

Note) This financial report is solely a translation of Japanese version, including attachments, for the convenience of readers who prefer an English translation.



May 12, 2008

## Financial Report for the Fiscal Year Ended March 31, 2008

### Nihon Unisys, Ltd.

Listing: Tokyo Stock Exchange First Section, Code 8056 (URL <http://www.unisys.co.jp>)

Representative: Katsuto Momii, President & CEO

Scheduled date of the general shareholders' meeting: June 27, 2008

Scheduled date of payment of dividends: June 30, 2008

Scheduled date of filing of securities report: June 30, 2008

#### 1. Consolidated Business Results for the Fiscal Year Ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

##### (1) Consolidated Results of Operations

Years Ended	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
	Million yen	%	Million yen	%	Million yen	%
March 31, 2008	337,759	9.9	19,649	212.9	19,265	189.9
March 31, 2007	307,455	(3.2)	6,278	23.9	6,646	36.5

Years Ended	Net Income	% change	Earnings per Share	Diluted Earnings per Share	Return on Equity	Ratio of Recurring Profit to Total Assets	Ratio of Operating Income to Net Sales
	Million yen	%	yen	yen	%	%	%
March 31, 2008	2,546	(25.8)	26.54	26.47	3.0	7.8	5.8
March 31, 2007	3,433	81.7	35.97	35.75	4.1	2.8	2.0

Reference) Investment profit on equity method

FY2008: 42 million yen

FY2007: 47 million yen

##### (2) Consolidated Financial Standing

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	yen
March 31, 2008	258,457	86,341	32.9	885.88
March 31, 2007	237,861	87,018	36.2	897.36

Reference) Shareholders' Equity

March 31, 2008: 84,930 million yen

March 31, 2007: 86,121 million yen

##### (3) Consolidated Cash Flows

Years Ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Year
	Million yen	Million yen	Million yen	Million yen
March 31, 2008	18,591	(29,103)	8,814	21,603
March 31, 2007	8,813	(32,270)	15,856	23,225

#### 2. Dividends

Year Ended	Dividends per Share			Total Dividends	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Total Assets (Consolidated)
	Interim	Year-end	Total			
	yen	yen	yen	Million yen	%	%
March 31, 2007	3.75	3.75	7.50	719	20.9	0.9
March 31, 2008	6.00	6.00	12.00	1,151	45.2	1.3
March 31, 2009 (Forecast)	7.50	7.50	15.00		13.1	

#### 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change	Net Income	% change	Earnings per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Interim	150,000	(1.5)	4,000	31.1	3,500	12.8	1,500	-	15.65
Full-Year	345,000	2.1	22,000	12.0	21,000	9.0	11,000	332.1	114.74

#### 4. Others

- (1) Change in scope of consolidation (change in status of significant consolidated subsidiaries): Yes  
 [New: 1 (Company name: Netmarks Inc.)]  
 [Eliminated: 1 (Company name: Nihon Unisys Solutions, Ltd.)]
- (2) Change in accounting and reporting policies for consolidated financial statements  
 1) Change caused by revision of accounting standard: Yes  
 2) Other changes: None
- (3) Number of shares outstanding (common stock)  
 1) Number of shares outstanding (including treasury stock) March 31, 2008: 109,663,524  
 March 31, 2007: 109,663,524  
 2) Number of shares of treasury stock March 31, 2008: 13,792,475  
 March 31, 2007: 13,691,439

#### (Reference) Summary of Non-Consolidated Financial Results

##### 1. Non-Consolidated Business Results for the Fiscal Year Ended March 31, 2008 (From April 1, 2007 to March 31, 2008)

###### (1) Non-Consolidated Results of Operations

Years Ended	Net Sales	% change	Operating Income	% change	Recurring Profit	% change
	Million yen	%	Million yen	%	Million yen	%
March 31, 2008	227,064	(5.8)	10,441	-	13,606	170.0
March 31, 2007	241,133	(3.6)	308	-	5,040	-

Years Ended	Net Income	% change	Earnings per Share	Diluted Earnings per Share
	Million yen	%	yen	yen
March 31, 2008	3,071	(14.7)	32.02	31.93
March 31, 2007	3,603	-	37.75	37.52

###### (2) Non-Consolidated Financial Standing

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	yen
March 31, 2008	217,914	74,650	34.1	775.67
March 31, 2007	220,174	74,843	34.0	779.16

Reference) Shareholders' Equity March 31, 2008: 74,365 million yen March 31, 2007: 74,777 million yen

##### 2. Non-Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

	Net Sales	% change	Operating Income	% change	Recurring Profit	% change	Net Income	% change	Earnings per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Interim	101,000	0.9	1,500	239.4	4,500	21.1	3,500	-	36.51
Full-Year	228,000	0.4	12,700	21.6	15,500	13.9	9,500	209.3	99.09

#### (Note)

All numbers used in forecasts rely on judgments and assumptions based on information currently available and are subject to change due to risks, uncertainties, the economy, and other factors that could cause actual results to be materially different from expectations.

For the prerequisite for the forecast, please see page 5.

## **1. Results of Business Operations and Financial Conditions**

### **1. Results of business operations**

(1) Overview of performance for the fiscal year under review

Although the Japanese economy continued to sustain solid corporate earnings in the fiscal year under review, uncertainties remained, including the softening of the U.S. economy with the subprime mortgage loan crisis, subsequent insecurity in volatile financial and capital markets and rising crude oil prices.

In the information services market, while demand remained firm thanks to the solid performance of the corporate sector, operating conditions continued to be difficult with corporate cost cutting and more cautious investment policies focusing on return on investment (ROI).

In these circumstances, the Nihon Unisys Group adopted a vision of becoming a highly profitable company based on its concept of sharing value with customers, embodied in the expression, U & U: Users & Unisys.

To realize this vision, the Group focused on improving quality and profitability in the system service business by bolstering the service structure and strengthening the information and communication technology (ICT) structure to accelerate growth.

To improve our service structure—a key initiative for the Company—we took a number of steps. First, we rebuilt the structure for system engineers into a flatter organization and liberated the heads of organizations from administrative work through the introduction of a project-oriented structure. This enabled them to concentrate on projects as project managers, increasing the number of experienced senior system engineers. We also established the Resource Management Office (RMO), which assigned engineers across projects so that we can allocate them in a more coordinated fashion to accommodate the situation in individual projects.

We established Quality Management & Assurance department during the period under review, and this will be followed by Project Management department in fiscal year ending March 2009 to enable us to accurately track progress in projects, so that we are able to keep them on course.

In addition, we applied the Andon system, used in the automotive assembly process, to our system development process for quality improvement and quality management. With the Andon system, all engineers involved in a project are able to immediately sound the alarm when a problem arises in the system development process, and communicate the problem to other team members. This system is effective for mitigating or eliminating risks by discovering problems early and responding rapidly to them and by promoting information sharing among related organizations.

With these initiatives, we were able to steadily improve quality and profitability.

In the information services market, networks are essential for constructing a safe system for companies, and the ICT market has been growing with the continued integration of system building

areas with network technologies, accompanying the full-scale development of the Next Generation Network (NGN).

In this environment, the Company took steps to strengthen the ICT business structure, aiming to accelerate growth. First, we acquired NETMARKS, INC., which had an established reputation for its advanced ability to propose network solutions to a wide range of customers, and included it in the scope of consolidation. This created a structure that offers a comprehensive array of services in the ICT market by integrating our mainstay system integration capabilities with the network integration abilities of NETMARKS, INC., as well as with the support capabilities and network-related technologies of UNIADDEX, Ltd., our subsidiary. We also sought to reduce costs with the integration of management foundations.

In addition, with the integration with NETMARKS, INC. encouraging cross selling among Group companies, we launched and actively carried forward the PowerWorkPlace™, a new concept for achieving an ideal work style, to enhance the business productivity of customers by combining solutions inside the Group.

We also bolstered our response to software as a service (SaaS), recognizing the change in the model of use in the information systems market from one of “ownership” to “use.” More specifically, as a first shot, we began offering the SaaS version RENANDI®, which has a strong track record as an educational solution.

In addition to the key initiatives above, we also improved our core system integration capabilities.

For the financial markets, we provided the BankVision®, a next-generation open account system developed jointly with The Hyakugo Bank, Ltd., to other regional banks and increased sales.

Moreover, we continued to bolster our solutions in diverse industry sectors, for example with Hybrish®, or medium enterprise resource planning (ERP) for companies with multiple business models, and VisibleLogisticsSolutions™, a solution that enables distribution with IC tags. And we also executed initiatives to expand businesses, for instance by considering partnerships with other companies, such as a strategic alliance agreement with Infosys Technologies Ltd., an Indian IT consulting firm.

Looking at consolidated operating results for the period under review, sales of services increased significantly as a result of growth in system services and the inclusion of NETMARKS, INC. in the scope of consolidation. As a result, consolidated net sales rose to ¥337,759 million, up 9.9% year on year. Turning to income, operating income climbed to ¥19,649 million, rising 212.9% from a year ago, thanks to the improvement of profitability in system services and the elimination of license fees to Unisys Corporation, despite an increase in depreciation expenses accompanying the commencement of large-scale outsourcing projects. Recurring profit amounted to ¥19,265 million, an increase of 189.9%. In association with the sharp decline in the share price of NETMARKS, INC., we recorded an extraordinary loss of ¥8,074 million relating to the goodwill of NETMARKS, INC. Consequently, we posted a net income of ¥2,546 million, down 25.8% year on year.

The balance of goodwill relating to NETMARKS, INC. at the end of the period was 1,671 million

yen.

Looking at the breakdown of net sales, services sales rose to ¥244,785 million, up ¥51,606 million yen, or 26.7%, from the previous term, attributable to the growth in system services and the addition of NETMARKS, INC. to the Group. Software sales were ¥39,219 million, down ¥8,753 million yen, or 18.2%, from the previous period, the result of focusing on offering profitable projects. Hardware sales were ¥53,754 million yen, down ¥12,549 million yen, or 18.9%, from the previous period.

A breakdown of net sales is as follows: services sales 72.5% (62.8% in the previous term), software sales 11.6% (15.6% in the previous term), and hardware sales 15.9% (21.6% in the previous term)

\* PowerWorkPlace is a trademark of UNIADEX, Ltd.

## (2) Outlook for the next fiscal year

Although the downward trend in prices continues, the Group plans to achieve consolidated net sales of ¥345 billion, up 2.1% for the next term based on its forecasts of an increase in service sales centering on system services and network integration and the steady performance of solution software sales.

On the profit front, the Group will strive to improve profitability in system services and increase profit in step with a rise in net sales. As a consequence, the Group expects that operating income will climb to ¥22 billion, up 12.0%, recurring profit will reach ¥21 billion, a rise of 9.0%, and net income will be ¥11 billion, an increase of 332.1%.

Outlook of consolidated performance for the period ending March 2009 (Millions of yen)

	Period ending March 2009	Period ended March 2008	Variance
Net Sales	345,000	337,759	2.1%
Operating Income	22,000	19,649	12.0%
Recurring Profit	21,000	19,265	9.0%
Net Income	11,000	2,546	332.1%

## 2. Financial Condition

Total assets at the end of the fiscal year under review were ¥258,457 million, an increase of ¥20,596 million from the year-ago level. This was primarily owing to an increase in fixed assets derived from the acquisition of business computers and the development of software for outsourcing, and the inclusion of NETMARKS, INC. in consolidation.

Total liabilities were ¥172,116 million, a rise of ¥21,273 million from the end of the previous year, mainly reflecting the borrowing of new funds to acquire shares in NETMARKS, INC. and business computers.

Total net assets were ¥86,341 million, a fall of ¥677 million from a year ago.

With regard to cash and cash equivalents (hereinafter "cash"), funds to acquire shares in NETMARKS, INC. and business computers were raised by borrowing new funds in financing

activities. As a result, cash and cash equivalents at the end of the fiscal year declined ¥1,673 million from the end of the previous fiscal year, to ¥21,603 million.

(Cash flows from operating activities)

Net cash provided by operating activities in this fiscal year totaled ¥18,591 million (an increase of ¥9,778 million from a year ago). Factors increasing cash included ¥10,215 million in income before income taxes and minority interests (up ¥3,904 million), ¥15,170 million depreciation and amortization (up ¥1,361 million) as non-cash expenses, ¥8,589 million for the amortization of goodwill, and a ¥2,389 million reduction in accounts receivable as a result of their collection (down ¥2,000 million). Factors decreasing cash included a ¥5,112 million decline in accounts payable (down ¥15,939 million).

(Cash flows from investing activities)

Net cash used in investing activities in the year under review was ¥29,103 million yen (a decline of ¥3,167 from the previous year). Major factors include ¥8,251 million paid to acquire tangible fixed assets such as business computers (up ¥1,353), ¥14,808 million yen paid to acquire intangible fixed assets including an investment in the development of software used in outsourcing operations (up ¥135 million yen), and ¥6,676 million paid to acquire shares in NETMARKS, INC.

(Cash flows from financing activities)

Net cash provided by financing activities during the term was ¥8,814 million (down ¥7,041 million from the previous term). This reflected factors such as a ¥10,500 million net decrease in short-term borrowings (a net increase of ¥13,090 million in the previous year), ¥30,150 million in net proceeds from long-term loans payable (up ¥20,050 million) and the ¥10,825 million yen repayment of long-term loans payable (up ¥8,775 million) .

Translation of indicators related to cash flow

	Period ended March 2008	Period ended March 2007	Period ended March 2006	Period ended March 2005
Shareholders' equity ratio (%)	32.9	36.2	33.1	43.6
Shareholders' equity ratio at market value basis (%)	43.2	68.3	70.3	52.9
Ratio of capital flow against interest-bearing debts (%)	5.3	8.9	3.4	3.4
Interest coverage ratio	15.8	13.2	40.2	26.1

(Note)

Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio at market value basis: Market Valuation/Total assets

Ratio of capital flow against interest-bearing debts: Interest-bearing debts/Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities/Interest payments

\* All of the above indices are calculated based on consolidated financial results.

### **3. Basic policy on distribution of profits**

Recognizing that increasing corporate value is the most important return to shareholders, the Company sought to achieve a stable and continuous distribution of profits by gradually increasing dividends. This approach was in line with a policy of paying dividends in accordance with our performance, which we adopted from the period under review. The specific amount of dividends will be determined by taking into consideration the need to secure internal reserves for business development and also comprehensively considering the business environment and other factors. We aim for a payout ratio of 20% on a consolidated basis.

In this period, we will pay a ¥12 annual dividend per share (¥6 for the mid-term dividend and ¥6 for the term-end dividend), taking into consideration the fact that although net income was significantly lower than we had initially planned given the extraordinary loss posted following a fall in the share price of NETMARKS INC., a subsidiary we acquired in June 2007, this loss was a temporary factor. With respect to dividends for the next fiscal year, we plan to pay a ¥15 annual dividend per share (¥7.5 for the mid-term dividend and ¥7.5 for the term-end dividend), a rise of ¥3, based on our policy of gradually increasing dividends to achieve a payout ratio of 20% on a consolidated basis.

### **4. Risks in Business Operations**

Major risks involved with the Group's businesses are as follows.

Descriptions about future reflect the discretions by Nihon Unisys Group as of the end of this period.

#### **(1) Influences by an economy trend and market environment**

Although solid corporate earnings ensures that demand remains firm in the information service market in which the Nihon Unisys Group operates, the operating environment remains challenging owing to factors such as the increasing focus among corporate clients on reducing costs and prioritizing return on investment (ROI). In this market, any serious situation such as a delayed response to technical innovation and unexpectedly intense price competition may affect the financial conditions and business results of the Company.

#### **(2) Project management risks**

The Group concurrently promotes many projects of system developments. In a business environment of intensified competitions, however, there are explosively increasing hard-to-handle projects with features of being installation-term-shortened, scale-enlarged, or complicated. Once there occur a problem in the development process of any project, a large sum of money will be sure to be consumed for repair operations, which may result in a failed deficit project with possible revenues outnumbered by development cost. To avoid such risks, we have implemented effective measures to prevent and earlier spot deficit-ridden cases by intensifying the project management system.

(3) Risks exposed to fluctuations in foreign exchange rates

The Company is a wholesale agent here in Japan in sales of Unisys Corporation-made computers and other products, and handles the businesses of import and sales of those computers in the national territory of Japan. Thus, the Group's purchase in foreign-currency denomination totaled to ¥19,242 million for the term ended March 2008, which purchase may be exposed to fluctuations in foreign exchange rates. To avoid such risks, the Company places risk-hedging measures through exchange contracts.

(4) Information control risks

The Group has many opportunities to access to confidential personal and/or corporate information, including its own one, by way of our business activities of developing and/or providing information systems. Therefore, we regard it at the top priority issue to keep information in strict confidence, because we inhabit in the information industry. To cope with even a micro-scale possibility of information leakage out of an emergency case beyond ordinary imagination, we have indeed placed, on such possible cases, insurance contracts with insurance money piled up to some extent. However, in the case that damage-repairing expenses outnumber the contract-coverage amount, or in the case that the leakage has made the Group's social reputation fall to the ground, there will be a serious possibility of affecting the business results.

(5) Intellectual property risks

The Group use intellectual property right concerning a great number of computer programs on the routine work of promoting business operations. Thus, any failure in acquisition or maintenance of property right licenses, on the contrary to prefixed schedules, may affect the Group's business activities.

In addition, there will be a possibility that the Group may be one of parties concerned with intellectual right litigation on computer programs, and as a result, any occurrence of incurred expenses may affect the Group's business records.

(6) Lawsuit risks

The Group makes continued efforts to fully comply with laws and ordinances in order to perform proper and transparent business activities. However, if any lawsuit or legal action is taken against this Company, whether or not there is a compliance violation, the results of the Group are likely to be impacted.

(7) Natural disaster risks

In the case that those natural disasters such as earthquakes have done destructive damages and losses to major business bases of the Group, a huge amount of repair or replacement expenses may be needed, concurrently give huge-scale impacts on sales and other business activities, and ultimately affect the Group's business records.

(8) Relations with important affiliated companies

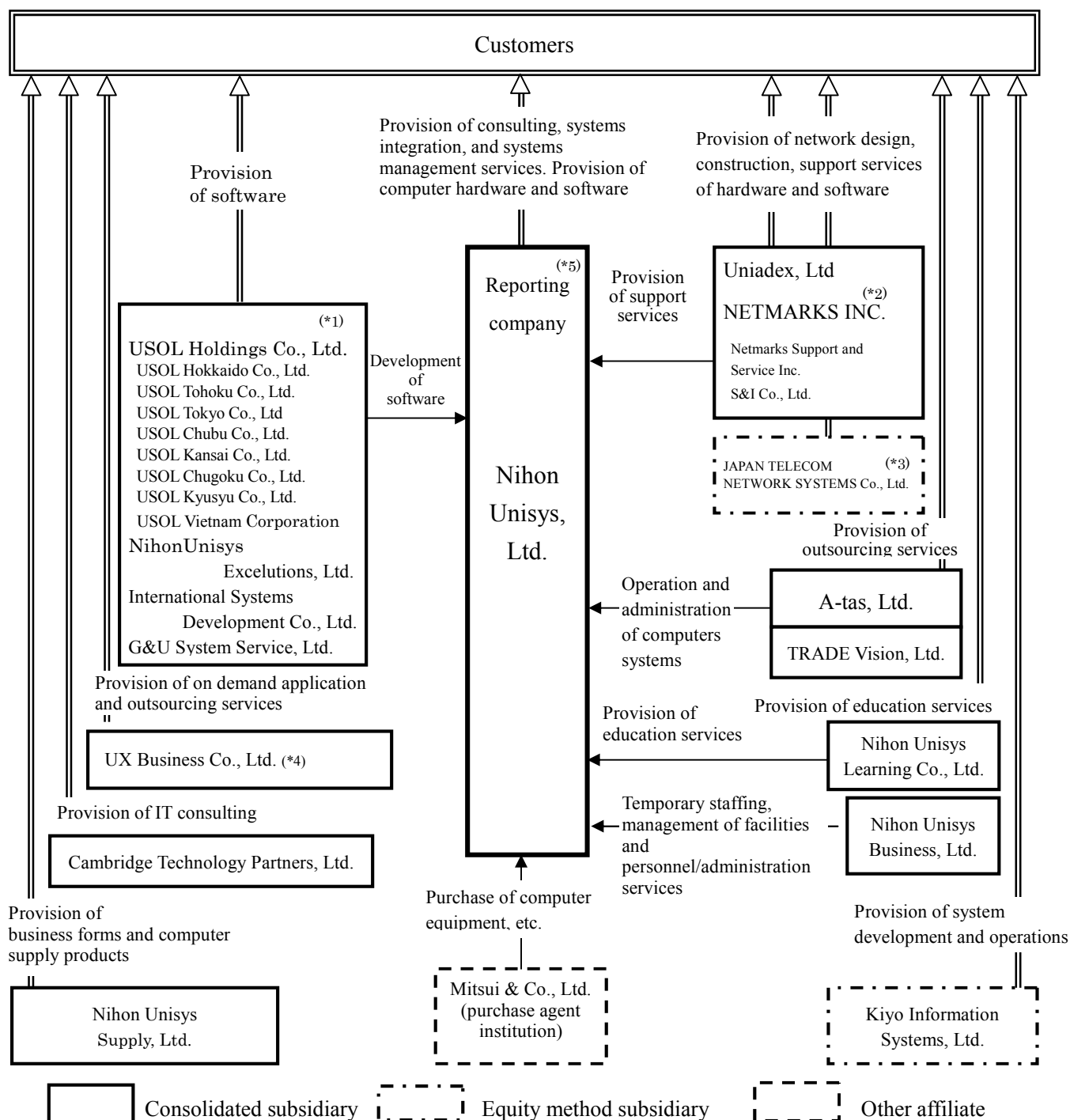
We are a representative agent in sale of Unisys Corporation-made computers and other products. We handle the import, sale and maintenance services of those computers and other products here within the national territory of Japan, while Unisys Corporation grants us the use of its trademark, technical information and assistance. The trading relationship with Unisys Corporation has been steady but if the relationship becomes difficult and cannot be sustained, it would have a material impact on the Group's business results.

(9) Retention of skilled engineers

The shortage of skilled engineers in the information service industry is a significant issue. If we are unable to recruit engineers to meet our needs, this could have a material impact on our business results. To address this issue, we are revising the personnel system to improve the working environment for employees. Also, we are building an organization where skilled engineers in the Group are able to concentrate on projects by eliminating the past organizational framework and introducing a system that allocates engineers on a project-by-project basis. Furthermore, we will positively strengthen training for developing engineers.

## 2. State of the Corporate Group

The following is a chart in which the state of the corporate group is shown by business activity:



\*1 USOL Holdings Co., Ltd. was established on April 2, 2007 and was consolidated from this period.

\*2 Netmarks Inc. and its consolidated subsidiaries (Netmarks Support and Service Inc. and S&I Co., Ltd.) were consolidated from this period.

\*3 In accordance with the consolidation of NETMARKS INC., Nihon Unisys made Japan Telecom Network Systems Co., Ltd. its equity method subsidiary.

\*4 UX Business was consolidated from this period for its increased importance.

\*5 Effective as of September 1, 2007, Nihon Unisys Solutions, Ltd. was merged with Nihon Unisys, Ltd.

### **3. Business Management Policy**

(1) Fundamental policies, strategies and financial target

<Management philosophy, vision, strategies>

Nihon Unisys Group has been blazing a trail over the years in the field of computing in Japan upholding as its management philosophy of “Clients first through the pursuit of higher quality and advanced technologies”, “respect for individuals and emphasis on team work”, and “attractive company for society, clients, shareholders, and employees.” Their implementation is instrumental to the growth of the Company.

Today, information systems are indispensable for business management and are utilized in a variety of ways in different sectors of society. We, as Nihon Unisys Group, aim to meet the computing needs of the times and grow together with our clients going into the future by sharing values with them.

The future vision of our Group and our company goals are as follows:

[Future vision]

“Outgrow to high-growth group of enterprise” through sharing of values based on “U & U (Users & Unisys) thinking”

[Company goals]

- A leading enterprise comprised of leading businesspersons

We aim to be a first-class enterprise with good performance and points of appeal, comprised of first-rate businesspersons with high principles and excellent personalities.

- An enterprise that behaves in a free and open-minded manner, as do our employees

We place value on communication to support both Group companies and our employees to reach their full potential.

- “Trinity” scheme

Our sales, development, and support services departments unite to form trinity in providing one-stop services for clients.

[Strategies]

We will adopt the following basic strategies. First, we will expand our business in the ICT market to maximize opportunities by improving the products and intellectual property of the Group to bolster our competitiveness. We will reform our structure by focusing on sustainable operations, to increase medium- and long-term contract businesses, such as outsourcing and support operations, by creating links within business flows. And we bolster corporate position by improving our quality in the system integration business by achieving profitability with comprehensive process and quality management and improving the efficiency of indirect personnel.

The Group aims to achieve continuous growth and the respect of its stakeholders. We believe we can best achieve this by uniting to execute our strategies, so that we can realize our vision and the direction we seek to take.

<Financial target>

Our financial target for the consolidated revenue is ¥345 billion and for consolidated operating income is ¥22 billion for the year ending March 2009.

(2) Challenges to be addressed by our business group

To respond to the challenging business environment in the information services market and become a high-growth corporate group, we believe that it is essential that we continue to execute initiatives to both improve our quality and expand our businesses.

To improve quality, and particularly to improve quality and profitability in the system services business, we will continue with the initiatives we are already executing, such as the flexible development of engineers by adopting a project-oriented organization, the steady adoption of a system to support and review projects, the use of the Andon system to identify problems at an early stage, and the application of the Unisys 3D Blueprinting™, an information system development methodology developed by Unisys Corporation in the United States. In addition, we will adopt a project management approach that will incorporate the functions of monitoring, administering and managing projects in fiscal year ending March 2009, as a way of further improving quality and profitability.

To expand our businesses, we will redouble our focus on the ICT business. To enter new businesses, we established the ICT Services headquarters in fiscal year ending March 2009, to increase services-oriented businesses such as outsourcing and SaaS.

To strengthen our core system integration business, we will establish the Solutions Planning & Development department in fiscal year ending March 2009 to enhance our solutions. We will also strengthen our earnings base by expanding the system integration business into sustainable businesses, such as outsourcing and maintenance services.

With respect to NETMARKS INC., which joined the Nihon Unisys Group in the period under review, we not only dispatched personnel to establish the business foundations, including internal control, we also studied initiatives such as the integration of facilities and the sharing of maintenance services. These initiatives are now being introduced. We will continue to take steps to improve performance through the alliance.

Information systems have an increasingly large impact on society. We remain committed to these initiatives, to improve the productivity and quality of the Group and build a solid relationship of trust with customers so that we can expand our businesses.

**4. Consolidated Financial Statements****CONSOLIDATED STATEMENTS OF INCOME**

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Increase/decrease	
			Amount	%
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	337,759	307,455	30,303	9.9
Cost of sales	251,727	244,258	7,468	3.1
Gross profit	86,031	63,196	22,835	36.1
Selling, general and administrative expenses	66,382	56,917	9,464	16.6
Operating income	19,649	6,278	13,370	212.9
Non-operating income				
Interest and dividend income	428	244	184	
Gain on sales of listed securities	306	327	(21)	
Foreign exchange income	-	308	(308)	
Other	271	244	27	
Non-operating expenses				
Interest expense	1,189	709	480	
Other	201	49	152	
Recurring profit	19,265	6,646	12,619	189.9
Extraordinary gains				
Gain on sales of investment securities	348	-	348	
Gain on reversal of allowance for retirement benefits for directors and corporate auditors	94	-	94	
Gain on sales of fixed assets	-	3	(3)	
Compensation for office relocation	-	88	(88)	
Other	48	4	44	
Extraordinary losses				
Amortization of goodwill	8,074	-	8,074	
Loss on devaluation of investment securities	876	341	534	
Loss on sale of fixed assets	124	75	49	
Other	465	13	452	
Income before income taxes and minority interests	10,215	6,311	3,904	61.9
Income taxes-current	3,763	5,501	(1,737)	
Income taxes-deferred	4,186	(2,790)	6,976	
Minority interests in net income	(280)	166	(447)	
Net income	2,546	3,433	(887)	(25.8)

CONSOLIDATED BALANCE SHEETS

	March 31, 2008	March 31, 2007	Increase/decrease
(ASSETS)	Millions of yen	Millions of yen	Millions of yen
<b>Current assets</b>			
Cash and time deposits	21,613	23,235	(1,622)
Notes receivable and accounts receivable-trade	88,663	76,509	12,154
Marketable securities	49	-	49
Inventories	17,488	17,078	410
Deferred tax assets	10,085	11,127	(1,042)
Prepaid expenses	5,696	4,477	1,218
Other	3,039	2,005	1,033
Allowance for the doubtful debts	(475)	(381)	(94)
<b>Total current assets</b>	<b>146,160</b>	<b>134,053</b>	<b>12,107</b>
<b>Fixed assets</b>			
<b>Property and equipment</b>			
Buildings and structures	4,642	4,285	356
Machinery, equipment and vehicles	12,997	13,399	(402)
Other	3,511	2,436	1,074
<b>Total property and equipment</b>	<b>21,150</b>	<b>20,121</b>	<b>1,028</b>
<b>Intangible fixed assets</b>			
Software	36,117	29,449	6,668
Goodwill	1,721	-	1,721
Other	29	23	6
<b>Total intangible fixed assets</b>	<b>37,869</b>	<b>29,473</b>	<b>8,396</b>
<b>Investments and other assets</b>			
Investment securities	18,641	21,553	(2,912)
Deferred tax assets	8,938	9,789	(850)
Prepaid pension costs	14,086	12,036	2,050
Other	13,234	11,299	1,934
Allowance for doubtful debts	(1,623)	(465)	(1,158)
<b>Total investments and other assets</b>	<b>53,277</b>	<b>54,213</b>	<b>(936)</b>
<b>Total fixed assets</b>	<b>112,297</b>	<b>103,808</b>	<b>8,488</b>
<b>Total assets</b>	<b>258,457</b>	<b>237,861</b>	<b>20,596</b>

	March 31, 2008	March 31, 2007	Increase/decrease
	Millions of yen	Millions of yen	Millions of yen
(LIABILITIES)			
Current liabilities			
Notes payable and accounts payable-trade	34,744	32,789	1,955
Short-term borrowings	14,500	19,050	(4,550)
Current portion of long-term loans payable	8,750	10,825	(2,075)
Current portion of bonds	-	8,000	(8,000)
Commercial paper	12,500	13,000	(500)
Income taxes payable	3,120	4,515	(1,394)
Accrued expenses	12,692	13,007	(315)
Allowances	1,325	1,205	120
Other	17,182	18,032	(850)
Total current liabilities	104,815	120,425	(15,609)
Long-term liabilities			
Bonds	10,000	-	10,000
Long-term loans payable	53,650	26,400	27,250
Deferred tax liabilities	1,052	579	473
Allowance for retirement and severance benefits	1,308	1,205	103
Other allowances	246	249	(2)
Negative goodwill	70	78	(8)
Other	973	1,905	(932)
Total long-term liabilities	67,301	30,418	36,882
Total liabilities	172,116	150,843	21,273

	March 31, 2008	March 31, 2007	Increase/decrease
	Millions of yen	Millions of yen	Millions of yen
(NET ASSETS)			
Shareholders' equity			
Common stock	5,483	5,483	-
Capital surplus	15,494	15,514	(20)
Retained earnings	83,046	81,456	1,590
Treasury stock	(19,318)	(19,178)	(140)
Deposit of the execution of stock option rights	—	0	(0)
Total shareholders' equity	84,705	83,277	1,428
Valuation and translation adjustments			
Net unrealized gain on securities	240	2,839	(2,598)
Deferred gain and losses on hedges	(39)	6	(45)
Foreign currency translation adjustments	22	(0)	23
Total valuation and translation adjustments	224	2,844	(2,620)
Common stock acquisition rights	285	66	219
Minority interests	1,125	830	295
Total net assets	86,341	87,018	(677)
Total liabilities and net assets	258,457	237,861	20,596

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Fiscal year ended March 31, 2008

	Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Deposit of the execution of stock option rights	Total shareholders' equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 31, 2007	5,483	15,514	81,456	(19,178)	0	83,277
Changes during fiscal year ended March 31, 2008						
Cash dividends for surplus			(935)			(935)
Net income			2,546			2,546
Increase in consolidated subsidiaries			(20)			(20)
Purchase of treasury stock				(205)		(205)
Execution of stock option rights		(20)		64	(0)	43
Net changes during fiscal year ended March 31, 2008 in items other than those in shareholders' equity						-
Total changes during fiscal year ended March 31, 2008	-	(20)	1,590	(140)	(0)	1,428
Balance at March 31, 2008	5,483	15,494	83,046	(19,318)	-	84,705

	Valuation and translation adjustments				Common stock acquisition rights	Minority interests	Total net assets
	Net unrealized gain on securities	Deferred gain and losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 31, 2007	2,839	6	(0)	2,844	66	830	87,018
Changes during fiscal year ended March 31, 2008							
Cash dividends for surplus							(935)
Net income							2,546
Increase in consolidated subsidiaries							(20)
Purchase of treasury stock							(205)
Execution of stock option rights							43
Net changes during fiscal year ended March 31, 2008 in items other than those in shareholders' equity	(2,598)	(45)	23	(2,620)	219	295	(2,105)
Total changes during fiscal year ended March 31, 2008	(2,598)	(45)	23	(2,620)	219	295	(677)
Balance at March 31, 2008	240	(39)	22	224	285	1,125	86,341

## Fiscal year ended March 31, 2007

	Shareholders' equity					
	Common stock	Capital surplus	Retained earnings	Treasury stock	Deposit of the execution of stock option rights	Total shareholders' equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 31, 2006	5,483	15,288	78,388	(21,597)	2	77,565
Changes during fiscal year ended March 31, 2007						
Cash dividends for surplus* (Previous term)			(353)			(353)
Cash dividends for surplus (Term under review)			(359)			(359)
Bonuses to directors*			(28)			(28)
Net income			3,433			3,433
Increase of affiliated companies in equity method			376			376
Purchase of treasury stock				(2)		(2)
Disposal of treasury stock		448		1,722		2,170
Execution of stock option rights		(221)		698	(2)	474
Deposit of the execution of stock option rights					0	0
Net changes during fiscal year ended March 31, 2007 in items other than those in shareholders' equity						-
Total changes during fiscal year ended March 31, 2007	-	226	3,068	2,419	(2)	5,712
Balance at March 31, 2007	5,483	15,514	81,456	(19,178)	0	83,277

	Valuation and translation adjustments				Common stock acquisition rights	Minority interests	Total net assets
	Net unrealized gain on securities	Deferred gain and losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 31, 2006	3,285	-	-	3,285	-	670	81,520
Changes during fiscal year ended March 31, 2007							
Cash dividends for surplus* (Previous term)							(353)
Cash dividends for surplus (Term under review)							(359)
Bonuses to directors*							(28)
Net income							3,433
Increase of affiliated companies in equity method							376
Purchase of treasury stock							(2)
Disposal of treasury stock							2,170
Execution of stock option rights							474
Deposit of the execution of stock option rights							0
Net changes during fiscal year ended March 31, 2007 in items other than those in shareholders' equity	(445)	6	(0)	(440)	66	159	(214)
Total changes during fiscal year ended March 31, 2007	(445)	6	(0)	(440)	66	159	5,497
Balance at March 31, 2007	2,839	6	(0)	2,844	66	830	87,018

\*Appropriation of profit as resolved in the general shareholders' meeting held in June 2006.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Increase/decrease
	Millions of yen	Millions of yen	
Cash flows from operating activities:			
Income before income taxes and minority interests	10,215	6,311	3,904
Depreciation and amortization	15,170	13,808	1,361
Amortization of goodwill and negative goodwill	8,589	(7)	8,596
Gain on sales of investment securities	(655)	(327)	(327)
Loss on revaluation of investment securities	876	341	534
(Decrease) increase in allowances	(94)	(476)	381
Decrease (increase) in accounts receivable-trade	2,389	4,389	(2,000)
Decrease (increase) in inventories	4,778	2,243	2,535
(Decrease) increase in accounts payable-trade	(5,112)	(21,051)	15,939
Other-net	(11,676)	7,901	(19,578)
Subtotal	24,482	13,132	11,349
Interests and dividend received	429	243	185
Interest paid	(1,177)	(666)	(510)
Income taxes paid	(5,142)	(3,895)	(1,247)
Net cash provided by operating activities	18,591	8,813	9,778
Cash flows from investing activities:			
Payments for purchases of property and equipment	(8,251)	(6,897)	(1,353)
Proceeds from sales of property and equipment	790	25	765
Payments for purchase of intangible fixed assets	(14,808)	(14,673)	(135)
Payments for purchases of investment securities	(1,331)	(10,998)	9,666
Proceeds from sales of investment securities	1,180	435	744
Payments for acquisition of newly consolidated subsidiaries securities	(6,676)	(150)	(6,526)
Other-net	(6)	(12)	6
Net cash used in investing activities	(29,103)	(32,270)	3,167

	Fiscal year ended March 31, 2008	Fiscal year ended March 31, 2007	Increase/decrease
	Millions of yen	Millions of yen	
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(10,500)	13,090	(23,590)
Proceeds from long-term loans payable	30,150	10,100	20,050
Repayments of long-term loans payable	(10,825)	(2,050)	(8,775)
Proceeds from issuing of bonds	10,000	-	10,000
Payment for redemption of bonds	(8,000)	-	(8,000)
Net decrease in commercial paper	(500)	(7,000)	6,500
Sale of treasury stock	-	2,170	(2,170)
Purchase of treasury stock	(204)	(2)	(202)
Proceeds from exercise of stock options	43	474	(430)
Cash dividends paid	(935)	(713)	(222)
Other-net	(413)	(213)	(200)
Net cash provided by financing activities	8,814	15,856	(7,041)
Effect of exchange rate changes on cash and cash equivalents	23	(0)	24
Net (decrease) increase in cash and cash equivalents	(1,673)	(7,601)	5,928
Cash and cash equivalents, beginning of period	23,225	30,827	(7,601)
Cash and cash equivalents of newly consolidated subsidiaries, beginning of period	51	-	51
Cash and cash equivalents, end of period	21,603	23,225	(1,622)

**Production, Orders and Sales**

Production, orders and sales for the fiscal year under review are as follows.

## (1) Production

	Fiscal year ended March 31, 2008	% change from the previous fiscal year
	Millions of yen	%
System services	102,036	+9.5
Software	19,663	+0.1
Total	121,699	+7.9

## (2) Orders received

	Orders		Backlog	
	Fiscal year ended March 31, 2008	% change from the previous fiscal year	Fiscal year ended March 31, 2008	% change from the previous fiscal year
	Millions of yen	%	Millions of yen	%
Services	218,766	+12.4	100,126	+2.5
Software	30,642	(22.4)	10,217	(20.5)
Hardware	47,514	(4.5)	10,181	(25.4)
Total	296,923	+4.6	120,524	(2.9)

(Notes) Backlog is the amount expected to be filled within a year.

Orders and backlog are calculated on contracts.

## (3) Sales

	Fiscal year ended March 31, 2008	% change from the previous fiscal year
	Millions of yen	%
Services	244,785	+26.7
Software	39,219	(18.2)
Hardware	53,754	(18.9)
Total	337,759	+9.9