



## Summary of Consolidated Financial Results for the Second Quarter of the Year Ending March 31, 2017

<b>Company name:</b>	SRA Holdings, Inc. (URL: <a href="http://www.sra-hd.co.jp/">http://www.sra-hd.co.jp/</a> )
<b>Stock listing:</b>	Tokyo Stock Exchange
<b>Code number:</b>	3817
<b>President:</b>	Toru Kashima
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<b>Scheduled date of submission of quarterly securities report:</b>	November 11, 2016
<b>Scheduled commencement of dividend payment:</b>	November 30, 2016
<b>Quarterly Results Supplemental Materials</b>	Yes
<b>Quarterly Results Presentation Meeting</b>	Yes

### 1. Consolidated results for the Second quarter of the fiscal year ending March 2017 (from April 1, 2016 to September 30, 2016)

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

(All amounts rounded down, % change YoY)

	Net Sales		Operating Income		Ordinary Profit		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter of fiscal 2016	18,850	4.4	1,781	15.8	1,476	(11.7)	933	(3.3)
Second quarter of fiscal 2015	18,047	9.4	1,538	56.5	1,670	31.2	966	—

Note : Comprehensive Income

Second quarter of fiscal 2016	¥(93) million(-%)
Second quarter of fiscal 2015	¥909 million(-%)

	Net Income per Share	Net Income per Share after Dilution
	Yen	Yen
Second quarter of fiscal 2016	76.98	76.65
Second quarter of fiscal 2015	80.18	79.85

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
Second quarter of fiscal 2016	32,351	18,202	56.2
Fiscal 2015	31,823	18,819	59.0

Reference: Shareholders' equity

Second quarter of fiscal 2016:	¥18,168 million
Fiscal 2015	: ¥18,789million

## 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 2015	—	25.00	—	45.00	70.00
Fiscal 2016	—	30.00			
Fiscal 2016(forecast)			—	55.00	85.00

Note: Revision of dividend forecast in this quarter: No

## 3. Consolidated Earnings Forecast for Fiscal 2016 (from April 1, 2016 to March 31, 2017)

(% of change from FY2016 First Half or FY2016)

	Net Sales		Operating Income		Ordinary Profit		Profit attributable to owners of the parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2016	40,000	2.2	3,940	5.4	4,125	7.1	2,667	475.2	219.86

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

## 4. Others

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

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

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

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

2. Changes other than 1. above: No

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)

Second quarter of fiscal 2016: 15,240,000 shares

Fiscal 2015: 15,240,000 shares

2. Number of treasury stock

Second quarter of fiscal 2016: 3,105,175 shares

Fiscal 2015: 3,113,555 shares

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

Second quarter of fiscal 2016: 12,130,716 shares

First quarter of fiscal 2015: 12,049,069 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 earnings 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) Explanation Concerning Business Results**

During the second quarter of the fiscal year (April 1, 2016 to September 30, 2016), the Japanese economy continued a moderate recovery, as corporate earnings trended at a high level although improvements stagnated, and capital investment also picked up.

In the information services industry, despite a moderate increase in IT investments, the environment for securing orders remained severe due to intensifying competition.

Within this business environment, the SRA Holdings Group formulated a Medium-Term Management Strategy that covers the three-year period from fiscal 2015 through fiscal 2017 (from the fiscal year ending March 2016 to the fiscal year ending March 2018). Under this plan, we will seek to enhance corporate and shareholder value, promote earnings structure reform and establish a high-income model, while working to further enhance shareholder returns. Accordingly, we will implement the following measures under the Medium-Term Management Strategy. (For a summary of the Medium-Term Management Strategy, please refer to Announcement of Medium-Term Management Strategy released on June 24, 2015 <http://www.sra-hd.co.jp/Portals/0/ir/index-en.html>).

#### **1) Improving profitability in existing operations**

ÉFurther raise the gross profit margin

We are working to raise profitability by enhancing and strengthening project management, continuously reduce production overhead costs, carry out SRA's proprietary IP product business and promote the appropriate level of production staff.

ÉImprove SG&A expenses-to-sales ratio

We will strive to raise operation efficiency by introducing an account manager system while working to reduce operational costs of Head Office staff departments and SRA Professional Service, Co., Ltd., which handles a shared service.

ÉExpand orders and sales

A priority measure will be to increase customer share of wallet by deeply cultivating existing customers, and in doing so, we will work to expand orders and sales.

#### **2) Transforming the SRA business model**

ÉWe aim to target higher added value in existing operations through the utilization of proprietary IP products that offer high gross profit margins (expansion of recurring revenue-based operations, etc.).

ÉThe SRA Group will leverage its high technological capabilities and solid track record in manufacturing/embedding development, cloud computing and open source software and will combine these areas to promote new business in the Internet of Things (IoT) field beginning with in-vehicle software.

#### **3) Strengthening linkages between SRA's proprietary IP product business and overseas operations**

ÉWe raised Software Research Associates, Inc.'s (SRA's) gross profit margin sharply by promoting proprietary IP product business in the Product Sales business, which has a low gross profit margin compared with the Systems Development business and the System Operations and Infrastructure Development business. 〇Q〇 (GUI application

framework), which boasts an extensive track record in car navigation systems, OA equipment and machine tools, recorded growth in both sales and profits. In the future, the SRA Group will leverage its strengths in embedded development and in IoT to promote SRA's proprietary IP product business.

In July 2016, SRA concluded an agreement for a business and capital alliance with Hackett Enterprises Limited (headquarters: Hong Kong). Hackett carries out various financial businesses in Hong Kong and China. SRA will utilize its business knowledge and know-how in financial fields to support Hackett's business promotion. Meanwhile, in the future Hackett will provide support when SRA expands sales in Hong Kong and China. The agreement for a business and capital alliance was also part of efforts to promote a strengthening of linkages between SRA's proprietary IP product business and overseas operations. (For details please refer to <http://www.sra-hd.co.jp/Portals/0/ir/others/20160728.pdf> (Japanese)).

Due to the above initiatives, our consolidated business results for the second quarter of the fiscal year were as follows.

Although sales of the Systems Development business leveled off, sales of the System Operations and Infrastructure Development business and the Product Sales business increased. As a result, consolidated net sales amounted to ¥18,850 million, a 4.4% increase from the same period of the previous fiscal year.

At the profit level, due to an increase in gross profit accompanying growth in sales and an improvement in the profit margin, operating income rose 15.8% from the same period of the previous fiscal year to ¥1,781 million. However, due to foreign exchange losses of ¥374 million, ordinary profit decreased 11.7% from the same period of the previous fiscal year to ¥1,476 million and profit attributable to owners of the parent amounted to ¥933 million, a 3.3% decrease from the same period of the previous fiscal year.

Regarding consolidated results for the second quarter, operating income and the operating income margin reached all-time highs for the second quarter.

Consolidated results for the second quarter moved steadily in line with our forecast in our main business and therefore we will pay dividends as planned.

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

### **1) Systems Development**

Although the Systems Development business recorded increases in sales to some manufacturing industries, sales to banks and securities companies decreased. As a result, net sales decreased 0.9% from the same period of the previous fiscal year to ¥9,506 million.

### **2) System Operations and Infrastructure Development**

Sales to companies increased. As a result, net sales of the System Operations and Infrastructure Development business increased 4.6% from the same period of the previous fiscal year to ¥2,041 million.

### **3) Product Sales**

Package sales by SRA and device sales by Advanced Integration Technology, Inc. increased sharply. As a result, net sales of the Product Sales business rose 12.2% from the previous fiscal year to ¥7,302 million.

## **(2) Explanation Concerning Financial Condition**

Total assets at the end of the second quarter amounted to ¥32,351 million, an increase of 1.7% from the end of the previous fiscal year. Total liabilities increased 8.8% from the end of the previous fiscal year to ¥14,148 million and net assets decreased 3.3% to ¥18,202 million from the end of the previous fiscal year. Details of the principal increases and decreases from the end of the previous fiscal year are as follows.

### **(Total Assets)**

Investment securities increased ¥2,032 million to ¥7,779 million due to the purchase of shares of an affiliated company. On the other hand, notes and accounts receivable trade decreased ¥878 million to ¥6,005 million due to the collection of trade receivables and short-term investment securities declined ¥506 million to ¥3 million due to the redemption of investment bonds.

### **(Total Liabilities)**

Other increased ¥1,552 million to ¥2,852 million due to an increase in advances received. On the other hand, accrued expenses declined ¥290 million to ¥520 million and income taxes payable decreased ¥281 million to ¥497 million owing to the payment of corporate income taxes.

### **(Total Net Assets)**

Retained earnings increased ¥388 million to ¥15,178 million. On the other hand, valuation difference on available-for-sale securities decreased ¥751 million to ¥240 million due to changes in the market prices of marketable and investment securities. Foreign currency translation adjustments decreased ¥279 million to ¥177 million.

## **(3) Explanation Concerning Consolidated Results Forecast and Other Future Projections**

No revision has been made to forecasts in Summary of Consolidated Financial Results for the Year Ending March 31, 2017 released on May 16, 2016.

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

(1) Significant changes involving subsidiaries during the period: None

There were no significant changes to specified subsidiaries. However, during the second quarter, Hackett Enterprises Limited was included as an affiliated company accounted for by the equity method because SRA, a subsidiary of the Company, acquired a partial equity interest in Hackett Enterprises Limited.

(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

### **(Application of Practical Solution for a Change in Depreciation Method Due to Tax Reform 2016)**

Effective beginning in the first quarter of the fiscal year ending March 31, 2017, SRA has adopted the "Practical Solution for a Change in Depreciation Method Due to Tax Reform 2016 (PITF No. 32 of June 17, 2016)" accompanying the revision of the Corporation Tax Act. Accordingly, the Company changed its depreciation method for structures and facilities attached to buildings acquired on and after April 1, 2016 from the declining-balance

method to the straight-line method. The impact of this change on first quarter consolidated financial results is minimal.

(4)Additional information

**(Adoption of Guidance on Recoverability of Deferred Tax Assets)**

Effective from the first quarter of the fiscal year ending March 31, 2017, the Company has adopted the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26 of March 28, 2016).

**3. Consolidated Financial Statements**

## (1) Consolidated Balance Sheets

(Millions of Yen)

	<b>FY2015</b> (as of March 31, 2016)	<b>FY2016</b> (as of September 30, 2016)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and deposits	8,813	7,389
Notes and accounts receivable <sup>o</sup> trade	6,884	6,005
Short-term investment securities	509	3
Merchandise and finished goods	751	687
Work in process	1,387	1,785
Short-term loans receivable	139	530
Accounts receivable <sup>o</sup> other	2,641	2,560
Deferred tax assets	569	532
Other	528	575
Allowance for doubtful accounts	(19)	(16)
Total current assets	22,204	20,053
<b>Noncurrent assets:</b>		
Property, plant and equipment		
Buildings	334	335
Accumulated depreciation	(251)	(250)
Buildings, net	82	85
Machinery, equipment and vehicles	555	555
Accumulated depreciation	(509)	(511)
Machinery, equipment and vehicles,	46	43
Other	114	113
Accumulated depreciation	(83)	(78)
Other, net	31	35
Total property, plant and equipment	160	164
Intangible assets		
Goodwill	55	37
Other	1,061	1,184
Total intangible assets	1,117	1,221
Investments and other assets		
Investment securities	5,746	7,779
Long-term loans receivable	1,937	2,074
Deferred tax assets	1,005	1,339
Guarantee deposits	338	326
Net defined benefit asset	46	47
Other	565	510
Allowance for doubtful accounts	(1,282)	(1,151)
Allowance for investment loss	(16)	(16)

Total investments and other assets	8,341	10,910
Total noncurrent assets	9,619	12,297
<b>Total assets</b>	<b>31,823</b>	<b>32,351</b>



(Millions of Yen)

	<b>FY2015</b> (as of March 31, 2016)	<b>FY2016</b> (as of September 30, 2016)
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable <sup>o</sup> trade	3,288	3,448
Short-term loans payable	1,179	1,179
Accrued expenses	811	520
Income taxes payable	779	497
Accrued consumption taxes	507	284
Provision for bonuses	559	651
Provision for directors <sup>o</sup> bonuses	60	86
Provision for loss on construction contracts	415	445
Asset retirement obligations	5	6
Other	1,300	2,852
<b>Total current liabilities</b>	<b>8,906</b>	<b>9,965</b>
<b>Noncurrent liabilities:</b>		
Deferred tax liabilities	6	0
Net defined benefit liability	3,953	4,038
Provision for directors <sup>o</sup> retirement benefits	144	143
<b>Total noncurrent liabilities</b>	<b>4,097</b>	<b>4,182</b>
<b>Total liabilities</b>	<b>13,004</b>	<b>14,148</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	1,000	1,000
Capital surplus	4,524	4,533
Retained earnings	14,790	15,178
Treasury stock	(2,628)	(2,619)
<b>Total shareholders<sup>o</sup>equity</b>	<b>17,686</b>	<b>18,092</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	992	240
Foreign currency translation adjustments	457	177
Remeasurements of defined benefit plans	(347)	(342)
<b>Total accumulated other comprehensive income</b>	<b>1,102</b>	<b>75</b>
<b>Subscription rights to shares</b>	<b>30</b>	<b>34</b>
<b>Total net assets</b>	<b>18,819</b>	<b>18,202</b>
<b>Total liabilities and net assets</b>	<b>31,823</b>	<b>32,351</b>

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
 (Quarterly Consolidated Statements of Income)  
 (Consolidated Cumulative Total for Second Quarter)

(Millions of Yen)

	Consolidated cumulative total for second quarter of fiscal 2015 (from April 1, 2015 to September 30, 2015)	Consolidated cumulative total for second quarter of fiscal 2016 (from April 1, 2016 to September 30, 2016)
<b>Net sales</b>	18,047	18,850
<b>Cost of sales</b>	14,735	15,044
Gross profit	3,312	3,805
<b>Selling, general and administrative expenses</b>	1,773	2,024
Operating income	1,538	1,781
<b>Non-operating income</b>		
Interest received	103	47
Dividends received	27	15
Guarantee commission received	6	6
Other	26	36
Total non-operating income	164	98
<b>Non-operating expenses</b>		
Interest expenses	12	8
Foreign exchange losses	8	374
Stock transfer agency service fee	9	8
Other	0	12
Total non-operating expenses	31	403
<b>Ordinary profit</b>	1,670	1,476
<b>Extraordinary income</b>		
Gain on sales of investment securities	1	0
Total extraordinary income	1	0
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	0	0
Loss on valuation of investment securities	93	6
Loss on valuation of golf club membership	6	9
Other	6	0
Total extraordinary loss	93	10
<b>Income before income taxes</b>	1,579	1,465
Income taxes-current	550	499
Income taxes-deferred	62	32
Total income taxes	612	531
Net income	966	933
<b>Profit attributable to owners of the parent</b>	966	933

(Quarterly Consolidated Statements of Comprehensive Income)  
(Consolidated Cumulative Total for Second Quarter)

(Millions of Yen)

	Consolidated cumulative total for second quarter of fiscal 2015 (from April 1, 2015 to September 30, 2015)	Consolidated cumulative total for second quarter of fiscal 2016 (from April 1, 2016 to September 30, 2016)
Net income	966	933
Other comprehensive income		
Valuation difference on available-for-sale securities	(61)	(751)
Foreign currency translation adjustments	(0)	(279)
Remeasurements of defined benefit plans, net of tax	5	4
Total other comprehensive income	(57)	(1,027)
Comprehensive income	909	(93)
(breakdown)		
Comprehensive income attributable to owners of the parent	909	(93)
Comprehensive income attributable to non-controlling interests	—	—

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of Yen)

	Consolidated cumulative total for second quarter of fiscal 2015 (from April 1, 2015 to September 30, 2015)	Consolidated cumulative total for second quarter of fiscal 2016 (from April 1, 2016 to September 30, 2016)
<b>Net cash provided by (used in) operating activities:</b>		
Income before income taxes and minority interests	1,579	1,465
Depreciation and amortization	133	203
Amortization of goodwill	6	12
Increase (decrease) in net defined benefit liability	51	85
Increase (decrease) in provision for directors' retirement benefits	8	(0)
Increase (decrease) in provision for bonuses	77	93
Increase (decrease) in provision for directors' bonuses	(22)	25
Increase (decrease) in allowance for doubtful accounts	3	(2)
Increase (decrease) in allowance for investment loss	0	2
Interest and dividend income	(130)	(62)
Interest expenses	12	8
Loss (gain) on valuation of investment securities	93	6
Loss (gain) on sales of investment securities	(1)	(0)
Loss on retirement of noncurrent assets	0	0
Decrease (increase) in notes and accounts receivable - trade	710	789
Decrease (increase) in inventories	(458)	(348)
Increase (decrease) in notes and accounts payable - trade	(82)	214
Increase (decrease) in other liabilities	64	1,337
Increase (decrease) in accrued consumption taxes	353	(222)
Other, net	(250)	115
Subtotal	1,435	3,717
Interest and dividends income received	66	29
Interest expenses paid	(12)	(8)
Income taxes paid	(736)	(755)
Net cash provided by operating activities	752	2,982
<b>Net cash provided by (used in) investing activities:</b>		
Proceeds from sales of short-term investment securities	300	6
Purchase of property, plant and equipment	(8)	(31)
Proceeds from sale of property, plant and equipment	6	0
Purchase of intangible assets	(71)	(89)
Purchase of investment securities	(91)	(93)
Proceeds from sales of investment securities	120	310
Purchase of stocks of subsidiaries and affiliates	(383)	(3,500)
Payments of loans receivable	(408)	(1,124)
Collection of loans receivable	10	348

Payments into time deposits	(0)	(80)
Payments for guarantee deposits	(0)	(0)
Proceeds from collection of guarantee deposited	0	1
Other, net	(1)	(0)
Net cash used in investing activities	(533)	(4,260)
<b>Net cash provided by (used in) financing activities:</b>		
Proceeds from stock issuance to non-controlling shareholders	6	2
Purchase of treasury stock	6	(0)
Cash dividends paid	(457)	(545)
Proceeds from exercise of stock option	79	14
Other	(0)	6
Net cash used in financing activities	(378)	(529)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(12)	(202)
<b>Net increase (decrease) in cash and cash equivalents</b>	(172)	(2,009)
<b>Cash and cash equivalents at beginning of period</b>	8,792	8,833
<b>Cash and cash equivalents at the end of quarter</b>	8,620	6,823

## (4) Notes Concerning Consolidated Financial Statements for the Second Quarter

(Notes Concerning Premise of Going Concern)

None

(Notes on Significant Changes in Shareholders' Equity)

None

(Segment Information and others)

[Segment Information]

I. Consolidated cumulative total for second quarter of fiscal 2015 (from April 1, 2015 to September 30, 2015)

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						
(1) Sales to Customers	9,590	1,951	6,506	18,047	—	18,047
(2) Intersegment sales or transfers	10	136	171	317	(317)	—
Total sales	9,600	2,087	6,677	18,365	(317)	18,047
Segment income	1,075	438	615	2,129	(590)	1,538

Notes:

1. The segment income adjustment of minus ¥590 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 income is adjusted in operating income on the quarterly consolidated statements of income.

2. Information concerning impairment loss on fixed assets or goodwill for each reporting segment

None

## II. Consolidated cumulative total for second quarter of fiscal 2016 (from April 1, 2016 to September 30, 2016)

## 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						
(1) Sales to Customers	9,506	2,041	7,302	18,850	—	18,850
(2) Intersegment sales or transfers	7	112	164	284	(284)	—
Total sales	9,514	2,153	7,467	19,134	(284)	18,850
Segment income	1,432	476	621	2,530	(749)	1,781

## Notes:

1. The segment income adjustment of minus ¥749 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 income is adjusted in operating income on the quarterly consolidated statements of income.

## 2. Information concerning impairment loss on fixed assets or goodwill for each reporting segment

None

## (Significant subsequent events)

None

#### 4. Other Information

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

- Production amounts

Production by segment in the second quarter of the fiscal year ending March 31, 2017 is as follows.

Segment information by type of business	Consolidated cumulative total for second quarter of fiscal 2016 (from April 1, 2016 to September 30, 2016)	% change YoY
Systems Development (Millions of Yen)	9,949	100.8
System Operations and Infrastructure Development (Millions of Yen)	2,047	104.2
Total (Millions of Yen)	11,996	101.4

Notes:

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

- Purchase amounts

Purchases by segment in the second quarter of the fiscal year ending March 31, 2017 are as follows.

Segment information by type of business	Consolidated cumulative total for second quarter of fiscal 2016 (from April 1, 2016 to September 30, 2016)	% change YoY
Product Sales (Millions of Yen)	4,557	111.4
Total (Millions of Yen)	4,557	111.4

Notes:

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



- Status of orders

Status of orders by segment in the second quarter of the fiscal year ending March 31, 2017 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	10,131	99.8	5,199	104.4
System Operations and Infrastructure Development	1,724	107.7	1,305	103.7
Product Sales	7,269	104.8	3,114	64.7
Total	19,124	102.3	9,619	87.1

Notes:

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

- Sales amounts

Sales by segment in the second quarter of the fiscal year ending March 31, 2017 are as follows.

Segment information by type of business	Consolidated cumulative total for second quarter of fiscal 2016 (from April 1, 2016 to September 30, 2016)	% change YoY
Systems Development (Millions of Yen)	9,506	99.1
System Operations and Infrastructure Development (Millions of Yen)	2,041	104.6
Product Sales (Millions of Yen)	7,302	112.2
Total (Millions of Yen)	18,850	104.4

Notes:

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

2. Litigation, etc.

Company subsidiary Software Research Associates, Inc. (hereafter SRA) filed a damage lawsuit against Happinet Corporation (hereafter Happinet) for damage compensation on March 31, 2011. In response, Happinet filed a lawsuit against SRA in the Tokyo District Court on April 6, 2011 for the return of business consignment expenses. Both cases were unified through litigation procedures and examined jointly and on October 31, 2016 the first decision was

announced at the Tokyo District Court. SRA objects to this first decision and at the Extraordinary Meeting of the Board of Directors convened on November 7, 2016 resolved to appeal this decision and filed an appeal with the Tokyo High Court on November 8, 2016. We are continuing to make responses to ensure that SRA's assertions are recognized at the appeal hearing.