

## Part II. Explanation of Financial Results

### 1. Overview of FY2011 First-Quarter Consolidated Financial Results

#### Business Environment

During the first quarter of fiscal 2011 (April 1 – June 30, 2011), the global economy was characterized by a mild recovery supported by growing demand in emerging markets, despite persistently high unemployment in Europe and the US as well as ongoing fiscal austerity measures and financial instability in Europe. In Japan, following the Great East Japan Earthquake of March 11, 2011, corporate activities such as production and exports stagnated, and consumer spending remained weak. However, signs have begun to emerge of a rebound associated with the resolution of supply chain problems, and uncertainties about the country's near-term economic prospects have begun to dissipate.

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

#### FY 2011 First-Quarter Financial Results

(Billion Yen)

	1Q FY 2011 4/1/11- 6/30/11	1Q FY 2010 4/1/10- 6/30/10	1Q FY 2009 4/1/09- 6/30/09	Change vs. 1Q FY 2010		Change (%) Excluding Earthquake Impact
					Change (%)	
Net Sales	986.0	1,047.2	1,044.3	-61.1	-5.8	-2
Cost of Sales	721.5	759.1	787.7	-37.6	-5.0	
Gross Profit [Gross Profit Margin]	264.5 [26.8%]	288.0 [27.5%]	256.5 [24.6%]	-23.5 [-0.7%]	-8.2 -	
Selling, General and Administrative Expenses	281.7	278.0	293.6	3.6	1.3	
Operating Income (Loss) [Operating Income Margin]	-17.1 [-1.7%]	10.0 [1.0%]	-37.1 [-3.6%]	-27.1 [-2.7%]	-	-
Other Income and Expenses	-9.2	-7.5	-2.7	1.6	-	
Income (Loss) Before Income Taxes	-26.3	2.4	-39.8	-28.7	-	
Income Taxes	-3.0	-0.2	-8.5	-2.7	-	
Income (Loss) Before Minority Interests	-23.3	2.6	-31.3	-26.0	-	
Minority Interests (Loss)	-2.9	1.0	-2.1	-3.9	-	
Net Income (Loss)	-20.4	1.6	-29.1	-22.0	-	

#### First Quarter FY2011 Major Items in Other Income and Expenses

(Billion Yen)

Item	Amount	Description
Expense	-7.5	Loss on disaster caused by the Great East Japan Earthquake of March 11, 2011
	-5.8	Includes overhead costs, such as personnel costs and depreciation expenses incurred during production and work stoppages
	-1.7	Expenses incurred in support of customer recovery efforts