DTS CORPORATION and Consolidated Subsidiaries

Consolidated Financial Statements for the Years Ended March 31, 2011 and 2010, and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
DTS CORPORATION:

We have audited the accompanying consolidated balance sheets of DTS CORPORATION and consolidated subsidiaries (the "Company") as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DTS CORPORATION and consolidated subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

June 20, 2011

DTS CORPORATION and Consolidated Subsidiaries

Consolidated Balance Sheets
March 31, 2011 and 2010

ASSETS	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
CURRENT ASSETS:			
Cash and cash equivalents (Note 13)	¥11,251	¥ 9,367	$135,310
Notes and accounts receivable (Note 13):			
Trade	9,335	9,521	112,267
Other	122	410	1,467
Allowance for doubtful receivables	(19)	(203)	(229)
Inventories (Note 3)	665	1,221	7,998
Deferred tax assets (Note 11)	1,264	1,017	15,201
Prepaid expenses and other current assets	1,535	1,366	18,461
Total current assets	24,153	22,699	290,475
PROPERTY AND EQUIPMENT:			
Land	6,432	6,432	77,354
Buildings and structures	5,024	5,006	60,421
Furniture and fixtures	1,328	1,382	15,971
Other	43	24	517
Total	12,827	12,844	154,263
Accumulated depreciation	(3,733)	(3,635)	(44,894)
Net property and equipment	9,094	9,209	109,369
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 13)	1,393	1,507	16,753
Investments in unconsolidated subsidiaries and associated companies	204	204	2,454
Software	2,417	2,925	29,068
Goodwill (Note 9)	2,268	2,701	27,276
Deferred tax assets (Note 11)	763	907	9,176
Other assets	1,337	1,159	16,079
Allowance for doubtful receivables	(182)	(40)	(2,189)
Total investments and other assets	8,200	9,363	98,617
TOTAL	¥41,447	¥41,271	$498,461

LIABILITIES AND EQUITY	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
CURRENT LIABILITIES:			
Short-term bank loans (Notes 5 and 13)	¥ 344	¥ 412	$ 4,137
Current portion of long-term debt (Notes 5 and 13)	125	550	1,503
Payables (Note 13):			
Trade accounts	2,057	2,293	24,738
Other	1,232	1,644	14,817
Advances received	1,040	1,020	12,508
Income taxes payable (Note 13)	1,063	340	12,784
Accrued expenses	2,650	2,372	31,870
Other current liabilities	1,000	792	12,027
Total current liabilities	9,511	9,423	114,384
LONG-TERM LIABILITIES:			
Long-term debt (Notes 5 and 13)	235	359	2,826
Liability for employees' retirement benefits (Note 6)	499	500	6,001
Retirement allowances for directors and corporate auditors	85	241	1,023
Other long-term liabilities	185	179	2,225
Total long-term liabilities	1,004	1,279	12,075
EQUITY (Notes 7 and 17):			
Common stock—authorized, 100,000,000 shares; issued, 25,222,266 shares in 2011 and 2010	6,113	6,113	73,518
Capital surplus	6,191	6,191	74,456
Retained earnings	18,755	18,463	225,556
Treasury stock—at cost, 1,446,816 shares in 2011 and 1,446,580 shares in 2010	(1,494)	(1,493)	(17,968)
Accumulated other comprehensive income—unrealized loss on available-for-sale securities	(72)	(53)	(866)
Total	29,493	29,221	354,696
Minority interests	1,439	1,348	17,306
Total equity	30,932	30,569	372,002
TOTAL	¥41,447	¥41,271	$498,461

See notes to consolidated financial statements.

DTS CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Income
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES	¥58,504	¥52,503	$703,596
COST OF SALES (Notes 6 and 12)	50,482	45,768	607,120
Gross profit	8,022	6,735	96,476
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6, 9, 10 and 12)	5,726	5,565	68,863
Operating income	2,296	1,170	27,613
OTHER INCOME (EXPENSES):			
Interest and dividends income	49	44	589
Interest expense	(10)	(11)	(120)
Subsidy income	78	128	938
Loss from prior year adjustments		(208)	
Other—net	(96)	(73)	(1,155)
Other income (expenses)—net	21	(120)	252
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	2,317	1,050	27,865
INCOME TAXES (Note 11):			
Current	1,165	540	14,011
Deferred	(101)	131	(1,215)
Total income taxes	1,064	671	12,796
NET INCOME BEFORE MINORITY INTERESTS	1,253		15,069
MINORITY INTERESTS IN NET INCOME	128	101	1,539
NET INCOME	¥ 1,125	¥ 278	$ 13,530

	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Notes 2.q and 16):			
Basic net income	¥47.30	¥11.76	$0.57
Cash dividends applicable to the year	35.00	35.00	0.42

See notes to consolidated financial statements.

DTS CORPORATION and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	2011
NET INCOME BEFORE MINORITY INTERESTS	¥1,253	$15,069
OTHER COMPREHENSIVE LOSS (Note 15)—		
Unrealized loss on available-for-sale securities	(20)	(240)
Total other comprehensive loss	(20)	(240)
COMPREHENSIVE INCOME (Note 15)	¥1,233	$14,829
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 15):		
Owners of the parent	¥1,105	$13,290
Minority interests	128	1,539

See notes to consolidated financial statements.

DTS CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Changes in Equity
Years Ended March 31, 2011 and 2010

	Number of Shares of Common Stock Outstanding	Millions of Yen: Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income: Unrealized Gain (Loss) on Available-for-Sale Securities	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	23,664,003	¥6,113	¥6,193	¥19,031	¥(1,608)	¥(64)	¥29,665	¥1,301	¥30,966
Net income				278			278		278
Cash dividends, ¥35 per share				(828)			(828)		(828)
Repurchase of treasury stock	(117)								
Disposal of treasury stock—exercise of stock options	111,800		(2)	(18)	115		95		95
Net change in the year						11	11	47	58
BALANCE, MARCH 31, 2010	23,775,686	6,113	6,191	18,463	(1,493)	(53)	29,221	1,348	30,569
Net income				1,125			1,125		1,125
Cash dividends, ¥35 per share				(833)			(833)		(833)
Repurchase of treasury stock	(236)				(1)		(1)		(1)
Net change in the year						(19)	(19)	91	72
BALANCE, MARCH 31, 2011	23,775,450	¥6,113	¥6,191	¥18,755	¥(1,494)	¥(72)	¥29,493	¥1,439	¥30,932

	Thousands of U.S. Dollars (Note 1): Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income: Unrealized Gain (Loss) on Available-for-Sale Securities	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2010	$73,518	$74,456	$222,044	$(17,956)	$(637)	$351,425	$16,212	$367,637
Net income			13,530			13,530		13,530
Cash dividends, $0.42 per share			(10,018)			(10,018)		(10,018)
Repurchase of treasury stock				(12)		(12)		(12)
Net change in the year					(229)	(229)	1,094	865
BALANCE, MARCH 31, 2011	$73,518	$74,456	$225,556	$(17,968)	$(866)	$354,696	$17,306	$372,002

See notes to consolidated financial statements.

DTS CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥2,317	¥ 1,050	$27,865
Adjustments for:			
Income taxes paid	(507)	(1,052)	(6,097)
Depreciation and amortization	1,892	2,118	22,754
Changes in assets and liabilities:			
Decrease in trade notes and accounts receivable	267	114	3,211
Decrease in inventories	545	599	6,554
(Increase) decrease in other current assets	(75)	157	(902)
Decrease in accounts payable	(512)	(423)	(6,158)
Increase (decrease) in accrued expenses	283	(465)	3,404
Increase (decrease) in other current liabilities	135	(185)	1,624
Decrease in liability for employees' retirement benefits and retirement allowances for directors and corporate auditors	(145)	(175)	(1,744)
Other—net	163	184	1,960
Total adjustments	2,046	872	24,606
Net cash provided by operating activities	4,363	1,922	52,471
INVESTING ACTIVITIES:			
Increase in time deposits other than cash equivalents	(650)	(325)	(7,817)
Decrease in time deposits other than cash equivalents	550	30	6,614
Payment for purchases of property and equipment	(205)	(115)	(2,465)
Payment for purchases of investment securities	(1)	(1)	(12)
Payment for purchases of software	(633)	(1,022)	(7,613)
Proceeds from redemption of investment securities	100		1,203
Payments for transfer of business	(134)	(700)	(1,612)
Payment for sale of subsidiaries' stock	(87)		(1,046)
Net increase in other assets	(3)	(1)	(36)
Net cash used in investing activities	(1,063)	(2,134)	(12,784)
FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans—net	5	(17)	60
Redemption of bonds	(120)	(10)	(1,443)
Repayment of long-term debt	(430)	(349)	(5,171)
Dividends paid	(866)	(880)	(10,415)
Disposal of treasury stock		95	
Other—net	(5)		(60)
Net cash used in financing activities	(1,416)	(1,161)	(17,029)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)	¥1,884	¥(1,373)	$22,658

(Continued)

DTS CORPORATION and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS—(Forward)	¥ 1,884	¥ (1,373)	$ 22,658
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,367	10,740	112,652
CASH AND CASH EQUIVALENTS, END OF YEAR	¥11,251	¥ 9,367	$135,310

See notes to consolidated financial statements.

(Concluded)

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 15. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which DTS CORPORATION (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83.15 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidation*—The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its eight (nine in 2010) significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in the remaining unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. *Cash Equivalents*—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include demand deposits, time deposits and other short-term investments, all of which mature or become due within three months of the date of acquisition.

c. *Inventories*—Merchandise and work in process are stated at the lower of cost, determined by the moving-average method for merchandise, and by the specific identification method for work in process, or net selling value. Supplies are stated at the most recent purchase price which approximates cost determined by the first-in, first-out method.

d. *Property and Equipment*—Property and equipment are stated at cost. Depreciation is computed by the declining-balance method for most assets at rates based on the estimated useful lives of the assets except for buildings acquired on or after April 1, 1998, to which the straight-line method is applied. The range of useful lives is principally from 3 to 50 years for buildings and structures and from 2 to 20 years for furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

   Assets with an acquisition cost of greater than ¥100,000 but less than ¥200,000 are mainly depreciated by the straight-line method over 3 years.

e. *Long-Lived Assets*—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

f. *Software Costs*

   (1) *Software for sale*—Software development costs, incurred through the completion of a Beta version of specific software for sale, are charged to income when incurred. Such costs incurred subsequent to the completion of the Beta version are capitalized and amortized in proportion of the actual sales volume and revenue of the software during the year to the estimated total sales volume and revenue over the estimated salable years of the software or by the straight-line method over 3 or 5 years.

   (2) *Software for internal use*—Software costs for the purpose of rendering services to clients under specific license contracts are amortized by the straight-line method over the relevant contract period (mainly 8 years). Other purchased software costs are amortized by the straight-line method over the estimated period of internal use (within 5 years) when such costs will be recovered from related future economic benefits. Otherwise, other purchased software costs are charged to income when incurred. The useful lives for lease assets are the terms of the respective leases.

g. *Investment Securities*—Based on management's intent, all investment securities are classified as available-for-sale securities. Available-for-sale securities with readily determinable market values are stated at fair value at each balance sheet date, with unrealized gains and losses, net of tax, reported as a separate component of equity. The cost of securities sold is determined based on the moving-average method.

   Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. *Goodwill*—The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition is recorded as goodwill. Goodwill is amortized using the straight-line method over 3 to 10 years.

i. *Employees' Retirement and Pension Plans*—The Company and some consolidated subsidiaries have a contributory funded defined benefit pension plan and a defined contribution pension plan covering substantially all of its employees.

The contributions for a contributory funded defined benefit pension plan and a defined contribution pension plan are charged to income when paid.

A subsidiary has an unfunded retirement benefit plan covering substantially all of its employees. The subsidiary accounts for the liability for retirement benefits based on projected benefit obligations at the balance sheet date.

Prior service cost and actuarial difference are amortized over the periods (12 years in 2011 and 13 years in 2010) which are shorter than the average remaining years of service of the employees.

j. *Retirement Allowances for Directors and Corporate Auditors*—Directors and corporate auditors of part of consolidated subsidiaries are generally entitled to receive lump-sum payments based on compensation at the time of retirement and the number of years of service when they retire. The accrued provisions are not funded and any amounts payable to directors and corporate auditors upon retirement are subject to the approval of the shareholders. The provision for severance payments is calculated to state the severance liability at the amount that would be payable if all directors and corporate auditors retired at the balance sheet date.

k. *Asset Retirement Obligations*—In March 2008, the Accounting Standards Board of Japan (the "ASBJ") published the accounting standard for asset retirement obligations, ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥3 million ($36 thousand) and income before income taxes and minority interests by ¥15 million ($180 thousand).

l. *Research and Development Costs*—Research and development costs are charged to income as incurred.

m. *Leases*—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

n. *Bonuses to Directors and Corporate Auditors*—Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

o. *Construction Contracts*—In December 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." Under this accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts. This standard is applicable to construction contracts and software development contracts and was effective for fiscal years beginning on or after April 1, 2009. The Company applied the accounting standard effective April 1, 2009.

p. *Income Taxes*—The provision for income taxes is computed based on income before income taxes and minority interests. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

q. *Per Share Information*—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if warrants or stock options were exercised. Diluted net income per share of common stock assumes full exercise of the outstanding warrants and stock options at the beginning of the year.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

r. New Accounting Pronouncements

Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions. (2) Changes in Presentations—When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior Period Errors—When an error in prior period financial statements is discovered, those statements are restated. This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

3. INVENTORIES

Inventories at March 31, 2011 and 2010, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Merchandise	¥166	¥ 367	$1,997
Work in process	486	836	5,845
Supplies	13	18	156
Total	¥665	¥1,221	$7,998

4. INVESTMENT SECURITIES

Investment securities as of March 31, 2011 and 2010, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Non-current:			
Equity securities	¥ 993	¥1,013	$11,942
Debt securities	400	494	4,811
Total	¥1,393	¥1,507	$16,753

The carrying amounts and aggregate fair values of investment securities at March 31, 2011 and 2010, were as follows:

	Millions of Yen			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	¥1,001	¥86	¥175	¥912
Debt securities	400	6	6	400
March 31, 2010				
Equity securities	¥998	¥138	¥205	¥931
Debt securities	495	9	10	494

	Thousands of U.S. Dollars			
March 31, 2011	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities	$12,038	$1,034	$2,104	$10,968
Debt securities	4,811	72	72	4,811

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2011 and 2010, were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Available-for-sale equity securities	¥81	¥81	$974

Available-for-sale securities sold for the years ended March 31, 2011 and 2010 were less than ¥1 million. The impairment losses on available-for-sale equity securities for the years ended March 31, 2011 and 2010 were ¥0 million and ¥40 million, respectively.

5. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2011 and 2010, consisted of notes to banks and bank overdrafts. The annual interest rates applicable to the short-term loans ranged from 0.68% to 2.00% and 1.48% to 3.00% at March 31, 2011 and 2010, respectively.

Long-term debt at March 31, 2011 and 2010, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Loans from banks, with interest rates ranging from 1.14% to 2.50%—Unsecured		¥449	
Unsecured 1.3% bonds, due December 2012	¥ 40	60	$ 481
Unsecured 0.6% bonds, due September 2013	300	400	3,608
Lease obligation due through 2016	20		240
Total	360	909	4,329
Less current portion	(125)	(550)	(1,503)
Long-term debt, less current portion	¥235	¥359	$2,826

Annual maturities of long-term debt at March 31, 2011, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥125	$1,503
2013	125	1,503
2014	105	1,263
2015	5	60
2016		
Total	¥360	$4,329

6. EMPLOYEES' RETIREMENT BENEFITS

The liability for employees' retirement benefits at March 31, 2011 and 2010, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥539	¥550	$6,482
Unrecognized actuarial loss	(34)	(43)	(409)
Unrecognized prior service cost	(6)	(7)	(72)
Net liability	¥499	¥500	$6,001

The components of net periodic retirement benefit costs for the years ended March 31, 2011 and 2010, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 70	¥ 45	$ 842
Interest cost	7	7	84
Recognized actuarial loss	4	7	48
Amortization of prior service cost	1	(11)	12
Contributions mostly to the defined contribution pension plan	462	452	5,556
Net periodic retirement benefit costs	¥544	¥500	$6,542

The contributory funded employees' pension plan, a multiemployers plan, was not included in the above tables as the fair value of plan assets corresponding to the Company's contribution cannot be reasonably computed.

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	1.5%	1.5%
Amortization period of prior service cost	12 years	13 years
Recognition period of actuarial gain/loss	12 years	13 years

7. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. *Dividends*

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. *Increases/Decreases and Transfer of Common Stock, Reserve and Surplus*

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account that was charged upon the payment of such dividends until the total aggregate amount of the legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. *Treasury Stock and Treasury Stock Acquisition Rights*

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. STOCK OPTIONS

The stock options outstanding as of March 31, 2011 were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2004 Stock Option	9 directors 1 corporate auditor 6 operating officers 479 employees	218,200 shares	2004.9.10	¥1,195 ($14)	From October 1, 2004 to June 24, 2014
2005 Stock Option	8 directors 1 corporate auditor 11 operating officers 1,173 employees	462,400 shares	2005.12.8	¥1,989 ($24)	From December 9, 2005 to June 23, 2015

The stock option activity was as follows:

	2003 Stock Option	2004 Stock Option	2005 Stock Option
		(Shares)	
Year Ended March 31, 2010			
Vested			
March 31, 2009—Outstanding	77,800	103,600	412,400
Exercised			
Canceled	77,800	17,800	30,600
March 31, 2010—Outstanding		85,800	381,800
Year Ended March 31, 2011			
Vested			
March 31, 2010—Outstanding		85,800	381,800
Exercised			
Canceled		85,800	10,600
March 31, 2011—Outstanding			371,200
Exercise price		¥1,195 ($14)	¥1,989 ($24)

9. AMORTIZATION OF GOODWILL

Goodwill represents the excess of the cost of acquisitions over the fair value of net assets of the acquired subsidiaries. The amount of amortization of goodwill included in selling, general and administrative expenses was ¥433 million ($5,207 thousand) and ¥803 million for the years ended March 31, 2011 and 2010, respectively.

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥0 million and ¥75 million for the years ended March 31, 2011 and 2010, respectively.

11. INCOME TAXES

The Company and subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2011 and 2010.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Deferred tax assets:			
Accrued bonuses	¥ 925	¥ 846	$11,125
Accrued social insurance premium	127	116	1,527
Enterprise tax payable	93	47	1,118
Allowance for doubtful receivables	79	94	950
Provision for loss on order received	47	22	565
Liability for employees' retirement benefits	178	176	2,141
Tax loss carryforwards	299	301	3,596
Retirement allowances for directors and corporate auditors	35	99	421
Software	88	97	1,058
Membership right	61	59	734
Investments in associated companies	46	46	553
Investment securities	63	55	758
Asset adjustment account	439	559	5,280
Long-term accounts payable—other	64	67	770
Unrealized profit of software	88	92	1,058
Other	67	50	806
Less valuation allowance	(663)	(797)	(7,974)
Total	2,036	1,929	24,486
Deferred tax liabilities:			
Investment securities	4	5	48
Asset retirement obligation	6		72
Total	10	5	120
Net deferred tax assets	¥2,026	¥1,924	$24,366

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the years ended March 31, 2011 and 2010, was as follows:

	2011	2010
Normal effective statutory tax rate	40.7%	40.7%
Expenses not deductible for income tax purposes	1.9	3.9
Inhabitants taxes—per capita levy	1.1	2.5
Amortization of goodwill	7.3	13.6
Changes in valuation allowance for deferred tax assets	(4.7)	8.3
Loss on revaluation of investments in subsidiaries		(4.5)
Other—net	(0.4)	(0.6)
Actual effective tax rate	45.9%	63.9%

12. LEASES

The Group leases furniture and fixtures, software and other assets.

Total rental expenses for the years ended March 31, 2011 and 2010 were ¥634 million ($7,625 thousand) and ¥545 million, respectively, including ¥24 million ($289 thousand) and ¥28 million of lease payments under finance leases, respectively.

Pro forma Information of Leased Property Whose Lease Inception Was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases that do not transfer ownership of the leased property to the lessee and whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and continued to account for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, obligations under finance leases and depreciation expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen					
	2011			2010		
	Furniture and Fixtures	Software	Total	Furniture and Fixtures	Software	Total
Acquisition cost	¥84	¥50	¥134	¥84	¥50	¥134
Accumulated depreciation	66	47	113	50	39	89
Net leased property	¥18	¥ 3	¥ 21	¥34	¥11	¥ 45

	Thousands of U.S. Dollars		
	2011		
	Furniture and Fixtures	Software	Total
Acquisition cost	$1,010	$602	$1,612
Accumulated depreciation	794	565	1,359
Net leased property	$ 216	$ 37	$ 253

Acquisition costs and obligations include the imputed interest expense portion.

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Due within one year	¥17	¥24	$205
Due after one year	4	21	48
Total	¥21	¥45	$253

Depreciation expense including imputed interest expense under finance leases was ¥24 million ($289 thousand) and ¥28 million for the years ended March 31, 2011 and 2010, respectively.

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight-line method.

13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

In March 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the guidance effective March 31, 2010.

(1) *The Group's Policy for Financial Instruments*

As a basic policy, the Group invests in low risk financial assets, and obtains funds mainly from bank loans when necessary. Derivative transactions are used only for the purpose of managing financial risks. The Group does not enter derivative transactions for trading or speculative purposes.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Notes and accounts receivable are exposed to customer credit risk.

Investment securities, mainly equity securities and corporate bonds issued by companies with business relationship or capital tie-up, are exposed to the risk of market price fluctuations.

Accounts payable is all due within one year. Loans and debts are mainly made to obtain funds for capital expenditures. Loans and debts with floating interest rates are exposed to the risk of interest rate fluctuations. The Group enters into interest rate swap contracts to manage its interest rate exposures on long-term debts.

(3) *Risk Management for Financial Instruments*

Credit risk—For notes and accounts receivable, credit risk is mitigated by monitoring the due date and outstanding balance of receivables by each customer in accordance with internal policies, and by monitoring the customers' financial positions by credit investigation.

The counterparties to these derivatives are limited to major international financial institutions, in order to mitigate credit risk.

Market risk—Investment securities are managed by monitoring the market values and financial position of issuers on a regular basis. The Group continuously reviews the holding status based upon the business relationship with issuers. Derivative transactions are executed and managed in accordance with internal policies which regulate the authorization, and results and balances of transactions are periodically monitored.

Liquidity risk—Liquidity risk is managed by maintaining adequate liquidity on hand through preparation and updating the cash management plan on a timely basis.

(4) *Fair Values of Financial Instruments*

Fair values of financial instruments are based on a quoted price in active markets. If a quoted price is not available, other rational valuation techniques are used instead.

(*a*) *Fair values of financial instruments*

	Millions of Yen		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥11,251	¥11,251	
Notes and accounts receivable	9,438	9,438	
Investment securities	1,312	1,312	
Total	¥22,001	¥22,001	
Payables	¥ 3,289	¥ 3,289	
Short-term bank loans	344	344	
Income taxes payable	1,063	1,063	
Long-term debt	360	360	
Total	¥ 5,056	¥ 5,056	
March 31, 2010			
Cash and cash equivalents	¥ 9,367	¥ 9,367	
Notes and accounts receivable	9,728	9,728	
Investment securities	1,426	1,426	
Total	¥20,521	¥20,521	
Short-term bank loans	¥ 412	¥ 412	
Payables	3,937	3,937	
Income taxes payable	340	340	
Long-term debt	909	910	¥1
Total	¥ 5,598	¥ 5,599	¥1

	Thousands of U.S. Dollars		
March 31, 2011	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$135,310	$135,310	
Notes and accounts receivable	113,505	113,505	
Investment securities	15,778	15,778	
Total	$264,593	$264,593	
Payables	$ 39,555	$ 39,555	
Short-term bank loans	4,137	4,137	
Income taxes payable	12,784	12,784	
Long-term debt	4,329	4,329	
Total	$ 60,805	$ 60,805	

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Notes and Accounts Receivable

The carrying values of notes and accounts receivable approximate fair value because of their short maturities.

Investment Securities

The fair value of investment securities is measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The information of the fair value for investment securities by classification is included in Note 4.

Short-Term Bank Loans, Payables and Income Taxes Payable

The carrying values of these accounts approximate fair value because of their short maturities.

Long-Term Debt

The fair value of bonds payable issued by consolidated subsidiaries is measured at the present value obtained by discounting the combined total of principle and interest at a rate that takes into account term to maturity and credit risk.

(*b*) *Financial instruments whose fair value cannot be reliably determined*

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Investments in equity instruments that do not have a quoted market price in an active market	¥81	¥81	$974

(5) ***Maturity Analysis for Financial Assets and Securities with Contractual Maturities***

	Millions of Yen			
March 31, 2011	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥11,251			
Receivables	9,438			
Investment securities—				
Available-for-sale securities with contractual maturities			¥400	
Total	¥20,689		¥400	

	Thousands of U.S. Dollars			
March 31, 2011	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$135,310			
Receivables	113,505			
Investment securities—				
Available-for-sale securities with contractual maturities			$4,811	
Total	$248,815		$4,811	

Please see Note 5 for annual maturities of long-term debt.

14. DERIVATIVES

The Group enters into interest rate swap contracts to manage its interest rate exposures on certain liabilities.

All derivative transactions are entered into to hedge interest exposures incorporated within its business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

The Company has no outstanding position on derivatives as of March 31, 2011.

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2010

	Millions of Yen		
	2010		
	Contract Amount	Fair Value	Unrealized Gain/Loss
Interest rate swaps—Fixed rate payment, floating rate receipt	¥93	¥(1)	¥(1)

The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

15. COMPREHENSIVE INCOME

For the Year Ended March 31, 2011

Each component of other comprehensive income was the following:

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Unrealized gain (loss) on available-for-sale securities:		
Gains arising during the year	¥(20)	$(240)
Reclassification adjustments to profit or loss	(1)	(12)
Amount before income tax effect	(21)	(252)
Income tax effect	1	12
Total	¥(20)	$(240)
Total other comprehensive loss	¥(20)	$(240)

For the Year Ended March 31, 2010

Total comprehensive income for the year ended March 31, 2010 was the following:

	Millions of Yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥289
Minority interests	102
Total comprehensive income	¥391

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
	2010
Other comprehensive income—Unrealized gain on available-for-sale securities	¥12
Total other comprehensive income	¥12

16. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2011 and 2010 is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2011	Net Income	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common shareholders	¥1,125	23,776	¥47.30	$0.57
Year Ended March 31, 2010				
Basic EPS—Net income available to common shareholders	¥ 278	23,666	¥11.76	

Diluted EPS is not disclosed because it is anti-dilutive for the years ended March 31, 2011 and 2010.

17. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2011 is scheduled for approval at the Company's shareholders meeting on June 24, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥20 ($0.24) per share	¥476	$5,725

18. SEGMENT INFORMATION

For the Years Ended March 31, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

1. Description of reportable segments

   The Company defines a reportable segment as a component of the Company and its consolidated subsidiaries for which discrete financial information is available and operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

   Operating departments of the Company and its consolidated subsidiaries are organized by service and each department develops and implements comprehensive strategies for its service. Thus, reportable segments of the Company and its consolidated subsidiaries are determined based on the operating departments as follows:

   (1) Information service business

   - Consulting and integration of information systems; design, development and maintenance of consignment software and packaged software; design, construction, monitoring and maintenance of various network systems, etc.
   - Operational management for computer facilities and information systems, etc.
   - Sales of computer and other information related equipment and system products such as software
   - Education business in the IT field

(2) Human resource service business

- Worker dispatching business and related operations

2. Methods of measurement for the amounts of sales, profit and other items for each reportable segment

   The accounting policies of each reportable segment are consistent to those disclosed in Note 2, "Summary of Significant Accounting Policies."

3. Information about sales, profit and other items is as follows:

	Millions of Yen				
	2011				
	Reportable Segment				
	Information Service	Human Resource Service	Total	Reconciliations*[1]	Consolidated*[2]
Sales:					
Sales to external customers	¥53,939	¥4,565	¥58,504		¥58,504
Intersegment sales or transfers	4	84	88	¥(88)	
Total	¥53,943	¥4,649	¥58,592	¥(88)	¥58,504
Segment profit	¥ 2,220	¥ 75	¥ 2,295	¥ 1	¥ 2,296
Other:					
Depreciation	1,438	21	1,459		1,459
Amortization of goodwill	433		433		433

	Millions of Yen				
	2010				
	Reportable Segment				
	Information Service	Human Resource Service	Total	Reconciliations*[1]	Consolidated*[2]
Sales:					
Sales to external customers	¥47,499	¥5,004	¥52,503		¥52,503
Intersegment sales or transfers	7	195	202	¥(202)	
Total	¥47,506	¥5,199	¥52,705	¥(202)	¥52,503
Segment profit	¥ 1,060	¥ 107	¥ 1,167	¥ 3	¥ 1,170
Other:					
Depreciation	1,302	11	1,313		1,313
Amortization of goodwill	803		803		803

	Thousands of U.S. Dollars				
	2011				
	Reportable Segment				
	Information Service	Human Resource Service	Total	Reconciliations*[1]	Consolidated*[2]
Sales:					
Sales to external customers	$648,695	$54,901	$703,596		$703,596
Intersegment sales or transfers	48	1,010	1,058	$(1,058)	
Total	$648,743	$55,911	$704,654	$(1,058)	$703,596
Segment profit	$ 26,699	$ 902	$ 27,601	$ 12	$ 27,613
Other:					
Depreciation	17,294	253	17,547		17,547
Amortization of goodwill	5,207		5,207		5,207

Notes: *[1] There is no material adjustment to segment profit.
*[2] Segment profit is reconciled to operating income in the accompanying consolidated statements of income.
*[3] Assets are not allocated to operating segments.

Related Information

1. *Information about products and services*

	Millions of Yen				
	2011				
	Information Service			Human Resource Service	
	System Engineering Services	Operation Engineering Services	Product Services and Others	Worker Dispatch and Others	Total
Sales to external customers	¥36,130	¥12,723	¥5,086	¥4,565	¥58,504

	Thousands of U.S. Dollars				
	2011				
	Information Service			Human Resource Service	
	System Engineering Services	Operation Engineering Services	Product Services and Others	Worker Dispatch and Others	Total
Sales to external customers	$434,516	$153,013	$61,166	$54,901	$703,596

2. *Information about geographical areas*

Information about geographical areas for the year ended March 31, 2011 is omitted since sales in Japan accounted for more than 90% of the total consolidated sales.

3. *Information about major customers*

Information about major customers for the year ended March 31, 2011 is omitted since there was no single external customer accounting for 10% or more of the consolidated sales.

For the Year Ended March 31, 2010

The Company and its consolidated subsidiaries operated in the following industries:

• "Information service" consists of

—Consulting and integration services of information systems; design and construction of various networks and development of communication control software; and design, development and maintenance of consignment software and packaged software; and

—Operational management of computer facilities and information systems; and monitoring and maintenance of various networks.

• "Other" consists of

—Sales of system products such as packaged software produced by other companies and information-related equipment such as computers;

—General worker dispatching business; and

—Education business in the IT field.

Information about industry segments, geographical segments and sales to foreign customers for the year ended March 31, 2010 was as follows:

(1) *Industry Segments*

a. Sales and Operating Income

	Millions of Yen			
	2010			
	Information Service	Other	Eliminations/ Corporate	Consolidated
Sales to customers	¥46,063	¥6,440		¥52,503
Intersegment sales	14	580	¥ (594)	
Total sales	46,077	7,020	(594)	52,503
Operating expenses	41,918	6,520	2,895	51,333
Operating income	¥ 4,159	¥ 500	¥(3,489)	¥ 1,170

b. Total Assets, Depreciation and Capital Expenditures

	Millions of Yen			
	2010			
	Information Service	Other	Eliminations/ Corporate	Consolidated
Total assets	¥27,128	¥2,338	¥11,805	¥41,271
Depreciation	1,204	13	98	1,315
Capital expenditures	1,067	20	72	1,159

(2) *Geographical Segments*

Information about geographical segments for the year ended March 31, 2010 is omitted since sales or total assets in Japan accounted for more than 90% of the total consolidated sales or total assets.

(3) *Sales to Foreign Customers*

Information about sales to foreign customers for the year ended March 31, 2010 is omitted since sales to foreign customers were less than 10% of the consolidated sales.

* * * * * *