

## Summary of Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2012

**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  
**Scheduled date of submission of quarterly securities report:** November 11, 2011  
**Scheduled commencement of dividend payment:** —  
**Quarterly Results Supplemental Materials:** Yes  
**Quarterly Results Presentation Meeting:** Yes (for institutional investors and analysts)

### 1. Consolidated results for the second quarter of the fiscal year ending March 2012 (from April 1, 2011 to September 30, 2011)

#### (1) Consolidated Operating Results (cumulative total)

(All amounts rounded down, % change YoY)

	Net Sales		Operating Income		Ordinary Profit		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter of fiscal 2012	15,895	(2.5)	813	1.7	886	3.7	607	53.2
Second quarter of fiscal 2011	16,297	2.1	799	16.3	854	20.6	396	11.6

Note : Comprehensive Income

Second quarter of fiscal 2012: ¥506 million

Second quarter of fiscal 2011: ¥122million

	Net Income	Net Income
	per Share	per Share after Dilution
Second quarter of fiscal 2012	Yen 43.90	Yen —
Second quarter of fiscal 2011	28.65	—

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
Second quarter of fiscal 2012	25,806	15,453	59.8
Fiscal 2011	26,451	15,522	58.5

Reference: Shareholders' equity

Second quarter of fiscal 2012: ¥15,435 million

Fiscal 2011 : ¥15,482 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 2011	—	—	—	40.00	40.00
Fiscal 2012	—	—	—	—	—
Fiscal 2012(forecast)	—	—	—	40.00	40.00

Note: Revision of dividend forecast in this quarter: No

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

(% of change from FY2011 First Half or FY2011)

	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
FY2012	33,500	1.0	2,300	2.7	2,300	(3.1)	1,355	3.1	97.91

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. : No

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)

Second quarter of fiscal 2012: 15,240,000 shares

Fiscal 2011: 15,240,000 shares

2. Number of treasury stock

Second quarter of fiscal 2012: 1,400,230 shares

Fiscal 2011: 1,400,230 shares

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

Second quarter of fiscal 2012: 13,839,770 shares

Second quarter of fiscal 2011: 13,839,771 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.

## **1. Qualitative Information Concerning Second-Quarter Consolidated Business Results**

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

During the second quarter of the fiscal year (April 1, 2011 to September 30, 2011), although the Japanese economy continued to face severe circumstances due to the impact of the Great East Japan Earthquake, signs of a pickup in production, exports and personal consumption became visible from the latter half of the term.

Nevertheless, the outlook remains uncertain due to the risk of an economic downturn owing to recessions in overseas economies, the strong yen and declining stock prices in addition to the impact of the nuclear power plant disaster.

In the information services industry, the software investment plans of companies are showing signs of recovery, mainly in manufacturing industries. However, companies are still maintaining a cautious stance toward implementing these plans, and the harsh business environment has persisted. On the other hand, there are expectations for new movements toward cloud computing services and data centers as disaster countermeasures as well as for increased IT investments for recovery and reconstruction following the Great East Japan Earthquake.

Amid this business environment, the SRA Group focused on the management strategies of its Medium-Term Management Plan, namely, “undertaking structural reforms in existing businesses” and “fully promoting our own IP products business\* and undertaking new business overseas” to realize the Group’s medium- and long-term growth.

\*Own IP products business: Business for our extremely high-profit (gross profit margins) own-brand products covered by intellectual property rights.

Specifically, in terms of “undertaking structural reforms in existing businesses,” we aim to raise profitability by strengthening the foundation of the Systems Development and Systems Operations and Infrastructure Development businesses. In doing so, we made efforts to expand orders by strengthening our business capabilities, build a high-profit production structure and transform to a cost structure appropriate for our business scale. In Product Sales, to secure growth potential by expanding business, we worked to make inroads into new fields (manufacturing, securities, municipalities, others).

Regarding “fully promoting our own IP products business and undertaking new businesses overseas,” we made specific considerations for building a business scheme for undertaking these businesses as a single unit. This will encompass the provision of our own IP products in such growth fields as cloud computing and wireless data communications as well as the development of our business not only in Europe and the United States, where we have achieved business results over long years, but also in the growth markets of China, India and ASEAN. As part of our efforts to promote business in China, we established a new company in Shanghai to carry out such business as systems development and the building of servers. This newly established company has already commenced business operations.

Regarding our consolidated business results for the second quarter of the fiscal year, revenues declined and profits increased as described below. Looking at sales, although sales increased in the Product Sales business, sales declined the Systems Development business and the System Operations and Infrastructure Development business. As a result, consolidated net sales declined 2.5% from the same period of the previous fiscal year to ¥15,895 million.

At the profit level, despite the impact of a decline in net sales, gross profit remained virtually level owing to a rise in the gross profit margin, while operating income rose 1.7% from the same quarter of the previous fiscal year to ¥813 million and ordinary profit increased 3.7% to ¥886 million. We recorded extraordinary income that included insurance benefits received from an insurance policy for a director and extraordinary losses that included company funeral expenses. As a result, net income for the quarter increased 53.2 % over the same period of the previous fiscal year to ¥607 million.

As detailed in the above explanation of consolidated results, revenues declined and profits increased from the corresponding quarter in the previous fiscal year. Net sales and ordinary profit were virtually at the same levels as in our forecast of consolidated results for the second quarter and are progressing in line with our assumptions for the full-year results forecast.

Consolidated business results for the second quarter by business segment are shown below.

#### 1) Systems Development

Despite an increase in sales to the non-life insurance industry, the Systems Development business recorded a decline in sales to manufacturing industries as well as a decrease in sales to electric power industries due to the impact of the Great East Japan Earthquake. As a result, net sales declined 14.4% from the same period of the previous fiscal year to ¥7,601 million.

#### 2) System Operations and Infrastructure Development

System Operations and Infrastructure Development posted declines in network operations and infrastructure development as well as in system operations. By sector, university-related orders declined slightly while in corporate-related business there was a particular decrease in orders for system operations due to the trend toward internal production and the continuing decrease in order unit prices. Therefore, net sales of the System Operations and Infrastructure Development business declined 12.9% from the same period of the previous fiscal year to ¥1,664 million.

#### 3) Product Sales

Although Software Research Associates, Inc. (SRA) posted a decline in sales of devices, Advanced Integration Technology, Inc. (AIT) maintained favorable results and recorded a particularly notable increase in sales of devices in the distribution industry. As a result, net sales of the Product Sales business increased 20.4% from the same period of the previous fiscal year to ¥6,629 million.

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

### **[1] Assets, Liabilities and Net Assets**

Regarding financial condition for the second quarter, current assets at the end of the second quarter decreased ¥882 million from the end of the previous fiscal year to ¥17,376 million. Within current assets, short-term investment securities increased ¥1,161 million because of a transfer from investment securities to securities redeemable within one year, while work in progress rose ¥416 million. On the other hand, cash and deposits declined ¥1,938 million due to the payment of bonuses and payments for the purchases of investment securities, while notes and accounts receivable—trade declined ¥1,044 million due to the collection of receivables. Noncurrent assets increased ¥237 million to ¥8,429 million due to such factors as a rise in intangible assets. As a result, total assets decreased ¥645 million to ¥25,806 million.

On the liabilities side, total liabilities decreased ¥576 million to ¥10,352 million due to a ¥303 million decrease in

provision for directors' retirement benefits due to the payment of benefits to directors and a ¥300 million decrease in the current portion of bonds due to redemption. Total net assets declined ¥68 million to ¥15,453 million due to the payment of dividends.

## **[2] Cash Flows**

Cash and cash equivalents (hereafter cash) on a consolidated basis during the second quarter of the fiscal year decreased ¥2,008 million to ¥7,301 million compared with at the previous fiscal year-end (a decrease of ¥1,886 million from the same quarter of the previous fiscal year).

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

### **Cash Flows from Operating Activities**

Net cash provided by operating activities amounted to ¥724 million, an increase of 258.5% from the same quarter of the previous fiscal year. This consisted mainly of such cash inflows as a decrease in notes and accounts receivable—trade of ¥1,031 million and income before income taxes and minority interests of ¥992 million, while cash outflows consisted primarily of an increase in inventories of ¥663 million, income taxes paid of ¥585 million and a decrease in provision for directors' retirement benefits of ¥303 million.

### **Cash Flows from Investing Activities**

Net cash used in investing activities amounted to ¥1,894 million, an increase of 241.4% from the same quarter of the previous fiscal year. This consisted mainly of such outflows as ¥2,183 million for purchase of investment securities, ¥639 million for purchase of property, plant and equipment and purchase of intangible assets, and ¥506 million for payments of loans receivable as well as such inflows as ¥901 million in proceeds from sales of investment securities and ¥352 million for collection of loans receivable.

### **Cash Flows from Financing Activities**

Net cash used in financing activities amounted to ¥845 million, an increase of 19.0% from the same quarter of the previous fiscal year. This was due mainly to such cash outflows as ¥553 million in cash dividends paid, ¥300 million for payments for redemption of bonds and a ¥292 million net decrease in short-term loans payable, as well as such cash inflows as ¥300 million in proceeds from long-term loans payable.

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

Regarding the consolidated results forecast, results for the second quarter were generally as planned and no revision has been made to the forecast released on May 12, 2011. The direction of the economy is increasingly uncertain and we will quickly disclose information in the event we deem it necessary to revise our full-year business results projections due to future movements in the economy.

## **2. Summary Information (Others)**

- (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) Changes in accounting principles, changes in accounting estimates and restatements: None

### **3. Important Matters Regarding Assumptions of a Going Concern**

None

**4. Consolidated Financial Statements**

## (1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	Fiscal 2011 (as of March 31, 2011)	End of second quarter of fiscal 2012 (as of September 30, 2011)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	7,940	6,002
Notes and accounts receivable—trade	6,118	5,074
Short-term investment securities	1,504	2,665
Merchandise and finished goods	316	563
Work in process	1,024	1,440
Deferred tax assets	433	494
Other	922	1,147
Allowance for doubtful accounts	(2)	(12)
<b>Total current assets</b>	<b>18,259</b>	<b>17,376</b>
<b>Noncurrent assets:</b>		
Property, plant and equipment		
Buildings	314	332
Accumulated depreciation	(191)	(206)
Buildings, net	123	126
Machinery, equipment and vehicles	561	565
Accumulated depreciation	(508)	(517)
Machinery, equipment and vehicles, net	52	48
Land	0	0
Other	100	101
Accumulated depreciation	(66)	(68)
Other, net	34	32
<b>Total property, plant and equipment</b>	<b>211</b>	<b>208</b>
Intangible assets		
Other	629	1,086
<b>Total intangible assets</b>	<b>629</b>	<b>1,086</b>
Investments and other assets		
Investment securities	4,252	4,328
Deferred tax assets	1,579	1,434
Guarantee deposits	460	465
Other	1,145	1,003
Allowance for doubtful accounts	(13)	(14)
Allowance for investment loss	(73)	(83)

Total investments and other assets	7,351	7,134
Total noncurrent assets	8,192	8,429
<b>Total assets</b>	<b>26,451</b>	<b>25,806</b>

(Millions of Yen)

	Fiscal 2011 (as of March 31, 2011)	End of second quarter of fiscal 2012 (as of September 30, 2011)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable—trade	1,986	1,881
Short-term loans payable	1,901	1,609
Current portion of bonds	300	—
Accrued expenses	430	486
Income taxes payable	489	248
Accrued consumption taxes	296	143
Provision for bonuses	602	671
Provision for directors' bonuses	0	30
Provision for loss on construction contracts	151	181
Provision for loss on liquidation of subsidiaries and affiliates	14	26
Asset retirement obligations	—	3
Other	698	982
<b>Total current liabilities</b>	<b>6,872</b>	<b>6,264</b>
<b>Noncurrent liabilities:</b>		
Long-term loans payable	—	300
Deferred tax liabilities	—	3
Provision for retirement benefits	3,606	3,640
Provision for directors' retirement benefits	444	141
Negative goodwill	2	—
Others	2	2
<b>Total noncurrent liabilities</b>	<b>4,057</b>	<b>4,087</b>
<b>Total liabilities</b>	<b>10,929</b>	<b>10,352</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	1,000	1,000
Capital surplus	4,483	4,483
Retained earnings	10,963	11,017
Treasury stock	(894)	(894)
<b>Total shareholders' equity</b>	<b>15,552</b>	<b>15,606</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	239	177
Foreign currency translation adjustments	(309)	(348)
<b>Total accumulated other comprehensive income</b>	<b>(69)</b>	<b>(170)</b>
<b>Subscription rights to shares</b>	<b>39</b>	<b>18</b>
<b>Total net assets</b>	<b>15,522</b>	<b>15,453</b>

<b>Total liabilities and net assets</b>	26,451	25,806
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(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)

(Millions of Yen)

	Consolidated cumulative total for second quarter of fiscal 2011 (from April 1, 2010 to September 30, 2010)	Consolidated cumulative total for second quarter of fiscal 2012 (from April 1, 2011 to September 30, 2011)
<b>Net sales</b>	16,297	15,895
<b>Cost of sales</b>	13,638	13,279
Gross profit	2,658	2,615
<b>Selling, general and administrative expenses</b>	1,859	1,802
Operating income	799	813
<b>Non-operating income</b>		
Interest received	24	51
Dividends received	14	25
Gain on allocation of investment securities	21	—
Other	29	40
Total non-operating income	90	118
<b>Non-operating expenses</b>		
Interest expenses	18	15
Transfer agent processing fee	8	9
Foreign exchange losses	—	17
Other	8	1
Total non-operating expenses	34	44
<b>Ordinary profit</b>	854	886
<b>Extraordinary income</b>		
Gain on reversal of subscription rights to shares	—	29
Insurance benefits received	—	141
Total extraordinary income	—	170
<b>Extraordinary loss</b>		
Loss on valuation of investment securities	52	1
Loss on valuation of stocks of subsidiaries and affiliates	86	—
Loss on application of Accounting Standard for Asset Retirement Obligations	13	—
Provision of allowance for investment loss	0	9
Company funeral expenses	—	39
Other	1	14
Total extraordinary loss	154	65

<b>Income before income taxes and minority interests</b>	700	992
Income taxes-current	293	345
Income taxes-deferred	10	39
Total income taxes	304	384
Income before minority interests	396	607
<b>Net income</b>	396	607

## (Quarterly Consolidated Statements of Comprehensive Income)

Income before minority interests	396	607
Other comprehensive income		
Valuation difference on available-for-sale securities	(135)	(61)
Foreign currency translation adjustments	(137)	(39)
Total other comprehensive income	(273)	(100)
Comprehensive income	122	506
(breakdown)		
Comprehensive income attributable to parent company shareholders	122	506
Comprehensive income attributable to minority shareholders	—	—

## (3) Consolidated Statements of Cash Flows

(Millions of Yen)

	Consolidated cumulative total for second quarter of fiscal 2011 (from April 1, 2010 to September 30, 2010)	Consolidated cumulative total for second quarter of fiscal 2012 (from April 1, 2011 to September 30, 2011)
<b>Net cash provided by (used in) operating activities:</b>		
Income before income taxes and minority interests	700	992
Depreciation and amortization	134	135
Increase (decrease) in provision for retirement benefits	11	8
Increase (decrease) in provision for directors' retirement benefits	9	(303)
Increase (decrease) in provision for bonuses	69	69
Increase (decrease) in provision for directors' bonuses	29	29
Increase (decrease) in allowance for doubtful accounts	1	10
Increase (decrease) in allowance for investment loss	1	10
Interest and dividend income	(38)	(77)
Interest expense	18	15
Loss (gain) on valuation of investment securities	52	1
Loss on valuation of stocks of subsidiaries and affiliates	86	—
Loss on retirement of noncurrent assets	1	1
Decrease (increase) in notes and accounts receivable—trade	736	1,031
Decrease (increase) in inventories	(315)	(663)
Increase (decrease) in notes and accounts payable—trade	(809)	(97)
Increase (decrease) in other liabilities	141	384
Increase (decrease) in accrued consumption taxes	(49)	(152)
Other, net	13	(148)
Subtotal	796	1,247
Interest and dividends income received	31	77
Interest expenses paid	(17)	(15)
Income taxes paid	(607)	(585)
Net cash provided by operating activities	202	724
<b>Net cash provided by (used in) investing activities:</b>		
Purchase of property, plant and equipment	(85)	(24)
Proceeds from sale of property, plant and equipment	—	0
Purchase of intangible assets	(77)	(615)
Purchase of investment securities	(340)	(2,183)
Proceeds from sales of investment securities	7	901
Purchase of investments in subsidiaries	(32)	—
Payments of loans receivable	(17)	(506)
Collection of loans receivable	2	352

Payments into time deposits	(0)	(70)
Other, net	(10)	251
Net cash used in investing activities	(555)	(1,894)
<b>Net cash provided by (used in) financing activities:</b>		
Net increase (decrease) in short-term loans payable	(157)	(292)
Proceeds from long-term loans payable	—	300
Redemption of bonds	—	(300)
Purchase of treasury stock	(0)	—
Cash dividends paid	(553)	(553)
Other	—	(0)
Net cash used in financing activities	(710)	(845)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(73)	8
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,137)	(2,008)
<b>Cash and cash equivalents at beginning of period</b>	10,324	9,309
<b>Cash and cash equivalents at the end of period</b>	9,187	7,301

## (4) Notes Concerning Premise of Going Concern

None

## (5) Segment Information

## I. Consolidated cumulative total for second quarter of fiscal 2011 (from April 1, 2010 to September 30, 2010)

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

(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						
Sales to Customers	8,882	1,910	5,503	16,297	—	16,297
Intersegment sales or transfers	8	107	207	323	(323)	—
Total sales	8,891	2,018	5,710	16,620	(323)	16,297
Operating income	965	385	371	1,721	(922)	799

Notes:

1. The segment income adjustment of minus ¥922 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.

## II. Consolidated cumulative total for second quarter of fiscal 2012 (from April 1, 2011 to September 30, 2011)

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

(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						
Sales to Customers	7,601	1,664	6,629	15,895	—	15,895
Intersegment sales or transfers	18	140	200	359	(359)	—

Total sales	7,620	1,805	6,829	16,254	(359)	15,895
Operating income	904	272	285	1,462	(649)	813

## Notes:

1. The segment income adjustment of minus ¥649 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.
3. From the first quarter of fiscal 2011 (from April 1, 2010 to June 30, 2010), the Company changed the measurement method for each business segment along with a change to its standards for evaluating segment business results in undertaking its business management. Compared with when applying the previous method, segment income declined by ¥107 million in Systems Development, ¥26 million in System Operations and Infrastructure Development and ¥110 million in Product Sales.

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

None

(7) Significant Subsequent Events

1. Share repurchase

At a meeting of the Board of Directors held on August 29, 2011, the Company resolved to repurchase its shares and determined a specific repurchase method pursuant to Article 156, Paragraph 1 of the Corporate Law of Japan as applicable pursuant to the provisions of Article 165, Paragraph 3 of the Corporate Law of Japan, and the Company's Articles of Incorporation, and the Company conducted a share repurchase as explained below.

(1) Objective of the repurchase

Ryugo Marumori, Chairman of SRA Holdings, passed away on July 12, 2011. Around mid-July 2011, the Company was contacted by Sonomi Fujiwara and Hiromi Sato (hereinafter, the "Inheritor Shareholders"), who are top shareholders and Ryugo Marumori's inheritors, indicating their desire to sell their holdings of the Company's common shares. Each owns 350,700 shares (corresponding to 2.30% (rounded to the nearest hundredth), respectively, of total shares issued).

In response to this indication, upon considering the impact of such a sale on the market price and liquidity of its common shares and from the perspective of maintaining a stable composition of shareholders, the Company decided that repurchasing its own shares as treasury stock was appropriate. Moreover, the repurchase of its own shares as treasury stock corresponds with its management policies because this will contribute to raising ROE and enable the return of profits to shareholders.

(2) Acquisition period

From August 30, 2011 to October 31, 2011

(3) Type of shares and number of shares to be repurchased

Common shares: 701,400 shares

(4) Repurchase price

¥712 per common share

(5) Capital required for the repurchase

¥499,396,800

(6) Method of procuring funds for the repurchase

Internal funds for the entire amount

(7) Repurchase method

Tender Offer

(8) Settlement date

October 20, 2011

2. Subscription rights to shares

The Company issued subscription rights to shares (9th subscription rights to shares) based on a resolution at a meeting of the Board of Directors of the Company held on September 22, 2011.

•Reason for issuance of subscription rights to shares

The Company issued subscription rights to shares as stock options for the Company's directors and employees as well as for directors, managing officers and employees of its subsidiaries with the aims of raising motivation and morale toward attaining the goals of the Medium-Term Management Plan that covers the period from the 22nd

fiscal term (the fiscal year ending March 2012) through the 24th fiscal term (the fiscal year ending March 2014)

and to help raise the Company's value over the medium and long terms.

- Name of subscription rights to shares  
SRA Holdings 9th subscription rights to shares
- Eligible persons for allotment of new subscription rights to shares and number of persons  
Directors (three persons) and employees (six persons) of the Company and directors, managing officers and employees of the Company's subsidiaries (48 persons)
- Total number of subscription rights to shares  
794 subscription rights (200 shares per one subscription right)
- Number of shares allotted to subscription rights to shares  
158,800 common shares of the Company
- Amount to be paid for subscription rights  
No charge for each subscription right
- Value of assets to be invested when subscription rights to shares are exercised  
¥171,000 per each subscription right to shares  
(¥855 per share)
- Exercise period for subscription rights to shares  
From July 1, 2014 to June 30, 2016
- Conditions for exercising subscription rights to shares
  - The holders of the subscription rights to shares shall be able to exercise the rights only when ordinary profit on the final Consolidated Statements of Income for the Company's 24th fiscal term (the fiscal year ending March 2014) or for any prior fiscal term exceeds ¥4.4 billion (hereafter "exercise standard target value"). However, in the event of such factors as an abrupt change in the management environment, the "exercise standard target value" may be changed within a range of  $\pm 30\%$  based on a resolution by the Board of Directors.
  - Even during the period for exercising the subscription rights to shares, persons who are not directors and employees of the Company or directors, managing officers and employees of the Company's subsidiaries shall not be allowed to exercise the subscription rights. However, this shall not be applied in cases in which a person leaves their position due to the expiration of the term of Director or mandatory retirement or for any other due reason.
  - Inheritance of subscription rights to shares shall not be allowed
  - The Board of Directors shall be able to attach other necessary conditions. However, conditions attached by the Board of Directors shall be effective only when stipulated by a "subscription rights to shares allocation agreement" concluded between the Company and the persons eligible for the allocation of subscription rights to shares.
- Allocation date  
October 5, 2011

- Increases in capital and the amount of capital reserves in the event of the issue of new shares due to the exercising of subscription rights to shares

Issue value: ¥855 per share

Amount included in capital: ¥428 per share

- Restrictions on acquiring subscription rights to shares through a transfer

Approval through a resolution by the Board of Directors of the Company shall be required for acquiring subscription rights to shares through a transfer.

- Matters concerning the granting of subscription rights to shares in time of organizational restructuring

In the event of any action specified in Article 236-1-8-(a) to (e) of the Corporate Law of Japan, subscription rights to shares of an entity (hereafter “surviving company or other”) prescribed in the aforementioned (a) to (e) shall be granted to the Company’s holders of subscription rights to shares. However, for mergers, absorption-type company splits or share exchanges, this shall be conditional on receiving the consent of the other party to the merger agreement, absorption-type company split agreement, or share exchange agreement. Additionally, the number of granted shares for the subscription rights to shares of the “surviving company or other” that have been issued as well as the exercise price shall be in accordance with the allocation ratio. The other contents of the subscription rights to shares shall be equal to those of the Company’s subscription rights to shares. However, the Company may change these at its discretion based on its judgments.

## 5. Other Information

### 1. Status of Production, Orders and Sales

#### (1) Production amounts

Production by segment in the second quarter of the fiscal year ending March 31, 2012 is as follows.

Segment information by type of business	Consolidated cumulative total for second quarter of fiscal 2012 (from April 1, 2011 to September 30, 2011)	% change YoY
Systems Development (Millions of Yen)	8,034	83.9
System Operations and Infrastructure Development (Millions of Yen)	1,670	87.1
Total (Millions of Yen)	9,705	84.4

Notes:

1. Amounts are based on sales price.
2. The amounts above do not include consumption tax.
3. Intersegment transactions are offset.

#### (2) Purchase amounts

Purchases by segment in the second quarter of the fiscal year ending March 31, 2012 is as follows.

Segment information by type of business	Consolidated cumulative total for second quarter of fiscal 2012 (from April 1, 2011 to September 30, 2011)	% change YoY
Product Sales (Millions of Yen)	4,820	143.0
Total (Millions of Yen)	4,820	143.0

Notes:

1. Amounts are based on purchase price.
2. The amounts above do not include consumption tax.
3. Intersegment transactions are offset.

#### (3) Status of orders

Status of orders by segment in the second quarter of the fiscal year ending March 31, 2012 is as follows.

Segment information by type of business	Orders received (Millions of Yen)	% change YoY	Order backlog (Millions of Yen)	% change YoY
Systems Development	8,450	90.1	4,366	94.7

System Operations and Infrastructure Development	1,295	82.5	1,058	87.3
Product Sales	7,143	138.5	3,517	153.3
Total	16,889	104.9	8,942	110.1

Notes:

1. Amounts are based on sales price.
2. The amounts above do not include consumption tax.
3. Intersegment transactions are offset.

#### (4) Sales amounts

Sales by segment in the second quarter of the fiscal year ending March 31, 2012 is as follows.

Segment information by type of business	Consolidated cumulative total for second quarter of fiscal 2012 (from April 1, 2011 to September 30, 2011)	% change YoY
Systems Development (Millions of Yen)	7,601	85.6
System Operations and Infrastructure Development (Millions of Yen)	1,664	87.1
Product Sales (Millions of Yen)	6,629	120.4
Total (Millions of Yen)	15,895	97.5

Notes:

1. Amounts are based on sales price.
2. The amounts above do not include consumption tax.
3. Intersegment transactions are offset.