

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2012

Name of Listed Company: Information Services International-Dentsu, Ltd.  
Listed Exchange: Tokyo  
Code Number: 4812  
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Supplementary explanatory documents: Yes  
Presentation: Yes

(Amounts less than one million yen are rounded down.)

### 1. Consolidated Financial Results for FY 2011 (From April 1, 2011 to March 31, 2012)

#### (1) Consolidated Financial Results

(% of change from previous year)

	Net sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
FY 2011	63,869	6.0	2,349	6.9	2,496	6.2
FY 2010	60,232	(1.5)	2,197	—	2,350	—

(Note) Comprehensive income: FY2011: 2,059 million yen; FY2010: 304 million yen

	Net income (loss)		EPS	Diluted EPS	ROE	ROA	Ratio of operating income to net sales
	(million yen)	(%)	(yen)	(yen)	(%)	(%)	(%)
FY 2011	1,516	—	46.55	—	4.5	4.9	3.7
FY 2010	(132)	—	(4.06)	—	(0.4)	4.7	3.6

Ref.: Equity in earnings of affiliated companies: FY 2011: (8) million yen; FY 2010: (26) million yen

(Note) ROE: Ratio of net income to shareholders' equity ROA: Ratio of ordinary income to total assets

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
FY 2011	52,295	34,281	65.6	1,052.14
FY 2010	49,570	32,873	66.3	1,008.91

Ref.: Shareholders' equity: FY 2011: 34,281 million yen; FY 2010: 32,873 million yen

#### (3) Consolidated Cash Flow

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	(million yen)	(million yen)	(million yen)	(million yen)
FY 2011	2,406	(1,502)	(1,764)	10,562
FY 2010	3,612	(1,417)	(1,900)	11,417

## 2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	(yen)	(yen)	(yen)	(yen)	(yen)	(million yen)	(%)	(%)
FY 2010	—	10.00	—	10.00	20.00	651	—	2.0
FY 2011	—	10.00	—	10.00	20.00	651	43.0	1.9
FY 2012 (Forecasts)	—	10.00	—	10.00	20.00		31.0	

## 3. Forecast of Consolidated Results for FY 2012 (From April 1, 2012 to March 31, 2013)

(% of change from the same period last year)

	Net sales		Operating income		Ordinary income		Net income		EPS
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
First half of FY 2012	31,600	3.1	510	(42.8)	530	(47.9)	270	(62.3)	8.29
FY 2012	67,700	6.0	3,380	43.9	3,450	38.2	2,100	38.5	64.45

## 4. Others

- Changes in the scope of consolidation for significant subsidiaries during fiscal year ended March 31, 2012: None
- Changes in significant accounting policies, changes in accounting estimates and restatements:
  - Adoption of new accounting standard: No
  - Changes in accounting policies other than (i): None
  - Changes in accounting estimates: None
  - Restatements: None
- Issued and outstanding common stock
  - Number of shares issued and outstanding at end of period, including treasury stock:
 

FY 2011:	32,591,240 shares	FY 2010:	32,591,240 shares
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  - Number of treasury stock at end of period:
 

FY 2011:	7,990 shares	FY 2010:	7,810 shares
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  - Average number of shares outstanding for each period:
 

FY 2011:	32,583,359 shares	FY 2010:	32,583,472 shares
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## (Reference) Summary of Non-Consolidated Financial Results

(Amounts less than one million yen are rounded down.)

### 1. Non-Consolidated Results for FY 2011 (From April 1, 2011 to March 31, 2012)

#### (1) Non-Consolidated Financial Results(% of change from previous year)

	Net sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
FY 2011	54,468	4.2	769	(13.6)	1,439	16.0
FY 2010	52,289	(1.3)	890	—	1,241	261.8

	Net income (loss)		EPS	Diluted EPS
	(million yen)	(%)	(yen)	(yen)
FY 2011	780	—	23.96	—
FY 2010	(849)	—	(26.09)	—

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

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
FY 2011	47,385	31,886	67.3	978.63
FY 2010	45,931	31,237	68.0	958.68

Ref.: Shareholders' equity: FY 2011: 31,886 million yen; FY 2010: 31,237 million yen

Notes: 1. Indication regarding the status of audit procedures

These financial statements are not subject to audit procedures under the Financial Instruments and Exchange Act. The audit of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

2. The above forecast has been calculated based on the currently available information as of the disclosure date of this document. The actual performance results of operation may differ from the forecast in accordance with changes in the various business factors.

## **Index of the Attachment**

### **1. Business Results**

(1) Analysis of Business Results .....	2
(2) Basic Policy Regarding Earnings Distribution, and Dividends for FY 2011 .....	6

### **2. Management Policies**

(1) Basic Policy on Company Management .....	6
(2) Issues to Address and Management Strategies.....	6

### **3. Consolidated Financial Statements**

(1) Consolidated Balance Sheets .....	8
(2) Consolidated Statements of Income .....	10
(3) Consolidated Statements of Comprehensive Income .....	11
(4) Consolidated Statements of Changes in Net Assets.....	12
(5) Consolidated Statements of Cash Flows .....	14

### **4. Supplementary Information**

(1) Production.....	16
(2) Orders.....	17

## **1. Business Results**

### **(1) Analysis of Business Results**

#### **1) Results for FY 2011 (Ended March 31, 2012)**

The Japanese economy during FY 2011 (April 1, 2011 – March 31, 2012) was strained by disruptions to supply chains and restrictions on power supplies in the aftermath of the Great East Japan Earthquake, as well as such concerns as the European debt crisis, the flooding in Thailand, and the rising yen. In the information services industry, despite signs of recovery in IT investment in certain sectors of the financial and manufacturing industry, the market environment overall remained dominated by companies taking a cautious stance toward expanding investment.

Under such conditions, the ISID Group launched its medium-term management plan “ISID Open Innovation 2013,” a three-year plan through fiscal 2013 (ending March 2014). Under the theme of “joint-value creation,” through this plan ISID seeks to help resolve the issues faced by its customers and society by generating new, forward-looking value through collaboration with customers, the Dentsu Group, and a wide range of other partners. During this first year of the plan, we made a vigorous push to expand sales by focusing intently on differentiation.

As a result, consolidated net sales for the subject fiscal year amounted to ¥63,869 million (up 6.0% from the previous fiscal year). The Financial Solutions segment posted a year-on-year decline in revenue due to the rebound effect from major projects in the previous fiscal year, but sales increased year on year in the Enterprise Solutions—Business, Enterprise Solutions—Engineering, and Communications IT segments.

In terms of earnings, despite losses posted for unprofitable projects, gross profit rose slightly from the previous year to ¥19,883 million (up 0.9% year on year) due mainly to the increase in revenue. As a result of efforts to hold selling, general and administrative (SG&A) expenses at the previous year’s level, we managed increases in operating income rose to ¥2,349 million (up 6.9%), and in ordinary income to ¥2,496 million (up 6.2%). Net income improved considerably from the previous fiscal year to ¥1,516 million (compared to a net loss of ¥132 million), due mainly to the absence of extraordinary losses recorded in the previous fiscal year, including expenses related to personnel rationalization measures.

ISID Group net sales by business segment, and status of business operations, are as follows.

### Net Sales by Business Segment

Business Segment	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)		YoY
	Amount (million yen)	Ratio %	Amount (million yen)	Ratio %	
					%
Financial Solutions	18,133	30.1	17,722	27.8	97.7
Enterprise Solutions—Business	12,651	21.0	14,063	22.0	111.2
Enterprise Solutions—Engineering	18,407	30.6	19,572	30.6	106.3
Communications IT	11,039	18.3	12,511	19.6	113.3
Total	60,232	100.0	63,869	100.0	106.0

The composition of each segment is as follow.

Business Segment	Business Description
Financial Solutions	Provides a range of financial services solutions to the finance industry
Enterprise Solutions—Business	Provides a range of ERP systems solutions to all industries, as well as business solutions mainly for the administrative field
Enterprise Solutions—Engineering	Provides engineering solutions mainly for product development and manufacturing field in the manufacturing industry
Communications IT	Provides a range of corporate solutions in collaboration with the Dentsu Group

### Operating Results by Business Segment

#### Financial Solutions

*¥17,722 million (down 2.3% year on year)*

Sales were positive for custom system development in such areas as overseas branch office systems, capital market solutions and loan operations systems for banks, web-based policy application systems for insurance companies, and core systems for the Asian overseas subsidiaries of leasing companies. However, sales declined overall in this segment mainly as a result of the rebound effect from the Liquidity Management System package software development, a large-scale project for a major bank completed in the previous fiscal year.

#### Enterprise Solutions—Business

*¥14,063 million (up 11.2% year on year)*

Sales increased in the accounting field for consulting services, as well as software license sales and add-on development for third-party software. Sales were also strong for in-house software, such as the BusinessSPECTRE package linking data with core systems, and the POSITIVE human resources management package. Segment sales rose as a result.

#### Enterprise Solutions—Engineering

*¥19,572 million (up 6.3% year on year)*

Sales increased for third-party software licenses for design support software (CAD, CAE, DM, PLM), centered on the electronics, automotive and shipbuilding industries. Sales were also positive for consulting services in such areas analysis simulations and testing for product development, along with consulting services for concept design in the design and development field, centered on the automotive industry. Segment sales rose as a result.

## Communications IT

¥12,511 million (up 13.3% year on year)

As a result of expansion in collaborative business with the Dentsu Group, sales expanded for license sales of Salesforce centered on the Force.com cloud-based platform, as well as for platform-based application development services. Sales were also strong for operations and maintenance services to the Dentsu Group. Segment sales rose as a result.

ISID Group net sales by service category, and status of business operations, are as follows.

### **Net Sales by Service Category**

Service category	FY 2010 (From April 1, 2010 to March 31, 2011)		FY 2011 (From April 1, 2011 to March 31, 2012)		YoY
	Amount (million yen)	Ratio %	Amount (million yen)	Ratio %	
					%
Consulting services	2,239	3.7	2,711	4.2	121.1
Custom system development	17,639	29.3	18,858	29.5	106.9
In-house software	8,915	14.8	7,965	12.5	89.3
Third-party software	20,298	33.7	22,002	34.5	108.4
Outsourcing, operation and maintenance services	5,204	8.6	5,570	8.7	107.0
IT equipment sales and others	5,935	9.9	6,760	10.6	113.9
Total	60,232	100.0	63,869	100.0	106.0

Note: “Consulting services” is consulting for business operations and IT. “Custom system development” is the building and maintenance of IT systems based on individual client specifications. “In-house software” is the sale of software developed internally, including add-on development, technical support and maintenance service. “Third-party software” is the sale of software purchased from other companies, including add-on development, technical support and maintenance service. “Outsourcing, operation and maintenance services” is the operation, maintenance, support for client IT systems, as well as business services on a contract basis. “IT equipment sales and others” is the sales and maintenance of hardware, as well as databases, middleware and other types of software and services.

## Consulting services

¥2,711 million (up 21.1% year on year)

Revenue rose mainly as a result of expansion in consulting in the accounting field, and to the manufacturing industry mainly for consulting in the product development field.

## Custom system development

¥18,858 million (up 6.9% year on year)

Revenue rose mainly as a result of increases in custom system development for financial institutions, and collaborative business with the Dentsu Group.

## In-house software

¥7,965 million (down 10.7% year on year)

Revenue declined mainly as a result of the rebound effect from sales of the Liquidity Management System package software in the previous fiscal year, while sales were strong for the BusinessSPECTRE and POSITIVE packages.

### Third-party software

¥22,002 million (up 8.4% year on year)

Revenue rose as a result of increases in license sales of Salesforce, design support software (CAD, CAE, DM, PLM), and software for the accounting field.

### Outsourcing, operation and maintenance services

¥5,570 million (up 7.0% year on year)

Revenue rose mainly as a result of an increase in operations and maintenance services to Dentsu and Dentsu Group companies.

### IT equipment sales and others

¥6,760 million (up 13.9% year on year)

Revenue rose mainly as a result of expanded sales of IT equipment to major customers in the finance and services industries.

## **2) Forecast for FY 2012 (Ending March 31, 2013)**

Although the economic outlook is uncertain, and companies have a cautious stance toward increasing IT spending in general, aggressive IT investments are being made to resolve issues with high strategic importance in terms of management. During the second year of its medium-term business plan, ISID will take proactive steps to increase business and improve profitability, and to provide beneficial solutions that help resolve the issues facing companies and society.

The ISID Group's forecasts for FY 2012 are as follows.

### **Earnings Forecast for FY 2012 (April 1, 2012 to March 31, 2013)**

	Consolidated	
	Amount (million yen)	YoY (%)
Sales	67,700	106.0
Operating income	3,380	143.9
Ordinary income	3,450	138.2
Net income	2,100	138.5

Note: These forecasts are based on information available at the time of release of this announcement. Actual results may vary from these forecast figures due to a variety of factors.

## **(2) Basic Policy Regarding Earnings Distribution, and Dividends for FY 2011**

The basic policy of ISID is the long-term and stable return of profits to all shareholders.

In accordance with this policy, for the distribution of retained earnings at the end of the interim period in the fiscal year ending March 2012 (record date September 30, 2011), the Company paid a dividend of ¥10 per share.

The planned distribution of retained earnings at the end of the fiscal year ended March 2012 (record date March 31, 2012) is ¥10 per share, for a full-year total equivalent to that of the previous fiscal year at ¥20 per share.

## **2. Management Policies**

### **(1) Basic Policy on Company Management**

ISID's corporate philosophy is endeavor, as a group of innovative and creative professionals that makes a principle of honesty and sincerity, to contribute to the growth of our client companies and the advancement of society through the use of leading-edge information technology. To realize our vision of being an "IT Solution Innovator," we work to achieve long-term business development by continually responding appropriately to changes in the business environment, and earning the trust and satisfaction of customers.

### **(2) Issues to Address and Management Strategies**

The economic outlook is uncertain, and companies continue to face difficult business conditions. Society in general is also coping with a host of challenges, including the declining birthrate and aging society, medical and nursing care, as well as environmental and energy issues. Amid such circumstances, from the subject fiscal year the ISID Group initiated its medium-term management plan "ISID Open Innovation 2013." Under the theme of "joint-value creation," we seek to generate new, forward-looking value through collaboration with customers, the Dentsu Group, and a wide range of other partners, and to contribute to the resolution of the issues faced by companies and society.

The ISID Group has identified the following six points as issues to address in its medium-term business plan, and is implementing measures accordingly.

- (i) Concentration on competitively advantageous fields
- (ii) Acceleration of collaboration with the Dentsu
- (iii) New business development utilizing leading-edge technologies
- (iv) Strengthening of personnel capabilities
- (v) Broadening and enhancing a stable earnings base
- (vi) Reform of the cost structure

The targets set for the final year of the management plan (FY 2013, ending March 2014) are consolidated net sales of ¥80.0 billion, with operating income of ¥5.5 billion (operating margin of 7%), and ROE of 8%.

We achieved year-on-year increases in both revenue and earnings during the subject fiscal year—the first year of the medium-term business plan—but operating profit fell below plan targets due to unprofitable projects. The ISID Group has long had measures in place to prevent the occurrence of unprofitable projects, and while these did have some measure of effect, we take these incidents extremely seriously, and are taking steps to strengthen our preventative



measures and enhance profitability.

The basic principles of the medium-term business plan and status of main measures are as follows.

(i) Concentration on competitively advantageous fields

ISID concentrates management resources for each business segment in fields that offer a competitive advantage, including proactive measures to develop software products and services, and to enhance their functionality. In April 2012 we established the Global Business Deployment Division to further expand business operations worldwide. In addition to enhancing cloud-based solutions, with the aim of further deepening our customer insight we are working to further differentiate our services by putting in place a structure to offer comprehensive group solutions across business segments for specific industries.

(ii) Acceleration of collaboration with the Dentsu

In collaboration with the Dentsu, during the subject fiscal year we strengthened the system integration (SI) business for both the public sector and ordinary companies. We are also conducting research and development for marketing platforms that form the foundation for the solutions we provide, and promoting cooperation by participating in the “teamDoIT!” project team that provides IT solutions within the Dentsu Group.

(iii) New business development utilizing leading-edge technologies

In April 2011, ISID established the Open Innovation Laboratory in order to research leading-edge technologies and develop new businesses. We conducted R&D, prototype development and test demonstrations in a wide range of areas, including urban development, social media and education. In July 2011 we made Koozyt, Inc. a group company, and are jointly developing new services that utilize the company’s advanced indoor positioning technologies.

(iv) Strengthening of personnel capabilities

ISID initiates projects to enhance the capabilities of its employees, and is pursuing measures to reform various systems and expand educational programs. Also, in April 2012 we revised our organizational hierarchy to adjust the scope of administration for management positions, and to foster the development of managers.

(v) Broadening and enhancing a stable earnings base

ISID is strengthening outsourcing and maintenance services, as well as cloud-based solutions across the corporate group. During the subject fiscal year, we further enhanced our cloud-based solutions including cloud services for internet banking, and a cloud-based human resources management package. We are also bolstering the operations and maintenance services business at our subsidiary ISID Advanced Outsourcing, Ltd.

(vi) Reform of the cost structure

ISID is working to optimize human resources in the administrative department, enhance administrative efficiency, and reduce expenses. We are also striving to control costs through such measures as actively expanding offshore development, and improving development efficiency. We will continue to take steps to reform cost structures in order to further improve profitability.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen; amounts less than one million yen are rounded down.)

		(millions of yen; amounts less than one million yen are rounded down)	
Item		Period	
		As of March 31, 2011	As of March 31, 2012
		Amount	Amount
(Assets)			
Current assets:			
Cash and deposits		2,668	2,741
Notes and accounts receivable—trade		12,698	15,672
Lease investment assets		96	62
Merchandise and finished goods		140	72
Work in process		332	867
Raw materials and supplies		14	23
Deferred tax assets		1,713	1,491
Advance payments—trade		4,139	3,957
Deposit paid		8,926	8,096
Other		589	758
Allowance for doubtful accounts		(27)	(27)
Total current assets		31,294	33,716
Noncurrent assets:			
Property, plant and equipment:			
Buildings, net		1,567	1,402
Tools, furniture and fixtures, net		360	392
Land		2,137	2,137
Lease assets, net		1,785	2,090
Total property, plant and equipment		5,851	6,024
Intangible assets:			
Software		3,785	3,907
Goodwill		171	133
Lease assets		494	718
Other		39	37
Total intangible assets		4,492	4,796
Investments and other assets:			
Investment securities		3,767	4,077
Deferred tax assets		546	75
Lease and guarantee deposits		3,398	3,403
Other		223	204
Allowance for doubtful accounts		(2)	(1)
Total investments and other assets		7,932	7,758
Total noncurrent assets		18,276	18,579
Total assets		49,570	52,295

(Millions of yen; amounts less than one million yen are rounded down.)

		(millions of yen; amounts less than one million yen are rounded down)	
Period		As of March 31, 2011	As of March 31, 2012
Item		Amount	Amount
<b>(Liabilities)</b>			
<b>Current liabilities:</b>			
Notes and accounts payable—trade		5,213	5,402
Lease obligations		912	923
Accrued expenses		2,413	2,392
Income taxes payable		540	311
Advances received		3,921	4,096
Provision for loss on order received		—	393
Other		1,319	1,481
Total current liabilities		14,321	15,001
<b>Noncurrent liabilities:</b>			
Lease obligations		1,487	1,943
Provision for directors' retirement benefits		62	62
Asset retirement obligations		705	717
Other		119	288
Total noncurrent liabilities		2,375	3,012
<b>Total liabilities</b>		16,696	18,013
<b>(Net assets)</b>			
<b>Shareholders' equity:</b>			
Capital stock		8,180	8,180
Capital surplus		15,285	15,285
Retained earnings		9,114	9,979
Treasury stock		(28)	(28)
Total shareholders' equity		32,552	33,417
<b>Accumulated other comprehensive income:</b>			
Valuation difference on available-for-sale securities		683	1,182
Deferred gains or losses on hedges		6	28
Foreign currency translation adjustments		(369)	(346)
Total other comprehensive income		321	864
<b>Total net assets</b>		32,873	34,281
<b>Total liabilities and net assets</b>		49,570	52,295

## (2) Consolidated Statements of Income

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
		Amount	Amount
Net sales		60,232	63,869
Cost of sales		40,526	43,986
Gross profit		19,705	19,883
Selling, general and administrative expenses		17,508	17,533
Operating income		2,197	2,349
Non-operating income:			
Interest income		44	55
Dividends income		35	66
Foreign exchange gains		102	—
Dividends income of insurance		—	36
Miscellaneous income		57	100
Total non-operating income		240	258
Non-operating expenses:			
Interest expenses		52	43
Foreign exchange losses		—	33
Equity in losses of affiliates		26	8
Loss on retirement of noncurrent assets		—	20
Miscellaneous loss		7	4
Total non-operating expenses		86	111
Ordinary income		2,350	2,496
Extraordinary income:			
Gain on sales of investment securities		—	106
Gain on negative goodwill		17	—
Total extraordinary income		17	106
Extraordinary loss:			
Impairment loss		88	—
Loss on retirement of noncurrent assets		17	—
Loss on sales of investment securities		130	—
Loss on valuation of investment securities		3	—
Loss on valuation of membership		0	—
Loss on adjustment for changes of accounting standard for asset retirement obligations		357	—
Special retirement expenses		1,599	—
Total extraordinary loss		2,197	—
Income before income taxes and minority interests		170	2,603
Income taxes—current		481	503
Income taxes for prior periods		(35)	—
Income taxes—deferred		(119)	582
Total income taxes		327	1,086
Income (loss) before minority interests.		(156)	1,516
Minority interests in income (loss)		(24)	—
Net income (loss)		(132)	1,516

### (3) Consolidated Statements of Comprehensive Income

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
		Amount	Amount
Income (loss) before minority interests		(156)	1,516
Other comprehensive income:			
Valuation difference on available-for-sale securities		573	499
Deferred gains or losses on hedges		(1)	21
Foreign currency translation adjustment		(111)	22
Total other comprehensive income		461	543
Comprehensive income		304	2,059
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		329	2,059
Comprehensive income attributable to minority interests		(24)	—

#### (4) Consolidated Statements of Changes in Net Assets

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
		Amount	Amount
<b>Shareholders' equity:</b>			
<b>Capital stock:</b>			
Balance at the beginning of the period		8,180	8,180
Changes of items during the period:			
Total changes of items during the period		—	—
Balance at the end of current period		8,180	8,180
<b>Capital surplus:</b>			
Balance at the beginning of the period		15,285	15,285
Changes of items during the period:			
Total changes of items during the period		—	—
Balance at the end of current period		15,285	15,285
<b>Retained earnings:</b>			
Balance at the beginning of the period		9,898	9,114
Changes of items during the period:			
Dividends from surplus		(651)	(651)
Net income (loss)		(132)	1,516
Total changes of items during the period		(784)	865
Balance at the end of current period		9,114	9,979
<b>Treasury stock:</b>			
Balance at the beginning of the period		(28)	(28)
Changes of items during the period:			
Purchase of treasury stock		(0)	(0)
Total changes of items during the period		(0)	(0)
Balance at the end of current period		(28)	(28)
<b>Total shareholders' equity:</b>			
Balance at the beginning of the period		33,336	32,552
Changes of items during the period:			
Dividends from surplus		(651)	(651)
Net income (loss)		(132)	1,516
Purchase of treasury stock		(0)	(0)
Total changes of items during the period		(784)	865
Balance at the end of current period		32,552	33,417

(Millions of yen; amounts less than one million yen are rounded down.)

Period	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
	Amount	Amount
<b>Valuation and translation adjustments:</b>		
<b>Valuation difference on available-for-sale securities:</b>		
Balance at the beginning of the period	109	683
Changes of items during the period:		
Net changes of items other than shareholders' equity	573	499
Total changes of items during the period	573	499
Balance at the end of current period	683	1,182
<b>Deferred gains or losses on hedges:</b>		
Balance at the beginning of the period	8	6
Changes of items during the period:		
Net changes of items other than shareholders' equity	(1)	21
Total changes of items during the period	(1)	21
Balance at the end of current period	6	28
<b>Accumulated other comprehensive income:</b>		
Balance at the beginning of the period	(258)	(369)
Changes of items during the period:		
Net changes of items other than shareholders' equity	(111)	22
Total changes of items during the period	(111)	22
Balance at the end of current period	(369)	(346)
<b>Total accumulated other comprehensive income:</b>		
Balance at the beginning of the period	(140)	321
Changes of items during the period:		
Net changes of items other than shareholders' equity	461	543
Total changes of items during the period	461	543
Balance at the end of current period	321	864
<b>Minority interests:</b>		
Balance at the beginning of the period	284	—
Changes of items during the period:		
Net changes of items other than shareholders' equity	(284)	—
Total changes of items during the period	(284)	—
Balance at the end of current period	—	—
<b>Total net assets:</b>		
Balance at the beginning of the period	33,480	32,873
Changes of items during the period:		
Dividends from surplus	(651)	(651)
Net income (loss)	(132)	1,516
Purchase of treasury stock	(0)	(0)
Net changes of items other than shareholders' equity	176	543
Total changes of items during the period	(607)	1,408
Balance at the end of current period	32,873	34,281

## (5) Consolidated Statements of Cash Flows

(Millions of yen; amounts less than one million yen are rounded down.)

(millions of yen, amounts less than one million yen are rounded down)

<div> <div></div> <div>Period</div> </div> <div>Item</div>	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
	Amount	Amount
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	170	2,603
Depreciation and amortization	3,235	2,916
Impairment loss	88	—
Amortization of goodwill	327	37
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in provision for directors' retirement benefits	(1)	—
Increase (decrease) in provision for loss on order received	—	393
Interest and dividends income	(79)	(121)
Interest expenses	52	43
Equity in (earnings) losses of affiliates	26	8
Loss on retirement of noncurrent assets	17	20
Gain on negative goodwill	(17)	—
Loss (gain) on adjustment for changes of accounting standard for asset retirement obligations	357	—
Special retirement expenses	1,599	—
Loss (gain) on sales of investment securities	130	(106)
Loss (gain) on valuation of investment securities	3	—
Loss on valuation of membership	0	—
Decrease (increase) in notes and accounts receivable—trade	174	(2,962)
Decrease (increase) in inventories	85	(473)
Decrease (increase) in advance payments	(545)	188
Increase (decrease) in notes and accounts payable—trade	(1,003)	180
Increase (decrease) in accrued expenses	144	(21)
Increase (decrease) in advances received	126	172
Increase (decrease) in accrued consumption taxes	79	67
Other, net	210	306
Subtotal	5,185	3,251
Interest and dividends income received	80	101
Interest expenses paid	(52)	(43)
Payments for extra retirement payments	(1,540)	—
Payments for business restructuring	(45)	—
Income taxes paid	(63)	(908)
Income taxes refund	49	5
Net cash provided by operating activities	3,612	2,406



(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012
		Amount	Amount
<b>Net cash provided by (used in) investing activities:</b>			
Payments into time deposits		(480)	(401)
Proceeds from withdrawal of time deposits		607	305
Purchase of property, plant and equipment		(237)	(237)
Purchases of intangible assets		(1,181)	(1,636)
Payments for execution of assets retirement obligations		(7)	(1)
Purchases of investment securities		(24)	(32)
Proceeds from sales of investment securities		88	649
Purchase of stocks of subsidiaries and affiliates		(209)	(150)
Payments of loans receivable		(1)	(1)
Collection of loans receivable		2	0
Payments for lease and guarantee deposits		(15)	(21)
Proceeds from collection of lease and guarantee deposits		41	17
Other, net		0	7
Net cash used in investing activities		(1,417)	(1,502)
<b>Net cash provided by (used in) financing activities:</b>			
Repayments of lease obligations		(1,249)	(1,112)
Cash dividends paid		(651)	(651)
Other, net		(0)	(0)
Net cash used in financing activities		(1,900)	(1,764)
<b>Effect of exchange rate change on cash and cash equivalents</b>		(91)	5
<b>Net increase (decrease) in cash and cash equivalents</b>		202	(855)
<b>Cash and cash equivalents at beginning of period</b>		11,215	11,417
<b>Cash and cash equivalents at end of period</b>		11,417	10,562

## 4. Supplementary Information

### (1) Production

The status of production through the fiscal year ended March 31, 2012 (April 1, 2011–March 31, 2012) by segment is as follows.

Segment	Production output (Millions of yen)	YoY (%)
Financial Solutions	14,091	97.6
Enterprise Solutions—Business	7,565	116.4
Enterprise Solutions—Engineering	3,323	103.3
Communications IT	5,464	123.9
Total	30,444	106.6

The status of production through the fiscal year ended March 31, 2012 (April 1, 2011–March 31, 2012) by service category is as follows.

Service category	Production output (Millions of yen)	YoY (%)
Custom system development	19,188	108.9
In-house software add-on development	3,996	85.2
Third-party software add-on development	7,259	116.2
Total	30,444	106.6

#### Notes

1. In-house software add-on development and third-party software add-on development includes technical support services.
2. Figures are calculated from sales prices.
3. Figures do not include consumption tax or other additions.

## Orders

The status of orders through the fiscal year ended March 31, 2012 (April 1, 2011–March 31, 2012) by segment is as follows.

Segment	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Financial Solutions	14,633	99.6	2,873	128.2
Enterprise Solutions—Business	8,073	131.7	1,890	160.9
Enterprise Solutions—Engineering	3,455	109.3	369	140.8
Communications IT	5,651	126.9	577	565.7
Total	31,814	111.9	5,711	151.0

The status of orders through the fiscal year ended March 31, 2012 (April 1, 2011–March 31, 2012) by service category is as follows.

Service category	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Custom system development	20,111	110.0	3,464	156.6
In-house software add-on development	4,070	99.2	1,177	113.5
Third-party software add-on development	7,633	125.9	1,070	201.1
Total	31,814	111.9	5,711	151.0

### Notes

1. In-house software add-on development and third-party software add-on development includes technical support services.
2. Figures do not include consumption tax or other additions.