

Part II. Explanation of Financial Results

1. Overview of FY2011 Second-Quarter Consolidated Financial Results

Business Environment

During the first half of fiscal 2011 (April 1 – September 30, 2011), although the global economy was characterized by a mild recovery, the pace of this recovery decelerated in Europe and the United States as a result of deepening fiscal and financial problems as well as persistently high unemployment, and, in emerging market countries, by signs of a leveling-off in demand growth. In Japan, although economic conditions continued to improve with restoration of supply chains following the disruptions caused by the Great East Japan Earthquake of March 11, 2011, the current pace of the recovery eased, with signs in some industries of lower production and exports in the face of the sharp appreciation in the yen and the economic slowdown outside of Japan.

With respect to investment in information and communication technology (ICT) in Japan, a full-fledged recovery has yet to be seen as some companies maintain a cautious approach with regard to new investments. However, there is increasing interest in the use of cloud services for areas such as outsourcing and business continuity planning.

FY 2011 Second-Quarter Financial Results

(Billion Yen)

	2Q FY 2011 <i>7/1/11- 9/30/11</i>	1Q FY 2011 <i>4/1/11- 6/30/11</i>	2Q FY 2010 <i>7/1/10- 9/30/10</i>	1Q FY 2010 <i>4/1/10- 6/30/10</i>	Change vs. 2Q FY 2010	Change (%)	Change (%) Excl. Impact of FX Fluctuations
Net Sales	1,106.2	986.0	1,100.1	1,047.2	6.0	0.6	2
Cost of Sales	796.9	721.5	786.7	759.1	10.1	1.3	
Gross Profit	309.3	264.5	313.4	288.0	-4.1	-1.3	
[Gross Profit Margin]	[28.0%]	[26.8%]	[28.5%]	[27.5%]	[-0.5%]		
Selling, General and Administrative Expenses	285.1	281.7	276.3	278.0	8.8	3.2	
Operating Income (Loss)	24.1	-17.1	37.1	10.0	-12.9	-34.9	
[Operating Income Margin]	[2.2%]	[-1.7%]	[3.4%]	[1.0%]	[-1.2%]		
Other Income and Expenses	-8.0	-9.2	-4.2	-7.5	-3.8	-	
Income (Loss) Before Income Taxes	16.1	-26.3	32.9	2.4	-16.8	-51.1	
Income Taxes	-9.0	-3.0	14.2	-0.2	-23.2	-	
Income (Loss) Before Minority Interests	25.1	-23.3	18.7	2.6	6.4	34.3	
Minority Interests (Loss)	-1.0	-2.9	1.2	1.0	-2.3	-	
Net Income (Loss)	26.1	-20.4	17.4	1.6	8.7	50.0	

FY 2011 First-Half Consolidated Financial Results

(Billion Yen)

	FY 2011 First Half 4/1/11-9/30/11	FY 2010 First Half 4/1/10-9/30/10	Change vs. First Half FY 2010		Change (%) Excl. Impact of FX Fluctuations	Change vs. July 2011 projections
				Change (%)		
Net Sales	2,092.3	2,147.4	-55.1	-2.6	-1	-7.6
Operating Income [Operating Income Margin]	7.0 [0.3%]	47.1 [2.2%]	-40.1 [-1.9%]	- 85.0		2.0 (0.1%)
Net Income	5.7	19.0	-13.3	-69.8		5.7