

This financial report is composed of two parts. The first part is an abridged translation of "Kessan Tanshin (earnings report)" for the quarterly period ended 31st December, 2010, which includes the summary and the qualitative information sections. The second part is the "Quarterly Consolidated Financial Statements," which are basically prepared based on the "Kessan Tanshin (earnings report)" but applied for some items different presentation methods.



28th January, 2011

## Consolidated Financial Results For the Quarterly Period Ended 31st December, 2010 <under Japanese GAAP>

Company name: Nomura Research Institute, Ltd.  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 4307  
 URL: <http://www.nri.co.jp/>  
 Representative: Tadashi Shimamoto, President, Representative Director, CEO & COO  
 Inquiries: Katsutoshi Murakami, General Manager, Finance Department  
 TEL: +81-3-5533-2111 (from overseas)

Scheduled date to file Quarterly Securities Report: 31st January, 2011  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly consolidated financial results: Yes  
 Announcement for quarterly consolidated financial results (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated performance for the quarterly period ended 31st December, 2010 (from 1st April, 2010 to 31st December, 2010)

#### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Quarterly period ended								
31st December, 2010	241,974	(4.0)	27,018	(17.5)	28,334	(15.2)	16,241	(12.9)
31st December, 2009	252,155	0.4	32,755	(12.2)	33,419	(14.6)	18,649	(13.9)

	Net income per share – basic	Net income per share – diluted
Quarterly period ended	Yen	Yen
31st December, 2010	83.43	78.60
31st December, 2009	95.85	90.29

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
31st December, 2010	356,390	224,756	62.7	1,147.84
31st March, 2010	363,368	220,237	60.3	1,125.63

Reference: Equity As of 31st December, 2010: ¥223,484 million As of 31st March, 2010: ¥219,071 million

## 2. Cash dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended 31st March, 2010	–	26.00	–	26.00	52.00
Fiscal year ending 31st March, 2011	–	26.00	–		
Fiscal year ending 31st March, 2011 (Forecasts)				26.00	52.00

Note: Revisions to the forecasts of cash dividends in the current quarter: None

## 3. Forecasts of financial results for the fiscal year ending 31st March, 2011 (from 1st April, 2010 to 31st March, 2011)

(Percentages indicate year-on-year changes.)

	Sales		Operating profit		Ordinary profit		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending 31st March, 2011	325,000	(4.0)	37,000	(7.7)	38,500	(6.0)	22,500	2.9	115.58

Note: Revisions to the forecasts of financial results in the current quarter: None

## 4. Others

### (1) Changes in significant subsidiaries during the current quarter: None

Note: Changes in specified subsidiaries resulting in change in scope of consolidation during the current quarter

### (2) Adoption of simplified accounting and specific accounting: Yes

Note: Adoption of simplified accounting and specific accounting in preparing quarterly consolidated financial statements

### (3) Changes in accounting policies, procedures, and methods of presentation

- a. Changes due to revisions to accounting standards and other regulations: Yes
- b. Changes due to other reasons: None

### (4) Number of shares in issue (common stock)

- a. Total number of shares in issue at the end of the period (including treasury stock)
 

As of 31st December, 2010	225,000,000 shares
As of 31st March, 2010	225,000,000 shares
- b. Number of shares of treasury stock at the end of the period
 

As of 31st December, 2010	30,299,843 shares
As of 31st March, 2010	30,378,314 shares
- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)
 

Quarterly period ended 31st December, 2010	194,666,814 shares
Quarterly period ended 31st December, 2009	194,577,752 shares

#### \* Indication regarding execution of quarterly review procedures

At the time of disclosure of this quarterly consolidated financial results report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Law are incomplete.

#### \* Proper use of forecasts of financial results, and other special matters

The business forecasts are based on information available to management at the present time and certain assumptions judged to be rational. As such, actual sales and profits may differ from this forecast due to uncertain factors present in the forecast or future changes in business circumstances. Also, forecasted cash dividends per share are based on the current business environment and forecasts of financial results.

## 1. Qualitative information regarding third-quarter settlement of accounts

### (1) Qualitative information regarding consolidated operating results (Quarterly period ended 31st December, 2010 (from 1st April, 2010 to 31st December, 2010))

In the Japanese economy, from the summer onwards, the pace of growth of exports and production weakened due to the impact of the strong yen and other factors, leaving the economy at a standstill. With companies remaining cautious on investment in information systems, the information services industry continued to face a severe business environment.

Operating in such an environment, Nomura Research Institute and its consolidated subsidiaries (“the NRI Group”) carried out its business activities with the combined strength of the Group, allowing it to seamlessly provide services encompassing consulting through to system development and operations.

For the quarterly period ended 31st December, 2010, sales (sales to external customers) totaled ¥241,974 million (down 4.0% from the same period of the previous fiscal year), owing mainly to declines year on year in Financial IT Solutions and Industrial IT Solutions segments. Despite an increase in costs associated with projects aimed at strengthening the earnings structure and expanding the client base, cost of sales was ¥174,204 million (down 3.2%) as a result of efforts to reduce subcontracting costs. Gross profit was ¥67,769 million (down 6.2%). Selling, general and administrative expenses was ¥40,751 million (up 3.2%), impacted by preparation for future business expansion such as increase in personnel and expansion of office space. Operating profit was ¥27,018 million (down 17.5%), ordinary profit was ¥28,334 million (down 15.2%) and net income was ¥16,241 million (down 12.9%).

The business results by segment (sales includes intersegment sales) are as follows.

As the Company adopted the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” effective from the first quarter, the segmentation was changed. Accordingly, the comparison with the same period of the previous fiscal year below is based on the figures for the same period of the previous fiscal year after applying the reclassification of segments.

#### (Consulting)

Management consulting projects increased, partly as a result of an active effort to grow the business in China. Sales was ¥13,821 million (up 2.3% from the same period of the previous fiscal year) and operating profit was ¥601 million (up 148.6%).

#### (Financial IT Solutions)

In terms of sales, consulting projects to the insurance sector increased, but development projects and product sales to the securities sector declined. On the cost front, subcontracting costs decreased, but there were increases in software amortization expenses and costs associated with strategic projects aimed at strengthening the earnings structure.

As a result, the Financial IT Solutions segment posted sales of ¥150,292 million (down 3.4% from the same period of the previous fiscal year) and operating profit of ¥14,098 million (down 13.6%).

#### (Industrial IT Solutions)

In terms of sales, development projects to the manufacturing and services sectors declined in reaction to a high level in the same period of the previous fiscal year, when there were some major projects. Also, product sales decreased owing to the drop in development projects associated with new equipment installation. On the cost front, although cost reductions were achieved with respect to the cost of sales of products and subcontracting costs, additional costs were incurred related to projects aimed at expanding the client base.

As a result, the Industrial IT Solutions segment posted sales of ¥66,041 million (down 7.3% from the same period of the previous fiscal year) and operating profit of ¥2,529 million (down 63.6%).

#### (IT Platform Services)

In terms of sales, development projects and product sales to external customers increased, but intersegment sales declined. On the cost front, subcontracting costs, depreciation and amortization expenses, and system operation expenses declined.

As a result, the IT Platform Services segment posted sales of ¥51,248 million (down 1.1% from the same period of the previous fiscal year) and operating profit of ¥7,532 million (up 11.4%).

(Others)

Others posted sales of ¥8,470 million (down 8.3% from the same period of the previous fiscal year) and operating profit of ¥184 million (compared with an operating loss of ¥521 million in the same period of the previous fiscal year).

## **(2) Qualitative information regarding consolidated financial position**

At the end of the third quarter (31st December, 2010), current assets were ¥150,069 million (up 8.9% from the end of the previous fiscal year), noncurrent assets were ¥206,320 million (down 8.6%), current liabilities were ¥60,164 million (down 10.5%), noncurrent liabilities were ¥71,468 million (down 5.9%), total net assets were ¥224,756 million (up 2.1%) and total assets were ¥356,390 million (down 1.9%).

The main changes from the end of the previous fiscal year are as follows.

While accounts receivable and accounts payable decreased by ¥25,079 million and ¥10,163 million, respectively, other receivables increased by ¥15,209 million. Software decreased by ¥7,393 million, and investment securities decreased by ¥7,211 million due mainly to redemption of bonds of ¥5,000 million and the fall in the share prices.

In addition, to diversify financing methods, short-term bonds were newly issued in the third quarter. As a result, short-term bonds payable was ¥9,998 million.

## **Quarterly Consolidated Financial Statements**

**Nomura Research Institute, Ltd.**

*For the Quarterly Period Ended 31st December, 2010  
(Unaudited)*

Unless otherwise noted, the amounts included in the financial statements are expressed in millions of yen and thousands of U.S. dollars with fractional amounts rounded off.

Nomura Research Institute, Ltd.

Quarterly Consolidated Financial Statements

For the quarterly period ended 31st December, 2010

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Nomura Research Institute, Ltd.

Quarterly Consolidated Balance Sheets

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	<b>31st December, 2010</b>	<b>31st March, 2010</b>	<b>31st December, 2010</b>
	(Unaudited)		(Unaudited)
<b>Assets</b>			
Current assets:			
Cash and bank deposits ( <i>Notes 4 and 7</i> )	¥ 10,941	¥ 15,056	\$ 134,212
Short-term investment securities ( <i>Notes 4, 5 and 7</i> )	70,282	44,720	862,144
Accounts receivable and other receivables ( <i>Note 4</i> )	58,163	68,033	713,481
Inventories	128	432	1,570
Deferred income taxes	7,268	7,268	89,156
Other current assets	3,346	2,305	41,046
Allowance for doubtful accounts	(58)	(70)	(711)
Total current assets	<u>150,070</u>	<u>137,744</u>	<u>1,840,898</u>
Property and equipment:			
Land	12,323	12,323	151,165
Buildings, net	31,696	32,376	388,813
Machinery and equipment, net	11,997	14,231	147,166
Leased assets, net	11	35	135
Property and equipment, net	<u>56,027</u>	<u>58,965</u>	<u>687,279</u>
Software and other intangibles	60,412	68,319	741,070
Investment securities ( <i>Notes 4 and 5</i> )	46,488	53,699	570,265
Investments in affiliates ( <i>Notes 4 and 5</i> )	1,337	1,604	16,401
Deferred income taxes	20,098	19,238	246,541
Long-term loans receivable ( <i>Note 4</i> )	7,678	7,593	94,185
Lease investment assets	392	534	4,809
Other assets	13,962	15,792	171,271
Allowance for doubtful accounts	(74)	(120)	(908)
Total assets	<u><u>¥356,390</u></u>	<u><u>¥363,368</u></u>	<u><u>\$4,371,811</u></u>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	<b>31st December, 2010</b>	<b>31st March, 2010</b>	<b>31st December, 2010</b>
	(Unaudited)		(Unaudited)
<b>Liabilities and net assets</b>			
Current liabilities:			
Accounts payable ( <i>Note 4</i> )	¥ 13,991	¥ 24,155	\$ 171,627
Short-term bonds payable ( <i>Note 4</i> )	9,999	–	122,657
Lease obligations	203	293	2,490
Accrued expenses	15,917	16,628	195,253
Income taxes payable	6,294	9,879	77,208
Asset retirement obligations	34	–	417
Other current liabilities	13,727	16,240	168,388
Total current liabilities	60,165	67,195	738,040
Convertible bonds ( <i>Note 4</i> )	49,997	49,997	613,310
Lease obligations	219	328	2,686
Long-term accrued expenses	–	1,458	–
Deferred income taxes	1	1	12
Allowance for employees' retirement benefits	20,658	24,152	253,411
Asset retirement obligations	593	–	7,274
Net assets ( <i>Notes 6 and 8</i> ):			
Shareholders' equity:			
Common stock:			
Authorized – 750,000,000 shares at 31st December, 2010 and 31st March, 2010			
Issued – 225,000,000 shares at 31st December, 2010 and 31st March, 2010	18,600	18,600	228,165
Additional paid-in capital	15,002	15,018	184,028
Retained earnings	257,920	251,800	3,163,886
Treasury stock, at cost:			
– 30,299,843 shares at 31st December, 2010 and 30,378,314 shares at 31st March, 2010	(72,339)	(72,526)	(887,377)
Total shareholders' equity	219,183	212,892	2,688,702
Valuation and translation adjustments:			
Unrealized gain on other securities ( <i>Note 5</i> )	7,127	8,436	87,426
Translation adjustments	(2,825)	(2,256)	(34,654)
Total valuation and translation adjustments	4,302	6,180	52,772
Share subscription rights ( <i>Note 12</i> )	1,272	1,155	15,604
Minority interests	–	10	–
Total net assets	224,757	220,237	2,757,078
Total liabilities and net assets	¥356,390	¥363,368	\$4,371,811

See accompanying notes to quarterly consolidated financial statements.



Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Income (Unaudited)

	<i>Millions of yen</i>				<i>Thousands of U.S. dollars (Note 3)</i>	
	<b>Three months ended 31st December,</b>		<b>Nine months ended 31st December,</b>		<b>Three months ended 31st December,</b>	<b>Nine months ended 31st December,</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>
Sales	¥79,868	¥85,273	¥241,975	¥252,155	\$979,735	\$2,968,290
Cost of sales	55,609	61,410	174,205	179,915	682,152	2,136,960
Gross profit	24,259	23,863	67,770	72,240	297,583	831,330
Selling, general and administrative expenses (Notes 9 and 10)	13,250	13,198	40,751	39,485	162,536	499,890
Operating profit	11,009	10,665	27,019	32,755	135,047	331,440
Other income (expenses):						
Interest and dividend income	238	270	1,423	1,269	2,920	17,456
Equity in earnings (losses) of affiliates	6	49	(17)	(554)	74	(209)
Interest expense	–	(4)	(5)	(13)	–	(61)
Gain (loss) on investment securities	–	3	(9)	(886)	–	(110)
Impact of applying accounting standard for asset retirement obligations	–	–	(364)	–	–	(4,465)
Other, net	24	77	(29)	(13)	293	(356)
	268	395	999	(197)	3,287	12,255
Income before income taxes and minority interests	11,277	11,060	28,018	32,558	138,334	343,695
Provision for income taxes (Note 2)	4,693	4,391	11,774	13,915	57,569	144,431
Income before minority interests	6,584	6,669	16,244	18,643	80,765	199,264
Minority interests in gain (loss)	–	(1)	2	(7)	–	25
Net income (Note 8)	¥ 6,584	¥ 6,670	¥ 16,242	¥ 18,650	\$ 80,765	\$ 199,239

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Changes in Net Assets

*Millions of yen*

	Shareholders' equity					Valuation and translation adjustments					Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain on other securities	Translation adjustments	Total valuation and translation adjustments	Share subscription rights	Minority interests	
<b>Balance at 31st March, 2010</b>	¥18,600	¥15,018	¥251,800	¥(72,526)	¥212,892	¥ 8,436	¥(2,256)	¥ 6,180	¥1,155	¥ 10	¥220,237
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	-
Disposition of treasury stock	-	-	-	187	187	-	-	-	-	-	187
Net income	-	-	16,242	-	16,242	-	-	-	-	-	16,242
Cash dividends paid	-	-	(10,122)	-	(10,122)	-	-	-	-	-	(10,122)
Loss on disposition of treasury stock	-	(16)	-	-	(16)	-	-	-	-	-	(16)
Net changes other than in shareholders' equity	-	-	-	-	-	(1,309)	(569)	(1,878)	117	(10)	(1,771)
<b>Balance at 31st December, 2010 (Unaudited)</b>	¥18,600	¥15,002	¥257,920	¥(72,339)	¥219,183	¥ 7,127	¥(2,825)	¥ 4,302	¥1,272	¥ -	¥224,757

*Millions of yen*

	Shareholders' equity					Valuation and translation adjustments					Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain on other securities	Translation adjustments	Total valuation and translation adjustments	Share subscription rights	Minority interests	
<b>Balance at 31st March, 2009</b>	¥18,600	¥14,975	¥240,061	¥(72,753)	¥200,883	¥5,851	¥(2,159)	¥3,692	¥ 892	¥-	¥205,467
Purchase of treasury stock	-	-	-	(1)	(1)	-	-	-	-	-	(1)
Disposition of treasury stock	-	-	-	203	203	-	-	-	-	-	203
Net income	-	-	18,650	-	18,650	-	-	-	-	-	18,650
Cash dividends paid	-	-	(10,117)	-	(10,117)	-	-	-	-	-	(10,117)
Gain on disposition of treasury stock	-	40	-	-	40	-	-	-	-	-	40
Net changes other than in shareholders' equity	-	-	-	-	-	1,172	(148)	1,024	163	8	1,195
<b>Balance at 31st December, 2009 (Unaudited)</b>	¥18,600	¥15,015	¥248,594	¥(72,551)	¥209,658	¥7,023	¥(2,307)	¥4,716	¥1,055	¥8	¥215,437

*Thousands of U.S. dollars (Note 3)*

	Shareholders' equity					Valuation and translation adjustments					Total net assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gain on other securities	Translation adjustments	Total valuation and translation adjustments	Share subscription rights	Minority interests	
<b>Balance at 31st March, 2010</b>	\$228,165	\$184,225	\$3,088,812	\$(889,671)	\$2,611,531	\$103,484	\$(27,674)	\$ 75,810	\$14,168	\$ 123	\$2,701,632
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	-
Disposition of treasury stock	-	-	-	2,294	2,294	-	-	-	-	-	2,294
Net income	-	-	199,239	-	199,239	-	-	-	-	-	199,239
Cash dividends paid	-	-	(124,165)	-	(124,165)	-	-	-	-	-	(124,165)
Loss on disposition of treasury stock	-	(197)	-	-	(197)	-	-	-	-	-	(197)
Net changes other than in shareholders' equity	-	-	-	-	-	(16,058)	(6,980)	(23,038)	1,436	(123)	(21,725)
<b>Balance at 31st December, 2010 (Unaudited)</b>	\$228,165	\$184,028	\$3,163,886	\$(887,377)	\$2,688,702	\$ 87,426	\$(34,654)	\$ 52,772	\$15,604	\$ -	\$2,757,078

See accompanying notes to quarterly consolidated financial statements.

Nomura Research Institute, Ltd.

Quarterly Consolidated Statements of Cash Flows (Unaudited)

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars (Note 3)</i>
	<b>Nine months ended 31st December,</b>		<b>Nine months ended 31st December,</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>
<b>Cash flows from operating activities</b>			
Income before income taxes and minority interests	¥ 28,018	¥ 32,558	\$ 343,695
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	22,470	22,403	275,638
Interest and dividend income	(1,423)	(1,269)	(17,456)
Interest expense	5	13	61
Loss on investment securities	9	886	110
Impact of applying accounting standard for asset retirement obligations	364	–	4,465
Changes in operating assets and liabilities:			
Accounts receivable and other receivables, net of advance payments received	9,815	17,933	120,400
Allowance for doubtful accounts	(58)	(39)	(711)
Accounts payable	(6,970)	(5,705)	(85,500)
Inventories	304	(130)	3,729
Allowance for employees' retirement benefits and welfare pension plan	(3,494)	(1,538)	(42,861)
Other	(2,956)	(477)	(36,261)
Subtotal	46,084	64,635	565,309
Interest and dividends received	1,354	1,359	16,609
Interest paid	(4)	(13)	(49)
Income taxes paid	(15,252)	(20,699)	(187,095)
Net cash provided by operating activities	32,182	45,282	394,774
<b>Cash flows from investing activities</b>			
Payments for time deposits	(334)	–	(4,097)
Proceeds from time deposits	141	6,074	1,730
Increase in short-term investment securities	(16,615)	–	(203,815)
Proceeds from sales and redemption of short-term investment securities	4,000	–	49,068
Acquisition of property and equipment	(7,586)	(9,734)	(93,057)
Proceeds from sales of property and equipment	5	9	61
Increase in software and other intangibles	(7,628)	(13,128)	(93,572)
Proceeds from sales of software and other intangibles	1	2	12
Payments for asset retirement obligations	(50)	–	(613)
Increase in investment securities	(29)	(2,494)	(356)
Proceeds from sales and redemption of investment securities	5,247	6,400	64,365
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	–	665	–
Increase in investments in affiliates	(15)	(70)	(184)
Other	23	34	281
Net cash used in investing activities	(22,840)	(12,242)	(280,177)
<b>Cash flows from financing activities</b>			
Increase in short-term loans payable	3,500	6,500	42,934
Decrease in short-term loans payable	(3,500)	(6,500)	(42,934)
Proceeds from issuance of short-term bonds payable	9,997	–	122,633
Repayment of obligation under finance leases	(56)	(195)	(687)
Purchase of treasury stock	–	(1)	–
Cash dividends paid	(10,111)	(10,102)	(124,031)
Net cash used in financing activities	(170)	(10,298)	(2,085)
Effect of exchange rate changes on cash and cash equivalents	(469)	(101)	(5,753)
Net increase in cash and cash equivalents	8,703	22,641	106,759
Cash and cash equivalents at beginning of period	59,776	28,229	733,268
Cash and cash equivalents at end of period (Note 7)	¥ 68,479	¥ 50,870	\$ 840,027

See accompanying notes to quarterly consolidated financial statements.

# Nomura Research Institute, Ltd.

## Notes to Quarterly Consolidated Financial Statements

31st December, 2010

### **1. Description of Business, Basis of Presentation, Accounting Change and Change in Methods of Presentation**

#### *Description of Business*

The NRI Group (Nomura Research Institute, Ltd. (the “Company”) and its 15 consolidated subsidiaries) and its affiliates (2 companies) engage in the following four business services: “consulting services,” comprised of research, management consulting and system consulting; “system development & application sales,” comprised of system development and the sales of package software products; “system management & operation services,” comprised of outsourcing services, multi-user system services, and information services; and “product sales.” Information on the Company’s operations by segment is included in Note 13.

Nomura Research Institute (Dalian), Ltd., a newly established subsidiary during the quarterly period ended 30th September, 2010, is included in the scope of consolidation.

#### *Basis of Presentation*

The accompanying quarterly consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law.

In addition, the notes to the quarterly consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications have been made to present the accompanying quarterly consolidated financial statements in a format which is familiar to readers outside Japan.

#### *Accounting Change*

Effective the first quarter ended 30th June, 2010, the “Accounting Standard for Equity Method of Accounting for Investments” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 16) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (Practical Issues Task Force (“PITF”) Statement No. 24) has been applied. There was no impact on the quarterly consolidated financial statements as a result of the adoption of this new accounting standard.

## **1. Description of Business, Basis of Presentation, Accounting Change and Change in Methods of Presentation (continued)**

### ***Accounting Change (continued)***

Effective the first quarter ended 30th June, 2010, the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21) has been applied. As a result of this change, operating profit for the nine months ended 31st December, 2010 increased by ¥17 million (\$209 thousand) and income before income taxes and minority interests decreased by ¥347 million (\$4,257 thousand) from the corresponding amounts which would have been recorded under the previous method. The amount of asset retirement obligations with this revision was ¥699 million (\$8,575 thousand).

### ***Change in Methods of Presentation***

Effective the first quarter ended 30th June, 2010, “Income before minority interests” is presented in the quarterly consolidated statements of income, pursuant to the “Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements” (Cabinet Office Ordinance No. 5), which is based on the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22). “Income before minority interests” in the accompanying quarterly consolidated statements of income for the three months and nine months ended 31st December, 2009, has been presented to conform to the current year’s presentation.

## **2. Specific Accounting Policy Adopted in Preparing Quarterly Consolidated Financial Statements**

### ***Calculation of Tax Expense***

At the end of each interim period, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year. Tax expenses for interim periods are computed multiplying income before income taxes and minority interests by the aforementioned estimated annual effective tax rate for the annual period. Deferred income taxes are included in provision for income taxes in the quarterly consolidated statements of income.

## **3. U.S. Dollar Amounts**

The Company maintains its books of account in yen. The U.S. dollar amounts included in the accompanying quarterly consolidated financial statements and the notes thereto represent the arithmetic results of translating yen into dollars at ¥81.52 = U.S.\$1.00, the rate of exchange prevailing on 31st December, 2010. The U.S. dollar amounts are included solely for the convenience of the reader and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.

#### 4. Financial Instruments

##### Fair value of financial instruments

The carrying amount of financial instruments on the quarterly consolidated balance sheets as of 31st December, 2010 and 31st March, 2010 and estimated fair values are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine fair values (see Note 2).

	<i>Millions of yen</i>					
	<b>31st December, 2010</b>			<b>31st March, 2010</b>		
	<b>Carrying amount</b>	<b>Estimated fair value</b>	<b>Difference</b>	<b>Carrying amount</b>	<b>Estimated fair value</b>	<b>Difference</b>
	(Unaudited)					
<b>Assets:</b>						
Cash and bank deposits	¥ 10,941	¥ 10,941	¥ –	¥ 15,056	¥ 15,056	¥ –
Accounts receivable and other receivables	58,163	58,163	–	68,033	68,033	–
Short-term investment securities, investment securities, and investments in affiliates	102,407	102,407	–	84,092	84,092	–
Long-term loans receivable	7,678	8,122	444	7,593	7,911	318
Total	<u>¥179,189</u>	<u>¥179,633</u>	<u>¥ 444</u>	<u>¥174,774</u>	<u>¥175,092</u>	<u>¥ 318</u>
<b>Liabilities:</b>						
Accounts payable	¥ 13,991	¥ 13,991	¥ –	¥ 24,155	¥ 24,155	¥ –
Short-term bonds payable	9,999	9,999	–	–	–	–
Convertible bonds	49,997	48,872	(1,125)	49,997	47,897	(2,100)
Total	<u>¥ 73,987</u>	<u>¥ 72,862</u>	<u>¥(1,125)</u>	<u>¥ 74,152</u>	<u>¥ 72,052</u>	<u>¥(2,100)</u>

	<i>Thousands of U.S. dollars</i>		
	<b>31st December, 2010</b>		
	<b>Carrying amount</b>	<b>Estimated fair value</b>	<b>Difference</b>
	(Unaudited)		
<b>Assets:</b>			
Cash and bank deposits	\$ 134,212	\$ 134,212	\$ –
Accounts receivable and other receivables	713,481	713,481	–
Short-term investment securities, investment securities, and investments in affiliates	1,256,219	1,256,219	–
Long-term loans receivable	94,185	99,633	5,448
Total	<u>\$2,198,097</u>	<u>\$2,203,545</u>	<u>\$ 5,448</u>
<b>Liabilities:</b>			
Accounts payable	\$ 171,627	\$ 171,627	\$ –
Short-term bonds payable	122,657	122,657	–
Convertible bonds	613,310	599,509	(13,801)
Total	<u>\$ 907,594</u>	<u>\$ 893,793</u>	<u>\$(13,801)</u>

#### 4. Financial Instruments (continued)

Note 1: Methods to determine the estimated fair value of financial instruments.

##### Assets

- a. Cash and bank deposits, accounts receivable and other receivables  
Their carrying amount approximates the fair value due to the short maturity of these instruments.
- b. Short-term investment securities, investment securities and investments in affiliates  
The fair value of stocks is based on quoted market prices. The fair value of bonds is based on either quoted market prices or prices provided by the financial institution making markets in these securities.
- c. Long-term loans receivable  
Long-term loans receivable consist of deposits and guarantee money. The fair values of long-term receivables are based on the present value of the total future cash flows, which are the principal and the interest, discounted by the risk free rate relating to the time remaining until maturity.

##### Liabilities

- a. Accounts payable and short-term bonds payable  
Their carrying amount approximates the fair value due to the short maturity of these instruments.
- b. Convertible bonds  
The fair value of convertible bonds is based on the quoted market price.

Note 2: The following financial instruments are not included in short-term investment securities, investment securities and investments in affiliates because no quoted market price is available and it is extremely difficult to determine the fair value.

	<i>Millions of yen</i>	
	<b>31st December, 2010</b>	<b>31st March, 2010</b>
	<hr/> (Unaudited)	
Unlisted companies' shares	¥15,374	¥15,471
Investments in partnerships	326	460

  

	<i>Thousands of U.S. dollars</i>	
	<b>31st December, 2010</b>	
	<hr/> (Unaudited)	
Unlisted companies' shares	\$188,592	
Investments in partnerships	3,999	

#### 4. Financial Instruments (continued)

- \*1. Unlisted companies' shares are not measured at fair value because they have no market prices on exchanges, and it is extremely difficult to determine fair value. Unlisted companies' shares included investments in affiliates accounted for under the equity method totaling ¥822 million (\$10,083 thousand) and ¥915 million as of 31st December, 2010 and 31st March, 2010, respectively.
- \*2. For investments in partnerships, if fair value for part or all of the components is extremely difficult to determine, such components are not measured at fair value.

#### 5. Investments

The Company did not hold any trading securities or held-to-maturity securities with determinable market value at 31st December, 2010 or 31st March, 2010.

The following is a summary of the market value information concerning other securities included in short-term investment securities, investment securities and investments in affiliates at 31st December, 2010 and 31st March, 2010:

##### *Securities Classified as Other Securities with Fair Value*

	<i>Millions of yen</i>					
	<b>31st December, 2010</b>			<b>31st March, 2010</b>		
	<b>Acquisition cost</b>	<b>Carrying amount</b>	<b>Unrealized gain(loss)</b>	<b>Acquisition cost</b>	<b>Carrying amount</b>	<b>Unrealized gain</b>
	(Unaudited)					
Equity securities	¥10,998	¥ 23,099	¥12,101	¥10,991	¥25,310	¥14,319
Debt securities:						
Government debt securities	1	1	-	-	-	-
Corporate debt securities	21,091	21,085	(6)	14,015	14,062	47
	21,092	21,086	(6)	14,015	14,062	47
Other	58,222	58,222	-	44,720	44,720	-
Total	<u>¥90,312</u>	<u>¥102,407</u>	<u>¥12,095</u>	<u>¥69,726</u>	<u>¥84,092</u>	<u>¥14,366</u>

	<i>Thousands of U.S. dollars</i>		
	<b>31st December, 2010</b>		
	<b>Acquisition cost</b>	<b>Carrying amount</b>	<b>Unrealized gain(loss)</b>
	(Unaudited)		
Equity securities	\$ 134,912	\$ 283,354	\$148,442
Debt securities:			
Government debt securities	12	12	-
Corporate debt securities	258,722	258,648	(74)
	258,734	258,660	(74)
Other	714,205	714,205	-
Total	<u>\$1,107,851</u>	<u>\$1,256,219</u>	<u>\$148,368</u>



## 5. Investments (continued)

Impairment loss on the securities whose fair value is determinable, classified as other securities, as a result of a permanent decline in value for the nine months ended 31st December, 2010 and the year ended 31st March, 2010 was nil and ¥704 million, respectively. The Company has established a policy to recognize impairment losses for securities whose fair value has declined by 30% or more and for which a recovery to fair value is not deemed probable.

## 6. Net Assets

The Corporation Law of Japan provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus and retained earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. In accordance with the Corporation Law, the Company provides a legal reserve which is included in retained earnings. This reserve amounted to ¥570 million (\$6,992 thousand) and ¥570 million at 31st December, 2010 and 31st March, 2010, respectively.

### *Shares in Issue and Treasury Stock*

The total number of shares in issue and the total number of shares of treasury stock at 31st December, 2010 and 31st March, 2010 are summarized as follows:

	<u>31st December, 2010</u>		<u>31st March, 2010</u>	
	<u>Shares in issue</u>	<u>Treasury stock</u>	<u>Shares in issue</u>	<u>Treasury stock</u>
	(Unaudited)			
Number of shares	225,000,000	30,299,843	225,000,000	30,378,314

### *Dividends*

The following appropriation of cash dividends to shareholders of common stock were approved at meetings of the Board of Directors held on 14th May, 2010 and 29th October, 2010, and were paid to shareholders of record as of 31st March, 2010 and 30th September, 2010, respectively, during the nine-month period ended 31st December, 2010:

	<u>Millions of yen</u>	<u>Thousands of U.S. dollars</u>
Cash dividends approved on 14th May, 2010* (¥26.00 = U.S.\$0.32 per share)	¥5,060	\$62,071
Cash dividends approved on 29th October, 2010* (¥26.00 = U.S.\$0.32 per share)	¥5,062	\$62,094

\* Unrealized gain on other securities is not available for the payment of cash dividends.

## 7. Cash and Cash Equivalents

A reconciliation between cash and bank deposits in the accompanying quarterly consolidated balance sheets and cash and cash equivalents in the accompanying quarterly consolidated statements of cash flows at 31st December, 2010 and 2009 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>31st December,</b>		<b>31st December,</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>
	(Unaudited)		(Unaudited)
Cash and bank deposits	¥ 10,941	¥12,503	\$ 134,212
Short-term investment securities	70,282	38,367	862,144
Time deposits with maturities of more than three months when deposited	(184)	–	(2,257)
Bonds and other investments maturing in more than three months from the acquisition date	(12,560)	–	(154,072)
Cash and cash equivalents	<u>¥ 68,479</u>	<u>¥50,870</u>	<u>\$ 840,027</u>

## 8. Per Share Data

Per share data is summarized as follows:

	<i>Yen</i>		<i>U.S. dollars</i>
	<b>Three months ended 31st December,</b>		<b>Three months ended 31st December,</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>
	(Unaudited)		(Unaudited)
Earnings per share – basic	¥33.82	¥34.28	\$0.41
Earnings per share – diluted	31.85	32.29	0.39

  

	<i>Yen</i>		<i>U.S. dollars</i>
	<b>Nine months ended 31st December,</b>		<b>Nine months ended 31st December,</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>
	(Unaudited)		(Unaudited)
Earnings per share – basic	¥83.43	¥95.85	\$1.02
Earnings per share – diluted	78.60	90.29	0.96

  

	<i>Yen</i>		<i>U.S. dollars</i>
	<b>31st December, 2010</b>	<b>31st March, 2010</b>	<b>31st December, 2010</b>
	(Unaudited)		(Unaudited)
Net assets per share	¥1,147.84	¥1,125.63	\$14.08

The computation of earnings and net assets per share is based on the weighted-average number of shares of common stock outstanding during each period and the number of shares of common stock outstanding at each balance sheet date, respectively.

## 8. Per Share Data (continued)

The computation of earnings per share and diluted earnings per share for the three months and nine months ended 31st December, 2010 and 2009 is as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>Three months ended 31st December, 2010</b>	<b>2009</b>	<b>Three months ended 31st December, 2010</b>
	(Unaudited)		(Unaudited)
Numerator:			
Earnings	¥6,584	¥6,670	\$80,765
Earnings not available to common shareholders	(-)	(-)	(-)
Earnings available to common shareholders	<u>¥6,584</u>	<u>¥6,670</u>	<u>\$80,765</u>
	<i>Thousands of shares</i>		
Denominator:			
Weighted-average number of shares of common stock outstanding – basic	194,692	194,607	194,692
Potentially dilutive shares of common stock – Convertible bond	11,836	11,836	11,836
Potentially dilutive shares of common stock – Stock option	158	141	158
Weighted-average number of shares of common stock outstanding – diluted	<u>206,686</u>	<u>206,584</u>	<u>206,686</u>
	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>Nine months ended 31st December, 2010</b>	<b>2009</b>	<b>Nine months ended 31st December, 2010</b>
	(Unaudited)		(Unaudited)
Numerator:			
Earnings	¥16,242	¥18,650	\$199,239
Earnings not available to common shareholders	(-)	(-)	(-)
Earnings available to common shareholders	<u>¥16,242</u>	<u>¥18,650</u>	<u>\$199,239</u>
	<i>Thousands of shares</i>		
Denominator:			
Weighted-average number of shares of common stock outstanding – basic	194,667	194,578	194,667
Potentially dilutive shares of common stock – Convertible bond	11,836	11,836	11,836
Potentially dilutive shares of common stock – Stock option	132	131	132
Weighted-average number of shares of common stock outstanding – diluted	<u>206,635</u>	<u>206,545</u>	<u>206,635</u>

## 8. Per Share Data (continued)

The following potentially issuable shares of common stock would have an antidilutive effect, and thus have not been included in the diluted earnings per share calculation for the three months and the nine months ended 31st December, 2010 and 2009:

	<i>Shares</i>			
	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31st December,</b>		<b>31st December,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	(Unaudited)		(Unaudited)	
a) 3rd share subscription rights	–	–	–	0 *
b) 4th share subscription rights	–	224,500	0 **	224,500
c) 6th share subscription rights	367,500	392,500	367,500	392,500
d) 8th share subscription rights	415,000	415,000	415,000	415,000
e) 10th share subscription rights	417,500	417,500	417,500	417,500
f) 12th share subscription rights	440,000	440,000	440,000	440,000
g) 14th share subscription rights	445,000	–	445,000	–

\* The exercise period ended 30th June, 2009.

\*\* The exercise period ended 30th June, 2010.

The computation of net assets per share at 31st December, 2010 and 31st March, 2010 is summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of</i>
	<b>31st December,</b>	<b>31st March,</b>	<i>U.S. dollars</i>
	<b>2010</b>	<b>2010</b>	<b>31st December,</b>
	(Unaudited)		(Unaudited)
<b>Numerator:</b>			
Net assets	¥224,757	¥220,237	\$2,757,078
Share subscription rights	(1,272)	(1,155)	(15,604)
Minority interests	(–)	(10)	(–)
Net assets attributable to common stock	<u>¥223,485</u>	<u>¥219,072</u>	<u>\$2,741,474</u>
<i>Thousands of shares</i>			
<b>Denominator:</b>			
Number of shares of common stock outstanding	194,700	194,622	194,700

## 9. Selling, General and Administrative Expenses

The details of selling, general and administrative expenses for the three months and nine months ended 31st December, 2010 and 2009 are summarized as follows:

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>Three months ended 31st December,</b>		<b>Three months ended 31st December,</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>
	(Unaudited)		(Unaudited)
Personnel expenses	¥ 7,256	¥ 6,996	\$ 89,009
Rent	1,307	1,296	16,033
Subcontractor costs	1,738	1,796	21,320
Other	2,949	3,110	36,174
Total	<u>¥13,250</u>	<u>¥13,198</u>	<u>\$162,536</u>

	<i>Millions of yen</i>		<i>Thousands of U.S. dollars</i>
	<b>Nine months ended 31st December,</b>		<b>Nine months ended 31st December,</b>
	<b>2010</b>	<b>2009</b>	<b>2010</b>
	(Unaudited)		(Unaudited)
Personnel expenses	¥22,331	¥21,585	\$273,933
Rent	3,841	3,500	47,117
Subcontractor costs	5,053	5,231	61,985
Other	9,526	9,169	116,855
Total	<u>¥40,751</u>	<u>¥39,485</u>	<u>\$499,890</u>

## 10. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the three months and nine months ended 31st December, 2010 and 2009 are summarized as follows:

<i>Millions of yen</i>				<i>Thousands of U.S. dollars</i>	
<b>Three months ended 31st December,</b>		<b>Nine months ended 31st December,</b>		<b>Three months ended 31st December,</b>	<b>Nine months ended 31st December,</b>
<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>
(Unaudited)		(Unaudited)		(Unaudited)	
¥921	¥807	¥2,506	¥2,491	\$11,298	\$30,741

## 11. Contingent Liabilities

There were no material contingent liabilities at 31st December, 2010 and 31st March, 2010.

## 12. Stock Option Plans

For the three months and nine months ended 31st December, 2010 and 2009, the Company recognized and allocated share-based compensation cost as follows:

	<i>Millions of yen</i>				<i>Thousands of U.S. dollars</i>	
	<b>Three months ended 31st December, 2010</b>		<b>Nine months ended 31st December, 2010</b>		<b>Three months ended 31st December, 2010</b>	<b>Nine months ended 31st December, 2010</b>
	(Unaudited)		(Unaudited)		(Unaudited)	
Cost of sales	¥43	¥ 60	¥130	¥185	\$ 527	\$1,595
Selling, general and administrative expenses	48	68	159	221	589	1,950
	¥91	¥128	¥289	¥406	\$1,116	\$3,545

No stock options were granted in three months ended 31st December, 2010.

## 13. Segment Information

### *Segment Information*

#### 1) Outline of reportable segments

The Company's reportable segments have been determined on the basis that separate financial information for such segments is available and evaluated periodically by the supreme decision-making body in deciding the allocation of management resources and in assessing the business performances of such segments. The Company consists of divisions basically based on services, customers and markets, and those divisions engage in consulting services; system development and application sales; system management and operation services; and product sales. Therefore, the Company has classified its reportable segments as follows: Consulting, Financial IT Solutions, Industrial IT Solutions and IT Platform Services.

#### Consulting

In addition to management consulting, which provides assistance for formulation and execution of management and business strategies, organizational reform etc., system consulting is provided for all aspects of IT management including valuation and diagnosis of IT assets, formulation of IT strategies and support for system operation.

#### Financial IT Solutions

Customers in the financial sector, who usually belong to the securities, insurance, or banking industries, are provided with services including system consulting, system development and system management and operation. Specifically, in addition to providing system development and outsourcing services to each customer, this segment provides industry-standard business platforms such as "THE STAR," a total securities back-office system, "I-STAR," a multi-user system for the wholesale securities sector, "T-STAR," a multi-user system for asset management firms, "BESTWAY," a system for over-the-counter sales of investment trusts, and "e-JIBAI," a multi-user system for automobile liability insurance.

### 13. Segment Information (continued)

#### Segment Information (continued)

##### Industrial IT Solutions

The main customers in this segment include not only the distribution, manufacturing and service sectors, but also governments and other public agencies. The services provided include system consulting, system development and system management and operation. Services including information security services and IT platform architecture tools are also provided to customers from a broad range of industry sectors.

##### IT Platform Services

Services including system operation, management and administration of data centers and IT platform and network architecture related services are provided to mainly the Financial IT Solutions segment and Industrial IT Solutions segment. This segment also conducts research for the development of new business operations and new products related to IT solutions and research related to leading-edge information technologies.

#### 2) Net sales and profit (loss) by reportable segment

<i>Millions of yen</i>									
Three months ended 31st December, 2010									
Reportable segment									
	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal	Others *1	Total	Adjustment *2	Consolidated *3	
Consulting									
				(Unaudited)					
Sales and segment profit:									
Sales to external customers	¥5,265	¥49,049	¥20,571	¥ 2,859	¥77,744	¥2,037	¥79,781	¥ 87	¥79,868
Intersegment sales or transfers	13	23	1,165	14,125	15,326	756	16,082	(16,082)	-
Total sales	5,278	49,072	21,736	16,984	93,070	2,793	95,863	(15,995)	79,868
Segment profit	¥ 831	¥ 5,100	¥ 2,163	¥ 2,465	¥10,559	¥ 86	¥10,645	¥ 364	¥11,009

<i>Millions of yen</i>									
Nine months ended 31st December, 2010									
Reportable segment									
	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal	Others *1	Total	Adjustment *2	Consolidated *3	
Consulting									
				(Unaudited)					
Sales and segment profit:									
Sales to external customers	¥13,773	¥150,241	¥62,639	¥ 8,916	¥235,569	¥6,163	¥241,732	¥ 243	¥241,975
Intersegment sales or transfers	48	52	3,403	42,332	45,835	2,308	48,143	(48,143)	-
Total sales	13,821	150,293	66,042	51,248	281,404	8,471	289,875	(47,900)	241,975
Segment profit	¥ 601	¥ 14,099	¥ 2,529	¥ 7,532	¥ 24,761	¥ 185	¥ 24,946	¥ 2,073	¥ 27,019

\*1 Some subsidiaries provide system development and system management and operation services that are not included in the above reportable segments.

\*2 Individual items included in adjustment of segment profit were all immaterial amounts.

\*3 Segment profit is adjusted to operating profit in the quarterly consolidated statements of income.

### 13. Segment Information (continued)

#### Segment Information (continued)

*Thousands of U.S. dollars*

Three months ended 31st December, 2010									
Reportable segment									
	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal	Others	Total	Adjustment	Consolidated	
Consulting									
(Unaudited)									
Sales and segment profit:									
Sales to external customers	\$64,585	\$601,681	\$252,343	\$ 35,071	\$ 953,680	\$24,988	\$ 978,668	\$ 1,067	\$979,735
Intersegment sales or transfers	159	282	14,291	173,271	188,003	9,274	197,277	(197,277)	–
Total sales	64,744	601,963	266,634	208,342	1,141,683	34,262	1,175,945	(196,210)	979,735
Segment profit	\$10,194	\$ 62,561	\$ 26,533	\$ 30,238	\$ 129,526	\$ 1,055	\$ 130,581	\$ 4,466	\$135,047

*Thousands of U.S. dollars*

Nine months ended 31st December, 2010									
Reportable segment									
	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal	Others	Total	Adjustment	Consolidated	
Consulting									
(Unaudited)									
Sales and segment profit:									
Sales to external customers	\$168,952	\$1,842,996	\$768,388	\$109,372	\$2,889,708	\$ 75,601	\$2,965,309	\$ 2,981	\$2,968,290
Intersegment sales or transfers	589	638	41,744	519,284	562,255	28,312	590,567	(590,567)	–
Total sales	169,541	1,843,634	810,132	628,656	3,451,963	103,913	3,555,876	(587,586)	2,968,290
Segment profit	\$ 7,372	\$ 172,951	\$ 31,023	\$ 92,395	\$ 303,741	\$ 2,270	\$ 306,011	\$ 25,429	\$ 331,440

#### (Additional information)

Effective the first quarter ended 30th June, 2010, the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20) has been applied.

The following is the segment information for the three months and nine months ended 31st December, 2009, which has been restated to conform with the standard applied in the three months and nine months ended 31st December, 2010.

*Millions of yen*

Three months ended 31st December, 2009									
Reportable segment									
	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	Subtotal	Others	Total	Adjustment	Consolidated	
Consulting									
(Unaudited)									
Sales and segment profit:									
Sales to external customers	¥4,954	¥53,273	¥22,377	¥ 2,678	¥83,282	¥1,912	¥ 85,194	¥ 79	¥85,273
Intersegment sales or transfers	10	25	1,165	14,589	15,789	753	16,542	(16,542)	–
Total sales	4,964	53,298	23,542	17,267	99,071	2,665	101,736	(16,463)	85,273
Segment profit (loss)	¥ 245	¥ 5,518	¥ 2,192	¥ 2,241	¥10,196	¥ (209)	¥ 9,987	¥ 678	¥10,665



### 13. Segment Information (continued)

#### Segment Information (continued)

*Millions of yen*

Nine months ended 31st December, 2009									
Reportable segment					Subtotal	Others	Total	Adjustment	Consolidated
Consulting	Financial IT Solutions	Industrial IT Solutions	IT Platform Services	(Unaudited)					
Sales and segment profit:									
Sales to external customers	¥13,496	¥155,446	¥67,729	¥ 8,412	¥245,083	¥6,818	¥251,901	¥ 254	¥252,155
Intersegment sales or transfers	20	119	3,539	43,393	47,071	2,416	49,487	(49,487)	–
Total sales	13,516	155,565	71,268	51,805	292,154	9,234	301,388	(49,233)	252,155
Segment profit (loss)	¥ 242	¥ 16,312	¥ 6,943	¥ 6,761	¥ 30,258	¥ (521)	¥ 29,737	¥ 3,018	¥ 32,755

#### Business Segments

Business segment information is presented under the following two categories:

- the consulting services business, which includes research services, management consulting services and system consulting services.
- the IT solutions services business, which includes developing and managing computer systems and selling software packages; providing outsourcing services, multi-user systems and information services; and selling computer equipment and related products.

Business segment information of the Company and its consolidated subsidiaries for the three months and nine months ended 31st December, 2009 is summarized as follows:

*Millions of yen*

Three months ended 31st December, 2009					
Consulting services	IT solutions services	Total	Eliminations and corporate	Consolidated	
(Unaudited)					
Sales and operating profit:					
Sales to external customers	¥7,893	¥77,380	¥85,273	¥ –	¥85,273
Intersegment sales or transfers	117	205	322	(322)	–
Total sales	8,010	77,585	85,595	(322)	85,273
Operating expenses	7,777	67,153	74,930	(322)	74,608
Operating profit	¥ 233	¥10,432	¥10,665	¥ –	¥10,665

*Millions of yen*

Nine months ended 31st December, 2009					
Consulting services	IT solutions services	Total	Eliminations and corporate	Consolidated	
(Unaudited)					
Sales and operating profit:					
Sales to external customers	¥21,489	¥230,666	¥252,155	¥ –	¥252,155
Intersegment sales or transfers	309	427	736	(736)	–
Total sales	21,798	231,093	252,891	(736)	252,155
Operating expenses	21,586	198,550	220,136	(736)	219,400
Operating profit	¥ 212	¥ 32,543	¥ 32,755	¥ –	¥ 32,755

### **13. Segment Information (continued)**

#### ***Geographical Segments***

Because sales in the domestic segment constituted more than 90% of total sales for the three months and nine months ended 31st December, 2009, geographical segment information has not been presented.

#### ***Overseas Sales***

Because overseas sales constituted less than 10% of consolidated sales for the three months and nine months ended 31st December, 2009, no disclosure of overseas sales has been made.

### **14. Subsequent Events**

Not applicable.