

Consolidated Summary Report of Operating Results for the Third Quarter of Fiscal 2012 (Year ending December 2012) [Japan GAAP]

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 Shares listed on: First Section of Tokyo Stock Exchange
 Security code number: 4722
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 Scheduled submit date of quarterly report: November 13, 2012
 Scheduled date for distribution of dividend payments: -
 Creation of supplemental material on quarterly financial results: No
 Holding of quarterly results briefing: No

(Amount rounded off to million yen)

1. Consolidated Results for the Third Quarter of Fiscal 2012 (January 1, 2012 to September 30, 2012)

(1) Consolidated operating results (accumulated total)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q, Fiscal 2012	17,277	(1.1)	1,334	(40.4)	1,407	(39.4)	801	(42.4)
3Q, Fiscal 2011	17,463	5.3	2,237	11.2	2,321	10.7	1,392	26.2

(Reference): Comprehensive income 3Q, Fiscal 2012: 806 million yen (-38.1%) 3Q, Fiscal 2011: 1,301 million yen (- %)

	Quarterly net income per share	Quarterly net income per share (fully diluted)
	Yen	Yen
3Q, Fiscal 2012	1,774.70	-
3Q, Fiscal 2011	3,048.92	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q, Fiscal 2012	14,415	11,418	78.4	25,091.43
Fiscal 2011	14,453	11,410	78.9	24,964.67

(Reference) Shareholders' equity 3Q, Fiscal 2012: 11,296 million yen 3Q, Fiscal 2011: 11,399 million yen

2. Dividends

	Dividends per share (yen)				
	End of the first quarter dividend	End of the second quarter dividend	End of the third quarter dividend	Year-end dividend	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2011	-	750.00	-	750.00	1,500.00
Fiscal 2012	-	750.00	-		
Fiscal 2012 (Forecast)				750.00	1,500.00

(Reference): Modification of the projected dividends announces most recently: No

3. Projected Consolidated Results for Fiscal 2012 (January 1, 2012 to December 31, 2012)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	24,800	6.5	3,300	12.6	3,330	9.1	1,930	12.5	4,286.68	

(Reference): Modification of the projected consolidated announced most recently: No

[Translation]

* Notes

(1) Changes in significant subsidiaries in the consolidated cumulative third quarter of the fiscal year under review
(Changes in specified subsidiaries that involved changes in the scope of consolidation) : No

New: - companies (company names) Exclusion: - companies (company names)

(2) Application of special accounting for the preparation of quarterly consolidated financial statements: Yes

Income taxes and payables are calculated by appropriately estimating the legal effective tax rate after the adoption of tax effect accounting which is to be assessed upon net income before taxes of the consolidated fiscal year including the consolidated third quarter under review and multiplying such estimated legal effective tax rate to the net income before taxes of the previous consolidated quarter.

(3) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards : No

2) Change in accounting policies other than item 1) above : No

3) Change in accounting estimates : No

4) Retrospective restatements : No

(4) Number of outstanding shares (common stock)

1) Total outstanding shares as of the end of the period (including treasury stocks)

3Q, Fiscal 2012: 476,640 shares

Fiscal 2011: 476,640 shares

2) Total treasury stocks as of the end of the period

3Q, Fiscal 2012: 26,408 shares

Fiscal 2011: 20,008 shares

3) Average number of outstanding stocks during the quarter under review (accumulated period for quarter)

3Q, Fiscal 2012: 451,536 shares

3Q, Fiscal 2011: 456,632 shares

*Indication of quarterly review procedure implementation status

This quarterly earnings report is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At the time of this document's release, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act had not been completed.

*Points to note about the proper use of projections, and other noteworthy events

The above projection, representing our best estimate based on information currently available to us, incorporates uncertain factors. For details of the preconditions used in making the above-mentioned forecast and other relevant matters, refer to "Qualitative Information on the Consolidated Results Forecast" on page 3 of the accompanying material of the quarterly earnings report.

[Translation]

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1. Qualitative information about consolidated operating results for the third quarter of the fiscal year under review

(1) Qualitative information about consolidated operating results

During the first nine months of the current fiscal year, the economic recovery in Japan was partly observed resulting from reconstruction demand of the Great East Japan Earthquake. However, Japanese economy has still remained in uncertain situation amid of many issues of concern, including a slowdown of overseas economies caused by European debt problems, the prolonged strong yen as well as the worsening relations between Japan and China.

Under such circumstances, the Group's consolidated financial results for the third quarter of the fiscal year ending December 2012 were on about the same level comparing to the corresponding period of the previous year with net sales of 8.0% increase year-on-year to ¥6,151 million, operating income 0.2% increase year-on-year to ¥609 million, ordinary income 1.1% decrease year-on-year to ¥603 million and quarterly net income 5.8% increase year-on-year to ¥337 million. However, in the first nine months the Group did not reach the level to cover the decline in earnings for the first half. This is because large projects completed in the first and second quarter and the third quarter accumulated was the transitional period switching to new projects.

As a result, consolidated net sales for the first nine months decreased 1.1% year-on-year to ¥17,277 million; operating income decreased 40.4% to ¥1,334 million; ordinary income decreased 39.4% to ¥1,407 million. And net income decreased 42.4% to ¥801 million.

Operating results of each business segment are as follows. The operating results of each business segment represent values before adjustment of internal sales or transfers among segments.

In the IT Consulting Business, sales increased from new clients in the financial sector, such as regional banks, securities companies and FX online-trade companies, in addition to projects such as system integrations related to industrial reorganization, large-scale development for manufacturers, development using solutions for retailers, and the establishment of e-commerce infrastructures.

Furthermore, we have begun to see favorable results from the fields of new service areas, including cloud services for financial institutions, valued added outsourcing services, and global ERP, which we are promoting as a new growth strategies, as well as the projects mentioned above. Meanwhile, in the new business such as businesses expansion in Southeast Asia and healthcare operation, the number of customers we acquired is increasing gradually, although it is still preceded by costs. As a result, net sales for the period under review decreased 0.4% year-on-year to ¥11,042 million and operating income decreased 36.4% to ¥1,294 million.

In the Package & Service Business, Ascendia Inc. saw both sales and profits continue to be steady, supported by strong orders received and a steady progress of public-related projects. The performance of Future One, Inc. was on a recovery trend following the second quarter, although the profitability of some projects deteriorated in the first quarter. As a result, net sales were ¥3,148 million, down 0.6%, and operating income stood at ¥116 million, down 15.5%.

In the Corporate Revitalization Business, Uoei Shoten Corporation, which operates grocery supermarkets, expanded individual stores' sales floor space for products according to their needs and made aggressive efforts for the o-bon sales campaign in summer, as well as striving to ensure a stable gross profit margin using IT. However, net sales decreased 2.9% year-on-year to ¥3,375 million and operating income decreased 31.9% to ¥38 million, partly because of an increase in utilities expenses in summer.

(2) Qualitative information about consolidated financial condition

(Assets, liabilities and net asset)

Total assets at the end of the third quarter under review were ¥14,415 million, down ¥38 million from the end of the previous consolidated fiscal year. This was mainly attributable to a decrease in current assets, such as cash and deposits (decrease of ¥889 million from the end of the previous consolidated fiscal year) and short-term investment securities (down ¥699 million), despite an increase in fixed assets, such as software (increase of ¥355 million from the end of the previous consolidated fiscal year) and investment securities (up ¥258 million) we purchased.

Liabilities decreased by ¥45 million from the end of the previous consolidated fiscal year to ¥2,996 million. The decline was chiefly due to a decrease in income tax payable, etc. (down ¥267 million), despite an increase in accounts payable (increase of ¥95 million) and other current liabilities.

Net assets were ¥11,418 million, up ¥7 million from the previous fiscal year, primarily reflecting rises in retained earnings (increase of ¥121 million from the end of the previous fiscal year) and minority interests, and an increase in treasury stocks

[Translation]

(down ¥221 million).

(Analysis of cash flows)

Net cash inflow from operating activities was an inflow of ¥203 million (compared to an inflow of ¥830 million for the corresponding period of the previous fiscal year), primarily due to the booking of net income before taxes of ¥1,436 million, despite an increase in accounts receivable of ¥376 million and income tax, etc. paid of ¥891 million.

Net cash outflow from investing activities totaled an outflow of ¥694 million (compared to an outflow of ¥113 million for the corresponding period of the previous fiscal year), chiefly owing to the purchase of tangible fixed assets in the amount of ¥232 million and the purchase of intangible fixed assets in the amount of ¥392 million.

Net cash outflow from financial activities was an outflow of ¥900 million (compared to an outflow of ¥893 million for the corresponding quarter of the previous fiscal year), mainly due to purchase of treasury stock of ¥223 million and dividends paid of ¥658 million.

As a result of these operating, investing, and financing activities, the balance of cash and cash equivalents at the end of the third quarter under review was ¥4,136 million.

(3) Qualitative information about consolidated earnings forecast

There is no revision to the earnings forecast for the full fiscal year ending December 2012 that was announced on July 26, 2012.

2. Matters related to summary information (notes)

(1) Changes in significant subsidiaries in the consolidated first quarter under review

Not applicable.

(2) Application of special accounting for the preparation of quarterly consolidated financial statements

Income taxes and payables are calculated by appropriately estimating the legal effective tax rate after the adoption of tax effect accounting which is to be assessed upon net income before taxes of the consolidated fiscal year including the consolidated second quarter under review and multiplying such estimated legal effective tax rate to the net income before taxes of the previous consolidated quarter.

(3) Change in accounting policies or estimates and retrospective restatements

Not applicable

[Translation]

3. Quarterly Period Consolidated Financial Statements

(1) Quarterly Period Consolidated Balance Sheets

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2011)	Consolidated third quarter under review (September 30, 2012)
Assets		
Current assets		
Cash and deposits	5,076,449	4,186,528
Notes and accounts receivable	2,770,586	3,348,506
Short-term Investment securities	701,110	1,800
Merchandise and finished goods	126,890	150,461
Work in process	54,928	66,389
Accounts receivable-other	1,357,981	1,362,490
Other	448,566	633,358
Allowance for doubtful accounts	(7,364)	(4,372)
Total current assets	10,529,150	9,745,161
Fixed assets		
Tangible fixed assets		
Buildings and structures	3,077,281	3,095,943
Accumulated depreciation	(2,654,607)	(2,709,746)
Buildings and structures, net	422,673	386,196
Land	122,868	122,868
Other	1,549,422	1,791,103
Accumulated depreciation	(1,308,490)	(1,423,597)
Other, net	240,931	367,506
Total tangible fixed assets	786,474	876,571
Intangible fixed assets		
Goodwill	145,464	207,228
Software	386,794	742,582
Other	22,063	22,101
Total intangible fixed assets	554,322	971,912
Investments and other assets		
Investment securities	1,523,639	1,781,963
Other	1,119,817	1,098,654
Allowance for doubtful accounts	(60,043)	(58,999)
Total investments and other assets	2,583,414	2,821,618
Total fixed assets	3,924,210	4,670,103
Total assets	14,453,360	14,415,264

[Translation]

(in thousands of yen)

	Previous consolidated fiscal year (December 31, 2011)	Consolidated second quarter under review (September 30, 2012)
Liabilities		
Current liabilities		
Accounts payable	644,020	739,259
Short-term borrowings	32,327	30,429
Long-term borrowings due within one year	16,000	-
Income tax payable, etc.	590,481	323,209
Reserve for bonuses	106,269	107,009
Reserve for quality assurance	65,359	18,252
Reserve for loss on projects	4,200	2,697
Other	1,257,508	1,447,979
Total current liabilities	2,716,167	2,668,837
Non-current liabilities		
Asset retirement obligations	309,408	314,880
Other	16,899	13,011
Total non-current liabilities	326,307	327,892
Total liabilities	3,042,475	2,996,729
Net assets		
Shareholders' equity		
Common stock	1,421,815	1,421,815
Capital surplus	2,495,772	2,495,772
Retained earnings	8,661,248	8,782,442
Treasury stock	(1,171,668)	(1,393,328)
Total shareholders' equity	11,407,167	11,306,701
Valuation, translation adjustments, etc.		
Net unrealized gain (loss) on available-for-sale securities	(1,483)	1,858
Foreign currency translation adjustments	(6,017)	(11,595)
Total valuation and translation adjustments	(7,501)	(9,737)
Minority interests	11,220	121,570
Total net assets	11,410,885	11,418,535
Total liabilities and net assets	14,453,360	14,415,264

[Translation]

(2) Quarterly Period Consolidated Statements of Income and Comprehensive Income (First nine months period)

(in thousands of yen)

	First nine months of the previous consolidated fiscal year (from January 1, 2011 to September 30, 2011)	First nine months of the consolidated fiscal year under review (from January 1, 2012 to September 30, 2012)
Net sales	17,463,904	17,277,641
Cost of sales	10,755,240	11,132,645
Gross profit	6,708,664	6,144,995
Selling, general and administrative expenses		
Officers' remuneration	224,139	204,502
Salaries and bonuses	2,283,892	2,532,172
Employee training expenses	52,576	96,052
Research & development expenditures	31,373	21,264
Depreciation	89,867	80,422
Recruitment expenses	142,953	158,879
Amortization of goodwill	1,646,233	1,717,608
Other	4,471,036	4,810,901
Total selling, general and administrative expenses	2,237,628	1,334,094
Operating income		
Non-operating income		
Interest income	2,072	3,509
Dividends income	18,790	21,992
Amortization of negative goodwill	42,463	-
Equity in income of non-consolidated subsidiaries & affiliates	197	20,300
Other	24,762	32,801
Total non-operating income	88,285	78,604
Non-operating expenses		
Interest expenses	1,424	1,395
Commission for purchase of treasury stock	-	1,647
Foreign-exchange losses	1,706	-
Other	939	1,799
Total non-operating expenses	4,069	4,841
Ordinary income	2,321,844	1,407,857

[Translation]

(in thousands of yen)

	First nine months of the previous consolidated fiscal year (from January 1, 2010 to September 30, 2010)	First nine months of the consolidated fiscal year under review (from January 1, 2011 to September 30, 2011)
Extraordinary income		
Gains on sale of investment securities	160,290	-
Gains on sale of fixed assets	203	-
Reversal of reserve for quality assurance	38,275	-
Compensation for damages received	94,945	-
Gain on negative goodwill	-	75,209
Total extraordinary income	293,715	75,209
Extraordinary losses		
Losses on disposal of fixed assets	20,346	-
Losses on sale of investment securities	1,349	-
Losses on devaluation of investment securities	2,580	1,275
Litigation expenses	-	44,000
Effects due to application of accounting standard for asset retirement obligations	252,519	-
Other	30,000	1,666
Total extraordinary losses	306,796	46,942
Net income before taxes (quarterly period)	2,308,764	1,436,124
Income taxes	916,531	626,450
Income before minority interests	1,392,233	809,674
Minority interests in income	-	8,332
Quarterly net income	1,392,233	801,341
Minority interests in income	-	8,332
Income before minority interests	1,392,233	809,674
Other comprehensive income		
Valuation difference on available-for-sale securities	(83,163)	3,735
Foreign currency translation adjustment	(7,143)	(5,674)
Share of other comprehensive income of associates accounted for using equity method	30	(1,689)
Other comprehensive income	(90,276)	(3,628)
Quarterly comprehensive income	1,301,956	806,045
(Breakdown)		
Comprehensive income attributable to owners of the parent company	1,301,956	799,105
Comprehensive income attributable to minority interests	-	6,939

[Translation]

(3) Quarterly Period Consolidated Statements of Cash Flows

(in thousands of yen)

	First nine months of the previous consolidated fiscal year (from January 1, 2011 to September 30, 2011)	First nine months of the consolidated fiscal year under review (from January 1, 2012 to September 30, 2012)
Cash flows from operating activities		
Net income before taxes (quarterly period)	2,308,764	1,436,124
Depreciation and amortization	166,042	196,717
Increase (decrease) in allowance for doubtful accounts	(3,783)	(4,035)
Increase (decrease) in reserve for bonuses	(11,623)	(687)
Increase (decrease) in reserve for quality assurance	(67,446)	(47,107)
Increase (decrease) in reserve for loss on projects	-	(1,502)
Earned interest and dividends	(20,862)	(25,502)
Interest expenses	1,424	1,395
Equity in income (losses) of subsidiaries and affiliates	(197)	(20,300)
Gain on negative goodwill	-	(75,209)
Compensation for damages received	(94,945)	-
Gains (losses) on sale of fixed assets	(203)	-
Losses on disposal of fixed assets	20,346	-
Gains (losses) on sale of investment securities	(158,940)	-
Gains (losses) on valuation of investment securities	2,580	1,275
Litigation expenses	-	44,000
Effects due to application of accounting standard for asset retirement obligations	252,519	-
Increase (decrease) in accounts receivable	(9,732)	(376,270)
Increase (decrease) in inventories	(52,973)	(23,709)
Increase (decrease) in accounts payable	76,499	24,342
Other	(176,531)	(14,947)
Subtotal	2,230,935	1,114,581
Interest and dividends received	21,643	25,860
Interest paid	(1,664)	(1,477)
Income and other taxes	(1,420,551)	(891,083)
Litigation expenses	-	(44,000)
Net cash provided by (used in) operating activities	830,363	203,881

[Translation]

(in thousands of yen)

	First nine months of the previous consolidated fiscal year (from January 1, 2011 to September 30, 2011)	First nine months of the consolidated fiscal year under review (from January 1, 2012 to September 30, 2012)
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	30,000	-
Purchase of short-term investment securities	-	(201,196)
Proceeds from redemption of securities	-	400,464
Purchase of tangible fixed assets	(130,568)	(232,936)
Proceeds from sale of tangible fixed assets	4,389	-
Purchase of intangible fixed assets	(98,828)	(392,207)
Purchase of investment securities	-	(180,100)
Proceeds from sale of investment securities	228,270	-
Proceeds from redemption of investment securities	1,500	-
Payments for execution of asset retirement obligations	(3,800)	(1,211)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(64,435)
Purchase of shares in affiliates	-	(56,833)
Payments for deposits and guarantee	(160,091)	(5,724)
Proceeds from collection of deposits and guarantees	14,695	31,581
Payment for long-term loans receivable	-	(2,002)
Proceeds from transfer of business	-	8,240
Other	1,400	2,250
Net cash provided by (used in) investing activities	(113,033)	(694,110)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	(2,422)
Repayment of long-term borrowings	(32,000)	(40,075)
Proceeds from payment by minority shareholders	-	24,021
Purchase of treasury stock	-	(223,307)
Dividends paid	(861,937)	(658,251)
Net cash provided by (used in) financing activities	(893,937)	(900,036)
Effect of exchange rate changes on cash and cash equivalents	(6,253)	482
Increase (decrease) in cash and cash equivalents	(182,861)	(1,389,783)
Cash and cash equivalents at beginning of the period	5,153,036	5,526,311
Cash and cash equivalents at end of the quarterly period	4,970,175	4,136,528

[Translation]

- (4) Notes on the going-concern assumption
Not applicable.
- (5) Notes on significant changes to shareholders' equity
Not applicable.

[Translation]

(6) Segment information

I. Third quarter of the previous consolidated fiscal year (from January 1, 2011 to September 30, 2011)

1. Amounts of net sales and income or loss by business segment reported

(in thousands of yen)

	Segment reported				Others (Note 1)	Total	Adjustment (Note 2)	Amount on Quarterly Period Consolidated Statements of Income (Note 3)
	IT Consulting Business	Package & Service Business	Corporate Revitalization Business	Total				
Net sales								
(1) Net sales to outside clients	11,086,660	2,847,837	3,473,566	17,408,064	55,840	17,463,904	–	17,463,904
(2) Inter-segment sales or transfer	4,464	319,152	831	324,448	22,175	346,623	(346,623)	–
Total	11,091,124	3,166,989	3,474,398	17,732,512	78,015	17,810,528	(346,623)	17,463,904
Segment income or loss	2,035,147	137,637	55,953	2,228,738	(8,943)	2,219,794	17,834	2,237,628

Notes: 1. “Others,” a segment not included in the business segment reported, include Internet-related businesses and securities investment, holding, and management activities.

2. “Adjustment” of segment income or loss of ¥17,834 thousand refers to elimination of inter-segment transactions.

3. Segment income or loss is adjusted with operating income in the Quarterly Period Consolidated Statements of Income.

II. Third quarter of the consolidated fiscal year (from January 1, 2012 to September 30, 2012)

1. Amounts of net sales and income or loss by business segment reported

(in thousands of yen)

	Segment reported				Others (Note 1)	Total	Adjustment (Note 2)	Amount on Quarterly Period Consolidated Statements of Income (Note 3)
	IT Consulting Business	Package & Service Business	Corporate Revitalization Business	Total				
Net sales								
(1) Net sales to outside clients	11,005,160	2,749,020	3,374,543	17,128,724	148,917	17,277,641	–	17,277,641
(2) Inter-segment sales or transfer	37,041	399,867	737	437,645	665	438,311	(438,311)	–
Total	11,042,201	3,148,887	3,375,281	17,566,369	149,582	17,715,952	(438,311)	17,277,641
Segment income or loss	1,294,451	116,300	38,097	1,448,849	(141,354)	1,307,495	26,598	1,334,094

Notes: 1. “Others,” a segment not included in the business segment reported, include Internet-related businesses, publishing business and securities investment, holding, and management activities.

2. “Adjustment” of segment income or loss of ¥26,598 thousand refers to elimination of inter-segment transactions.

3. Segment income or loss is adjusted with operating income in the Quarterly Period Consolidated Statements of Income.

[Translation]

4. Supplemental information

(1) Orders received

(in thousands of yen)

Segment	Third quarter of the previous consolidated fiscal year (from January 1, 2011 to September 30, 2011)		Third quarter of the consolidated fiscal year under review (from January 1, 2012 to September 30, 2012)	
	Orders received	Backlog	Orders received	Backlog
IT Consulting Business	10,740,854	4,325,152	12,052,847	4,606,839
Package & Service Business	3,171,458	1,020,679	2,749,252	1,185,546
Others	55,120	5,877	205,790	61,122
Total	13,967,433	5,351,709	15,007,889	5,853,508