenses and capital-related expenditures						
Assets	8,416	1,958	4,917	15,292	11,912	27,204
Depreciation expenses	167	19	49	236	1	238
Capital-related expenditures	193	68	86	348	0	348

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
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 ¥1,791 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 ¥12,038 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.
6. Effective from the consolidated fiscal year under review, the SRA Holdings Group has applied the "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan (ASBJ) Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). The impact of this change on each segment was minimal.

b. Geographical Segments

Fiscal 2010 (from April 1, 2009 to March 31, 2010)

(Millions of yen)

	Japan	Other Regions	Total	Eliminations/ Corporate	Consolidated
I Net Sales, Operating Income and Expenses					
Sales					
(1) Sales to customers	31,286	2,766	34,053	—	34,053
(2) Intersegment sales or transfers	265	15	280	(280)	—
Total sales	31,551	2,782	34,333	(280)	34,053
Operating expenses	29,307	2,669	31,977	78	32,055
Operating income	2,243	113	2,356	(359)	1,997
II Assets	24,165	1,738	25,904	1,300	27,204

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. Unallocatable operating expenses in Eliminations/Corporate amounted to ¥359 million for the fiscal year. These consisted mainly of expenses related to SRA Holdings.
4. Total Company assets in Eliminations/Corporate amounted to ¥1,478 million for the fiscal year. These consisted mainly of the Group's surplus operating assets (cash, deposits) and long-term invested assets (investment securities).
6. Effective from the consolidated fiscal year under review, the SRA Holdings Group has applied the "Accounting Standard for Construction Contracts" (Accounting Standards Board of Japan (ASBJ) Statement No. 15, December 27, 2007) and the "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007). The impact of this change on each segment was minimal.

c. Overseas Sales

Fiscal 2010 (from April 1, 2009 to March 31, 2010)

(Millions of yen)

	Other Regions	Total
I Overseas Sales	2,767	2,767
II Consolidated net sales	—	34,053
III Overseas sales as a percentage of consolidated net sales (%)	8.1	8.1

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.

Fiscal 2011 (from April 1, 2010 to March 31, 2011)

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	● 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

2. Accounting Treatment Method of Net Sales and Income or Losses, Assets, Liabilities and Others for Each Reporting Segment

The accounting treatment method for the reporting business segments is the same as that described in Principal Items that Serve as the Basis for Preparing the Consolidated Financial Statements.

Inventories are valued at an amount prior to the writing down of carrying value.

The figures for segment profits are on the basis of operating income.

Intersegment sales or transfers are based on current market prices.

3. Information Concerning Net Sales and Income or Losses, Assets, Liabilities and Others for Each Reporting Segment

Consolidated Cumulative Total for Fiscal 2011 (from April 1, 2010 to March 31, 2011)

(Millions of yen)

	Systems Development	System Operations and Infrastructure Development	Product Sales	Total	Adjustment amount*1	Amount recorded on the consolidated statements of income *2
Sales (1) Sales to customers	17,909	3,723	11,531	33,164	—	33,164
(2) Intersegment sales or transfers	78	253	422	754	(754)	—
Total sales	17,988	3,977	11,954	33,919	(754)	33,164
Operating income	2,405	817	826	4,049	(1,810)	2,238
Assets	8,083	1,568	5,668	15,320	11,130	26,451
Others Depreciation	191	17	78	288	1	289
Increase of tangible and intangible assets	161	35	96	293	0	293

Notes:

1. The adjustment amounts are as follows:

(1) The segment income adjustment of minus ¥1,810 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) Total Company assets in Eliminations/Corporate amounted to ¥11,258 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.

(3) Depreciation expenses and increases of tangible and intangible assets included depreciation and additions to long-term prepaid expenses, respectively.

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

(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).