

Consolidated Financial Report for the Fiscal Year Ending March 31, 2011 [Japan GAAP]



May 10, 2011

Nihon Unisys, Ltd.

Stock Listing:

Stock Code:

URL:

Representative:

Contact:

TEL:

Scheduled Date for Ordinary General Meeting of Shareholders:

Scheduled Submission Date for Securities Report:

Scheduled Starting Date for Dividend Payment:

Earnings Supplementary Explanatory Documents:

Earnings Results Briefing:

Tokyo Stock Exchange 1st section

8056

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June 29, 2011

June 30, 2011

June 30, 2011

Yes

Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Results in FY2011 (from April 1, 2010 to March 31, 2011)

(1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from the same period of previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2011	252,989	(6.7)	6,527	(8.1)	5,833	(15.7)	2,574	(29.0)
FY2010	271,084	(12.6)	7,105	(55.3)	6,918	(54.2)	3,626	—

(Note) Comprehensive income

FY2011: 2,132 Million Yen (- 20.9 %)

FY2010: 2,694 Million Yen (- %)

	Earnings Per Share	Diluted Earnings Per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2011	27.12	—	3.4	2.7	2.6
FY2010	37.82	—	4.9	3.1	2.6

(Reference) Investment Profit on Equity Method

FY2011: 30 Million Yen

FY2010: 113 Million Yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
FY2011	207,282	76,770	36.4	803.52
FY2010	218,066	76,927	34.6	787.12

(Reference) Shareholders' Equity

FY2011 : 75,514 Million Yen

FY2010 : 75,494 Million Yen

(3) Consolidated Cash Flow Status

	Operating activities	Investing activities	Financial activities	Cash and cash equivalents at end of period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2011	21,708	(11,168)	(5,587)	30,413
FY2010	14,500	(14,700)	(10,370)	25,461

2. Dividends

(Date of Record)	Dividends per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2010	—	7.50	—	2.50	10.00	959	26.4	1.3
FY2011	—	5.00	—	5.00	10.00	949	36.9	1.3
FY2012 (Forecast)	—	5.00	—	5.00	10.00		29.4	

3. Consolidated Earnings Forecast for FY2012 (from April 1, 2011 to March 31, 2012)

(Percentage below represents increase (decrease) from the same period of previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
FY2012 1st Half	116,000	(0.5)	3,000	116.4	2,700	132.3	1,300	—	13.83
FY2012	255,000	0.8	7,000	7.2	6,300	8.0	3,200	24.3	34.05

4. Others

- (1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries): No
 New: - company (Company Name: -) Excluded: - company (Company Name: -)
- (2) Changes in accounting principles, procedures, presentation methods, and other factors
 1. Changes associated with revision in accounting standards: Yes
 2. Other changes: No
- (3) Number of shares outstanding (common stock)

(shares)

1. Number of shares outstanding (including treasury stock)	FY2011	109,663,524	FY2010	109,663,524
2. Number of shares of treasury stock	FY2011	15,683,618	FY2010	13,751,309
3. Average number of shares outstanding (during the period)	FY2011	94,922,082	FY2010	95,912,413

(Reference) Summary of Non-Consolidated Performance Results

1. Non-Consolidated Financial Results in FY2011 (from April 1, 2010 to March 31, 2011)

(1) Non-Consolidated Results of Operations

(Percentage below represents increase (decrease) from the same period of previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2011	164,480	(8.1)	1,845	(46.2)	3,746	(48.3)	1,073	(83.2)
FY2010	179,054	(12.7)	3,432	(59.4)	7,249	(35.2)	6,373	—

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2011	11.30	—
FY2010	66.45	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
FY2011	177,157	66,344	37.0	696.99
FY2010	183,419	67,839	36.6	699.06

(Reference) Shareholders' Equity

FY2011 : 65,511 Million Yen

FY2010 : 67,049 Million Yen

Indication of implementation status of audit procedures

This earnings report is not subject to audit procedures of consolidated financial documents based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the audit procedures of consolidated financial documents based upon the Financial Instruments and Exchange Act have not been completed.

Comment regarding appropriate usage of Earnings Forecast, and other special notes

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. Therefore, actual results may differ from forecasts due to a range of factors.

1. Results of Business Operations and Financial Conditions

(1) Results of business operations

1. Overview of performance for the fiscal year under review

Despite businesses being on a recovery path as well as recoveries of export and production, the Japanese economy from this period has continued to experience difficulties due to less autonomy and the impacts of the Great East Japan Earthquake.

In the information services market, investments by businesses in their own information systems have almost always been flat. In addition, due to an increase in unclear future factors, the market has also continued to provide a severely challenging business environment.

In this environment, Nihon Unisys Group (the “Group”) has aimed to become a services company under our management concept of sharing value with customers (U&U® : Users and Unisys). Thus, we have been seeking to achieve our future vision through our key initiatives of, strengthening our Information and Communication Technology (ICT) business, enhancing those businesses with stable profitability and reinforcing our corporate structure.

With regard to the expansion of our ICT business and the strengthening of businesses with stable profitability, we integrated the services that had been provided by our Group companies as the “U-Cloud®” service. The aim of this is to expand our ICT businesses that would bring about continued stable earnings. Furthermore, we enhanced the Cloud-type iDC (internet Data Center) platform that we had taken initiative to provide and strengthened SaaS (Software as a Service) businesses through the enhancement of sales promotion arrangements for the ICT Services division.

In the domain of Cloud-type iDC platform services, we have provided; enhanced operational functions for services such as security, operation monitoring and data coordination with customers' existing internal systems; as well as new services such as the “ICT Virtual Desktop Service (DaaS: Desktop as a Service)” which provides a desk-top environment on a cloud computing system. Accordingly, we have received more business inquiries.

For our SaaS businesses, we have improved our services' menu that focuses on services for areas of businesses where we have demonstrated our strengths, such as, distribution and retail industries as well as local autonomous bodies. This has been achieved through coordination between the ICT Services division and the sales divisions. Also, an “alcohol checking service” designed to support the efforts to eliminate the drunken driving of commercial vehicles was provided. This is an option of the Cloud type service “accident-free program” that utilizes a driving recorder (DR). In addition, we enhanced services such as “LIBEaid®”, our cloud-type e-library service that enables the creation of an electronic library on the Internet where lending services of digital books and other digital contents are provided.

Furthermore, our existing outsourcing business that utilizes “BankVision®”, our core-banking system for regional banks has steadily progressed and started a production operation for the sixth bank.

With regard to “smart oasis®” which is a battery charging infrastructure system service, we expanded our service provision area to the entire Tomei Expressway, aiming at a country-wide business development. Also, we have been engaged in new businesses such as a project based on a scheme of electric-vehicle-sharing and a project of increasing battery charging spots for electric vehicles by using beverage vending machines. Those new businesses are expected to become our future sources of stable earnings.

In addition, we have made efforts in realizing both an environment that utilizes ICT and a human-friendly society. These efforts included the first-ever demonstration experiment in the world about the CO2 emission trading for consumers which is supported by the Promotion program for Reducing global Environmental load through ICT innovation (PREDICT), of the Ministry of Internal Affairs and Communications. Also, they

included global industry-university joint research about artificial intelligence that is capable of understanding common sense and ambiguous word sense.

In our efforts to strengthen our corporate structure, we have become capable of making proposals that fit our customers more, due to the integration of our sales and system engineer divisions. As a result of higher-quality proposals, we have uncovered new business opportunities. Also, we promoted our work restructuring in order to enhance our productivity and improve our cost structure. We will continue to strengthen our corporate structure through the streamlining of business operation and the advancement of our service quality.

In this environment, net sales of the fiscal year under review was ¥252,989 million, down by 6.7 % from the previous fiscal year, due to businesses decreasing their own IT investments and the impacts of the Great East Japan Earthquake. With regard to profit, despite our efforts to decrease costs such as a reduction in subcontracts and a decrease in selling, general and administrative expenses, operating income decreased to ¥6,527 million, down by 8.1 % from the previous period, and ordinary income decreased to ¥5,833 million, down by 15.7% from the previous period. These decreases were attributable to the decrease in net sales. Net income was ¥2,574 million, down by 29.0% compared to the previous fiscal year, due to posting as an extraordinary loss a ¥1,841 million one-time amortization of goodwill, and a ¥515 million impairment loss of non-current assets, despite a ¥1,288 million extraordinary income posted as a result of the divestiture of the entire stock of one subsidiary.

Looking at the breakdown of net sales, service sales decreased by ¥13,145 million or 6.4 % year on year to ¥191,360 million. Software sales were ¥26,812 million, down by ¥1,337 million or 4.7%, and hardware sales were ¥34,816 million, down by ¥3,612 million or 9.4%.

A breakdown of net sales is as follows: services sales 75.6% (75.4% in the previous term), software sales 10.6% (10.4% in the previous term), and hardware sales 13.8% (14.2% in the previous term).

2. Outlook for the next fiscal year

Due to the unclear future of the economy of Japan as a result of the Great East Japan Earthquake, companies are expected to continue cautious regarding their own IT investment. In this business environment, we plan to achieve the consolidated net sales of ¥255.0 billion for the next fiscal year on a par with the fiscal year under review.

On the profit front, we will strive to improve further the profitability of system services and decrease the selling, general and administrative expenses. Consequently, we expect that operating income will rise by 7.2 % year on year to ¥7.0 billion, ordinary income will increase by 8.0% to ¥6.3 billion, and net income will be ¥3.2 billion, up by 24.3%.

Outlook of consolidated performance for FY2012		(Millions of yen)	
	FY2012	FY2011	Changes
Net Sales	255,000	252,989	0.8%
Operating Income	7,000	6,527	7.2%
Ordinary Income	6,300	5,833	8.0%
Net Income	3,200	2,574	24.3%

(2) Analysis of financial condition

In the fiscal year under review, notes and accounts receivable-trade decreased due to a decrease in net sales, and also merchandise and finished goods decreased. Consequently, total assets were ¥207,282 million, down by ¥10,784 million compared to the end of the previous fiscal year.

Liabilities totaled ¥130,512 million, down by ¥10,627 million from the end of the previous fiscal year, mainly because of a decline in accounts payable-trade and repayments of loans payable.

Net assets were ¥76,770 million, down by ¥157 million from the end of the previous fiscal year, due to a decrease as a result of purchasing treasury stock, although they increased on the basis of net income.

With respect to cash and cash equivalents (hereinafter referred to as 'cash') for the fiscal year under review, cash provided by operating activities was allocated to investments on non-current assets such as the development of software for ICT services, and we accelerated repayments of loans payable. As a result, cash amounted to ¥30,413 million at the end of the fiscal year under review, up by ¥4,952 million from the beginning of the said fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities in the fiscal year under review totaled ¥2,178 million (an increase of ¥7,208 million from the previous year). This reflects proceeds such as ¥3,840 million in income before income taxes and minority interests (down by ¥1,565 million from the previous term), non-cash expenses including ¥13,374 million in depreciation and amortization (up by ¥165 million), a ¥10,130 million drop in notes and accounts receivable-trade (up by ¥14,098 million), against expenditures including a ¥3,164 million drop in notes and accounts payable-trade (up by ¥1,645 million), and a ¥2,609 million decline of the allowance for restructuring charges (down by ¥943 million).

(Cash flows from investing activities)

Net cash used in investing activities was ¥11,168 million (down by ¥3,532 million compared to the previous period). This mainly reflects the fact that we used ¥3,320 million (down by ¥1,022 million) to purchase property, plant and equipment such as computers for sales activities and ¥7,720 million (down by ¥3,190 million) to purchase intangible assets in relation to the development of software for ICT services.

(Cash flows from financing activities)

Net cash used in financing activities during the fiscal year under review was ¥5,587 million (down by ¥4,783 million from the previous term). This reflects factors such as ¥15,987 million in proceeds from long-term loans payable (an increase of ¥10,187 million) and a ¥ 4,000 million net increase in commercial paper (up by ¥6,000 million), a ¥5,700 million net decrease in short-term loans payable (down by ¥1,328 million) and the ¥16,652 million repayment of long-term loans payable (up by ¥1,300 million).

(Reference) Changes in indicators related to cash flow

	FY2011	FY2010	FY2009	FY2008
Shareholders' equity ratio (%)	36.4	34.6	31.7	32.9
Market value equity ratio (%)	24.8	27.6	28.9	43.2
Ratio of cash flow to interest-bearing debts (years)	3.6	5.6	2.0	5.3
Interest coverage ratio	22.1	13.7	37.1	15.8

(Notes)

Shareholders' equity ratio: Shareholders' equity/Total assets

Market value equity ratio: Market capitalization/Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/ Interest expenses paid

* All of the above indicators are calculated using financial figures on a consolidated basis.

(3) Basic policy on distribution of profits

Recognizing that increasing corporate value is the most important return to our shareholders, the Company seeks to achieve a stable and continuous distribution of profits. This approach is in line with a policy of paying dividends in accordance with our performance.

The specific amount of dividends will be determined 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.

For the fiscal year under review, we will pay a ¥10 annual dividend per share (¥5.00 for the mid-term dividend and ¥5.00 for the term-end dividend), for the purpose of achieving a stable distribution of profits.

For the next fiscal year, we plan to pay a ¥10 annual dividend per share (¥5.00 for the mid-term dividend and ¥5.00 for the term-end dividend), which is unchanged from the period under review, as we expect the business environment will remain severe.

(4) Risks in Business Operations

Major risks related to the Group's businesses are as follows.

References to the future are based on the understanding of the Group as of the end of the fiscal year under review.

① Impact from economic trends and the market environment

In the information service market, in which the Group operates, companies remain reluctant to invest in information systems and the business climate continues to be difficult. In this environment, any serious situation,

such as unexpectedly intense price competition or delayed response to technical innovation, may affect the business results and financial conditions of the Group.

② Project management risks

The Group is engaged in many system development projects. With intensified competition, customers are demanding more sophisticated systems and projects are becoming increasingly complex. If a problem arises in a development project, there is a risk that the problem would require greater-than-expected costs and time to solve, which could lead to a cost overrun. To avoid such a risk, the Group has continued to implement effective measures for preventing cost overruns and detecting problems at an early stage by enhancing the project management system, increasing productivity by systematizing and standardizing the system development method and implementing the Andon system, which detects problems in a project at an early stage.

③ Risks associated with investment decisions

The Group is making large investments with the aim of providing new products and services to strengthen its competitiveness and expand its businesses. When such investments are made, the Development & Investment Committee and the Governing Management Council carefully examine the appropriateness of business plans and other factors. However, there is no guarantee that an adequate return on investment will always be assured, which may affect the business results of the Company.

④ Information control risks

The Group has many opportunities to access confidential personal and/or corporate information, including information on the Group itself, through business activities related to the development and provision of information systems. We therefore place information control as a top priority in order to hold information in strict confidence, and we take all possible measures for appropriate management of information as a member of the IT industry. To cope with the small possibility of an information leak in an emergency case that is beyond conventional imagination, the Group has insurance contracts to address the situation up to a certain extent. However, in the case that damage repair expenses are higher than the overall amount of contract coverage, or in the case that the leak has resulted in severe damage to the Group's reputation, there is the possibility that the business results and financial conditions of the Company would be severely affected.

⑤ Risks associated with retention of skilled engineers

The shortage of skilled engineers in the information service industry is a significant issue. If we are unable to recruit high-caliber engineers to meet our needs, this could have a material impact on the Group's ability to secure technological advantages. To address this issue, we are proactively revising the personnel system to improve the working environment of employees, enabling them to acquire high-level qualifications. Moreover, we have been building an organization, in which skilled engineers of the Group are able to concentrate on projects, by dismantling the previous organizational framework and introducing a system that allocates engineers on a project-by-project basis. Furthermore, we are working proactively to enhance training programs for developing human resources.

⑥ Intellectual property risks

The Group applies intellectual property rights to a large number of computer programs for its business operations. Thus, any failure in acquisition or maintenance of licenses as scheduled could affect the Group's business activities.

In addition, there is a possibility that the Group may be one of the parties concerned with intellectual property rights litigation on computer programs and, as a result, any incurred expenses could affect the Group's business results.

⑦ Risks associated with key supplier relations

We are the sole authorized distributor of Unisys Corporation-made computers and other products. We handle the import, sales, and maintenance services of those computers and other products here in Japan, while Unisys Corporation grants us the use of its trademark, technical information, and assistance. The trading relationship with Unisys Corporation has been secure, but if the relationship could not be sustained, it would have a material impact on the Group's business results.

⑧ Exchange rate fluctuation risks

The Company imports and sells Unisys Corporation-made computers and other foreign-made products. Thus, the Group's procurements of foreign-currency denominations could be exposed to fluctuations in foreign exchange rates. To avoid such risks, the Company takes risk-hedging measures through exchange contracts. The Group's purchase of foreign-currency denominations totaled ¥ 7,385 million for the term ended March 2011.

⑨ Lawsuit risks

The Group makes continuous efforts to fully comply with laws and ordinances in order to perform business activities in a proper and transparent manner. If any lawsuit or legal action were to be taken against the Company or Group companies, whether or not there was a compliance violation, the business results of the Group would likely be impacted.

⑩ Natural disaster risks

In the event of a natural disaster, such as an earthquake or an epidemic, catastrophic damage can be caused to the Group's major business bases. Also, when our business partners and many of our employees are damaged, they will have their actions restricted for the sake of securing their safety and health. Therefore, a significant amount of costs to deal with the situations could be needed and sales and other business activities would suffer large-scale impacts, which would ultimately affect the Group's business results.

Therefore, such an event is likely to occur, and for the preparation of such case, the Group is striving to establish a structure in which its operations could be maintained.

2. Business Management Policy

(1) Fundamental policies, strategies, and financial target

<Management philosophy, vision, strategies>

The Group has been blazing a trail over the years in the field of computing in Japan upholding as our 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 technology is indispensable for business management and is utilized in a variety of ways in different sectors of society. Also, against the backdrop of powerful new trends such as SaaS and Cloud-computing, we are shifting from an era of 'possession' of IT infrastructure to an era of 'selecting and using' necessary services. We aim to meet the changing computing needs of the times. We grow together with

our clients, and move forward by sharing values. The Group's future vision and goals are as follows:

[Future vision]

‘Evolve into a service integrator’ through all-out, concerted efforts by Nihon Unisys Group based on the management philosophy of U&U®(Users&Unisys).

[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 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: ‘Promoting and reinforcing the services’ business’, ‘Enhancing businesses with stable profitability’ and ‘Strengthening corporate structure’.

With regard to the promotion and reinforcement of the services’ business and the enhancement of several businesses with stable profitability, we will use our products, intellectual property and assets, and provide the services that will contribute to the increase of values furthermore for our customers, such as ICT services, aiming at an increase in stable earnings.

In regard to the strengthening of the corporate structure, we will provide high-quality services on the basis of the enhancement of the skills of the proposal and technology of the Group, and realize a low-cost structure on the basis of intensified work restructuring, in order to respond quickly to rapid changes of the economy and social environments and the flexibility to meet the needs of our customers. As a result, we will improve our competitive advantages.

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

<Financial target>

We aim to respond quickly to rapid changes in the environment, strengthen our business with our customers as their optimal ICT partner and continuously contribute to an increase in their corporate values. Our financial target is to increase our net sales and operating income.

(2) Challenges to be addressed

① Understanding our current situation and issues to be addressed immediately

The first priority for the Group is to recover and increase the falling sales profits.

We are in the midst of changing our business orientation from SI (system integration) business to services’

business (stock-type business). Thus, net sales of our services' business have still not increased quickly enough to compensate for the rate at which our SI net sales are decreasing. This is mainly due to the trend of smaller-sized mainframe computer products. There are a lot of strains on our earnings structure. In such an environment, however, we have seen a steady increase in the number of, and profitability of our services' business projects, and we think it is critical to accelerate this increase in the future.

Also, we think that it is necessary to promote the proposals of services from the viewpoint of customers, and to make further efforts in 'becoming a service integrator' in order to become a front-runner in the information services market where fiercer competition is expected in the future.

② Policies of our measures and status of our concrete efforts

Firstly, as a concrete effort to recover and increase sales, we will re-organize ourselves through a further integration of the sales and system divisions as we have done so far, in order to improve the quality of our proposals and our sales skills. Also, we will bolster our competitiveness on the basis of a reduction of direct costs through a continued reform of cost structure, as we have done for the past few years. Furthermore, because we have almost completed the investment in the ICT platform and SaaS platform which are needed for the promotion of ICT services, we will accelerate the increase in the ICT business earnings by focusing on "U-Cloud" services.

We will also utilize the 'multivendor maintenance service' which is the unchallenged strength of Uniadex, Ltd., one of our consolidated subsidiaries, in order to change our services' menu from the conventional services of device inspection and maintenance, to the services that deal with the entire life cycles of system devices. Consequently, we will increase net sales.

Secondly, as a concrete effort to become a service integrator, we will continue to provide our traditional outsourcing services (ITO, IT Outsourcing services and BPO, Business Process Outsourcing services). We will also integrate with our IT assets our non-IT assets such as intellectual properties, service locations and logistics, and make proposals of services that can help customers create new businesses, even in the form of joint business, if they wish. Consequently, we will enhance the service businesses of our Group.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2010 (As of March 31, 2010)	FY2011 (As of March 31, 2011)
ASSETS		
Current assets		
Cash and deposits	25,461	30,413
Notes and accounts receivable-trade	70,249	59,254
Securities	30	21
Merchandise and finished goods	6,424	4,277
Work in process	2,295	2,645
Raw materials and supplies	187	145
Deferred tax assets	8,207	6,313
Prepaid expenses	5,864	6,220
Others	2,356	3,905
Allowance for doubtful accounts	(285)	(252)
Total current assets	120,792	112,943
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,734	12,386
Accumulated depreciation	(10,754)	(8,510)
Buildings and structures, net	3,980	3,876
Machinery, equipment and vehicles	63,317	59,246
Accumulated depreciation	(54,696)	(52,051)
Machinery, equipment and vehicles, net	8,621	7,195
Land	848	633
Others	13,087	12,919
Accumulated depreciation	(9,163)	(9,444)
Other, net	3,923	3,474
Total property, plant and equipment	17,373	15,179
Intangible assets		
Goodwill	3,517	2,353
Software	24,312	23,560
Others	64	120
Total intangible assets	27,894	26,034
Investments and other assets		
Investment securities	13,719	13,203
Deferred tax assets	18,712	21,356
Prepaid pension cost	7,812	7,008
Others	12,213	12,019
Allowance for doubtful accounts	(452)	(463)
Total investments and other assets	52,005	53,124
Total non-current assets	97,273	94,338
Total assets	218,066	207,282

	FY2010 (As of March 31, 2010)	FY2011 (As of March 31, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	23,403	18,934
Short-term loans payable	5,700	-
Current portion of long-term loans payable	16,652	17,887
Commercial papers	9,000	13,000
Income taxes payable	1,395	1,858
Accrued expenses	10,659	10,224
Advances received	-	10,379
Allowance for loss on business restructuring	2,609	-
Other provisions	1,404	880
Others	16,966	6,031
Total current liabilities	87,790	79,195
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	29,449	26,850
Deferred tax liabilities	659	706
Reserve for retirement benefits	1,347	854
Other provisions	86	62
Asset retirement obligations	-	1,274
Negative goodwill	38	23
Others	1,765	1,544
Total non-current liabilities	53,348	51,316
Total liabilities	141,139	130,512
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	15,475	15,281
Retained earnings	75,148	75,808
Treasury stock	(19,260)	(19,360)
Total shareholders' equity	76,846	77,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,365)	(1,716)
Deferred gains on hedges	13	18
Total accumulated other comprehensive income	(1,352)	(1,697)
Subscription rights to shares	790	832
Minority interests	642	422
Total net assets	76,927	76,770
Total liabilities and net assets	218,066	207,282

(2) Consolidated Statements of Income and Statements of Comprehensive Income
(CONSOLIDATED STATEMENTS OF INCOME)

Millions of Yen

	FY2010 (Fiscal year ended March 31, 2010)	FY2011 (Fiscal year ended March 31, 2011)
Net sales	271,084	252,989
Cost of sales	202,160	187,108
Gross profit	68,924	65,881
Selling, general and administrative expenses		
Selling expenses	7,503	7,767
General and administrative expenses	54,315	51,586
Total selling, general and administrative expenses	61,818	59,353
Operating income	7,105	6,527
Non-operating income		
Interest income	115	81
Dividends income	430	160
Equity in earnings of affiliates	113	30
Foreign exchange gains	210	-
Gains on sales of listed securities	226	-
Others	260	178
Total non-operating income	1,357	450
Non-operating expense		
Interest expenses	1,041	959
Settlement package	340	-
Others	163	185
Total non-operating expense	1,544	1,144
Ordinary income	6,918	5,833
Extraordinary income		
Gain on sales of investment securities	6	6
Gain on sales of subsidiaries and affiliates' stocks	-	1,288
Reversal of allowance for doubtful account	135	-
Gain on reversal of subscription rights to shares	65	37
Others	41	151
Total extraordinary income	249	1,484
Extraordinary loss		
Loss on sales and disposal of fixed assets	62	100
Impairment loss	778	515
Loss on valuation of investment securities	31	61
Amortization of goodwill	-	1,841
Loss on adjustment for applying accounting standard for asset retirement obligations	-	448
Adjustment of prior period consumption taxes	378	-
Others	509	510
Total extraordinary loss	1,761	3,477
Income before income taxes and minority interests	5,405	3,840
Income taxes-current	1,907	2,086
Refund of income taxes	(28)	-
Income taxes-deferred	80	(723)
Total income taxes	1,959	1,362
Income (loss) before minority interests	-	2,477
Minority interests in loss	(180)	(96)
Net income (loss)	3,626	2,574

(CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)

Millions of Yen

	FY2010 (Fiscal year ended March 31, 2010)	FY2011 (Fiscal year ended March 31, 2011)
Income (loss) before minority interests	-	2,477
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(350)
Deferred gains or losses on hedges	-	5
Share of other comprehensive income of associates accounted for using equity method	-	(0)
Total other comprehensive income	-	(345)
Comprehensive income	-	2,132
(Breakdown)		
Comprehensive income attributable to owners of the parent	-	2,229
Comprehensive income attributable to minority interests	-	(96)

(3) Consolidated Statements of Changes in Net Assets

Millions of Yen

	FY2010 (Fiscal year ended March 31, 2010)	FY2011 (Fiscal year ended March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	5,483	5,483
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	5,483	5,483
Capital surplus		
Balance at the end of previous period	15,475	15,475
Changes of items during the period		
Increase (decrease) by share exchanges	-	(193)
Total changes of items during the period	-	(193)
Balance at the end of current period	15,475	15,281
Retained earnings		
Balance at the end of previous period	72,932	75,148
Changes of items during the period		
Dividends from surplus	(1,438)	(719)
Net income (loss)	3,626	2,574
Increase (decrease) by share exchanges	-	(1,195)
Change in functional currency by foreign consolidated subsidiaries	27	-
Total changes of items during the period	2,215	659
Balance at the end of current period	75,148	75,808
Treasury stock		
Balance at the end of previous period	(19,260)	(19,260)
Changes of items during the period		
Change in equity in affiliates accounted for by equity method-treasury stock	0	-
Purchase of treasury stock	(0)	(2,095)
Exercise of stock option	-	1,995
Total changes of items during the period	(0)	(100)
Balance at the end of current period	(19,260)	(19,360)
Total shareholders' equity		
Balance at the end of previous period	74,631	76,846
Changes of items during the period		
Dividends from surplus	(1,438)	(719)
Net income (loss)	3,626	2,574
Change in equity in affiliates accounted for by equity method-treasury stock	0	-
Purchase of treasury stock	(0)	(2,095)
Exercise of stock option	-	606
Change in functional currency by foreign consolidated subsidiaries	27	-
Total changes of items during the period	2,215	365
Balance at the end of current period	76,846	77,212

	FY2010 (Fiscal year ended March 31, 2010)	FY2011 (Fiscal year ended March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(626)	(1,365)
Changes of items during the period		
Net changes of items other than shareholders' equity	(738)	(350)
Total changes of items during the period	(738)	(350)
Balance at the end of current period	(1,365)	(1,716)
Deferred gains (losses) on hedges		
Balance at the end of previous period	20	13
Changes of items during the period		
Net changes of items other than shareholders' equity	(7)	5
Total Changes of items during the period	(7)	5
Balance at the end of current period	13	18
Foreign currency translation adjustment		
Balance at the end of previous period	13	-
Changes of items during the period		
Net changes of items other than shareholders' equity	(13)	-
Total changes of items during the period	(13)	-
Total accumulated other comprehensive income		
Balance at the end of previous period	(592)	(1,352)
Changes of items during the period		
Net changes of items other than shareholders' equity	(759)	(345)
Total changes of items during the period	(759)	(345)
Balance at the end of current period	(1,352)	(1,697)
Subscription rights to shares		
Balance at the end of previous period	600	790
Changes of items during the period		
Net changes of items other than shareholders' equity	189	42
Total changes of items during the period	189	42
Balance at the end of current period	790	832
Minority interests		
Balance at the end of previous period	825	642
Changes of items during the period		
Net changes of items other than shareholders' equity	(183)	(219)
Total changes of items during the period	(183)	(219)
Balance at the end of current period	642	422

Millions of Yen

	FY2010 (Fiscal year ended March 31, 2010)	FY2011 (Fiscal year ended March 31, 2011)
Total net assets		
Balance at the end of previous period	75,464	76,927
Changes of items during the period		
Dividends from surplus	(1,438)	(719)
Net income (loss)	3,626	2,574
Change in equity in affiliates accounted for by equity method-treasury stock	0	-
Purchase of treasury stock	(0)	(2,095)
Increase by share exchanges	-	606
Change in functional currency by foreign consolidated subsidiaries	27	-
Net changes of items other than shareholders' equity	(752)	(522)
Total changes of items during the period	1,462	(157)
Balance at the end of current period	76,927	76,770

(4) Consolidated Statements of Cash Flows

Millions of Yen

	FY2010 (Fiscal year ended March 31, 2010)	FY2011 (Fiscal year ended March 31, 2011)
Operating activities:		
Income (loss) before income taxes and minority interests	5,405	3,840
Depreciation and amortization	13,209	13,374
Impairment loss	778	515
Amortization of goodwill	215	2,100
Amortization of negative goodwill	(15)	(43)
Loss (gain) on sales of investment securities	(232)	26
Loss (gain) on sales of stocks of subsidiaries and affiliates	-	(1,288)
Loss (gain) on valuation of investment securities	31	61
Loss (gain) on adjustment for changes of accounting standard for asset retirement obligations	-	448
Increase (decrease) in provisions for retirement benefit	38	(31)
Increase (decrease) in allowance for loss on business restructuring	(3,552)	(2,609)
Increase (decrease) in other provisions	109	(567)
Interest and dividends income	(546)	(242)
Interest expenses	1,041	959
Decrease (increase) in notes and accounts receivable-trade	(3,968)	10,130
Decrease (increase) in inventories	2,825	1,495
Increase (decrease) in notes and accounts payable-trade	(1,519)	(3,164)
Others	4,199	(1,195)
Subtotal	18,022	23,809
Interest and dividends income received	551	245
Interest expenses paid	(1,056)	(981)
Income taxes paid	(3,016)	(1,365)
Net cash provided by (used in) operating activities	14,500	21,708
Investing activities:		
Purchase of property, plant and equipment	(4,343)	(3,320)
Proceeds from sales of property, plant and equipment	29	94
Purchase of intangible assets	(10,910)	(7,720)
Purchase of investment securities	(762)	(473)
Proceeds from sales of investment securities	1,192	87
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	9	199
Others	83	(36)
Net cash provided by (used in) investing activities	(14,700)	(11,168)
Financing activities:		
Net increase (decrease) in short-term loans payable	(7,028)	(5,700)
Proceeds from long-term loans payable	5,800	15,987
Repayment of long-term loans payable	(15,351)	(16,652)
Proceeds from issuance of bonds	10,000	-
Repayment of other borrowings	(298)	(401)
Increase (decrease) in commercial papers	(2,000)	4,000
Purchase of treasury stock	(0)	(2,095)
Cash dividends paid	(1,436)	(719)
Cash dividends paid to minority shareholders	(5)	(6)
Others	(50)	-
Net cash provided by (used in) financing activities	(10,370)	(5,587)
Effect of exchange rate change on cash and cash equivalents	(13)	-
Net increase (decrease) in cash and cash equivalents	(10,584)	4,952
Cash and cash equivalents at beginning of period	36,046	25,461
Cash and cash equivalents at end of period	25,461	30,413

(5) Notes to the going concern assumption

None

(6) Changes in material matters that are the basis of presenting consolidated financial statements

(Adoption of the accounting standard for asset retirement obligations)

The 'Accounting Standard for Asset Retirement Obligations' (Accounting Standard Board of Japan (ASBJ) Statement No. 18 on March 31, 2008) and the 'Guidance on Accounting Standard for Asset Retirement Obligations' (ASBJ Guidance No.21 on March 31, 2008) were applied from the first quarter of the fiscal year under review. As a result of these applications, operating income and ordinary income decreased by ¥177 million, and income before income taxes and minority interests decreased by ¥625 million. The change in asset retirement obligations due to the application of these accounting standards was ¥1,485 million.

(7) Changes in representation methods

(Consolidated balance sheets)

'Advances received' that used to be included in the 'Others' of Current Liabilities up to the previous fiscal year are described separately for the fiscal year under review because they constitute more than 5/100 of the amount of total liabilities and net assets.

'Advances received' at the end of the previous fiscal year were ¥10,083 million.

(Consolidated statements of income)

1. Effective from this fiscal year under review, the Company discloses the account item of 'Income (loss) before minority interests' by applying the 'Cabinet Office Ordinance for Partial Revisions of the Regulations for Terminology, Forms and Preparations of Financial Statements' (Cabinet Office Ordinance No. 5 issued on March 24, 2009) based on the 'Accounting Standard for Consolidated Financial Statements' (ASBJ Statement No. 22 issued on December 26, 2008).

2. 'Gain on sales of subsidiaries and affiliates' stocks' that used to be included in the 'Others' of Extraordinary Income up to the previous fiscal year is posted separately because it constitutes more than 10/100 of the amount of total extraordinary income.

'Gain on sales of subsidiaries and affiliates' stocks' of the previous fiscal year was ¥12 million.

(Consolidated statements of cash flows)

'Loss (gain) on sales of stocks of subsidiaries and affiliates' that was included in the 'Others' of Operating activities of the previous fiscal year is posted separately because of an increased significance of the amount.

'Loss (gain) on sales of stocks of subsidiaries and affiliates' of the previous fiscal year was -¥12 million.

(8) Notes to Consolidated Financial Statements

(Notes to consolidated statements of comprehensive income)

FY2011 (from April 1, 2010 to March 31, 2011)

*1 Comprehensive Income FY 2010 (from April 1, 2009 to March 31, 2010)

Comprehensive income attributable to owners of the parent	¥2,867 million
Comprehensive income attributable to minority interests	-¥173 million
Total	¥2,694 million

*2 Other Comprehensive Income FY 2010 (from April 1, 2009 to March 31, 2010)	
Valuation difference on available-for-sale securities	-¥730 million
Deferred gains or losses on hedges	-¥7 million
Foreign currency translation adjustment	-¥13 million
Share of other comprehensive income of associates accounted for using equity method	¥0 million
Total	-¥751 million

(Segment Information)

1. Business segment information

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

The Group operates a single segment of businesses that provides computers, software and other related products, as well as various kinds of related services. Therefore, business segment information has not been presented.

2. Geographical segment information

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

Because the Japanese portion of our consolidated net sales constituted more than 90%, geographical segment information has not been presented.

3. Overseas net sales

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

Because overseas net sales constituted an insignificant percentage in the consolidated net sales, no disclosure of overseas net sales has been made.

4. Segment information

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

(1) Overview of reportable segments

The reportable segments of the Company are those units among the constituent units of the Company for which separate financial statements can be obtained and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

By fully harnessing the collective capabilities of the Group, the Company provides comprehensive IT solution services, from identifying customers' management issues to providing solutions to them. Our businesses involve proposing comprehensive strategies for products and services that together constitute IT solution services.

The Company's operations therefore consist of segments on the basis of products and services that constitute our IT solution services. We have six reportable segments; System Services, Support Services, Outsourcing, Netmarks Services, Software, and Hardware.

Details of the reportable segments are as follows:

- System Services: Entrusted software development business, system engineer services, and consulting
- Support Services: Software and hardware maintenance, installation support, and related services
- Outsourcing: Entrusted management of information systems, and related services
- Netmarks Services: Overall construction of network systems
- Software: Provision of software based on software license agreements
- Hardware: Provision of hardware based on equipment sales agreements or rental agreements

(2) Methods to determine net sales, income or loss, assets and other amounts by reportable segment

The accounting methods by business segment reported herein are the same as described in the ‘Changes in material matters that are the basis of presenting consolidated financial statements’

(3) Information on net sales, income or loss, assets and other amounts by reportable segment

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

(Millions of Yen)

	Reportable segments							Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	System Services	Support Services	Outsourcing	Netmarks Services	Software	Hardware	Total				
Net sales	80,791	56,895	29,253	22,047	28,149	38,429	255,566	15,518	271,084	—	271,084
Segment profits	20,287	17,461	2,526	5,001	9,003	10,771	65,051	3,872	68,924	(61,818)	7,105
Segment assets	1,072	1,945	21,468	3,076	8,480	5,897	41,941	1,582	43,524	174,542	218,066
Other items											
Depreciation and amortization	95	164	4,609	455	4,544	1,474	11,343	202	11,546	1,662	13,209
Increased amount of property, plant and equipment and intangible assets	45	188	8,035	460	4,201	1,108	14,040	226	14,266	1,259	15,526

(Note 1) The Other category is a business segment that is not included in the reportable segments.

It includes the printing business.

(Note 2) The contents of adjustment are described below.

- (1) The adjustment of ¥61,818 million to segment profits includes development expenses of ¥4,272 million, amortization of goodwill of ¥215 million, and selling, general and administrative expenses of ¥57,330 million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥174,542 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥1,662 million to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
- (4) The adjustment of ¥1,259 million to increased amount of property, plant and equipment and intangible assets represents the increase in the corporate assets that have not been distributed to each reportable segment.

(Note 3) Segment profits have been adjusted with the operating income recorded in the consolidated financial statements.

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

(Millions of Yen)

	Reportable segments							Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	System Services	Support Services	Outsourcing	Netmarks Services	Software	Hardware	Total				
Net sales	73,521	53,974	28,423	20,293	26,812	34,816	237,841	15,148	252,989	-	252,989
Segment profits	18,899	18,207	2,593	4,105	9,210	8,952	61,968	3,912	65,881	-59,353	6,527
Segment assets	1,720	1,664	21,932	2,505	5,988	4,232	38,043	135	38,179	169,103	207,282
Other items											
Depreciation and amortization	79	205	5,185	520	4,207	1,223	11,421	167	11,588	1,785	13,374
Increased amount of property, plant and equipment and intangible assets	72	279	6,953	288	2,005	691	10,291	154	10,446	2,348	12,794

(Note 1) The Other category is a business segment that is not included in the reportable segments. It includes the printing business.

(Note 2) The contents of adjustment are described below.

- (1) The adjustment of ¥59,353 million to segment profits includes development expenses of ¥5,524million, amortization of goodwill of ¥259 million, and selling, general and administrative expenses of ¥53,569 million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥169,103 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥1,785 million to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
- (4) The adjustment of ¥2,348 million to increased amount of property, plant and equipment and intangible assets represents the increase in the corporate assets that have not been distributed to each reportable segment.

(Note 3) Segment profits have been adjusted with the operating income recorded in the consolidated financial statements.

5. Related information

FY2011 (from April 1, 2010 to March 31, 2011)

(1) Information by product and service

Information by product and service is not described because the same information is stated as part of segment information.

(2) Information by region

① Net sales

Net sales by region are not disclosed because the amount of net sales to customers in Japan accounts for more than 90% of the amount of net sales of consolidated statements of income.

② Property, plant and equipment

Property, plant and equipment by region are not disclosed because the amount of property, plant and equipment that are located in Japan accounts for more than 90% of the amount of property, plant and equipment of consolidated balance sheets.

(3) Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales as stated in the consolidated statements of income.

6. Information on impairment loss of non-current assets by reportable segment

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

(Millions of Yen)

	System Services	Support Services	Outsourcing	Netmarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Impairment loss	-	-	472	-	-	-	-	42	515

7. Information about the amount of amortization of goodwill and the amount of the unamortized balance of goodwill by reportable segment

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

(Millions of Yen)

	System Services	Support Services	Outsourcing	Netmarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	-	-	-	-	-	-	-	2,100	2,100
Balance at the end of this period	-	-	-	-	-	-	-	2,353	2,353

(Note) The amount of amortization for this period as stated in the eliminations and corporate category, ¥2,100 million consists of ¥259 million for 'general and administrative expenses' of selling, general and administrative expenses and ¥1,841 million for 'amortization of goodwill' of extraordinary loss.

The amount of amortization of negative goodwill and the amount of the unamortized balance of negative goodwill are stated as below.

(Millions of Yen)

	System Services	Support Services	Outsourcing	Netmarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	-	-	-	-	-	-	-	43	43
Balance at the end of this period	-	-	-	-	-	-	-	23	23

8. Information about gain on negative goodwill by reportable segment

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

None

(Additional information)

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

Effective from the fiscal year ending March 31, 2011, the Company adopted the 'Accounting Standard for Disclosures about Segments of an Enterprise and Related Information' (ASBJ Statement No. 17 issued on March 27, 2009) and the 'Guidance on Accounting Standards for Disclosures about Segments of an Enterprise and Related Information' (ASBJ Guidance No. 20 issued on March 21, 2008).