May 10, 2012

Summary of Consolidated Financial Results for the Year Ended March 31, 2012

Company name: SRA Holdings, Inc.
(URL: http://www.sra-hd.co.jp/)
Stock listing: Tokyo Stock Exchange
Code number: 3817
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Date of ordinary general meeting of shareholders: June 26, 2012
Scheduled commencement of dividend payment: June 12, 2012
Scheduled date of submission of financial reports: June 26, 2012
Results Supplement Materials: Yes
Results Presentation Meeting : Yes (for institutional investors)

1. Consolidated Financial Results for Fiscal 2012 (from April 1, 2011 to March 31, 2012)

(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 2012	33,416	0.8	2,490	11.2	2,656	11.9	1,233	(6.1)
Fiscal 2011	33,164	(2.6)	2,238	12.1	2,374	15.3	1,313	6.1

Attention：Comprehensive Income
Fiscal 2012: ¥1,219 million（26.7%）
Fiscal 2011: ¥962million（(39.2%)）

	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 2012	91.17	—	7.9	9.8	7.5
Fiscal 2011	94.93	—	8.6	8.8	6.8

Reference: Gain (loss) on equity method investments:
Fiscal 2012: —
Fiscal 2011: —

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2012	27,478	15,678	57.0	1,191.14
Fiscal 2011	26,451	15,522	58.5	1,118.71

Reference: Shareholders' equity
Fiscal 2012: ¥15,649 million
Fiscal 2011: ¥15,482 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 2012	2,836	(1,280)	(1,345)	9,496
Fiscal 2011	1,458	(1,548)	(837)	9,309

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 2011	—	—	—	40.00	40.00	553	42.1	3.6
Fiscal 2012	—	—	—	40.00	40.00	525	43.9	3.5
Fiscal 2013 (forecast)	—	—	—	40.00	40.00	—	31.7	—

3. Consolidated Earnings Forecast for Fiscal 2013 (from April 1, 2012 to March 31, 2013)

(% 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	16,370	3.0	920	13.1	970	9.4	600	(1.2)	45.67
Full Year	34,900	4.4	2,600	4.4	2,700	1.7	1,660	34.6	126.35

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: No
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 2012: 15,240,000 shares
   Fiscal 2011: 15,240,000 shares
2. Own shares at end of term
   Fiscal 2012: 2,101,630 shares
   Fiscal 2011: 1,400,230 shares
3. Average number of shares over period
   Fiscal 2012: 13,525,481 shares
   Fiscal 2011: 13,839,770 shares

[Reference] Summary of non-consolidated financial results

1. Non-Consolidated Financial Results for Fiscal 2012 (from April 1, 2011 to March 31, 2012)

(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 2012	1,241	1.2	853	6.8	837	5.9	825	3.7
Fiscal 2011	1,226	6.3	799	1.1	790	0.5	796	(7.3)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Fiscal 2012	56.13	—
Fiscal 2011	52.98	—

(2) Non-Consolidated Financial Position

	Net Income	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	Millions of yen	Millions of yen	%	Yen
Fiscal 2012	9,283	9,236	99.2	642.58
Fiscal 2011	9,577	9,536	99.2	631.84

Reference: Shareholders' equity:
Fiscal 2012: ¥9,207 million
Fiscal 2011: ¥9,496 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 (April 1, 2011 to March 31, 2012), the Japanese economy faced severe conditions that included a decrease in corporate earnings and flat exports and personal consumption due to the impact of the Great East Japan Earthquake. Nonetheless, there were signs of a moderate pickup from the third quarter onward. However, the outlook for the economy is uncertain owing to constraints on electric power supplies and as well as the risk of a downturn in overseas economies amid the government debt crises in Europe.

In the information services industry, numerous corporate customers maintained a cautious stance toward IT investments due to the unclear outlook for corporate earnings, and the trend toward curtailing investments continued. However, signs of a recovery in investments began emerging in some sectors. On the other hand, the uninterrupted drop in order unit prices is continuing and the environment for securing orders remained severe.

Amid this business environment, the SRA Holdings Group made group-wide efforts to “increase and strengthen profitability by undertaking structural reforms in existing businesses” as well as implemented our medium- and long-term growth strategy of “securing growth potential by fully promoting our own IP products business[*1] and undertaking new business overseas.”

■Increase and strengthen profitability by undertaking structural reforms in existing businesses

1. Expand orders and sales by strengthening business capabilities

Within the severe environment for securing orders, as a result of such efforts as bolstering our project management, we achieved orders and sales as follows.

◎Software Research Associates, Inc. (SRA), a core business company that had continued to post year-on-year declines in orders, achieved a turnaround with positive growth in orders, mainly in its Systems Development business, from the third quarter onward. SRA’s results for the fiscal year also exceeded those of the previous fiscal year.

◎Advanced Integration Technology, Inc. (AIT) continued to post favorable orders and sales by securing large-scale transactions for device sales.

2. Build a high-profit production structure

The gross profit margin in the Systems Development business exceeded 20% for four consecutive quarters. This was the result of efforts to achieve an appropriate level of production overhead costs by strengthening the management of staff allocation. The gross profit margin has risen each fiscal year.

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

We implemented such initiatives as reducing sales expenses by realizing appropriate levels of personnel in sales divisions.

■Secure growth potential by fully promoting our own IP products business and undertaking new business overseas

1. The SRA Holdings Group is implementing a medium- and long-term strategy of leveraging our own IP products business in the United States in wireless data communications, cloud computing and other growth fields, and developing this business in China and other growth markets. (“own IP products business” x “overseas business”)

2. As the first step in these efforts, we utilized the sales network of Kingnet to commence sales in the China market of products of Proxim Wireless Corporation[*2], with which the SRA Group maintains a business and capital alliance. When our sales volume in the China market reaches a certain scale, we anticipate being able to build sales channels with Digital China Holding Limited[*3], the largest IT services company in China.

[*1] Own IP products business: Business for our extremely high-profit own-brand products covered by intellectual property rights.

[*2] Proxim Wireless Corporation: U.S.-based wireless device manufacturer that produces and sells cutting-edge products in wireless data communications. The company's products have been widely introduced in countries throughout the world.

[*3] China's largest IT services company and the largest shareholder in SJI Inc., with which SRA Holdings concluded a business and capital alliance (February 2009).

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

In terms of sales, although sales declined in the Systems Development business and in the System Operations and Infrastructure Development business, sales increased in the Product Sales business. As a result, consolidated net sales amounted to ¥33,416 million, an increase of 0.8% from the previous fiscal year.

At the profit level, an increase in gross profit due to a rise in the gross profit margin, coupled with promoting efficiency in selling, general and administrative (SG&A) expenses, led to an 11.2% increase in operating income to ¥2,490 million and an 11.9% rise in ordinary profit to ¥2,656 million. We recorded extraordinary income that included insurance benefits received and extraordinary losses that included a loss on valuation of investment securities. At the same time, in accordance with a revision to tax laws, we recorded a reversal of deferred tax assets as income taxes-deferred. As a result, net income for the fiscal year decreased 6.1% from the previous fiscal year to ¥1,233 million.

As detailed above in the section on consolidated results for the fiscal year, while net sales remained level, operating income and ordinary profit increased. Moreover, net sales were virtually in line with our full-year forecast while the figures for operating income and ordinary profit exceeded our fiscal year forecast.

Trends in Consolidated Business Results (¥ million)

	FY2008	FY2009	FY2010	FY2011	FY2012	
					Most recent forecast figures (announced May 12, 2011)	Actual
Net sales	45,058	41,777	34,053	33,164	33,500	33,416
Operating income	4,102	3,820	1,997	2,238	2,300	2,490
Ordinary profit	4,181	3,894	2,059	2,374	2,300	2,656
Net income	2,224	2,041	1,238	1,313	1,355	1,233

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

Systems Development

Although sales to the non-life insurance industry increased, the Systems Development business posted declines in sales to electric power industries and manufacturing industries. As a result, net sales declined 4.4% from the previous fiscal year to ¥17,118 million.

System Operations and Infrastructure Development

Even though a decline in university-related orders was slight, there was a particularly large decrease in orders for system operations in corporate-related business. As a result, net sales of the System Operations and Infrastructure Development business decreased 6.9% from the previous fiscal year to ¥3,468 million.

Product Sales

Although SRA recorded lower sales of devices, AIT posted favorable sales of devices in the distribution industry. As a result, net sales of the Product Sales business rose 11.3% from the previous fiscal year to ¥12,830 million.

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

In the next fiscal year, there are expectations that a pickup in the economy will firmly take hold owing to the effects of various government policies, including those for earthquake reconstruction. Nevertheless, reflecting such factors as risks that the economy will be pulled down by a decline in overseas economies amid such circumstances as the European debt crisis and by constraints in electric power supplies in Japan, the outlook is expected to remain unclear.

In the information services industry, cloud computing-related business remains firm and demand for integration in banking-related industries is also anticipated. Also, a recovery in IT investments is expected on the back of improved corporate earnings and earthquake reconstruction.

Amid these conditions, during the next fiscal year, which also marks the second year of our Medium-Term Management Plan, we will focus on “increasing and strengthening profitability by undertaking structural reforms in existing businesses” as well as our medium- and long-term growth strategy of “securing growth potential by fully promoting our own IP products business and undertaking new business overseas.”

Regarding the outlook for consolidated results for the fiscal year ending March 2013, while implementing the above measures, we forecast net sales of ¥34,900 million, operating income of ¥2,600 million, ordinary profit of ¥2,700 million and net income of ¥1,660 million.

(2) Analysis of Financial Position

Cash and cash equivalents on a consolidated basis at the end of the fiscal year increased ¥187 million compared with at the previous fiscal year-end to ¥9,496 million.

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 ¥2, 836 million, an increase of 94.5% from the previous fiscal year. This consisted mainly of such cash inflows as income before income taxes and minority interests of ¥2,477 million and an increase in notes and accounts payable—trade of ¥823 million, while cash outflows were primarily income taxes paid of ¥942 million and a ¥290 million decrease in provision for directors’ retirement benefits.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥1,280 million, a decrease of 17.3% from the previous fiscal year. This consisted mainly of such inflows as proceeds from sales of investment securities of ¥1,878 million and collection of loans receivable amounting to ¥1,357 million, while outflows included for purchase of investment securities of ¥2,467 million, payments of loans receivable of ¥1,407 million, and purchase of property, plant and equipment and purchase of intangible assets totaling ¥841 million.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥1,345 million, an increase of 60.8% from the previous fiscal year. This was due mainly to such cash inflows as proceeds from long-term loans payable of ¥300 million, while cash outflows consisted mainly of cash dividends paid of ¥553 million, purchase of treasury stock of ¥499 million, payments for redemption of bonds totaling ¥300 million and a net decrease in short-term loans payable of ¥292 million.

Trends in Cash Flow Indicators

	FY2010	FY2011	FY2012
Shareholders' equity ratio (%)	55.4	58.5	57.0
Shareholders' equity ratio at market value (%)	43.0	42.9	46.1
Dept redemption years to cash flow (years)	1.2	1.5	0.7
Interest coverage ratio (times)	52.5	42.8	96.0

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, 2012, 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, 2013, 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 31.7%.

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 42.8% 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
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 (actual)	7.9%	7.9%
FY2013 (target)	7.7% (plan)	10.2% (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.

(4) Issues to Be Addressed by the Company

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

■Increase and strengthen profitability by undertaking structural reforms in existing businesses

1. Expand orders and sales by strengthening business capabilities

①Priority business fields for expanding orders and sales

[Systems Development]

- Develop and create projects while carrying out business activities to ensure this can reliably and efficiently lead to the securing of new orders.
- Specialize in fields of expertise (financial, manufacturing embedded systems, education, others).
- Expand priority business.
  Migration services*1 [ORACLE to PostgreSQL [PowerBuilder to Java]

[System Operations and Infrastructure Development].

- Expand business with existing customers (concentrate efforts toward education-related network operation business, respond to virtualization and cloud computing in IDC).

[Product Sales]

- Cultivate new customer fields (manufacturing, securities and insurance).
- Focus on products and services that have technological superiority and a proven track record (Qt[*2]/PostgreSQL business) and strengthen the solutions business.

②Refine business processes.

- Refine business processes for creating opportunities and ensuring that this can reliably and efficiently lead to the securing of new orders.
- Increase business efficiency and strengthen coverage for each customer.
- Strengthen business skills.

2. Build a high-profit production structure.

①Ensure appropriate production overhead costs.

- Reduce production overhead costs via thoroughgoing personnel management.

②Increase the profitability of projects.

- Raise productivity and quality by introducing common development management environments and development tools.
- Raise development efficiency by establishing processes for upstream processes.

③Actively utilize offshore development.

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

- Ensure appropriate production costs and SG&A expenses.

■**Secure growth potential by fully promoting our own IP products business and undertaking new business overseas**. (“our own IP products business” x “overseas business”)

1. Uncover own IP products business in growth fields.
2. Develop business in China, ASEAN and other growth markets.

[*1] Migration services

This refers to work for the conversion of data and programs along with system migration. Migrating an application to a different operating system (OS) requires program migration and data migration and data conversion. These also represent one migration service.

[*2] Qt

A GUI development framework written in C++ language. Qt has been introduced in a wide range of fields throughout the world, including automobiles, space exploration, visual specialty technologies and medical fields. More recently, this has been used in the development of various touch panel screens, including for smartphones. SRA employees who are accredited trainers have engaged in consulting and development services since 2002.

(5) Other Important Management Matters

None

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
ASSETS		
Current assets:		
Cash and deposits	7,940	8,697
Notes and accounts receivable—trade	6,118	6,444
Short-term investment securities	1,504	1,529
Merchandise and finished goods	316	349
Work in process	1,024	982
Deferred tax assets	433	498
Other	922	804
Allowance for doubtful accounts	(2)	(28)
Total current assets	18,259	19,277
Noncurrent assets:		
Property, plant and equipment		
Buildings	314	331
Accumulated depreciation	(191)	(215)
Buildings, net	123	115
Machinery, equipment and vehicles	561	568
Accumulated depreciation	(508)	(517)
Machinery, equipment and vehicles, net	52	50
Land	0	0
Other	100	100
Accumulated depreciation	(66)	(69)
Other, net	34	31
Total property, plant and equipment	211	197
Intangible assets		
Other	629	1,104
Total intangible assets	629	1,104
Investments and other assets		
Investment securities	4,252	4,082
Deferred tax assets	1,579	1,289
Guarantee deposits	460	413
Other	1,145	1,205
Allowance for doubtful accounts	(13)	(14)
Allowance for investment loss	(73)	(78)
Total investments and other assets	7,351	6,897

Total noncurrent assets	8,192	8,200
Total assets	26,451	27,478

(Millions of Yen)

	FY2011 (as of March 31, 2011)	FY2012 (as of March 31, 2012)
LIABILITIES		
Current liabilities:		
Accounts payable—trade	1,986	2,804
Short-term loans payable	1,901	1,609
Current portion of bonds	300	—
Accrued expenses	430	661
Income taxes payable	489	568
Accrued consumption taxes	296	290
Provision for bonuses	602	616
Provision for directors' bonuses	0	58
Provision for loss on construction contracts	151	167
Provision for loss on liquidation of subsidiaries and affiliates	14	41
Other	698	865
Total current liabilities	6,872	7,682
Noncurrent liabilities:		
Long-term loans payable	—	300
Deferred tax liabilities	—	1
Provision for retirement benefits	3,606	3,659
Provision for directors' retirement benefits	444	154
Negative goodwill	2	—
Others	2	1
Total noncurrent liabilities	4,057	4,116
Total liabilities	10,929	11,799
NET ASSETS		
Shareholders' equity		
Capital stock	1,000	1,000
Capital surplus	4,483	4,483
Retained earnings	10,963	11,642
Treasury stock	(894)	(1,393)
Total shareholders' equity	15,552	15,732
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	239	290
Foreign currency translation adjustments	(309)	(373)
Total accumulated other comprehensive income	(69)	(83)
Subscription rights to shares	39	29
Minority interests	—	—
Total net assets	15,522	15,678
Total liabilities and net assets	26,451	27,478

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

(Consolidated Statements of Income)

(Millions of Yen)

	FY2011 (April 1, 2010- March 31, 2011)	**FY2012** (April 1, 2011- March 31, 2012)
Net sales	33,164	33,416
Cost of sales	27,292	27,369
Gross profit	5,872	6,047
Selling, general and administrative expenses	3,633	3,556
Operating income	2,238	2,490
Non-operating income		
Interest received	55	120
Dividends received	26	34
Other	122	73
Total non-operating income	204	228
Non-operating expenses		
Interest expenses	34	30
Transfer agent processing fee	15	18
Purchase expenses of treasury stock	—	7
Other	19	6
Total non-operating expenses	69	63
Ordinary profit	2,374	2,656
Extraordinary income		
Gain on reversal of subscription rights to shares	6	29
Insurance benefits received	—	141
Other	—	1
Total extraordinary income	6	172
Extraordinary loss		
Loss on valuation of investment securities	52	227
Loss on valuation of stocks of subsidiaries and affiliates	153	51
Company funeral expenses	—	39
Other	96	32
Total extraordinary loss	302	350

Income before income taxes and minority interests	2,078	2,477
Income taxes-current	771	1,019
Income taxes-deferred	(6)	224
Total income taxes	764	1,244
Income before minority interests	1,313	1,233
Minority interests in income	—	—
Net income	1,313	1,233

(Consolidated Statements of Comprehensive Income)

Income before minority interests	1,313	1,233
Other comprehensive income		
Valuation difference on available-for-sale securities	(175)	51
Foreign currency translation adjustments	(176)	(64)
Total other comprehensive income	(351)	(13)
Comprehensive income	962	1,219
(breakdown)		
Comprehensive income attributable to parent company shareholders	962	1,219
Comprehensive income attributable to minority shareholders	—	—

(3) Consolidated Statements of Changes in Net Assets

(Millions of Yen)

	FY2011 (April 1, 2010- March 31, 2011)	**FY2012** (April 1, 2011 March 31, 2012
Shareholders' equity		
Capital stock		
Balance at beginning of 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 beginning of 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 beginning of period	10,202	10,963
Changes of items during the period		
Dividends from surplus	(553)	(553)
Net income	1,313	1,233
Total change of items during the period	760	679
Balance at the end of current period	10,963	11,642
Treasury stock		
Balance at beginning of period	(894)	(894)
Changes of items during the period		
Purchase of treasury stock	(0)	(499)
Total change of items during the period	(0)	(499)
Balance at the end of current period	(894)	(1,393)
Total shareholders' equity		
Balance at beginning of period	14,792	15,552
Changes of items during the period		
Dividends from surplus	(553)	(553)
Net income	1,313	1,233
Purchase of treasury stock	(0)	(499)
Total change of items during the period	760	180
Balance at the end of current period	15,552	15,732

Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of period	414	239
Changes of items during the period		
Net change of items other than shareholders' equity	(175)	(51)
Total change of items during the period	(175)	(51)
Balance at the end of current period	239	290
Foreign currency translation adjustment		
Balance at beginning of period	(133)	(309)
Changes of items during the period		
Net change of items other than shareholders' equity	(176)	(64)
Total change of items during the period	(176)	(64)
Balance at the end of current period	(309)	(373)
Total accumulated other comprehensive income		
Balance at beginning of period	281	(69)
Changes of items during the period		
Net change of items other than shareholders' equity	(351)	(13)
Total change of items during the period	(351)	(13)
Balance at the end of current period	(69)	(83)
Subscription rights to shares		
Balance at beginning of period	19	39
Changes of items during the period		
Net change of items other than shareholders' equity	20	(10)
Total change of items during the period	20	(10)
Balance at the end of current period	39	29
Minority interests		
Balance at beginning of period	36	—
Changes of items during the period		
Net change of items other than shareholders' equity	—	—
Purchase of shares of consolidated subsidiaries	(36)	—
Total change of items during the period	(36)	—
Balance at the end of current period	—	—

Total net assets		
Balance at beginning of period	15,129	15,522
Changes of items during the period		
Dividends from surplus	(553)	(553)
Net income	1,313	1,233
Purchase of treasury stock	(0)	(499)
Purchase of shares of consolidated subsidiaries	(36)	—
Net change of items other than shareholders' equity	(331)	(23)
Total change of items during the period	392	156
Balance at the end of current period	15,522	15,678

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2011 (April 1, 2010- March 31, 2011)	**FY2012** (April 1, 2011 March 31, 2012
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	2,078	2,477
Depreciation and amortization	289	342
Increase (decrease) in provision for retirement benefits	(10)	27
Increase (decrease) in provision for directors' retirement benefits	22	(290)
Increase (decrease) in provision for bonuses	33	13
Increase (decrease) in provision for directors' bonuses	(0)	57
Increase (decrease) in allowance for doubtful accounts	(36)	27
Increase (decrease) in allowance for investment loss	(11)	8
Interest and dividend income	(82)	(155)
Interest expense	34	30
Loss (gain) on valuation of investment securities	52	227
Loss (gain) on sales of investment securities	—	(1)
Loss on valuation of stocks of subsidiaries and affiliates	153	51
Loss (gain) on sales of noncurrent assets	0	—
Loss on retirement of noncurrent assets	9	2
Decrease (increase) in notes and accounts receivable—trade	101	(348)
Decrease (increase) in inventories	158	5
Increase (decrease) in notes and accounts payable—trade	(769)	823
Increase (decrease) in other liabilities	43	427
Increase (decrease) in accrued consumption taxes	53	(5)
Other, net	119	(17)
Subtotal	2,240	3,703
Interest and dividends income received	67	104
Interest expenses paid	(34)	(29)
Income taxes paid	(815)	(942)
Net cash provided by operating activities	1,458	2,836
Net cash provided by (used in) investing activities:		
Purchase of property, plant and equipment	(111)	(42)
Proceeds from sale of property, plant and equipment	0	0
Purchase of intangible assets	(163)	(799)
Proceeds from sales of intangible assets	1	—
Purchase of investment securities	(1,054)	(2,467)
Proceeds from sales of investment securities	350	1,878
Purchase of investments in subsidiaries	(32)	—
Payments of loans receivable	(607)	(1,407)
Collection of loans receivable	23	1,357

Payments into time deposits	(0)	(74)
Payments for guarantee deposits	(10)	(10)
Proceeds from collection of guarantee deposited	78	6
Other, net	(22)	278
Net cash used in investing activities	(1,548)	(1,280)
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	(283)	(292)
Proceeds from long-term loans payable	—	300
Redemption of bonds	—	(300)
Purchase of treasury stock	(0)	(499)
Cash dividends paid	(553)	(553)
Other	(0)	(0)
Net cash used in financing activities	(837)	(1,345)
Effect of exchange rate changes on cash and cash equivalents	(88)	(23)
Net increase (decrease) in cash and cash equivalents	(1,015)	187
Cash and cash equivalents at beginning of period	10,324	9,309
Cash and cash equivalents at the end of period	9,309	9,496

Segment Information and Others

Segment Information

I. 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

(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 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.

II. Fiscal 2012 (from April 1, 2011 to March 31, 2012)

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

(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 (2) Intersegment sales or transfers	17,118 57	3,468 283	12,830 441	33,416 782	— (782)	33,416 —
Total sales	17,175	3,752	13,271	34,199	(782)	33,416
Operating income	2,475	631	655	3,762	(1,272)	2,490
Assets	8,047	1,477	6,516	16,041	11,436	27,478
Others Depreciation Increase of tangible and intangible assets	 150 120	 13 2	 176 675	 340 799	 2 16	 342 815

Notes:

1. The adjustment amounts are as follows:

(1) The segment income adjustment of minus ¥1,272 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 amounted to ¥11,569 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.

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 ¥236 million in Systems Development, ¥53 million in System Operations and Infrastructure Development and ¥200 million in Product Sales.

Significant Subsequent Events

Consolidated Fiscal Year (April 1, 2011 – March 31, 2012)

1. The Board of Directors of Company subsidiary SRA convened on March 30, 2012 and resolved to acquire shares of SJI Inc. held by King Tech Service HK Limited, with the aim of strengthening business and capital alliances with SJI. The shares were acquired on April 6, 2012.

Details of share acquisition

(1) Purpose of share acquisition

Cultivate markets through collaboration with SJI, which has a wide-ranging network in the China market, as well as strengthen price competitiveness by utilizing offshore development.

(2) Name of party from which shares were acquired

King Tech Service HK Limited

(3) Overview of company in which shares were acquired

SJI Inc.

Description of main businesses: System development business, software products business, information-related products

Business scale (Fiscal year ended March 2011):

Capital: ¥2,843 million

Total assets: ¥18,789 million

Net assets: ¥10,076 million

(4) Date of share acquisition

April 6, 2012

(5) Number of shares acquired, acquisition cost and ownership ratio after acquisition

Number of shares held before the change: 50,500 shares (6.1% equity stake)

Number of shares acquired: 50,000 shares (acquisition cost of ¥650 million)

Number of shares held after the change: 100,500 shares (12.14% equity stake)

2. The Board of Directors of Company subsidiary SRA convened on March 30, 2012 and on May 2, 2012 and resolved to provide loans to SJI with the aim of strengthening business and capital alliances with SJI. A payment of ¥2,000 million was made on April 2, 2012 and a payment of ¥500 million was made on May 8, 2012, with the repayment date set for the end of June 2012.

(Additional information)

SRA, a Company subsidiary, filed a damage lawsuit against Happinet Corporation (hereafter Happinet) on March 31, 2011. In response, Happinet filed a lawsuit against SRA in the Tokyo District Court on April 6, 2011. These cases are currently being litigated. In accordance with the progress of the lawsuits, we will promptly provide information on any matters requiring disclosure.

4. Other Information

1. Status of Production, Orders and Sales

(1) Production amounts

Production by segment in the fiscal year ended March 31, 2012 is as follows.

Segment information by type of business	Consolidated cumulative total for fiscal 2012 (from April 1, 2011 to March 31, 2012)	% change YoY
Systems Development (Millions of Yen)	16,971	93.8
System Operations and Infrastructure Development (Millions of Yen)	3,457	92.7
Total (Millions of Yen)	20,428	93.6

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 fiscal year ended March 31, 2012 are as follows.

Segment information by type of business	Consolidated cumulative total for fiscal 2012 (from April 1, 2011 to March 31, 2012)	% change YoY
Product Sales (Millions of Yen)	8,359	116.9
Total (Millions of Yen)	8,359	116.9

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 fiscal year ended 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	17,464	100.9	3,863	109.8
System Operations and Infrastructure Development	3,443	95.7	1,402	98.3

Product Sales	13,377	112.5	3,550	118.2
Total	34,285	104.5	8,816	110.9

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 fiscal year ended March 31, 2012 are as follows.

Segment information by type of business	Consolidated cumulative total for fiscal 2012 (from April 1, 2011 to March 31, 2012)	% change YoY
Systems Development (Millions of Yen)	17,118	95.6
System Operations and Infrastructure Development (Millions of Yen)	3,468	93.1
Product Sales (Millions of Yen)	12,830	111.3
Total (Millions of Yen)	33,416	100.8

Notes:

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