



Consolidated Financial Results for the Fiscal Year ended March 31, 2010
(April 1, 2009 through March 31, 2010)

All financial information has been prepared in accord with accounting principles generally accepted in Japan. This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

May 11, 2010

Company name: IT Holdings Corporation
 Stock exchange listings: The First Section of the Tokyo Stock Exchange
 Stock code: 3626
 URL: <http://www.itholdings.co.jp/e/>
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Scheduled dates
 Annual general shareholders' meeting: June 24, 2010
 Submission of financial report: June 25, 2010
 Commencement of dividend payments: June 25, 2010

Figures in millions of yen are rounded down to the nearest million

1. Consolidated Results for the Fiscal Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(1) Consolidated Financial Results Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2010	313,856	(7.2)	15,996	(32.8)	15,719	(33.4)	7,659	(18.6)
FY2009	338,302	-	23,787	-	23,604	-	9,406	-

	Net income per share – basic	Net income per share – diluted	Return of shareholders' equity	Ratio of recurring profit to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY2010	89.25	-	5.7	5.2	5.1
FY2009	110.74	110.72	7.4	8.0	7.0

For reference:

Equity in earnings (losses) of affiliated companies: FY2010: (4) million yen FY 2009: (72) million yen.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-FY2010	313,077	155,075	44.2	1,602.77
End-FY2009	295,327	146,216	44.4	1,541.17

For reference:

Shareholders' equity: End-FY2010: 138,401 million yen End-FY2009: 131,054 million yen.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equipments at the end of the period
	millions of yen	millions of yen	millions of yen	millions of yen
FY2010	31,400	(25,726)	6,139	46,987
FY2009	34,311	(20,079)	(6,877)	35,104

2. Cash Dividends for Shareholders of Common Stock

Record date or period	Cash dividends per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends paid to net assets (consolidated)
	End-Q1	End-Q2	End-Q3	Year-end	Total			
	yen	yen	yen	yen	yen	millions of yen	%	%
FY2009	-	-	-	32.00	32.00	2,763	28.9	2.1
FY2010	-	12.00	-	20.00	32.00	2,763	35.9	2.0
FY2011 (forecast)	-	12.00	-	20.00	32.00		51.1	

Note: Breakdown of FY2010 year-end dividend: Commemorative dividend: 0.00 yen

3. Forecast of Consolidated Results for FY2011 (April 1, 2010 – March 31, 2011)

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income		Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
First half of FY 2011 (six months ending Sep. 30, 2010)	165,000	12.3	4,800	(17.3)	4,800	(17.1)	800	(75.1)	9.12
Full FY2011 (year ending Mar. 31, 2011)	346,000	10.2	16,500	3.2	16,000	1.8	5,500	(28.2)	62.67

4. Other

(1) Material reclassifications of subsidiaries (scope of consolidation) during the period: Yes

Newly included: One (Sorun Corporation)

Excluded: One (Intec Holdings Limited)

Note: For details, see “2. Status of the Group” on page 6.

(2) Changes in accounting principles, procedures, presentation methods, etc., used in the preparation of consolidated financial statements (information reported in “Changes in Basis of Presentation of Consolidated Financial Statements”)

1) Changes associated with changes to accounting standards: Yes

2) Changes other than the above: No

(3) Issued shares of common stock

1) Period-end issued shares (including treasury stock):

End-FY2010 (March 31, 2010): 86,373,919 shares End-FY2009 (March 31, 2009): 86,372,339 shares

2) Period-end treasury stock:

End-FY2010 (March 31, 2010): 22,813 shares End-FY2009 (March 31, 2009): 1,337,013 shares

For reference:

1. Non-consolidated Results for the Fiscal Year ended March 31, 2010

(April 1, 2009 – March 31, 2010)

(1) Non-consolidated Financial Results

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY2010	4,687	0.9	3,193	0.8	2,935	(2.6)	2,879	(11.8)
FY2009	4,647	-	3,167	-	3,014	-	3,263	-

	Net income per share – basic	Net income per share – diluted
	yen	yen
FY2010	33.33	-
FY2009	37.78	37.78

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-FY2010	157,999	138,268	87.5	1,601.03
End-FY2009	139,417	139,190	99.8	1,611.69

For reference:

Shareholders' equity: End FY2010: 138,268 million yen End FY2009: 139,190 million yen.

Cautionary Statement on Forward-Looking Statements and Other Important Matters

This report contains forward-looking statements that reflect IT Holdings Corporation (ITHD)'s plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause ITHD's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

Refer to “1. Analysis of Results of Operations” in the “Results of Operations” on page 3, section for assumptions underlying earnings forecasts and cautionary statements on the use of earnings forecasts.

1. Results of Operations

(1) Analysis of Results of Operations

Results for fiscal 2010 (year ended March 31, 2010)

Japan's economy exhibited signs of recovery in fiscal 2010 as exports and production picked up in the fiscal second half, but the recovery's endogenous momentum was lax, and corporate earnings failed to gain real traction.

The information services industry was again hard hit as customers remained cautious about and limited their IT investment amid the economic slump and languishing corporate earnings. Figures from the Bank of Japan's *Short-term Economic Survey of Enterprises in Japan*, for example, indicate that firms are planning to significantly reduce their software investment versus fiscal 2009.

The IT Holdings group's order bookings were heavily impacted by the curbing of IT investment, particularly by users in the financial and manufacturing sectors, and caution about embarking on major system development projects.

Our group took various positive steps amid the current economic malaise. We implemented key measures based on a growth strategy adapted to paradigm shifts in the information services industry. Specifically, we bolstered our consultative sales initiatives and made business model changes in line with technological innovations. At the same time, we strived to cut costs as a matter of urgency.

Results of Sorun Corporation, which became a consolidated subsidiary in December 2009, were included in our consolidated results from the fiscal fourth quarter. Nevertheless, we booked consolidated net sales of ¥313,856 million for fiscal 2010, down 7.2% versus fiscal 2009, owing to nonrecurrence major projects completed during fiscal 2009 and the heavy impact of customers' trimming of IT investment.

We endeavored to shore up profits through such means as stepping up efforts to handle more development in-house and cutting expenses, but due to the impact of the sales decline, we booked operating profit of ¥15,996 million (down 32.8%), recurring profit of ¥15,719 million (down 33.4%), and net profit of ¥7,659 million (down 18.6%).

Following is a performance breakdown by segment.

1) Outsourcing and network segment

Although we received requests for lower prices from key customers, consolidated sales for fiscal 2010 totaled ¥126,164 million, up 0.4% versus fiscal 2009, reflecting Nexway Co., Ltd.'s and Sorun Corporation's inclusion in our consolidated results.

2) Software development segment

Although Sorun Corporation was included in our consolidated results, consolidated sales totaled ¥155,976 million in fiscal 2010, down 11.3% versus fiscal 2009, reflecting nonrecurrence of major projects completed in fiscal 2009 as well as fierce competition for new projects in the face of IT investment cutbacks by customers.

3) Solution services segment

Consolidated sales totaled ¥25,021 million in fiscal 2010, down 14.9% versus fiscal 2009 as the economic downturn continued to hamper demand for hardware.

4) Other businesses segment

Consolidated sales totaled 6,693 million yen in fiscal 2010, down 8.6% versus fiscal 2009.

In April 2009 we launched a new three-year management plan—*IT Evolution 2011*—which aims to cement our group's position at the forefront of the IT services industry.

In line with our medium-term group strategy, in December 2009, we acquired Sorun Corporation as a wholly owned subsidiary in the aim of boosting our corporate value by pursuing synergies in technology and knowhow and the benefits of larger scale.

One benefit of the larger scale we have been pursuing is reflected in our group companies' joint order intake, which rose from 29 projects (¥2.4 billion) in fiscal 2009 to 121 projects (¥5.4 billion) in fiscal 2010. Leveraging off of the addition of Sorun Corporation to our group, we intend to accelerate this trend.

The information services industry is currently engulfed in a powerful tide of change, exemplified by the shift toward cloud computing. We have been staying ahead of the curve and building next-generation data centers that can provide high-value-added IT services. As a result, in 2010 we put data centers into operation in April in Tianjin (China) and in August in Takaoka (Toyama Prefecture, Japan). As part of the expansion of our cloud services platform, we are using individual group companies' unique characteristics and accumulated knowhow to bolster our cloud services lineup.

In terms of our globalization initiatives, we continued to expand our overseas operations and explore new business opportunities in the aim of capitalizing in fiscal 2011 on the effects of our strategic collaboration with BT.

We also continued working on other initiatives begun in fiscal 2009, such as increasing use of shared back-office services, information system integration projects, and optimization of group structure. Through these initiatives we are striving to bolster the foundations and enhance the efficiency of group operations, and we intend to continue implementing such initiatives to improve our corporate value.

Forecast for fiscal 2011 (year ending March 31, 2011)

We expect the operating environment to remain inclement for the time being, but we intend to improve performance through various measures. Specifically, we will ensure that all operating companies cooperate with each other as a group and generate synergies, and we will strengthen our operating structure and implement business initiatives to appropriately capture IT investment demand stemming from the economic recovery primarily from the fiscal second half.

The forecast for net income incorporates the impact of an extraordinary loss of ¥2.2 billion related to asset removal liabilities.

Our consolidated earnings forecasts for fiscal 2011 are as follows.

Net sales ¥346,000 million (+10.2% year on year)
Operating income ¥16,500 million (+3.2% year on year)
Recurring profit ¥16,000 million (+1.8% year on year)
Net income ¥5,500 million (-28.2% year on year)

The above performance forecasts reflect management judgment based on currently available information. Actual results may differ from these forecasts due to various factors.

(2) Analysis of Financial Condition

1) Asset, liabilities, and net assets

Consolidated assets totaled ¥313,077 million yen at the end of the fiscal year (March 31, 2010). Of the total, current assets accounted for ¥141,967 million, and fixed assets, ¥171,109 million.

Liabilities totaled ¥158,001 million. Net assets were ¥155,075 million, of which minority interests accounted for ¥16,654 million.

2) Cash flow

Cash and cash equivalents (“cash”) totaled ¥46,987 million as of March 31, 2010, up ¥11,883 versus the end of the previous fiscal year (March 31, 2009).

Contributions to cash flow were as follows.

Cash flow from operating activities

Operating activities generated net cash of ¥31,400 million.

This mainly reflects income before income taxes and minority interests of ¥13,991 million, and the positive cash flow effect of ¥11,978 million in depreciation, ¥2,083 million in impairment losses, and a ¥5,908 million decrease in notes and accounts receivable, which were partly offset by a ¥5,949 million decrease in notes and accounts payable and ¥4,126 million in income tax payments.

Cash flow from investing activities

Investing activities used net cash of ¥25,726 million.

The main additive effect came from ¥1,333 million in proceeds from the sale and redemption of investment securities. This was offset by negative contributions from ¥9,843 million in payments for the acquisition of property and equipment, ¥5,259 million for the acquisition of intangible assets, and ¥10,917 million for the acquisition of newly consolidated subsidiaries.

Cash flow from financing activities

Financing activities generated net cash of ¥6,139 million.

The main contributions came from ¥15,800 million in proceeds from long-term debt and a net increase of ¥15,505 million in short-term borrowings, which were partly offset by ¥15,941 million in repayments on long-term debt and ¥5,100 million in payments due to bond redemptions.

For reference: Cash flow indicators

	Fiscal 2009	Fiscal 2010
Equity ratio (%)	44.4	44.2
Equity ratio based on market capitalization (%)	32.6	31.4
Ratio of interest-bearing debt to cash flow (years)	2.3	3.1
Interest-coverage ratio (times)	31.1	29.2

Equity ratio: Shareholders' equity / Total assets

Equity ratio at market value: Market capitalization / Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest-coverage ratio: Cash flow / Interest paid

Notes:

1. All indicators were calculated using consolidated financial statement data.
2. Market capitalization is based on the number of shares issued and outstanding (net of treasury stock).
3. Cash flow from operating activities is used as the cash flow variable.
4. "Interest-bearing debt" is all debt on the consolidated balance sheet on which interest is payable.

(3) Basic policy on profit distribution and dividends for fiscal 2010 and fiscal 2011

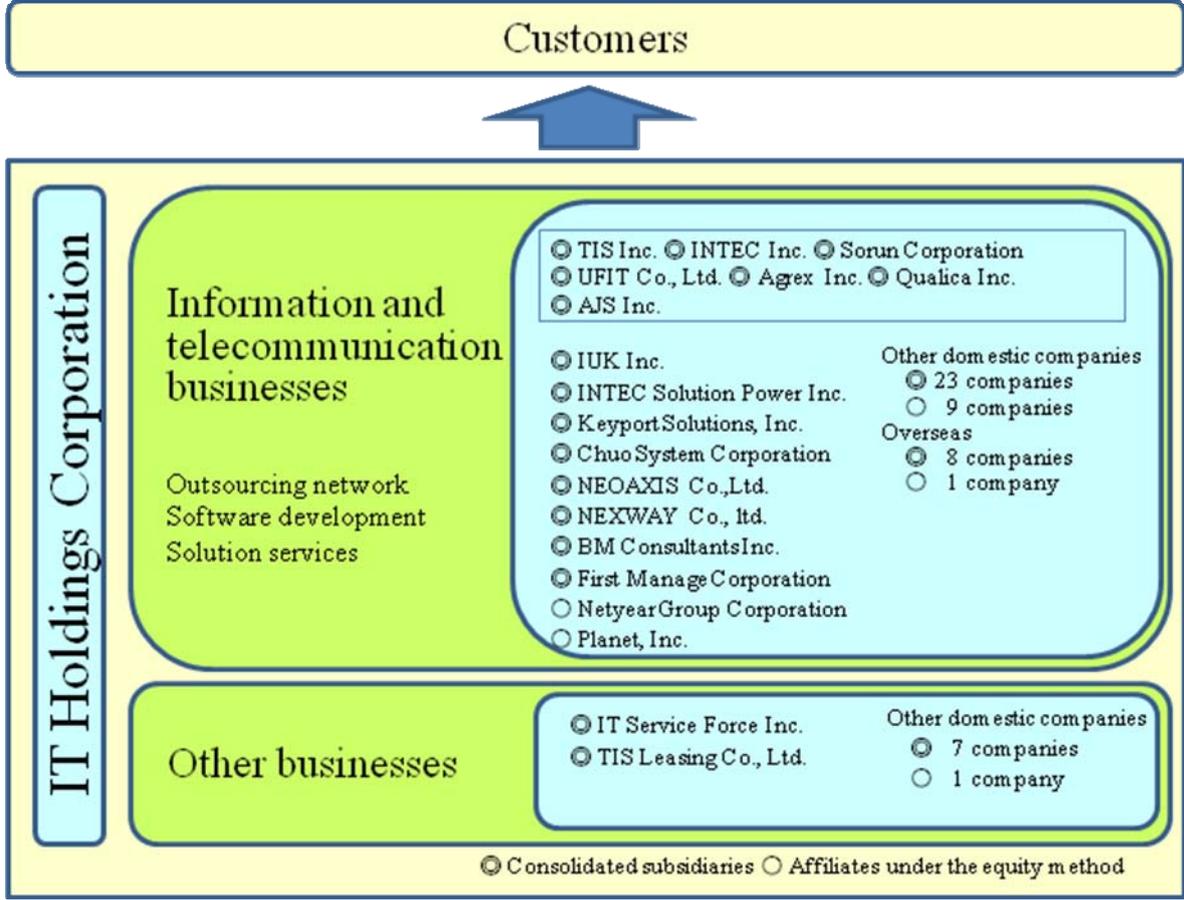
IT Holdings aims to maintain a stable dividend while striking a balance between our key objective of rewarding shareholders for their long-term investments and the need to secure sufficient internal reserves to fund continued growth and maintain a sound financial base.

We paid an interim dividend of ¥12 per share for fiscal 2010. We intend to pay a year-end dividend of ¥20 per share.

For fiscal 2011, we plan to pay an annual dividend of ¥32 per share of which the interim dividend will account for ¥12 yen.

2. Status of the Group

The group consists of IT Holdings Corporation (the parent company), 55 consolidated subsidiaries, and 13 affiliated companies accounted for under the equity method. The group’s core activities are divided into the outsourcing and network segment, the software development segment, and the solution services segment, and the group also engages in businesses connected with these core activities. The group also provides other services, such as real estate rental and management services. As a pure holding company, IT Holdings handles business administration issues for the group and supports group companies in executing their respective business activities, which center on information and communication services.



3. Management Policy

(1) Basic Management Policy

IT Holdings has established, and discloses, the following management philosophy, the corporate cornerstone of the IT Holdings group.

Management Philosophy

The IT Holdings group seeks to be a corporate citizen, whose activities, namely, the provision of various services maximizing the power of information technology, match its status as a leading corporate group, and as a group, we will raise corporate value, supported in this effort by the high regard of all stakeholders, not only shareholders but also clients as well as employees and their families.

We will cultivate a vibrant corporate culture that encourages companies and individuals under the group umbrella to work together, embracing new challenges and striving to reach higher goals, and thereby ensure continued growth as a corporate entity.

We will always provide our clients with the very best, through excellent quality and technology built on the composite strengths of the group.

We will uphold high corporate morals and fulfill our social obligations.

(2) Key Business Indicators

Amid dramatic business environment changes, such as a trend toward more complex and larger-scale systems, the rise of service-oriented approaches, ongoing globalization, and rapidly advancing technology innovation, the IT Holdings group, a leading IT services group, endeavors to play an integral role in creating an abundant future for society.

(3) Medium- to Long-term Management Strategies

Management has defined the corporate image—the vision—that the group should strive to achieve.

Everyone under the group umbrella shares this vision. It guides each person in the execution of daily activities, which in turn underpins attainment of the ideals to which the group aspires and further enhances corporate value.

Group Vision

1. Play an integral role in realizing the comfortable lifestyles of tomorrow through IT

As the leading IT services group, we will design the template and develop the businesses that support several facets of tomorrow's society—where IT is the driving force of brisk activity in all industries as well as the creation of pleasant living environments where people feel safe and secure.

2. Act with initiative and a sense of enterprising spirit

We will be a group with a corporate culture that makes work enjoyable for employees. This atmosphere will encourage people to quickly pinpoint currents of change rippling across various realms, including society and technology, and resourcefully tackle emerging issues from a fresh perspective.

3. Secure the highest level of technological expertise

We will be a group that is constantly evolving, with an emphasis on new-technology R&D, production techniques and quality control, to achieve the highest level of quality and sharpen cost competitiveness.

4. Contribute to societal and industry advances

As part of the IT services industry, we will be a group that plays a pioneering role in the overall development of our industry, and as a member of society, we will be a group that faithfully carries out our social responsibility and contributes to the communities in which we share a presence. This two-fold commitment will earn us a solid reputation from all directions.

(4) Issues Requiring a Response

Large-scale changes in the economic environment ongoing since 2008 have affected many of our customers. Even as of the start of fiscal 2011, the economy has yet to gain exogenous momentum. However, there are signs of recovery in IT investment at some manufacturers, financial agencies, and distribution service businesses.

Faced with tough business conditions but eager to realize our corporate vision, we embarked on our first medium-term management plan—*IT Evolution 2011*—in April 2009. This three-year blueprint of strategies for reaching targets describes the corporate image that will define the group by March 2012 and outlines seven medium-term management policies that will cement the group's position at the forefront of the IT services industry.

Desired Group Image

A constantly evolving IT business group that promotes the unique qualities of each company under the group umbrella while demonstrating the composite strength that the group structure provides to maintain a sharply competitive edge in terms of quality, reliability, technologies and pricing.

Medium-term Management Policies

1. Foster individuality of group companies while demonstrating the comprehensive strengths afforded by a group structure, and expand the scope of business activities
Together, the companies under the group umbrella will enhance corporate characteristics and capabilities, generating synergies that exceed the simple sum of the contributing elements.
2. Pursue business activities underpinned by client trust.
We will seek to become a partner in value creation, one that contributes directly to the success of our clients' business pursuits and plays an integral role in expanding the scope of their business activities.
3. Actively restructure production platform and create new businesses
We will revamp production and system operation platforms. We will also link R&D activities with business activities to develop new businesses and carve out new markets.
4. Promote management efficiency as a group
We will press ahead with broad optimization of service-related processes throughout the group, promote shared services for back-office operations, centralized administrative functions, such as purchasing, higher operating efficiency through joint use of group assets, and integration of information systems, and curb costs.
5. Reinforce financial standing of the group
We will strengthen our fund-raising capabilities with a solid assessment from the market and achieve a financial footing that can stand firm against mega-investment and concentrated investment efforts.
6. Promote human resources policy designed to foster corporate growth and motivate employees
We will promote measures designed to foster corporate growth and motivate employees while ensuring consistency among group companies in the content of respective personnel systems.
7. Foster a corporate culture that permeates the whole group.
We will always consider things from a client's perspective, and when a request or an issue requires the response of more than one group company, we will work together to address the challenge with a "One for all. All for one." spirit.

(5) Other Important Management Issues

At the board meeting held on November 10, 2009, IT Holdings decided to acquire shares of Sorun Corporation via a tender offer. The tender offer was completed on December 15, 2009, and Sorun Corporation became a consolidated subsidiary effective December 22, 2009.

At their respective board meetings held on January 12, 2010, IT Holdings and Sorun Corporation decided to conduct a share exchange that would make Sorun Corporation a wholly owned subsidiary of IT Holdings (i.e., make IT Holdings Sorun's parent) effective April 1, 2010. The two companies entered into an agreement dated that day (January 21, 2010). As a result of the share exchange, Sorun Corporation became IT Holding's wholly owned subsidiary effective April 1, 2010.

4. Consolidated Financial Results for the Fiscal Year ended March 31, 2010

(1) Consolidated Balance Sheets

Items	As of Mar. 31, 2009	As of Mar. 31, 2010
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	37,524	47,192
Notes and accounts receivable	62,862	62,619
Lease receivables and lease investment assets	7,274	7,590
Marketable securities	1,501	321
Merchandise and finished goods	2,799	1,914
Work in process	11,579	7,121
Raw materials and supplies	234	227
Deferred tax assets	11,075	8,527
Other current assets	6,203	6,649
Allowance for doubtful accounts	(255)	(197)
Total current assets	140,799	141,967
Fixed assets		
Property and equipment		
Buildings and structures, net	53,278	52,331
Machinery and equipment, net	5,799	4,851
Land	21,925	22,630
Leased assets, net	1,235	2,476
Other property and equipment, net	6,809	9,709
Total property and equipment	89,048	91,999
Intangible assets		
Goodwill	4,839	6,741
Other intangible assets	10,162	12,388
Total intangible assets	15,001	19,130
Investments and other assets		
Investment securities	26,904	34,593
Deferred tax assets	6,762	6,994
Other assets	19,489	21,171
Allowance for doubtful accounts	(2,678)	(2,779)
Total investments and other assets	50,477	59,980
Total fixed assets	154,527	171,109
Total assets	295,327	313,077

Items	As of Mar. 31, 2009	As of Mar. 31, 2010
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	18,626	14,953
Short-term borrowings	22,919	34,895
Corporate bonds (redeemed within one year)	5,100	4,000
Income taxes payable	3,390	2,114
Accrued bonuses to directors and employees	9,830	10,820
Other allowances	71	374
Other current liabilities	22,112	19,097
Total current liabilities	82,051	86,255
Non-current liabilities		
Corporate bonds	11,500	7,600
Long-term debt	41,013	45,151
Lease obligations	2,549	3,914
Deferred tax liabilities	682	694
Deferred tax liabilities from revaluation of land	993	993
Accrued retirement benefits to employees	8,113	10,672
Accrued retirement benefits to directors	248	470
Other non-current liabilities	1,958	2,250
Total non-current liabilities	67,058	71,746
Total liabilities	149,110	158,001
Net assets		
Shareholders' equity		
Common stock	10,000	10,001
Additional paid-in capital	86,321	85,207
Retained earnings	40,186	44,088
Less treasury stock, at cost	(2,354)	(57)
Total shareholders' equity	134,153	139,239
Valuation and translation adjustments		
Net unrealized gains on other securities	(1,118)	1,182
Revaluation of land	(1,841)	(1,841)
Foreign currency translation adjustments	(139)	(178)
Total valuation and translation adjustments	(3,098)	(837)
Stock acquisition rights	8	18
Minority interests	15,154	16,654
Total net assets	146,216	155,075
Total liabilities and net assets	295,327	313,077

(2) Consolidated Statements of Income

Items	FY2009	FY2010
	millions of yen	millions of yen
Net sales	338,302	313,856
Cost of sales	272,944	254,827
Gross profit	65,357	59,029
Selling, general and administrative expenses	41,569	43,032
Operating income	23,787	15,996
Non-operating income		
Interest income	66	75
Dividends income	541	532
Amortization of negative goodwill	958	88
Rental income from real estate	297	302
Facilities expenses refund	-	172
Other	326	503
Total non-operating income	2,189	1,674
Non-operating expenses		
Interest expenses	1,130	1,057
Equity in losses of non-consolidated subsidiaries and affiliates	72	4
Other	1,169	889
Total non-operating expenses	2,372	1,951
Recurring profit	23,604	15,719
Extraordinary income		
Gain on sale of investment securities	-	1,116
Gain on liquidation of subsidiaries	20	-
Reversal of allowance for doubtful accounts	54	91
Insurance premium refund upon cancellation	57	-
Other	30	99
Total extraordinary income	162	1,307
Extraordinary loss		
Loss on sale of fixed assets	421	12
Loss on disposal of fixed assets	433	621
Impairment loss	896	2,083
Valuation loss on investment securities	2,228	175
Other	502	142
Total extraordinary loss	4,483	3,035
Income before income taxes and minority interests	19,284	13,991
Income taxes: current	4,911	2,774
Income taxes: deferred	3,380	2,976
Total income taxes	8,291	5,751
Minority interests in earnings of consolidated subsidiaries	1,586	580
Net income	9,406	7,659

(3) Consolidated Statements of Changes in Net Assets

Items	FY2009	FY2010
	millions of yen	millions of yen
Shareholders' equity		
Common stock		
Balance at end of previous fiscal year	10,000	10,000
Changes during the fiscal year		
Issuance of new shares	-	1
Net changes during the fiscal year	-	1
Balance at end of fiscal year	10,000	10,001
Additional paid-in capital		
Balance at end of previous fiscal year	86,331	86,321
Changes during the fiscal year		
Issuance of new shares	-	1
Disposal of treasury stock	(10)	(1,114)
Net changes during the fiscal year	(10)	(1,113)
Balance at end of fiscal year	86,321	85,207
Retained earnings		
Balance at end of previous fiscal year	33,082	40,186
Changes during the fiscal year		
Dividends from surplus	(1,219)	(3,757)
Net income	9,406	7,659
Effect of change in scope of application of the equity method	(1)	-
Reclassification due to revaluation of land	(1,080)	-
Net changes during the fiscal year	7,103	3,902
Balance at end of fiscal year	40,186	44,088
Treasury stock		
Balance at end of previous fiscal year	(2,827)	(2,354)
Changes during the fiscal year		
Acquisition of treasury stock	(20)	(4)
Disposal of treasury stock	492	2,300
Net changes during the fiscal year	472	2,296
Balance at end of fiscal year	(2,354)	(57)
Total shareholders' equity		
Balance at end of previous fiscal year	126,586	134,153
Changes during the fiscal year		
Issuance of new shares	-	2
Dividends from surplus	(1,219)	(3,757)
Net income	9,406	7,659
Acquisition of treasury stock	(20)	(4)
Disposal of treasury stock	482	1,185
Effect of change in scope of application of the equity method	(1)	-
Reclassification due to revaluation of land	(1,080)	-
Net changes during the fiscal year	7,566	5,086
Balance at end of fiscal year	134,153	139,239

Items	FY2009	FY2010
	millions of yen	millions of yen
Valuation and translation adjustments		
Net unrealized gains on other securities		
Balance at end of previous fiscal year	1,150	(1,118)
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	(2,268)	2,300
Net changes during the fiscal year	(2,268)	2,300
Balance at end of fiscal year	(1,118)	1,182
Revaluation of land		
Balance at end of previous fiscal year	(2,922)	(1,841)
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	1,080	-
Net changes during the fiscal year	1,080	-
Balance at end of fiscal year	(1,841)	(1,841)
Foreign currency translation adjustments		
Balance at end of previous fiscal year	(18)	(139)
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	(120)	(39)
Net changes during the fiscal year	(120)	(39)
Balance at end of fiscal year	(139)	(178)
Total valuation and translation adjustments		
Balance at end of previous fiscal year	(1,790)	(3,098)
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	(1,308)	2,260
Net changes during the fiscal year	(1,308)	2,260
Balance at end of fiscal year	(3,098)	(837)
Stock acquisition rights		
Balance at end of previous fiscal year	0	8
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	7	10
Net changes during the fiscal year	7	10
Balance at end of fiscal year	8	18
Minority interests		
Balance at end of previous fiscal year	14,164	15,154
Changes during the fiscal year		
Items other than changes in shareholders' equity, net	989	1,500
Net changes during the fiscal year	989	1,500
Balance at end of fiscal year	15,154	16,654
Total net assets		
Balance at end of previous fiscal year	138,961	146,216
Changes during the fiscal year		
Issuance of new shares	-	2
Dividends from surplus	(1,219)	(3,757)
Net income	9,406	7,659
Acquisition of treasury stock	(20)	(4)
Disposal of treasury stock	482	1,185
Effect of change in scope of application of the equity method	(1)	-
Reclassification due to revaluation of land	(1,080)	-
Items other than changes in shareholders' equity, net	(311)	3,772
Net changes during the fiscal year	7,255	8,858
Balance at end of fiscal year	146,216	155,075

(4) Consolidated Statement of Cash Flows

Items	FY2009	FY2010
	millions of yen	millions of yen
Cash flows from operating activities		
Income before income taxes and minority interests	19,284	13,991
Depreciation	10,996	11,978
Impairment loss	896	2,083
Loss on disposal of fixed assets	433	621
Valuation (gain) loss on investment securities	2,228	134
Amortization of goodwill	1,149	1,389
Increase (decrease) in accrued bonuses to directors and employees	2,642	534
Increase(decrease) in allowance for doubtful accounts	448	(74)
Increase (decrease) in accrued retirement benefits to employees	636	851
Interest and dividend income	(607)	(608)
Interest expenses	1,130	1,057
(Increase) decrease in notes and accounts receivable	2,294	5,908
(Increase) decrease in inventories	1,221	8,173
Increase (decrease) in notes and accounts payable	(3,070)	(5,949)
Others, net	2,369	(4,097)
Subtotal	42,054	35,996
Interest and dividend income received	615	605
Interest expenses paid	(1,131)	(1,074)
Income taxes paid	(7,226)	(4,126)
Net cash provided by (used in) operating activities	34,311	31,400
Cash flows from investing activities		
Payments for deposit of time deposits	(2,432)	(1,553)
Withdrawals from time deposits	-	4,374
Acquisitions of property and equipment	(9,974)	(9,843)
Acquisitions of intangible assets	(3,488)	(5,259)
Acquisitions of investment securities	(1,193)	(4,225)
Proceeds from sale and redemption of investment securities	1,191	1,333
Acquisitions of newly consolidated subsidiaries	(3,147)	(10,917)
Proceeds from acquisitions of newly consolidated subsidiaries	458	-
Other, net	(1,492)	363
Net cash provided by (used in) investing activities	(20,079)	(25,726)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	(3,989)	15,505
Proceeds from long-term debt	21,788	15,800
Repayments of long-term debt	(17,017)	(15,941)
Redemption of bonds	(7,050)	(5,100)
Acquisition of treasury stock, net	(20)	(4)
Disposal of treasury stock, net	482	1,185
Dividends paid	(1,220)	(3,757)
Dividends paid to minority shareholders	(335)	(969)
Other, net	484	(578)
Net cash provided by (used in) financing activities	(6,877)	6,139
Effect of exchange rate changes on cash and cash equivalents	(243)	11
Net increase (decrease) in cash and cash equivalents	7,110	11,824
Cash and cash equivalents at beginning of year	27,994	35,104
Increase in cash and cash equivalents resulting from merger	-	58
Cash and cash equivalents at end of year	35,104	46,987

(5) Notes on the Going-concern Assumption

Not applicable