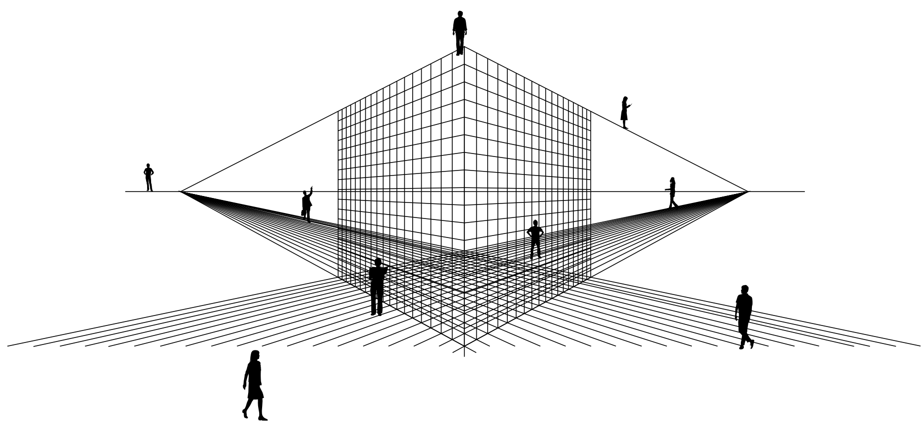
Challenging Tomorrow's Changes

Annual Report 2011

For the year ended March 31, 2011



The CTC Group supports social infrastructure by utilizing information technologies.

Cautionary Notes Concerning Recorded Monetary Sums

Recorded monetary sums are rounded to the nearest whole number in accordance with U.S. standards.

Cautionary Notes Concerning Forward-Looking Statements

Statements made in this annual report with respect to CTC's plans, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of CTC based on management's assumptions and beliefs in light of information currently available to it and involve certain risks and uncertainties.

Contents

One-Stop Services

CTC provides optimal services throughout all phases of IT lifecycles as a solution provider that combines a comprehensive array of strengths. These capabilities extend from front-line backbone systems development and open-system large-scale infrastructure construction to outsourcing services employing data centers.

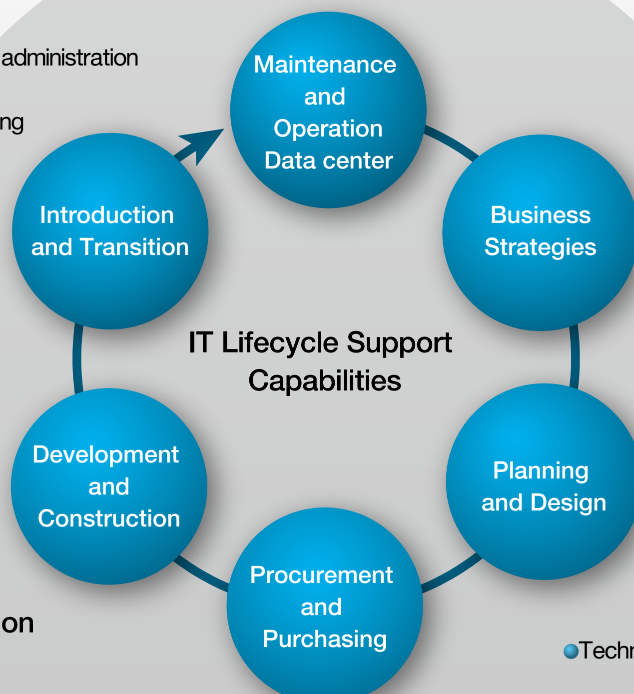
As a prime contractor, CTC makes detailed proposals to determine the types of functions and performance levels required for customers' systems in the future. In tandem with such initiatives, CTC provides one-stop services tailored to customer needs by steadily supporting their ever-changing business operations.

CTC' s Business Model

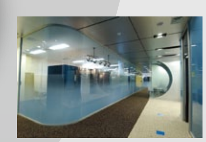
Outsourcing
- Maintenance
- Operation and administration
- Office transfer
- Technical training

- Maintenance and support branches (approximately 100 locations nationwide)
- Data centers (five locations nationwide)

Consultation
- Business consulting
- IT consulting



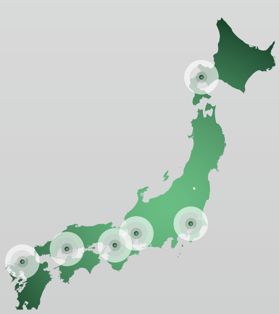
- Osaki Development Center



- Technical Solutions Center

System Integration
- Industry solutions
- Business solutions
- IT Solutions (including databases, storage, networks and security)

Maintenance bases: providing 24/7 maintenance

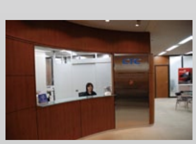


Data centers: boasting over 20 years of operating performance

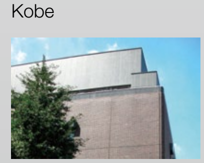

Yokohama-East


Yokohama-West


Kobe


Otemachi


Shibuya

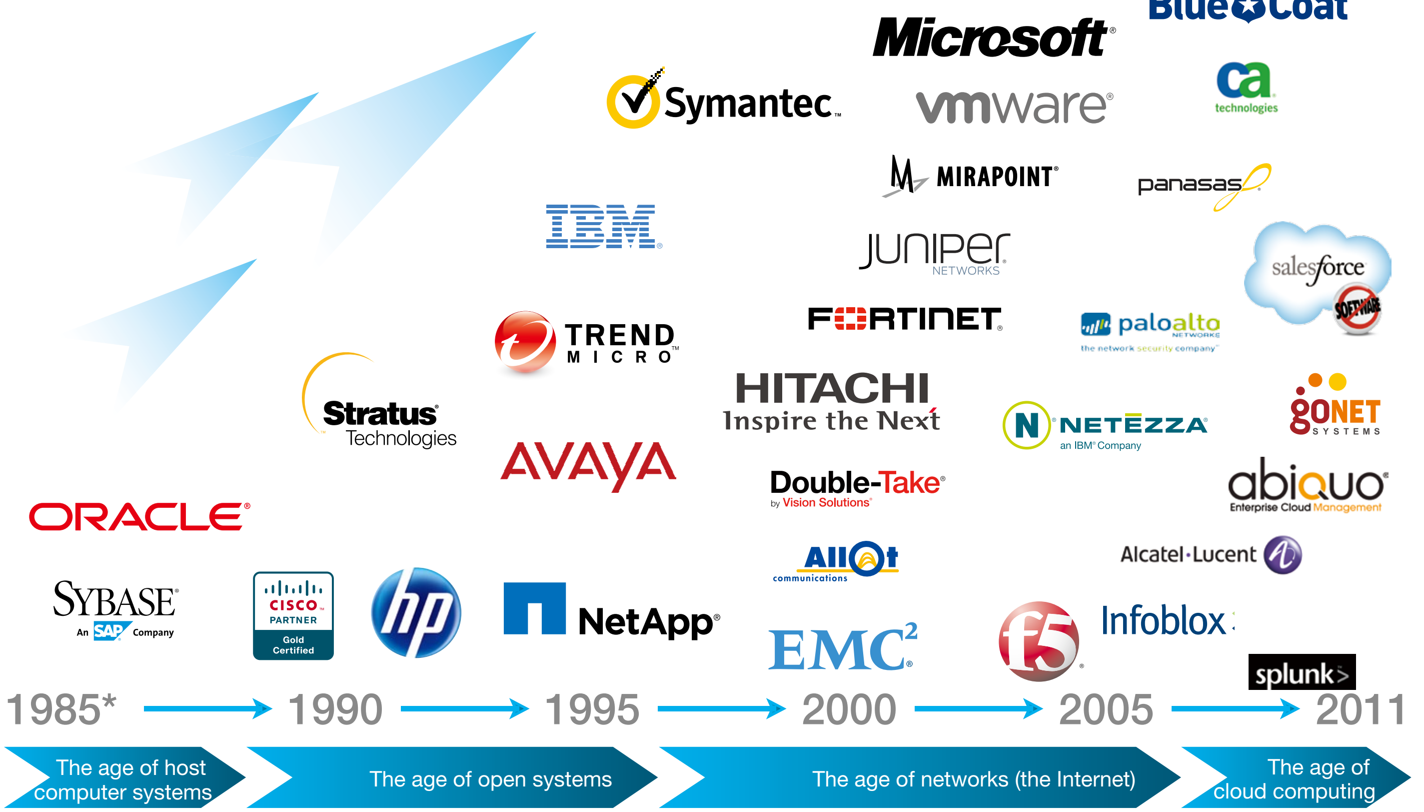

Mejirozaka

Total floor space	(East)	(West)
Yokohama	21,414m² +	21,593m²
Kobe		18,898m²
Otemachi		4,376m²
Shibuya		1,693m²
Mejirozaka		5,846m²

Best Solutions

CTC's performance and experience in the IT service industry is supported by global partnerships with front-running IT vendor companies both in Japan and overseas. With strong faith in its potential in the IT industry since its establishment, CTC has focused on the early development of relationships with leading IT companies overseas and the ongoing strengthening of these relationships. Establishing partnerships with Sun Microsystems in 1984 as well as Cisco Systems and Oracle in 1992, CTC has developed open-system markets in Japan and achieved solid growth. Presently, CTC is able to grasp leading trends in IT and utilizes these in its business operations through the relationships it has forged with various leading IT companies. CTC provides timely, "best solutions" that flexibly respond to a wide array of industries and in all technical fields by mobilizing the numerous product lineups of its vendor partners, as well as system construction expertise and technological capabilities cultivated by the Company.

History of CTC's Vendor Alliances



*CTC began selling Sun Microsystems' products in 1984 (Sun Microsystems was acquired by Oracle Corporation in 2010).

The Performance of Multi-Vendors

Major Vendor Partnerships

Avaya	Platinum Partner
Cisco Systems	Gold Partner Received the Global Award 2010
EMC	EMC Velocity Signature Partner (No. 1 Unit Sales at CLARiX CX series in Japan)
Hewlett-Packard	Hewlett-Packard Premier Enterprise Business Partner Awarded HP BladeSystem Partner Award's "Partner of the Year" and "Blade Hero 2011."
HITACHI	Business Partner (No. 1 vendor in Japan of Hitachi Storage Solutions) Received the JP1 Technical Award for five consecutive years
Mircrosoft	Gold Competency Partner Consulting Partner

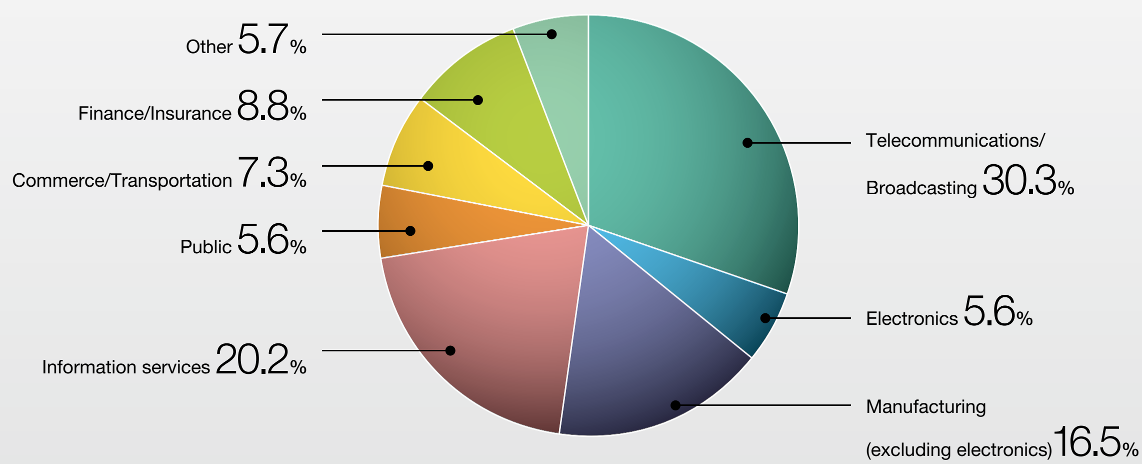
NetApp	Star Partner (No. 1 vendor in Japan)
Oracle	Oracle Platinum Partner Received Oracle Award 2011: • Sun Partner of the Year • Middleware Award • Specialization Award
Symantec	Symantec Platinum Partner Data Protection Master Specialist
VMware	Solution Provider Premier Received the VMware Partner Awards: •VMware Solution Provider Partner of the Year for APAC (Global) •Channel Partner of the Year (Japan)

A Wealth of Achievements

To provide system construction and solution capabilities that are compatible with all industrial segments, CTC has taken on the challenge of finding solutions to various types of IT problems. Through its accomplishments and experience, CTC is acquiring a high degree of expertise while fully cultivating its capacity to respond to customers in various industries. CTC has gained customers that are among the leading companies in a broad range of industries. As a result, one of CTC's strengths lies in the virtuous circle derived from the experience and expertise it has acquired, which it then uses in developing abundant solution lineups.

Net Sales Composition by Industry: ¥283.1 billion

(Year ended March 31, 2011)



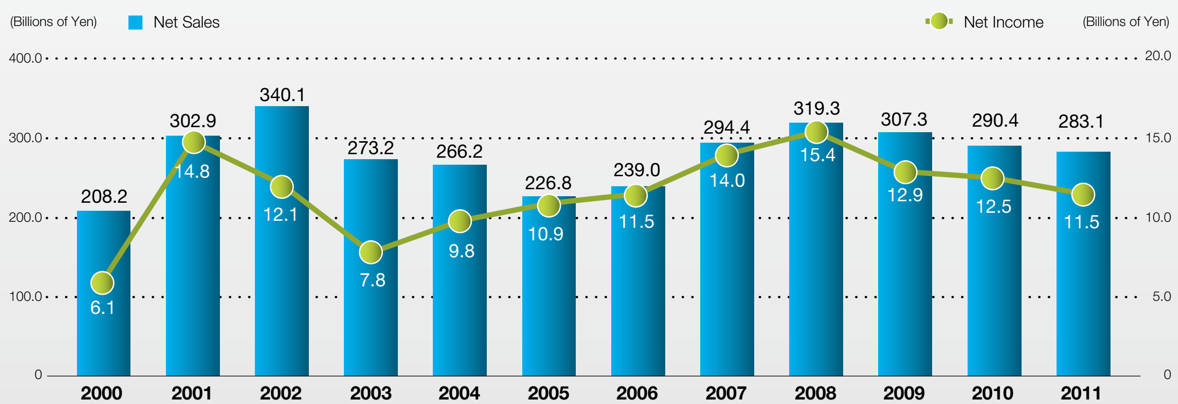
Sales Composition of Top Customers (Year ended March 31, 2011)

Total number of customers: approximately 8,000 companies

Solid Management Foundation

When IT systems are becoming the backbone of customers' management foundations, their choice of IT service companies will be exacting. Moreover, if the demand concerning customer IT assets shifts from ownership to usage, the reliability of IT service companies determines the continuity of customer business. Consequently, the need exists not only for IT service companies' capabilities and quality products and services, but also for the stability and reliability of their business foundations. To date, CTC has built a robust management and financial foundation. These qualities are certain to allow CTC to display its major strengths within the ever-changing IT service industry.

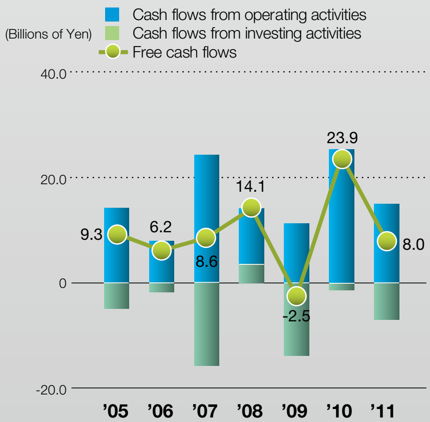
Trends in net sales and net income (Years ended March 31)



Equity Ratio

Return on Equity

Free Cash Flows*



* Free cash flows = Cash flows from operating activities + Cash flows from investing activities
Year ended March 31, 2009: The drop in free cash flows was due to an increase in cash used in the acquisition of property and equipment for data centers.

CTC has positioned fiscal 2011 as the year to generate new added value and strengthen its revenue base. In addition, we will implement measures that maintain continuous earnings increases and undertake investments to achieve growth over the medium to long term.

A paradigm shift is currently taking place in the IT service industry. This is due to such factors as the accelerated use of cloud computing and the rapid expansion of smartphones. CTC will increase the speed and flexibility of its response to such qualitative changes in the IT market based on its corporate philosophy, “Challenging Tomorrow’s Changes.” At the same time, we will maintain continuous growth through a medium-term vision to:

- Become a comprehensive IT service provider that offers one-stop services to meet customers’ needs as a prime contractor
- Lead the market by constantly developing cutting-edge technologies and creating high-value-added services and new business models
- Continue growing based on a unique business model, and consistently draw market attention as the industry leader.

Yoichi Okuda
President & CEO

Question

How would you evaluate CTC's results for fiscal 2010?

During the year under review, CTC formulated a new medium-term management plan. In addition, we positioned fiscal 2010 as a "year of growth." To this end, we undertook the following measures to realize our growth strategies: increase top-line revenues and profitability; engage in investment to maintain medium- to long-term growth; and fortify CTC's management foundation and profit structure. Amid difficult conditions in the IT industry, we unfortunately experienced a fall in revenue due to a lack of market growth, despite signs of improvement at the beginning of fiscal 2010. Consequently, CTC was unable to meet its targets for the fiscal year under review. However, we saw positive signals in terms of orders. An increase in orders for products and development/SI helped to curb declining revenue, while orders received rose for the first time in three fiscal years.

Despite uncertain operating conditions, CTC steadily moved forward with preparations to facilitate future growth. In fiscal 2010, we channeled ¥8.9 billion in capital investments primarily toward cloud computing, almost double since fiscal 2009. Such investments mainly involved acquiring IT assets that provide services to customers, improving CTC data centers and internal information systems.

"Global" is an important keyword for CTC's medium- to long-term growth. As a result, we established the Singapore Branch in April 2011 as our first overseas base in order to respond to those customers undertaking full-fledged global expansion.

We firmly intend to continue investing for our medium- to long-term growth in fiscal 2011.

Medium-Term Management Vision Quantitative Targets for Fiscal 2012

Fiscal 2010 Consolidated Results		Fiscal 2012 Consolidated Targets	
Net Sales ¥283.1 billion		Net Sales ¥360.0 billion	
Gross Profit ¥74.9 billion	Gross Profit Ratio 26.5%	Gross Profit ¥95.0 billion	Gross Profit Ratio 26.4%
Operating Income ¥21.3 billion	Operating Income Ratio 7.5%	Operating Income ¥30.0 billion	Operating Income Ratio 8.3%

Results Highlights for Fiscal 2010

- Operating income remained on par with the previous fiscal year due to reductions in SG&A expenses that offset a decline in revenue and earnings.
- Orders received increased slightly on the back of higher orders of products and SI/development, which curbed a decrease in revenue.

Question

How was CTC affected by the Great East Japan Earthquake?

To begin, I would like to take this opportunity to offer our sincerest condolences to the victims of the Great East Japan Earthquake and extend our sincerest wishes for the earliest possible recovery of all stricken areas.

I was being driven back to the office when the earthquake struck. The shaking was so strong that I thought the car was going to overturn. It goes without saying that the Company quickly established a disaster response command center to determine the extent of the earthquake's impact on our Company and customer IT assets. At the same time, we made concerted efforts to undertake repairs of customer systems. We didn't have damage at any of our data center including Yokohama, Otemachi, Shibuya and Mejirozaka. We now have an even greater sense of confidence in the sturdiness and safety of CTC data centers since each location was undamaged by the earthquake.

Regarding the disaster's effect on results for fiscal 2010, orders of ¥4.0 billion were postponed until after the fiscal year end, but the decrease in net sales remained at only several hundred million yen.

CTC provided ¥30 million in donations in March to assist in disaster recovery efforts. In May, we contributed approximately ¥25 million in charitable matching funds and other monetary assistance. Through our main business operations, we provided, free of charge, the cloud computing services, *cloudage CUVIC OnDemand; EarthDomain* information-sharing software; and various types of software used in the civil engineering and construction industries. In operating activities, the entire CTC Group worked to restore the information infrastructure of our customers, which received damage in the disaster-stricken Tohoku region, including telecommunications carrier, manufacturing and other industries.

Question

What are your thoughts on the post-disaster operating environment and the future impact of the earthquake?

We expect a decrease in net sales in fiscal 2011 as a result of the disaster. In contrast, operating income is expected to increase owing to further cost-reduction efforts. Even after we forecasted decline in revenue, we are seeing a gradual recovery in the IT market. Although customers temporarily suspended and postponed IT investments in the immediate aftermath of the disaster, there is latent demand for investment, primarily concerning disaster countermeasures and IT cost reductions. My visits with customers have convinced me about the demand for this type of investment.

We are seeing new movement in IT investment as a result of the recent disaster. As part of its efforts in the areas of power conservation and business continuity planning (BCP), CTC has begun a detailed investigation into such initiatives as IT investments that facilitate the shift from ownership to usage and disaster recovery. Prior to the disaster, such investments had only been topics for future consideration. Specifically,

Trends in Domestic IT Asset Investment in Fiscal 2011 and CTC's Fundamental Management Policy

Trends in Domestic IT Asset Investment in Fiscal 2011

Hopes

- Disaster countermeasures (clouds, disaster recovery, etc.)
- Reduce IT-related costs, save power (virtualization, integration, etc.)
- IT investment in customer's service improvement (utilization of smart phones, reinforcement of networks, Internet-based services, etc.)

Concerns

- Project cutbacks and postponements due to low confidence in IT investment
- Cut maintenance and operating costs (potential for further budget cuts)

CTC's Basic Management Policy for FY2011

FY2011 is a year for creating additional value at the CTC Group and reinforcing our earnings platform.

1. Create new added value and continue investing for medium- to long-term growth
2. Boost revenues and increase earnings
3. Thoroughly reinforce profits

CTC is saving electric power by reducing the number of servers used for cloud computing and is augmenting its BCP by constructing backup systems for the Kobe data center and its partners in western Japan. We are also developing proposals to meet the needs of those who work from home based on the successful creation of a remote access environment used by approximately 10,000 of our employees.

Question

Please tell us about CTC's main focus, cloud computing.

CTC entered the virtualization/integration business before its competitors, in 2007. Since then, we have accumulated numerous achievements in the area of cloud computing. Cloud computing grew rapidly during its initial phase. The recent disaster has highlighted the merits of cloud computing, which enables companies to prepare for unforeseen contingencies, lowers costs, flexibly disperses IT assets and facilitates rapid recovery in the event that damage is incurred. IT service companies that cannot provide cloud computing services will be unable to break away from conventional business models that rely on application development. It is no exaggeration to say that cloud computing holds the key to the competitiveness, growth and survival of the entire IT service industry.

In October 2010, CTC launched its new cloud solution brand, *cloudage,* in order to further demonstrate its merits as a pioneer in this field. In light of the heightened corporate interest in cloud computing in fiscal 2011, this is a critical period for CTC.

Currently, a significant percentage of our cloud computing sales are accounted for mainly by data center services as well as servers, storage and other products related to private cloud-type IT infrastructure. We are expecting an increase in private cloud-type IT infrastructure used to build related systems for specific customers who will use these services well into the future. As such sales rise, CTC is developing a stable revenue source with greater depth.

The number of cases of new customers purchasing private cloud-type services for the first time following an assessment of their IT assets is rising. To take advantage of this business opportunity, we are reorganizing and strengthening our sales structure to be appropriate for the cloud computing age. From the perspective of personnel development, CTC established the Cloud Academy in May 2010, which selects young, full-time employees for management training. Providing training opportunities in each department, CTC boasts many top-level cloud technicians in Japan.

Through these initiatives, our cloud computing sales currently total approximately ¥37.0 billion. We plan to raise this to ¥70.0 billion, which would account for roughly 20% of overall sales in fiscal 2012.

Question

What are your forecasts for CTC's products and SI/development?

In fiscal 2011, sales of products are forecast to continue increasing. In particular, sales of our IT products are being driven by the introduction of new transmission standards and the popularization of smartphones in the telecommunication industry; the upgrading of call centers in the financial industry to increase customer satisfaction; and the increased sales of private cloud-type IT infrastructure for enterprises.

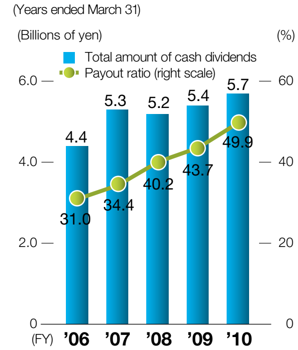
The ripple effect of CTC's three business models—service, SI/development, and products—cannot be ignored. As such, increases in sales of products and SI/development lead to maintenance- and operation-related orders, which in turn boost profits from our service. Accordingly, it is important for CTC to maintain balance among and increase sales related to the three business models. At the same time, cloud computing is a promising future business model that will stimulate growth over the medium to long term.

Question

What is CTC's policy concerning dividends?

CTC recognizes that returning profits to shareholders as an important management issue. In line with this principle, it is the Company's fundamental policy to make every effort to secure stable dividend payments and constantly improve dividend levels, while optimizing the balance between business performance, internal reserves and the actual amount distributed to shareholders.

Total Amount of Cash Divdends and the Payout Ratio
(Years ended March 31)



In accordance with company policy and taking into consideration such factors as CTC's financial position, the fiscal 2010 annual dividend amounted to ¥90 per share. In addition, the consolidated payout ratio for the fiscal year under review stood at 49.9%.

Question

In conclusion, please express your thoughts to CTC's stakeholders.

In light of the impact of the disaster and persistent economic stagnation, IT investments will be carefully selected in order to address important management issues. Given these circumstances, maintaining the trust of stakeholders is of the utmost importance. CTC makes ceaseless and concerted efforts to raise awareness of stakeholder value throughout the Group.

We have positioned fiscal 2011 as the year to generate new added value and strengthen our revenue base. To this end, we will implement measures that will maintain increases in earnings while engaging in investment that ensures medium- to long-term growth.

Please expect CTC to provide inspiring innovations in its future activities as it moves forward into the age of cloud computing.

Special Feature: CTC's Evolving Cloud Solutions

As an indispensable element for corporate operations and growth strategies, cloud computing is an attention-grabbing term representing the most important trend in IT today. Against this backdrop, CTC is focusing its energy on the cloud computing business. The following is an introduction of CTC's strengths in the cloud computing field as well as its future initiatives.

Diversifying Cloud Computing

Cloud computing is a new service configuration using such IT functions as servers and applications, which are connected via networks. The various types of cloud computing—including public and private clouds as well as hybrid clouds (a combination of private and public)—involve a diverse array of applications and purposes. In addition, the needs for cloud computing are expanding beyond just cost reductions to include system/data backups and business continuity plans (BCPs).

CTC will provide various cloud computing services and solutions that meet the diverse needs of its customers.

Three Strengths of CTC's Cloud Computing Business

The first strength is CTC's infrastructure construction capabilities. Accordingly, we provide safe, secure and high-quality cloud computing services. Such services are based on system construction as well as maintenance and operation technologies tailored to multivendor environments that combine various vendor products and technologies; and virtualization technologies essential for cloud computing.

The second strength is CTC's wealth of expertise in numerous industrial sectors and operations accumulated through its wide customer base. CTC meets a diverse range of cloud computing needs based on successful application development for numerous customers.

Thirdly, CTC's cloud computing business is supported by the Group's comprehensive strengths. CTC offers total services utilizing this core competence, primarily through its five data centers and approximately 100 maintenance bases nationwide; 24/7 maintenance and operation services; and the Remote Operation Center (ROC), which remotely monitors and operates customer systems.

By taking full advantage of our three strengths, we are further bolstering our cloud computing business.

Systemizing over 40 Types of Cloud Computing Services and Solutions

CTC offers over 40 different types of cloud computing services and solutions corresponding to customer industry, operations, applications and size. In autumn 2010, CTC launched its new cloud computing brand, *cloudage.* This new brand systemizes five categories of cloud computing services and solutions based on the core concept of creating new business infrastructures for the cloud computing age. We will continue to develop new services to flexibly meet changing customer needs.

CTC's Cloud Computing Business Strengths

Infrastructure Construction Capabilities	CTC maximizes its infrastructure construction capabilities as the No. 1 specialized IT vendor in Japan through its core cloud business platform technology and alliances with overseas vendors.
Customer Platforms	CTC develops and provides SaaS cloud computing services by utilizing its customer base in numerous industries along with its expertise accumulated in various sectors and operations.
The Group's Comprehensive Strengths	CTC offers total, one-stop IT services, from data centers to cloud technology, maintenance and operations.

Five Categories of *cloudage*

Consulting Service for Cloud Adoption

CTC has formulated a roadmap for the introduction of optimal cloud computing services by determining and analyzing the current status of customer businesses and systems.

Private Cloud Development Solutions

CTC develops private cloud-type IT infrastructure for customers based on its abundant experience and achievements in the area of virtualization/integration and by combining top vendor cloud computing products.

Virtualization Hosting

CTC provides high-quality, highly reliable virtualization platforms (IaaS/PaaS) based on flexible services and billing systems.

SaaS

CTC utilizes the latest technologies to offer a wealth of original services and collaborative partner services.

Cloud Operation and Outsourcing

CTC provides total outsourcing services that optimize customer system operations.

cloudage

Derived from the words “cloud” and “age,” *cloudage* refers to CTC’s efforts to create, in tandem with customers, platforms that support their businesses in the cloud computing age, promoting the shift from IT asset ownership to usage.

→ Future Growth Strategies

CTC undertakes a variety of measures to promote the cloud computing business, positioning it as the most important field for its medium- to long-term growth strategies. We are augmenting the lineup of *cloudage* services by creating new services and solutions as we upgrade existing ones. In the area of personnel, CTC is further expanding the number of engineers knowledgeable in the field of cloud computing. This is being achieved through the Cloud Academy, an internal training program designed to familiarize employees with cloud computing.

In April 2011, CTC established the Cloud Business Promotion Division in order to undertake large-scale cloud proposals. In addition, the Data Center Group changed its name to the Cloud Platform Group in order to strengthen cloud computing services based on data center platforms. With plans to construct a new data center in fiscal 2012, CTC will aggressively undertake investments to expand the cloud computing business.

Through these wide-ranging initiatives, the CTC Group is working together to strengthen and expand its cloud computing businesses.

cloudage Service Lineup

■ CTC original services ■ Products offered by vendors ■ Services provided by partners

Category	Logo	Service	Description
Private Cloud Development Solutions	RePlatform	RePlatform	Virtualization/integration for IT platforms promotion service concept
	SOIDEAL	SOIDEAL	Consulting services for planning private cloud computing
	VMPOOL	VM Pool	Virtualization/integration infrastructure for private cloud computing
	APPOOL	AP Pool	Application server integration solutions
	DBPOOL	DB Pool	Database integration solutions
	RePlavail	RePlavail	Operation services for virtualization/integration infrastructure
	Cisco UCS, HP CloudSystem Matrix, VCE Vblock Oracle Exadata, Secure Multi-Tenancy		
Virtualization Hosting	TechnoCUVIC	TechnoCUVIC	Virtualization hosting services
	TechnoCUVIC HV	TechnoCUVIC HV	Virtualization hosting service based on Microsoft virtualization software
	cloudage CUVIC OnDemand	cloudage CUVIC OnDemand	On-demand virtualization hosting service
	TechnoCUVIC Pro	TechnoCUVIC Pro	OS and middleware development and operation services based on virtual environments
SaaS	CTCセキュアメールサービス Secure Premium	SecurePremium	Next-generation email service featuring advanced security and multiple functions
	A-Cloud	A-Cloud Mail	Highly functional, inexpensive cloud-type email service for educational institutions
	cloudage DESKTOP	cloudage desktop	Built-to-order virtual desktop service
	cloudage PORTAL	cloudage portal	SaaS-type portal site development and operation service
	CTCクラウドバックアップサービス	CTC Cloud Backup Services	Cloud remote backup service
	EIMANAGER/Web	EIMANAGER/ Web	Document management/workflow service
	コトロジ	*Kotoroji*	Cloud-type language analysis service
	MAMS	MAMS	Mobile asset management telematics service
	ePromo	ePromo	Invoice marketing cloud computing service
	Reverse Auction	Reverse Auction	Reverse auction support service
	イーキュープラス EQ+	EQ+	Emergency earthquake alert/weather information service
	Weather information service	Weather information service	Weather information service specialized to specific industry and media
	Wind power output calculation service	Wind power output calculation service	Wind power output calculation service that is the first in Japan used in power system control
	Engineering cloudage	Engineering cloudage	Cloud computing service for science/engineering accounting software and accounting platforms
	ITLifeGear	ITLifeGear	SaaS operations management service that is easy to use, particularly for incident management functions
	Salesforce CRM		SaaS-type CRM application that is No.1 worldwide
	Force.com		Cloud platform provided by Salesforce.com, Inc.
	Google Apps for Business		Communication and collaboration service
	Google Maps API Premier		Map service suitable for internal mashup data
	SuccessFactors		Strategic personnel utilization cloud computing service that bridges the gap between strategy and execution
	ecoFORTE Reporter		Service compatible with the revised Law Concerning the Rational Use of Energy and offering comprehensive energy conservation assistance
	ecoFORTE EMS		Internal energy management service
	agOnDemand		Cloud computing service that assists mainly with the collection, evaluation and reporting of pharmaceutical safety information
Cloud installation consulting services	Cloud installation/conversion assessment service		Consulting service that assists in the conversion of existing systems into clouds
Cloud operation outsourcing	IT outsourcing service		Operations management of each system used in the cloud environment
	Integrated operation monitoring service		Operation monitoring of each system used in the cloud environment
	Managed firewall service		Firewall operations management for the cloud environment
	Managed load balance service		Load balance operations management for the cloud environment
	Managed network device service		Network device operations management for the cloud environment

* The above lists the cloud computing-related services provided by CTC as of July 2011.

CTC's Technical Solution Center Provides Safety and Security in the Area of Comprehensive Verification

The latest IT equipment realizes high-level verification

The Technical Solution Center is CTC's largest multiple-vendor comprehensive verification center in Japan. The center undertakes over 1,200 verification operations per year, owing primarily to the efforts of approximately 200 technical specialists. Changing product mix can significantly alter system characteristics. CTC plays a useful role in optimal system development by implementing various types of verification operations using its strength as a multiple vendor. Such operations range from confirming the performance of advanced technologies and products to verifying the operations of customer systems. In recent years, we have been providing services that customers can experience for themselves by permanently installing the latest solution demonstration environments in such areas as SaaS and virtualization. In addition, CTC is ceaselessly working to provide highly reliable systems. Such efforts include upgrading specialized environments responsive to customer needs in partnership with Oracle, Cisco, VMware and other vendors.

Strengthening Data Center Operations to Promote the Cloud Computing Business

Architectural rendering of the new data center upon completion

Through its five data centers located nationwide, CTC provides a variety of data center-related services focusing on IT outsourcing services that range from the development of customer systems to maintenance and operation. We began expanding data center-based cloud computing services in April 2008. Since then, CTC has already experienced a number of applications for each type of cloud computing service platform. Moreover, CTC has begun the construction of a new facility at the Yokohama Computing Center, which is scheduled to commence operations in fiscal 2012. The new four-story facility (which includes a basement) will have a floor space of approximately 10,000m^2 and feature an earthquake-resistant design based on a seismically isolated structure and duplication measures. The new facility has also been designed with the aim of making the Yokohama Data Center best class in environmental friendliness. CTC will further enhance the cloud computing business Companywide by operating its data centers in a safe and stable manner, augmenting service platforms and promoting the planning and development of new services.

Providing Automated Functions for Remote Operation Services to Support Stable Cloud Computing Operations

Providing remote operation services 24/7

In general, the maintenance and operations of company systems is said to account for over 30% of all IT investment. The need for greater operational efficiency related to virtualization and other cloud computing environments is increasing. Such needs are the result of system operations becoming more cumbersome amid the mixing of various business applications. To address this issue, CTC offers a range of services—including malfunction monitoring, substitute operations and technical support—while providing virtualization/integration platform operation services. Such services are enabled through the ROC, which remotely monitors and operates existing customer IT systems. In January 2011, we upgraded operation services that use the ROC by adding automated system operation functions and utilizing specialized customer-support portal services by web. CTC has used its operational expertise to design an automated operation template that provides automatic malfunction repair services. Consequently, CTC is able to reduce operational costs by a maximum of 30%. In combination with our onsite services, we will contribute to the stable operation of customer systems by upgrading the ROC's remote system management services.

Examples of CTC's Newest Solutions

CTC Develops an Authentication System for KDDI's Mobile Core Network

CTC has developed an authentication system for the Mobile Core Network operated by KDDI Corporation (KDDI). The system utilizes authentication, authorization, and accounting (AAA) to provide highly functional and reliable operations. The system authenticates or identifies users, authorizes system access and records user actions for accounting purposes. Currently utilized with KDDI's 3G service, the system will also be used as part of the Long Term Evolution (LTE) service scheduled to commence in December 2012.

To date, CTC has accumulated numerous achievements related to the development of fixed and mobile platforms for telecommunications carriers. Since KDDI launched its mobile Internet service, CTC has been engaged in system development, infrastructure construction and maintenance support. As a part of these approaches, we developed an authentication system for Mobile Core Networks in 2005 that remains in stable operation. By integrating the newly developed authentication-related perimeter network with the current system, CTC helps realize a smooth, low-cost transition from 3G to LTE service.

In addition to the new authentication system, CTC is responsible for developing and constructing a service order gateway server, authentication subsystems, while providing maintenance support services once the new system goes online.

KDDI headquarters in Chiyoda-ku, Tokyo

* LTE is the successor to High Speed Packet Access (HSPA) and is named 3.9G in order to reflect the transition to fourth-generation (4G) mobile phone systems. LTE specifications were developed in accordance with standards set by the 3rd Generation Partnership Project (3GPP). LTE transmission speed is set above 100Mbps (downstream) and above 50Mbps (upstream), while the multiplexing methods used are OFDMA (downstream) and SC-FDMA (upstream).

CTC Develops GEO Corporation's New Information System with Oracle Exadata

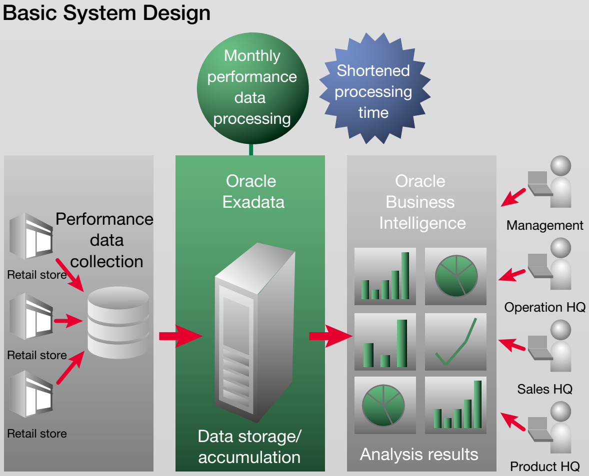
Based on the concept of developing a broad-based leisure business that allows customers to enjoy themselves for little more than pocket money, GEO Corporation (GEO) businesses focus on directly managed retail stores. Such businesses include GEO Shops (engaging in the rental and resale of DVDs, CDs, game software and books as well as sales of new products), and JUMBLE STORE, and 2nd Street (selling a wide variety of reuse items including clothing and sundries).

In light of significant increases in stores and membership, GEO has encountered various IT-related difficulties due to inefficient operations caused by insufficient system performance as well as decentralized customer analytics and decision-support systems.

GEO's new information system developed by CTC realizes high-speed data processing operations for each of GEO's databases. This is enabled by using Oracle Exadata to integrate product/customer analysis data warehouses, based on point-of-sales data, and business performance management databases.

Pre-verification of the Oracle Exadata system was performed at the Technical Solution Center, CTC's integrated verification facility. As a result, CTC successfully handled everything from construction to cutover in a short time. In connection with this new system, CTC has provided the remote maintenance service, System Management Service for Oracle Exadata. This service rapidly identifies the causes of system failure, isolating faults from a remote location so that they can be analyzed and systems restored with all speed.

Basic System Design



CTC Creates Platform for Cloud Computing Service Provided by Tottori Prefecture Information-Center

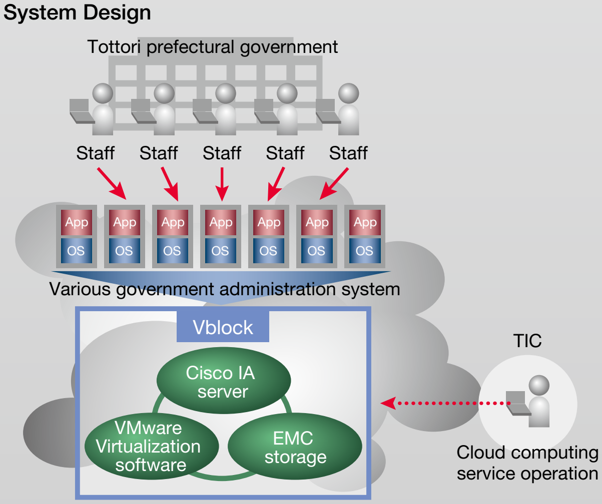
Tottori Prefecture Information-Center (TIC) offers a cloud computing service system platform developed by CTC for the Tottori prefectural government as well as area communities and businesses.

TIC has been developing systems and providing related operation and maintenance services for personnel and accounting services used by prefectural and municipal staff, as well as the resident registry and other services for those residing in Tottori Prefecture. CTC has realized a system platform that enables the virtualization/integration of various system types and the transition to cloud computing. Consequently, the system platform consolidates to a significant degree the multiple servers that provide necessary services. At the same, the system platform shortens system start-up time from several weeks to a single day. Commencing operations on September 1, 2010, this cloud computing service is used by the Tottori prefectural government as well as municipalities and private businesses located in the prefecture.

CTC used *Vblock* virtualization/integration infrastructure to construct this cloud computing service system platform. *Vblock* is a product that combines in one package Cisco IA servers, EMC storage, VMware virtualization software and each of these products' management tools. Featuring optimal system linkage and performance, this system platform required only 10 days from construction and installation to system operation training.

CTC will provide support to improve TIC's cloud computing service quality by offering the very latest solutions and services. In addition, CTC will focus on increasing sales of *Vblock* and other cloud computing platform packages based on its wealth of achievements in the areas of platform development and operations.

Basic System Design



CTC Develops Private Cloud for ANA's Reservations Website

CTC has developed a large-scale private cloud-type IT infrastructure platform to support All Nippon Airways Co., Ltd. (ANA) reservations website, ANA SKY WEB.

In tandem with the proliferation of the Internet, flight ticket sales via ANA SKY WEB have been rising each year, becoming a major sales channel. The strengthened infrastructure platform features a response speed that is approximately 10 times faster than conventional platforms. This increase in response speed comes from the combination of CTC's lineup of cloudage cloud computing services, Hewlett-Packard's cloud infrastructure solutions and Oracle's high-speed data processing technology.

Within the ANA SKY WEB, CTC owns servers, networks, storage and other IT assets while providing services for private-cloud IT infrastructure. As a result, CTC has successfully developed a scalable pay-as-you-go model that can flexibly adjust system resources and is compatible with fluctuations in system usage. CTC's IT infrastructure not only maintains the stable performance and improves the quality of ANA's backbone sales channels, it also flexibly and efficiently responds to changing business conditions. Moreover, CTC's IT infrastructure greatly improves the availability and reliability of mission-critical systems that operate 24/7, owing to a complete overhaul of ANA's other subsystems including integrated monitoring and network/security.

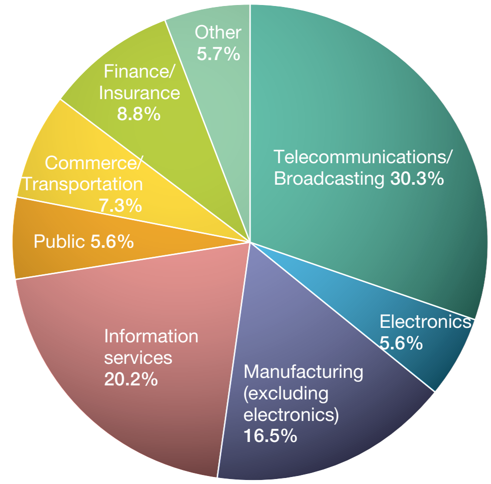
Looking ahead, CTC will contribute significantly to ANA's business operations by offering IT services that support the development of stable and efficient sales platforms that can cope with business expansion.

ANA SKY WEB is a large-scale website that receives 400,000 hits per day.

CTC's Business Portfolio

CTC is expanding its business activities based on a framework of six business groups and one division in order to meet the needs of various customers. Accurately determining customer needs, each business group delivers optimal solutions for customers through a wide array of solution line-ups.

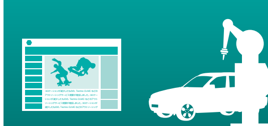
Net Sales Composition by Industry (Year ended March 31, 2011)



Telecommunication Systems Group

Financial Systems Group

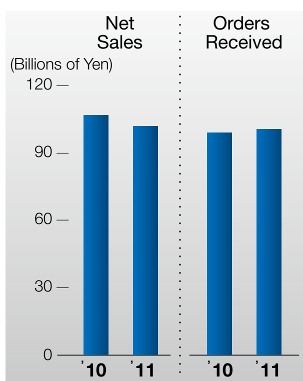
Enterprise Systems Group



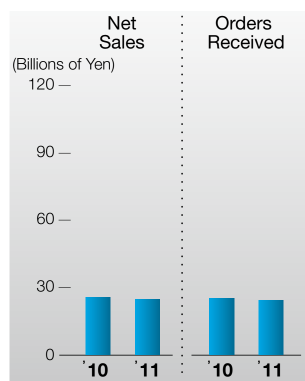
Net Sales and Orders Received by Group

(Years ended March 31)

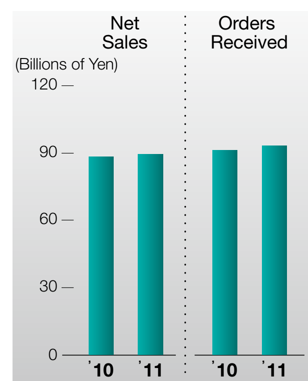
Telecommunication Systems Group



Financial Systems Group



Enterprise Systems Group



Overview of Business Performance

Telecommunication Systems Group: Sales fell year on year in the wake of subdued investments for the development of major carriers. However, orders received increased year on year owing to an upswing in network-related projects amid the growing popularity of such products as smartphones.

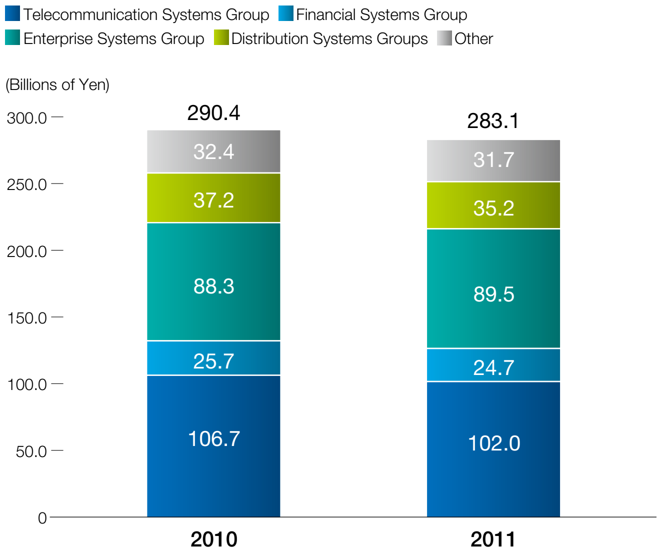
Financial Systems Group: Sales and orders received dropped year on year due to the impact of an overall decline in IT investments by foreign financial institutions. This result occurred in spite of strong performance among credit card businesses.

Enterprise Systems Group: Sales and orders received grew year on year, primarily owing to expanded IT investments in the manufacturing and Internet media industries.

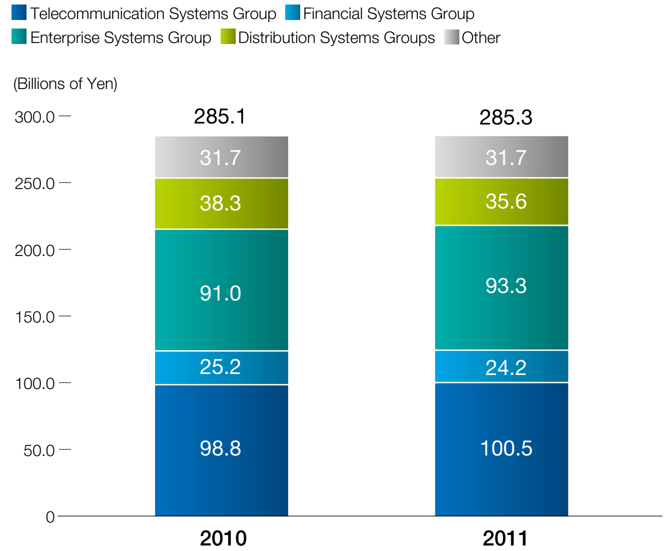
Business Range by Industry

	Telecommunication Systems Group	Financial Systems Group	Enterprise Systems Group
Telecommunications/Broadcasting	●		
Electronics			●
Manufacturing (excluding electronics)			●
Information services	●		●
Public	●		●
Commerce/Transportation			●
Finance/Insurance		●	

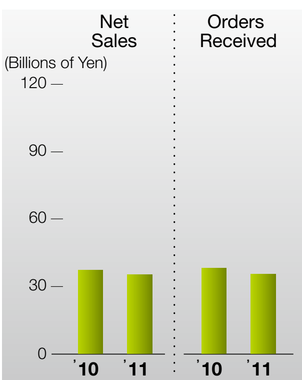
Net Sales by Group (Years ended March 31)



Orders Received by Group (Years ended March 31)



Distribution Systems Group



Sales and orders received declined year on year largely due to reduced IT investments by general trading companies and the energy industry.

Science & Engineering Systems Division

The Division experienced steady demand for its manufacturing-oriented analysis and simulation services.

Cloud Platform Group

Although co-location decreased, the Group experienced firm demand for the *TechnoCUVIC* virtualization hosting service.

IT Support Services Group

Revenue from hardware maintenance services decreased because of stagnant demand for hardware maintenance products in recent years.

Net sales and orders received for the Science & Engineering Systems Division, Cloud Platform Group and IT Support Services Group are disclosed under "Other," and are not displayed separately.

Telecommunication Systems Group

● Employees: 700 (approx.)

The Telecommunication Systems Group is engaged in business operations primarily for telecommunications carriers. The Telecommunication Systems Group proposes and constructs systems based on network and server technologies, accumulated over many years, which are the core of the Internet. The Group meets the demands for the development of highly complex, mission-critical systems, including large-scale networks and databases, high-volume transaction systems and load-balanced processing. Specifically, the Group's strengths lie in adopting and customizing advanced overseas technologies and offering them to customers. These technologies are used in cloud networking and business related to next-generation networks including NGN and WiMAX.

The Group has recently been expanding SaaS type service solutions that include streamlining distribution by utilizing GPS information. The Group has also been actively promoting businesses primarily in the home-networking, energy management and mobile broadcasting service fields, for which demand is anticipated to increase in the future.

Financial Systems Group

● Employees: 350 (approx.)

The Financial Systems Group develops business systems for megabanks, credit card and securities companies, and the insurance industry. In particular, the Group proposes and develops systems that integrate its highly specialized expertise with advanced IT for financial institutions that demand a high level of reliability and security.

Amid intensifying global competition among financial institutions, such institutions strive to maintain management stability and enhance customer services. To this end, financial institutions are expanding their systems overseas while prioritizing IT investment directly linked to increased operational efficiency.

The Financial Systems Group is steadily accumulating achievements for application development in such areas as market and risk management-related systems. At the same time, the Group focuses on developing next-generation IT service technologies through R&D activities based on the concept referred to as "Financial SOIT," CTC's unique next-generation financial solution.

Enterprise Systems Group

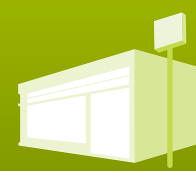
● Employees: 1,000 (approx.)

The Enterprise Systems Group is expanding business activities in fields that include manufacturing, transportation, services, government, college and the cyber business.

The Group is accumulating ever greater accomplishments in the construction of information infrastructure to solve problems related to improving convenience and security in office environments as well as increasing productivity and efficiency.

Possessing a diverse customer base, the Group has been expanding in recent years private cloud proposals accompanying large-scale infrastructure integration that utilizes virtualization technology as well as public cloud proposals that provide services related to CTC's own hardware resources and software on a pay-as-you-go basis. Through such initiatives as the establishment of the Cloud Business Promotion Division in April 2011 within the Group, the Group is concentrating on strengthening initiatives in the cloud business, which is expected to enjoy future growth.

Distribution Systems Group



● Employees: 700 (approx.)

The Distribution Systems Group provides full outsourcing services to such customers as general trading companies, convenience stores, food product companies, and wholesalers. The Group provides full-outsourcing services related to such information systems as store, data processing, backbone, warehouse/distribution.

The distribution industry has been progressively utilizing cloud computing in recent years. In response, the Group has been providing the cloud computing service, *ePromo,* a sales record management system that simultaneously realizes One-to-One marketing and invoice-management cost reductions. In addition, the Group began offering the SaaS-type portal service, *cloudage portal,* in October 2010, which achieves reductions in total cost of ownership (TCO) and power consumption while shortening setup times. Consequently, this service addresses the heightened importance of portal sites that serve as access gateways for various types of information sources, amid the increasing diversification and decentralization of corporate information sources.

In parallel with the concentration and expansion of these cloud computing services, the Group aims to increase customer satisfaction by flexibly meeting their needs and by strengthening offshore development, outsourcing and global support.

Science & Engineering Systems Division

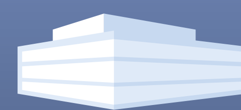
Employees: 200 (approx.)

For public-sector and private-sector research institutions and large manufacturers, the Science & Engineering Systems Division provides advanced, specialized, high-value-added services and solutions that are based on science computational technology. For the construction industry, the Division provides such solutions as soil and rock analysis, seismic analysis and bridge structure analysis. The Division also offers consulting, systems development and operation services for cooperation and co-management and demand forecasts between renewable energy, including wind and solar power and existing energy sources.

In the manufacturing field as well, as a pioneer in CAE technology, the Division provides total solutions that cover everything from various types of application software to technical support and consulting services. In October 2010, it commenced full-fledged operations of a SaaS-type service for domestic and overseas power companies and wind power operators in response to the development of an output calculation system for wind power generation. As a viable energy source for achieving a low-carbon society, wind power is attracting attention.

The Science & Engineering Systems Division will bolster efforts to expand new businesses by utilizing its specialized expertise cultivated over many years.

Cloud Platform Group



Employees: 150 (approx.)

Reflecting a further evolution of CTC's existing data center business operations, in April 2011, the Data Center Group changed its name to the Cloud Platform Group in order to facilitate the creation of new cloud businesses.

The Cloud Platform Group currently provides various outsourcing services from its five data centers located throughout Japan: Yokohama Computer Center (YCC), Kobe Computer Center (KCC), Otemachi Internet Data Center (OiDC), Shibuya Data Center (SDC) and the environmentally friendly Mejirozaka Data Center (MDC).

Having gained high regard for its advanced operation technology, the Group conducts business with customers in over 300 companies, from large corporations to innovative venture companies. In addition to outsourcing services it currently offers, the Group aims to establish one of Japan's largest hybrid data centers by developing and providing new services through the expansion of such service platforms as *TechnoCUVIC.*

IT Support Services Group

● Employees: 300 (approx.)

The IT Support Services Group provides various IT services 24/7 from its service centers in approximately 100 locations nationwide through the collaboration of each business group and the CTC Group companies, CTC TECHNOLOGY CORPORATION and CTC SYSTEM OPERATIONS Corporation. In addition to offering onsite maintenance/operation, remote monitoring and help desk-related services, CTC focuses on the development of new services based on collaboration with advanced IT vendors and expertise accumulated over many years. CTC strives to develop services that meet sophisticated and complex needs. Such needs include: *RePlavail* maintenance and operation services for integrated IT infrastructure, based on such virtualization technology, and IT facility management *(ITFM),* which combines advanced office IT (IP telephones, thin client systems and security authentication) with office layout and design expertise.

Recent Events

CTC Establishes its First Overseas Base in Singapore

In order to support the global expansion of its customers, CTC established its own first overseas operating base in Singapore. This action reflects CTC's efforts to promote overseas expansion as one of the growth strategies raised in the medium-term management plan announced in April 2010. Positioned as the CTC Group's base of operations in Asia, the Singapore branch will address customer overseas expansion needs. In Japan, CTC set up the Global Business Promotion Team to promote strategic global business planning Companywide. Beginning with Singapore, CTC will accelerate its global expansion with an eye on strengthening activities in the United States and China. CTC will achieve this objective by offering all-around IT services based on the establishment of comprehensive links among the CTC Group's sales organizations, the Global Business Promotion Team and the Singapore branch.

Corporate Governance

Basic Stance on Corporate Governance

The CTC Group's basic stance on corporate governance is grounded in the overarching philosophy of "Challenging Tomorrow's Changes." This represents the execution of a clear mission and accepting the ongoing challenge of achieving our vision founded on a firm sense of values. In this way, we at CTC endeavor to implement our philosophy of changing society for the better through business activities. It is based on this corporate philosophy that we are further enhancing management transparency and fairness and striving to reinforce corporate governance.

To insure the enhancement of its corporate governance, CTC retains an independent director and an independent corporate auditor, who have no inherent conflict of interest with regular shareholders.

Corporate Governance System and Structure

The Board of Directors, which consists of 12 members, including one outside director, convened meetings on a total of 18 occasions during the previous fiscal year. The Board of Directors makes decisions on important management-related issues and supervises the execution of duties by directors in accordance with various laws, the Company's Articles of Incorporation, General Meeting of Shareholders' resolutions, Board of Directors' regulations, CTC's corporate philosophy and the Group Code of Conduct. Directors participate in decision-making related to the Company's execution of business operations based on their established role on the Board of Directors.

The Board of Corporate Auditors is composed of four members, three of whom are appointed from outside the Group. In the previous fiscal year, the Board of Corporate Auditors met on 18 occasions. Within the limits of their legal authority, Corporate Auditors cooperate with the Audit Division and Independent Auditor and audit the execution of duties by directors for appropriateness.

Furthermore, CTC has adopted an executive officer system. This system is intended to delegate authority and responsibility for businesses in specific fields and encourage quick decision-making. Executive officers perform their duties within a defined scope of authority and in accordance with the instructions of the representative director. Directors responsible for the execution of specific duties hold the concurrent position of executive officer.

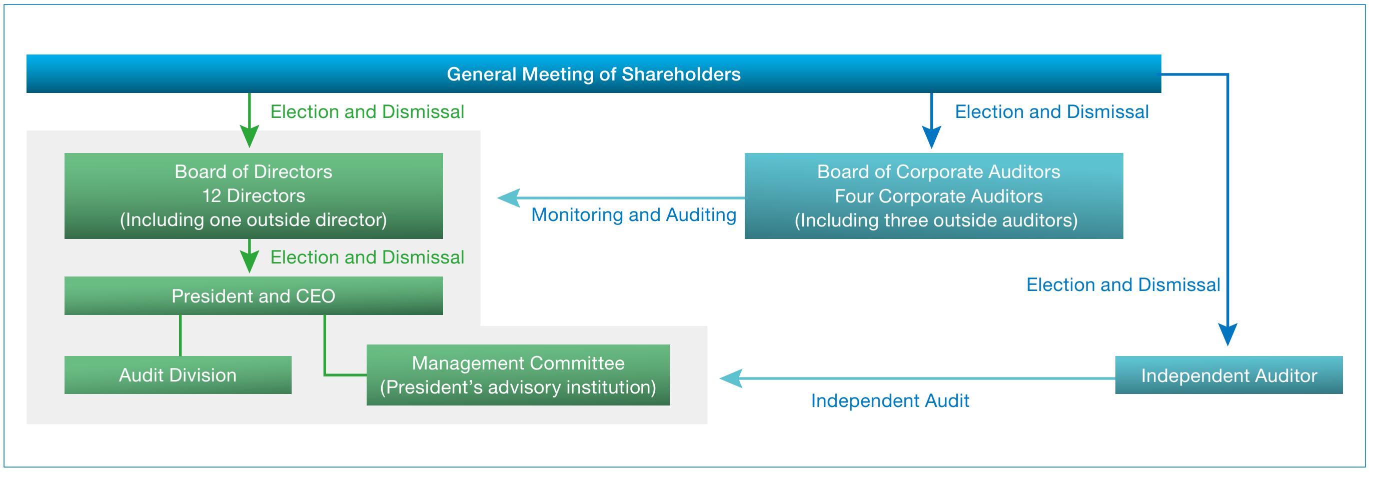
Maintaining the Internal Control System

In order to ensure appropriate financial reporting, CTC maintains accounting, sales/purchasing-management and other internal regulations, clarifies the division and responsibilities of duties and takes steps to enhance internal controls by undertaking control and monitoring functions within its business processes. At the same time, the chief financial officer, Audit Division and Internal Control Committee provide guidance regarding supervision and improvement of internal control operations, enabling the Company to enhance systems that ensure appropriate financial reporting.

Regarding compliance, the actions of directors and employees follow CTC's corporate philosophy and the Group Code of Conduct. In addition, CTC shall have absolutely no contact with groups or individuals whose actions have a negative impact on social order, safety and business soundness. CTC appoints a chief compliance officer and has established the CSR Committee and departments that control matters pertaining to compliance. Furthermore, CTC works to enhance its compliance structure through the following measures: establishing compliance regulations and the CTC Group Compliance Program; appointing compliance managers in each department; implementing compliance education and training; drafting guidebooks on the law; maintaining an internal information provision system; and operating a document acquisition system for all directors and employees that comply with the Group Code of Conduct.

Turning to CTC's risk management system, CTC recognizes risk management as an important management issue. In order to respond to various risks in areas that include CSR/compliance, information security, disasters, foreign currency rates and other markets, credit, investment and technology, the CTC Group undertakes risk management in the following manner. CTC has established various types of internal committees, including the CSR Committee, and principal control divisions. Along with this, CTC determines various types of management regulations, business continuity plans, investment standards and limits on credit risks while maintaining reporting, monitoring and other necessary risk management systems and management methods.

Corporate Governance System



Corporate Social Responsibility (CSR)

CSR Policy

The Society That the CTC Group Aims for and Our Role

The CTC Group is a group of companies supporting and improving the information infrastructure systems that serve society.

Up to this point, we have been contributing to the establishment and development of an information society by providing customers with technology products and services.

From now on, we will assiduously strive to understand how the information society of the future will be formed and, through communication with various stakeholders, including customers, we will work to develop information infrastructure systems to better contribute to this future with the intention of creating a society where all people can enjoy the benefits of IT.

In this way, passing on a sustainable society to the next generation through the power of IT is the corporate social responsibility of the CTC Group.

Stakeholder Relations

In the course of pursuing their business activities, companies establish and maintain relationships with various stakeholders. As part of its efforts to contribute to the creation of a sustainable society, the CTC Group works to maintain and develop good relationships with its stakeholders. The environment can be considered an important stakeholder as well. We are proactively working to “do whatever it takes” to address such worldwide issues as global warming, the depletion of resources and the destruction of eco-systems.

Efforts for the Reliable Promotion of CSR

The CTC Group launched a CSR Project Team comprised of each business group and major subsidiary company’s planning and administration manager as a CSR Promotion Manager. CSR promotion managers control the implementation of action plans and accordingly conduct discussions about CSR promotion at CSR Project Meetings. Each activity is reported to the CSR Committee on a regular basis and reviewed at CSR Committee meetings.

Each business group and subsidiary company has established a specific CSR Action Plan in accordance with its business description and strives to enhance its CSR activities by following a plan-do-check-action (PDCA) cycle. Through action plan targets, CTC seeks to create a society where all people enjoy the benefit of IT services based on its business operations.

Our Stance and Issues Related to the Environment

The use of IT reduces the unproductive movement of people and things by increasing efficiency, thus enabling the reduction of environmental burden in society as a whole. The CTC Group will work to improve the global environment through its business activities by using systems and offering solutions in areas including virtualization and cloud computing that reduce environmental burdens.

Data centers consume large quantities of electric power. As CTC safely and securely supports customer IT systems, our data centers promote “green IT” by undertaking efficient operations and installing energy-saving equipment.

Environmental Management System

We established the Environmental Management System based on an environmental policy that complies with our corporate philosophy. Important environmental concerns are discussed at CSR Committee meetings, and matters that have been decided upon are put into practice mainly by the environmental control manager, along with environmental managers and eco-leaders at each business group and subsidiary company, who act as facilitators.

Presently, 15 offices and centers have acquired the ISO 14001 certification, and as more offices and centers gradually attain such certification, CTC will raise the quality of its environmental improvement actions.

Approach to Local Communities

Beginning with participation in the local community, the CTC Group actively promotes activities that contribute to society, based on social-contribution policies that conform to CTC’s corporate philosophy.

CTC continues to undertake disaster-relief measures in the aftermath of the Great East Japan Earthquake, which has become a national disaster. Such measures include contributing disaster assistance funds, raising monetary donations internally, and encouraging employees to volunteer in disaster-stricken areas by granting special leaves of absence and subsidizing such activities.

Examples of CTC’s CSR activities include conducting Mt. Fuji beautification activities; supporting NPOs such as the Family House, which provides accommodations for seriously ill children and their families; and lending assistance to the Guide Dog & Service Dogs Association of Japan, which nurtures these care-providing animals. We will continue to participate in these important activities thanks to the enthusiasm and dedication of all employees.

Measures for Information Security and the Protection of Personal Information

The CTC Group has developed and is operating information security and personal information management systems that conform to JIS Q27001: 2006 and JIS Q15001: 2006.

CTC and CTC Group companies have permanently installed the CSR Committee, upon which information management structures are maintained and augmented. CTC also promotes internal education, training and other actions with the aim of improving employee awareness of information security.

Overview of CTC’s Internal Organizational Structure

1. The CSR Committee meets every quarter, and it conducts a companywide management review.
2. A complaint and advice reception counter related to personal information has been permanently installed.
3. A manager and assistant manager are appointed as information security leaders to oversee the maintenance and management of security at each department and office.

Six-Year Consolidated Financial Summary

ITOCHU Techno-Solutions Corporation and Subsidiaries

						Billions of Yen
	2006	2007	2008	2009	2010	**2011**
For the Years Ended March 31:						
Net sales	¥ 239.0	¥ 294.4	¥ 319.3	¥ 307.3	¥ 290.4	**¥ 283.1**
Gross profit	58.5	71.4	80.4	80.3	76.8	**74.9**
Selling, general and administrative expenses	39.0	45.9	55.4	58.6	55.3	**53.6**
Operating income	19.5	25.5	25.0	21.7	21.6	**21.3**
Income before income taxes and minority interests	20.0	24.0	25.3	21.5	21.2	**20.4**
Net income	11.5	14.0	15.4	12.9	12.5	**11.5**
As of March 31:						
Total assets	178.1	214.9	218.1	227.5	233.2	**238.2**
Total equity	115.7	140.5	145.7	147.8	155.1	**155.9**
Cash Flows:						
Cash flows from operating activities	7.9	24.3	10.5	11.3	25.3	**15.0**
Cash flows from investing activities	(1.8)	(15.7)	3.6	(13.8)	(1.4)	**(7.0)**
Cash flows from financing activities	(3.3)	(3.9)	(10.1)	(11.1)	(7.2)	**(13.5)**
Financial Ratios:						
Gross profit margin (%)	24.5%	24.2%	25.2%	26.1%	26.5%	**26.5%**
Operating income margin (%)	8.2	8.7	7.8	7.1	7.4	**7.5**
Equity ratio (%)	64.9	65.1	66.6	64.7	66.3	**65.3**
Return on equity (ROE) (%)*1	10.4	11.0	10.8	8.8	8.3	**7.4**
Return on assets (ROA) (%)*2	6.8	7.1	7.1	5.8	5.4	**4.9**

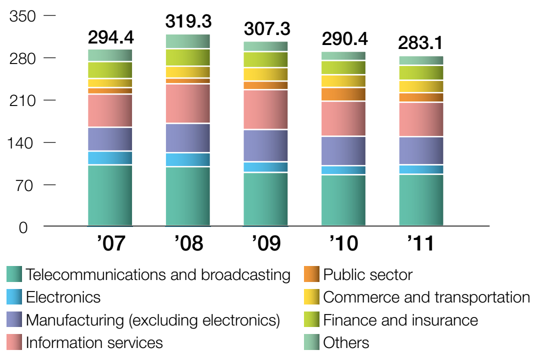
						Yen
Per Share Data:						
Basic net income	¥ 197.87	¥ 225.90	¥ 232.70	¥ 199.21	¥ 194.62	**¥ 180.47**
Shareholders' equity	2,007.88	2,093.52	2,207.44	2,299.63	2,415.65	**2,492.42**
Cash dividends applicable to the year	60.00	70.00	80.00	80.00	85.00	**90.00**

Note: Owing to the October 1, 2006, merger with the former CRC Solutions Corp., pre-merger figures are based on those of former ITOCHU TECHNO SCIENCE Corporation.

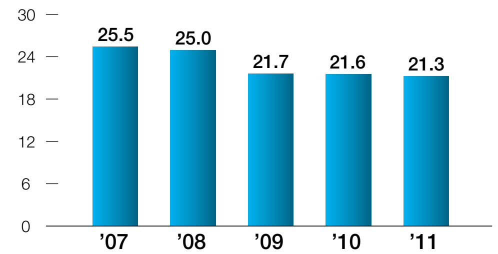
*1 ROE = Net income / Average total shareholders' equity (which is based on total shareholders' equity at the beginning and end of the year) x100.

*2 ROA = Net income / Average total assets (which is based on total assets at the beginning and end of the year) x100.

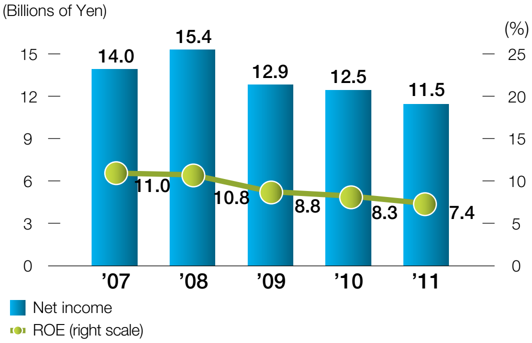
Net Sales
(Billions of Yen)



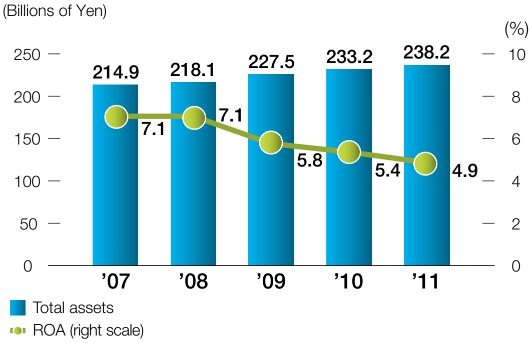
Operating Income
(Billions of Yen)



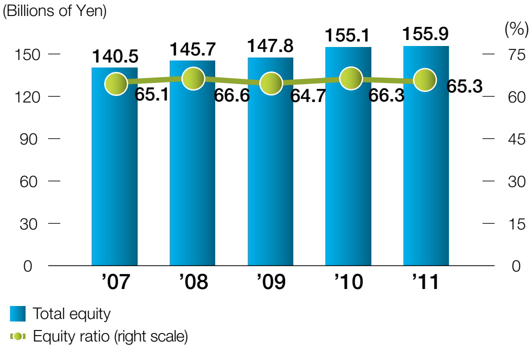
Net Income and Return on Equity (ROE)
(Billions of Yen)



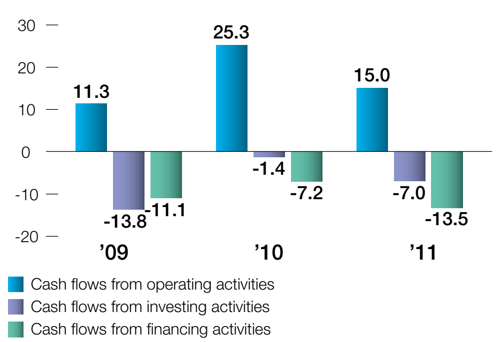
Total Assets and Return on Assets (ROA)
(Billions of Yen)



Total Equity and Equity Ratio
(Billions of Yen)

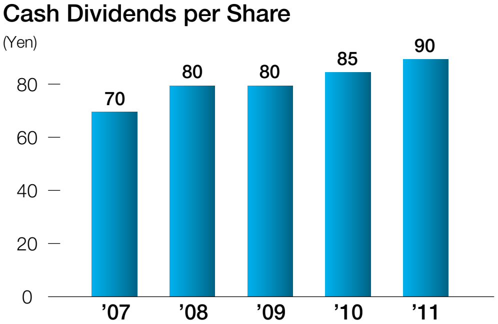


Cash Flows
(Billions of Yen)



(Years ended March 31)

Cash Dividends per Share
(Yen)



(Years ended March 31)

Management's Discussion and Analysis of Results and Financial Condition

Consolidated Business Performance

In fiscal 2010, the year ended March 31, 2011, CTC expanded its original private cloud computing solutions and public cloud computing services in the cloud computing business. In addition, CTC reinforced the systematic development of these services by consolidating the Company's broad offerings in the cloud computing business and by launching the new brand *cloudage*. In anticipation of the increased need for these services, CTC's cloud computing-related initiatives included new construction to expand the Mejirozaka Data Center and a full-scale study into building a new facility at the Yokohama Computer Center. In the new energy and environmental fields, CTC focused on medium- to long-term growth areas mainly by participating in cooperative demonstration projects to realize a low-carbon society and smart grid demonstration projects to optimize power distribution.

In the telecommunications industry, CTC increased the number of its system augmentation projects, reflecting the creation of networks in line with the introduction of new transmission standards, the development of more sophisticated verification systems and a rise in data traffic. In the financial industry, CTC concentrated on building market-related systems, developing its common platform businesses and upgrading contact center facilities. In the distribution industry, the Company developed backbone and commercial distribution systems while promoting the development of large-scale analytical systems that tabulate retail store business performance information. In the manufacturing industry, CTC moved forward with virtualization/integration systems and systems for augmenting production facilities. In the education field, CTC has been steadily accumulating achievements regarding the construction of campus-wide information systems.

As a result, consolidated net sales in fiscal 2010 declined 2.5% compared with the previous fiscal year to ¥283.1 billion. This was attributable to a decrease in large-scale development projects and demand for CTC's maintenance/operation services in the wake of curbed customer IT investment.

Gross profit on sales dropped 2.6% to ¥74.9 billion, reflecting the decline in revenue. However, an increase in highly profitable projects helped the gross profit margin remain on par with the previous fiscal year at 26.5%. Selling, general and administrative expenses decreased ¥1.7 billion, or 3.1%, to ¥53.6 billion. This decline was mainly attributable to various cost reductions and lower personnel costs in line with business performance, which offset increases in the number of employees, especially new college graduates. The ratio of selling, general and administrative expenses to net sales improved 0.1 of a percentage point, from 19.0% to 18.9%. Consequently, operating income dipped only 1.2% year on year to ¥21.3 billion. The operating income ratio improved 0.1 of a percentage point, from 7.4% to 7.5%.

As for other income (expenses), a slight increase in equity in earnings of associated companies was accompanied by a sharpy reduced loss due to equity in losses of limited partnerships. In addition to these factors, CTC's other expenses—net were comprised of a loss on write-down of investment securities and an adjustment loss due to application of the Accounting Standard for Asset Retirement Obligations. As a result, net income declined 8.1% compared with the previous fiscal year to ¥11.5 billion.

By business segment, revenue and earnings in the Solution Business segment dropped, primarily in the Telecommunication Systems and Distribution Systems groups, despite increased revenue and earnings recorded by the Enterprise Systems Group. Consequently, net sales fell 2.3% year on year to ¥274.8 billion and operating income slipped 4.8% to ¥22.9 billion. In the Service Business segment, net sales for the IT Support Services Group and consolidated subsidiaries fell, leading to a 3.0% year-on-year decrease in overall net sales to ¥53.2 billion. However, operating income increased 4.0% to ¥13.2 billion owing to the Company's cost-reduction efforts.

Note: The segment net sales and operating income listed above include earnings from transactions conducted within the Group.

Financial Position

As of March 31, 2011, consolidated total assets amounted to ¥238.2 billion, an increase of ¥4.9 billion, or 2.1%, from the end of the previous fiscal year.

Total current assets were ¥183.6 billion, a rise of ¥2.0 billion, or 1.1%, year on year. This was primarily attributable to increases in trade receivables, other receivables, inventories and prepaid expenses and other current assets of ¥2.0 billion, ¥1.2 billion, ¥2.5 billion and ¥1.0 billion, respectively. These rises offset a ¥5.5 billion decrease in cash and cash equivalents.

Total non-current assets—the sum of net property and equipment and total investments and other assets—amounted to ¥54.6 billion, an improvement of ¥3.0 billion, or 5.7%. This was mainly due to a ¥2.1 billion increase in software.

Total liabilities stood at ¥82.3 billion, a rise of ¥4.2 billion, or 5.4% year on year. This was primarily due to an ¥2.0 billion increase in lease obligations and the recording of ¥1.2 billion in asset retirement obligations following the adoption of the Accounting Standard for Asset Retirement Obligations in the period under review.

Total equity amounted to ¥155.9 billion, an increase of ¥0.7 billion, or 0.5%, year on year. This was primarily the result of a ¥0.7 billion rise in shareholders' equity on the back of an increase in retained earnings that reflected net income of ¥11.5 billion. This result occurred despite decreases related to cash dividend payments and the acquisition of treasury stock totaling ¥5.8 billion and ¥5.0 billion, respectively. In addition, the equity ratio dipped 1.0 percentage point, from 66.3% to 65.3%.

Cash Flows

Cash and cash equivalents as of March 31, 2011 decreased ¥5.5 billion from the previous fiscal year to ¥68.3 billion.

Net cash provided by operating activities totaled ¥15.0 billion. Major components of this inflow were income before income taxes and minority interests of ¥20.4 billion and depreciation and amortization of ¥6.7 billion. These inflows offset the payment of income taxes of ¥9.0 billion, a ¥2.5 billion rise in inventories, and a net balance of ¥2.8 billion resulting from an increase in trade receivables and a decrease in trade payables.

Compared with the previous fiscal year, net cash provided by operating activities decreased ¥10.3 billion. This change was primarily due to a net balance of ¥8.1 billion resulting from an increase in trade receivables and a decrease in trade payables as well as a ¥7.3 billion rise in outflows in line with higher inventories.

Net cash used in investing activities amounted to ¥7.0 billion. Major factors contributing to this change were the acquisition of property and equipment and intangible assets amounting to ¥3.1 billion and ¥3.9 billion, respectively.

Net cash used in investing activities increased ¥5.6 billion compared with the previous fiscal year due to the absence of the ¥2.0 billion withdrawal of long-term deposits. In addition, purchases of property and equipment increased by ¥1.3 billion while purchases of intangible assets increased by ¥2.2 billion.

Net cash used in financing activities amounted to ¥13.5 billion. Major components included dividend payments, the purchases of treasury stock and the repayment of long-term lease obligations totaling ¥5.8 billion, ¥5.0 billion and ¥2.6 billion, respectively.

Compared with the previous fiscal year, net cash used in financing activities rose ¥6.3 billion, primarily because of the ¥5.0 billion increase in the acquisition of treasury stock.

Return to Shareholders

The CTC Group recognizes returning profits to shareholders as a preeminent management issue. In line with its principle of increasing dividend levels, the Company works to secure stable dividend payments and stresses the return of profits in line with business performance, while carefully considering the balance of internal reserves and the actual amount distributed to shareholders.

The Company shall pay out interim and year-end dividends every year. Year-end dividends are subject to resolutions made by the General Meeting of Shareholders, while interim dividends are subject to resolutions made by the Board of Directors.

For the fiscal year under review, the Company resolved to pay out a full-year cash dividend of ¥90 per share of common stock, of which ¥45 was paid out as an interim dividend, with due consideration given to its financial position and business performance. Year-end dividend payments increased to ¥45 per share. As a result, the consolidated payout ratio improved from 43.7% in the previous fiscal year to 49.9%.

Consolidated Balance Sheets

ITOCHU Techno-Solutions Corporation and Subsidiaries
March 31, 2010 and 2011

ASSETS	Millions of Yen 2010	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2011
CURRENT ASSETS:			
Cash and cash equivalents (Note 14)	¥ 73,833	**¥ 68,337**	**$ 821,856**
Short-term investments (Note 3)	1,138	**1,365**	**16,416**
Receivables:			
Trade (Note 14)	58,301	**60,299**	**725,177**
Associated companies	87	**32**	**379**
Other (Notes 13 and 14)	7,621	**8,861**	**106,570**
Allowance for doubtful receivables	(10)	**(7)**	**(81)**
Inventories (Note 5)	19,497	**22,044**	**265,113**
Deferred tax assets (Note 11)	7,876	**8,349**	**100,409**
Prepaid expenses and other current assets	13,285	**14,329**	**172,323**
Total current assets	181,628	**183,609**	**2,208,162**
PROPERTY AND EQUIPMENT:			
Land	6,437	**6,437**	**77,411**
Buildings and structures	22,182	**24,713**	**297,217**
Furniture and fixtures	8,046	**8,579**	**103,174**
Lease assets	7,631	**9,417**	**113,250**
Total	44,296	**49,146**	**591,052**
Accumulated depreciation	(14,554)	**(19,256)**	**(231,576)**
Net property and equipment	29,742	**29,890**	**359,476**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 4 and 14)	3,600	**3,272**	**39,345**
Investments in and advances to associated companies	991	**1,050**	**12,634**
Software	5,574	**7,687**	**92,447**
Leasehold deposits	7,044	**7,289**	**87,668**
Prepaid pension cost (Note 7)	1,474	**2,065**	**24,830**
Deferred tax assets (Note 11)	1,563	**1,353**	**16,273**
Other assets (Note 6)	1,614	**1,953**	**23,487**
Total investments and other assets	21,860	**24,669**	**296,684**
TOTAL	¥233,230	**¥238,168**	**$2,864,322**

See notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of Yen 2010	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2011
CURRENT LIABILITIES:			
Current portion of long-term lease obligations (Notes 13 and 14)	¥ 3,191	¥ 4,306	$ 51,792
Payables:			
Trade (Notes 14 and 17)	24,984	24,183	290,838
Associated companies	48	101	1,210
Other	7,844	7,236	87,020
Income taxes payable (Note 14)	7,183	7,214	86,762
Accrued expenses	6,508	6,051	72,768
Unearned income	15,685	15,826	190,335
Other current liabilities (Note 8)	4,188	6,698	80,554
Total current liabilities	69,631	71,615	861,279
LONG-TERM LIABILITIES:			
Long-term lease obligations (Notes 13 and 14)	7,771	8,629	103,781
Liability for retirement benefits (Note 7)	298	442	5,311
Deferred tax liabilities (Note 11)	42	98	1,173
Asset retirement obligations (Note 8)	—	1,171	14,079
Other long-term liabilities	369	346	4,167
Total long-term liabilities	8,480	10,686	128,511
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 13, 15 and 16)			
EQUITY (Notes 9 and 20):			
Common stock—authorized, 246,000,000 shares; issued, 64,500,000 shares in 2010 and 2011	21,764	21,764	261,738
Capital surplus	33,076	33,076	397,787
Retained earnings	101,040	106,729	1,283,575
Treasury stock—at cost, 470,399 shares in 2010 and 2,142,792 shares in 2011	(1,387)	(6,388)	(76,822)
Accumulated other comprehensive income:			
Net unrealized gain on available-for-sale securities	236	306	3,681
Deferred gain (loss) on derivatives under hedge accounting	5	(5)	(56)
Foreign currency translation adjustments	(60)	(62)	(747)
Total	154,674	155,420	1,869,156
Minority interests	445	447	5,376
Total equity	155,119	155,867	1,874,532
TOTAL	¥233,230	¥238,168	$2,864,322

Consolidated Statements of Income

ITOCHU Techno-Solutions Corporation and Subsidiaries
Years Ended March 31, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2011	2011
NET SALES (Note 17)	¥290,391	**¥283,069**	**$3,404,317**
COST OF SALES (Notes 7, 13 and 17)	213,544	**208,194**	**2,503,835**
Gross profit	76,847	**74,875**	**900,482**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7, 12 and 13)	55,277	**53,558**	**644,117**
Operating income	21,570	**21,317**	**256,365**
OTHER INCOME (EXPENSES):			
Interest and dividend—net	26	**(5)**	**(60)**
Equity in losses of limited partnership	(241)	**(51)**	**(619)**
Equity in earnings of associated companies	63	**114**	**1,371**
Gain on sales of investment securities—net	281	**312**	**3,750**
Loss on write-down of investment securities	(55)	**(423)**	**(5,089)**
Loss on adjustment for application of accounting standard for asset retirement obligations	—	**(679)**	**(8,167)**
Other—net	(447)	**(180)**	**(2,156)**
Other expenses—net	(373)	**(912)**	**(10,970)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	21,197	**20,405**	**245,395**
INCOME TAXES (Note 11):			
Current	9,610	**9,041**	**108,733**
Deferred	(975)	**(184)**	**(2,220)**
Total income taxes	8,635	**8,857**	**106,513**
NET INCOME BEFORE MINORITY INTERESTS	12,562	**11,548**	**138,882**
MINORITY INTERESTS IN NET INCOME	101	**96**	**1,156**
NET INCOME	¥ 12,461	**¥ 11,452**	**$ 137,726**

	Yen		U.S. Dollars
	2010	2011	2011
PER SHARE OF COMMON STOCK (Notes 2.r and 19):			
Basic net income	¥194.62	**¥180.47**	**$2.17**
Cash dividends applicable to the year	85.00	**90.00**	**1.08**

Diluted net income per share for the years ended March 31, 2010 and 2011 is not disclosed because it is anti-dilutive for 2010 and no potential financial instruments exist for 2011.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

ITOCHU Techno-Solutions Corporation and Subsidiaries
Year Ended March 31, 2011

	Millions of Yen	Thousands of U.S. Dollars (Note 1)
	2011	2011
NET INCOME BEFORE MINORITY INTERESTS	**¥11,548**	**$138,882**
OTHER COMPREHENSIVE INCOME (Note 18):		
Unrealized gain on available-for-sale securities	**71**	**852**
Deferred loss on derivatives under hedge accounting	**(9)**	**(111)**
Foreign currency translation adjustments	**5**	**61**
Share of other comprehensive income in associates	**(8)**	**(90)**
Total other comprehensive income	**59**	**712**
COMPREHENSIVE INCOME (Note 18)	**¥11,607**	**$139,594**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 18):		
Owners of the parent	**¥11,511**	**$138,438**
Minority interests	**96**	**1,156**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

ITOCHU Techno-Solutions Corporation and Subsidiaries
Years Ended March 31, 2010 and 2011

	Thousands	Millions of Yen									
						Accumulated Other Comprehensive Income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2009	64,030	¥21,764	¥33,076	¥ 98,132	¥(5,806)	¥175	¥ (2)	¥(94)	¥147,245	¥524	¥147,769
Net income				12,461					12,461		12,461
Appropriations—cash dividends, ¥80.00 per share				(5,122)					(5,122)		(5,122)
Purchase of treasury stock					(1)				(1)		(1)
Cancellation of 1,500,000 shares of treasury stock				(4,420)	4,420						
Change in scope of consolidation				10					10		10
Change in scope of equity method accounting				(21)					(21)		(21)
Net change in the year						61	7	34	102	(79)	23
BALANCE, MARCH 31, 2010	64,030	¥21,764	¥33,076	¥101,040	¥(1,387)	¥236	¥ 5	¥(60)	¥154,674	¥445	¥155,119
Net income				**11,452**					**11,452**		**11,452**
Appropriations—cash dividends, ¥90.00 per share				**(5,763)**					**(5,763)**		**(5,763)**
Purchase of treasury stock	**(1,673)**				**(5,001)**				**(5,001)**		**(5,001)**
Net change in the year						**70**	**(10)**	**(2)**	**58**	**2**	**60**
BALANCE, MARCH 31, 2011	**62,357**	**¥21,764**	**¥33,076**	**¥106,729**	**¥(6,388)**	**¥306**	**¥ (5)**	**¥(62)**	**¥155,420**	**¥447**	**¥155,867**

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Net Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2010	$261,738	$397,787	$1,215,154	$(16,676)	$2,836	$ 55	$(725)	$1,860,169	$5,356	$1,865,525
Net income			**137,726**					**137,726**		**137,726**
Appropriations—cash dividends, $1.08 per share			**(69,305)**					**(69,305)**		**(69,305)**
Purchase of treasury stock				**(60,146)**				**(60,146)**		**(60,146)**
Net change in the year					**845**	**(111)**	**(22)**	**712**	**20**	**732**
BALANCE, MARCH 31, 2011	**$261,738**	**$397,787**	**$1,283,575**	**$(76,822)**	**$3,681**	**$ (56)**	**$(747)**	**$1,869,156**	**$5,376**	**$1,874,532**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

ITOCHU Techno-Solutions Corporation and Subsidiaries
Years Ended March 31, 2010 and 2011

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2011	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥21,197	¥20,405	$245,395
Adjustments for:			
Income taxes—paid	(9,566)	(8,981)	(108,007)
Depreciation and amortization	5,999	6,729	80,920
Loss on adjustment for application of accounting standard for asset retirement obligations	—	679	8,167
Provision (reversal) of allowance for doubtful receivables	3	(3)	(30)
Provision (reversal) of accrued bonuses to employees	247	(478)	(5,753)
Reversal of accrued bonuses to directors and corporate auditors	(3)	(1)	(8)
Provision for retirement benefits to employees	28	144	1,726
Equity in losses of limited partnership	241	51	619
Gain on sales of investment securities—net	(281)	(312)	(3,750)
Loss on write-down of investment securities	55	423	5,089
Equity in earnings of associated companies	(63)	(114)	(1,371)
Changes in assets and liabilities:			
Decrease (increase) in receivables—trade	6,490	(1,998)	(24,025)
Decrease (increase) in inventories	4,725	(2,540)	(30,553)
Increase in other current assets	(3,547)	(2,763)	(33,229)
Decrease in payables—trade	(1,178)	(801)	(9,635)
Increase in other current liabilities	450	4,283	51,512
Other—net	464	252	3,028
Total adjustments	4,064	(5,430)	(65,300)
Net cash provided by operating activities	25,261	14,975	180,095
INVESTING ACTIVITIES:			
Withdrawal of long-term deposits	2,000	—	—
Purchases of property and equipment	(1,794)	(3,113)	(37,440)
Purchases of intangible assets	(1,673)	(3,909)	(47,017)
Purchases of investment securities	(356)	(302)	(3,627)
Proceeds from sales of investment securities	278	418	5,031
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	104	—	—
Increase in deposits other than cash equivalents	(2)	(239)	(2,872)
Other—net	64	149	1,791
Net cash used in investing activities	(1,379)	(6,996)	(84,134)
FINANCING ACTIVITIES:			
Repayment of long-term lease obligations	(2,021)	(2,609)	(31,371)
Purchases of treasury stock	(1)	(5,005)	(60,194)
Dividends paid	(5,123)	(5,765)	(69,330)
Dividends paid to minority in a subsidiary	(58)	(94)	(1,137)
Net cash used in financing activities	(7,203)	(13,473)	(162,032)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(27)	(2)	(22)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,652	(5,496)	(66,093)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	57,238	73,833	887,949
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION OF SUBSIDIARIES FROM CONSOLIDATION	(57)	—	—
CASH AND CASH EQUIVALENTS, END OF YEAR	¥73,833	¥68,337	$821,856

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

ITOCHU Techno-Solutions Corporation and Subsidiaries
Years Ended March 31, 2010 and 2011

01. 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 18. 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 ITOCHU Techno-Solutions 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 rate of exchange as of March 31, 2011. Such translations should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

02. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its 11 (10 in 2010) subsidiaries (together, the "Group").

Those companies over which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in 4 (4 in 2010) associated companies are accounted for by the equity method. Investments in the remaining associated company are stated at cost. If the equity method of accounting had been applied to the investment in this company, 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 time deposits, certificate of deposits and commercial paper, all of which mature or become due within three months of the date of acquisition.

c. Inventories—Inventories 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 for maintenance service are carried at cost less accumulated amortization, which is calculated by the straight-line method over 5 years of the estimated useful lives.

d. Investment Securities—Investment securities are classified as available-for-sale securities and are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined by the moving-average method.

Non-marketable securities are stated at cost determined by the moving-average method.

Investments in limited partnership are accounted for by the equity method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. Property and Equipment—Property and equipment are stated at cost. Depreciation of property and equipment is computed by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to property and equipment of the datacenter business, buildings acquired after April 1, 1998 (excluding facilities incidental to buildings) and lease assets. The range of useful lives is from 15 to 41 years for buildings and structures, and from 5 to 15 years for furniture and fixtures. The useful lives for lease assets are the terms of the respective leases.

f. Intangible Assets—Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method. Amortization of software for use is calculated by the straight-line method over 5 years of the estimated useful lives while the amortization of software for sales is calculated based on the expected sales quantities (or amortized over 3 years if the calculated amounts is greater than above method).

g. Long-Lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that 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.

h. Retirement and Pension Plans—For employee retirement and pension plan, the Company and certain subsidiaries participate in the "ITOCHU Group Kosei-Nenkin Kikin," which is a defined benefit, contributory pension fund, and also have a cash-balance type of defined benefit, non-contributory pension fund or unfunded benefit plans.

The liability for employees' retirement benefits is provided at the amount based on the projected benefit obligation and plan assets at the balance sheet date. An actuarial adjustment is charged to income by the straight-line method over the following 10 years (which are within the average remaining years of service of the employees). Unrecognized prior service cost is charged to income by the straight-line method over the 10 years (which are within the average remaining years of service of the employees).

i. 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 ¥80 million ($960 thousand) and income before income taxes and minority interests by ¥759 million ($9,127 thousand).

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

k. 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.

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

m. 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.

n. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. 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.

o. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income to the extent that they are not hedged by forward exchange contracts.

p. Foreign Currency Financial Statements—The balance sheet accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate.

q. Derivatives and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the consolidated statements of income. If derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until the maturity of the hedged transactions.

Foreign currency forward contracts are utilized to hedge foreign currency exposures in procurement of merchandise from overseas suppliers. Trade payables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting.

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

Diluted net income per share is not disclosed in 2010 and 2011 because it is anti-dilutive for 2010 and no potential financial instruments exist for 2011.

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.

s. 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.

03. SHORT-TERM INVESTMENTS

Short-term investments as of March 31, 2010 and 2011 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Time deposits	¥ 127	**¥ 113**	**$ 1,358**
Deposits other than cash equivalents	1,011	**1,252**	**15,058**
Total	¥1,138	**¥1,365**	**$16,416**

04. INVESTMENT SECURITIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Non-current:			
Marketable equity securities	¥1,437	**¥1,489**	**$17,908**
Non-marketable equity securities	1,215	**791**	**9,508**
Investment in limited partnership	923	**967**	**11,628**
Other	25	**25**	**301**
Total	¥3,600	**¥3,272**	**$39,345**

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

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2010				
Securities classified as available-for-sale equity securities	¥1,088	¥425	¥51	¥1,462
March 31, 2011				
Securities classified as available-for-sale equity securities and other	**¥1,035**	**¥531**	**¥52**	**¥1,514**

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2011				
Securities classified as available-for-sale equity securities and other	**$12,451**	**$6,390**	**$632**	**$18,209**

Proceeds from sales of available-for-sale securities for the years ended March 31, 2010 and 2011 were ¥293 million and ¥412 million ($4,958 thousand), respectively. Gross realized gains on these sales for the years ended March 31, 2010 and 2011, were ¥281 million and ¥312 million ($3,750 thousand), respectively. Gross realized losses on these sales for the years ended March 31, 2010 and 2011, were both zero.

05. INVENTORIES

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Merchandise	¥ 8,177	**¥ 9,448**	**$113,622**
Work in process	5,065	**5,318**	**63,959**
Supplies for maintenance service	6,255	**7,278**	**87,532**
Total	¥19,497	**¥22,044**	**$265,113**

06. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2010 and 2011. As a result, the Group recognized an impairment loss of ¥27 million as other expense for idle telephone rights for 2010 and ¥16 million ($188 thousand) as other expense for idle telephone rights for 2011, respectively. The recoverable amount of these impaired assets was measured at net selling prices at disposition.

07. RETIREMENT AND PENSION PLANS

The Group has severance payment plans for employees.

As noted in the significant accounting policy, the Company and certain consolidated subsidiaries have defined benefit plans; the Group contributory pension fund, a cash-balance type of defined benefit, non-contributory pension fund and unfunded benefit plans. In addition, a certain subsidiary also has defined contribution pension plans. Employees who retire upon reaching the mandatory age of retirement or by death are entitled to larger benefits. Benefits determined by the retirement rule are paid primarily from the Group pension fund with the rest paid by either the cash-balance pension plan, the Company or certain consolidated subsidiaries.

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Projected benefit obligation	¥12,023	**¥12,724**	**$153,025**
Fair value of plan assets	(10,488)	**(11,631)**	**(139,877)**
Unrecognized actuarial loss	(4,172)	**(3,950)**	**(47,499)**
Unrecognized prior service cost	1,461	**1,234**	**14,832**
Prepaid pension cost	1,474	**2,065**	**24,830**
Net liability	¥ 298	**¥ 442**	**$ 5,311**

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Service cost	¥ 750	¥ 812	$ 9,764
Interest cost	219	235	2,820
Expected return on plan assets	(233)	(261)	(3,133)
Recognized actuarial loss	701	646	7,769
Recognized prior service cost	(227)	(227)	(2,734)
Premium of defined benefit, contributory pension fund	1,461	1,525	18,346
Other	722	749	9,007
Net periodic benefit costs	¥3,393	¥3,479	$41,839

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

	2010	2011
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	2.5%	2.5%
Recognition period of actuarial gain/loss	10 years	10 years
Recognition period of prior service cost	10 years	10 years

08. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the year ended March 31, 2011 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2011	2011
Balance at beginning of year	¥1,258	$15,135
Additional provisions associated with the acquisition of property and equipment	31	366
Reconciliation associated with passage of time	30	360
Reduction associated with settlement of asset retirement obligations	(8)	(99)
Balance at end of year	¥1,311	$15,762

The short-term asset retirement obligations of ¥140 million ($1,683 thousand) is included in other current liabilities on the consolidated balance sheet.

09. 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 the Board of Directors, (2) having independent auditors, (3) having the 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 charged upon the payment of such dividends until the total of the aggregate amount of 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 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.

10. STOCK OPTIONS

Stock options have been approved at the shareholders meetings as an additional benefit for certain directors or officers and key employees. The outstanding stock options granted were as follows for the period of fiscal year 2010:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2005 Stock Option	7 directors 1 corporate auditor 7 officers 45 employees 8 directors of subsidiaries 1 corporate auditor of subsidiary 4 officers of subsidiaries 3 employees of subsidiaries	19,282 shares	August 1, 2005	¥3,220 ($35)	From October 1, 2006 to July 31, 2009

The stock option activity was as follows:

	2005 Stock Option
Year Ended March 31, 2010	(Shares)
Non-vested:	
March 31, 2009—Outstanding	
Granted	
Canceled	
Vested	
March 31, 2010—Outstanding	
Vested:	
March 31, 2009—Outstanding	16,058
Vested	
Exercised	
Canceled	16,058
March 31, 2010—Outstanding	
Exercise price	¥ 3,220
Average stock price at exercise	
Fair value price at grant date	

As a result of the above activity, no outstanding stock options existed for 2011.

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 41% for the years ended March 31, 2010 and 2011.

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

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Current:			
Deferred tax assets:			
Loss on write-down of inventories	¥4,232	¥4,934	$ 59,337
Accrued bonuses to employees	2,465	2,269	27,286
Accrued enterprise taxes	621	620	7,453
Accrued other expenses	508	441	5,301
Other	413	509	6,133
Less valuation allowance	(357)	(424)	(5,096)
Total	7,882	8,349	100,414
Charges to offset against deferred tax liabilities	(6)	—	(5)
Net deferred tax assets—current	¥7,876	¥8,349	$100,409
Deferred tax liabilities:			
Consolidation adjustment of allowance for doubtful accounts	¥ 6	¥ —	$ 4
Other	—	—	1
Charges to offset against deferred tax assets	(6)	—	(5)
Net deferred tax liabilities—current	¥ —	¥ —	$ —
Non-current:			
Deferred tax assets:			
Loss on write-down of investment securities	¥ 550	¥ 524	$ 6,299
Tax loss carryforwards	65	225	2,703
Depreciation	1,271	992	11,931
Equity in losses of limited partnership	129	88	1,054
Accrued retirement benefits	122	181	2,178
Unrealized gain of tangible assets	355	335	4,034
Asset retirement obligations	—	480	5,772
Other	228	197	2,376
Less valuation allowance	(430)	(568)	(6,826)
Total	2,290	2,454	29,521
Charges to offset against deferred tax liabilities	(727)	(1,101)	(13,248)
Net deferred tax assets—non-current	¥1,563	¥1,353	$ 16,273
Deferred tax liabilities:			
Net unrealized gain on available-for-sale securities	¥ 136	¥ 146	$ 1,758
Prepaid pension cost	605	847	10,183
Property and equipment	—	187	2,251
Other	28	19	229
Charges to offset against deferred tax assets	(727)	(1,101)	(13,248)
Net deferred tax liabilities—non-current	¥ 42	¥ 98	$ 1,173

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate for the year ended March 31, 2010 was not disclosed because the differences were not more than 5% of the normal effective statutory tax rate.

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate for the year ended March 31, 2011 is as follows:

	2011
Normal effective statutory tax rate	41.0%
Expenses not deductible for income tax purposes	2.0
Increase in valuation allowance	1.0
Other—net	(0.6)
Actual effective tax rate	43.4%

As of March 31, 2011, certain subsidiaries have tax loss carryforwards aggregating approximately ¥548 million ($6,594 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
After 2017	¥548	$6,594
Total	¥548	$6,594

12. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥582 million and ¥477 million ($5,732 thousand) for the years ended March 31, 2010 and 2011, respectively.

13. LEASES

The Group leases certain machinery, computer equipment, office space and other assets.

Total rental expenses including lease payments for the years ended March 31, 2010 and 2011 were ¥12,682 million and ¥11,852 million ($142,542 thousand), respectively.

Obligations under finance leases and future minimum payments under noncancelable operating leases were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	2011		2011	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Due within one year	¥ 4,306	¥2,937	$ 51,792	$35,321
Due after one year	8,629	3,367	103,781	40,492
Total	¥12,935	¥6,304	$155,573	$75,813

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 be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 was as follows:

	Millions of Yen							
	2010				2011			
	Buildings and Structures	Furniture and Fixtures	Software	Total	Buildings and Structures	Furniture and Fixtures	Software	Total
Acquisition cost	¥2,846	¥4,398	¥819	¥8,063	¥2,704	¥2,565	¥552	¥5,821
Accumulated depreciation	1,682	2,863	523	5,068	1,917	1,976	464	4,357
Net leased property	¥1,164	¥1,535	¥296	¥2,995	¥ 787	¥ 589	¥ 88	¥1,464

	Thousands of U.S. Dollars			
	2011			
	Buildings and Structures	Furniture and Fixtures	Software	Total
Acquisition cost	$32,524	$30,847	$6,639	$70,010
Accumulated depreciation	23,058	23,768	5,569	52,395
Net leased property	$ 9,466	$ 7,079	$1,070	$17,615

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Due within one year	¥1,440	**¥ 797**	**$ 9,585**
Due after one year	1,789	**800**	**9,625**
Total	¥3,229	**¥1,597**	**$19,210**

Depreciation expense, interest expense and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Depreciation expense	¥1,944	**¥1,327**	**$15,960**
Interest expense	153	**91**	**1,097**
Total	¥2,097	**¥1,418**	**$17,057**
Lease payments	¥2,153	**¥1,479**	**$17,785**

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

The net investments in lease included in receivables—other as of March 31, 2010 and 2011 were summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Gross lease receivables	¥6,893	**¥9,422**	**$113,310**
Unearned interest income	751	**1,048**	**12,597**
Investments in lease	¥6,142	**¥8,374**	**$100,713**

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	**¥1,931**	**$ 23,217**
2013	**1,739**	**20,916**
2014	**1,673**	**20,125**
2015	**1,614**	**19,409**
2016	**1,490**	**17,919**
2017 and thereafter	**975**	**11,724**
Total	**¥9,422**	**$113,310**

14. 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) Group Policy for Financial Instruments

Cash surpluses, if any, are invested in low risk financial assets. The Group does not rely on financial institutions for capital expenditures, excluding certain lease contracts, and operational funds. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments
Receivables such as trade notes, trade accounts and investments in lease are exposed to customer credit risk. Marketable securities, including certificate of deposits and commercial paper, are exposed to issuer credit risk. Investment securities, mainly equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are hedged by foreign currency forward contracts. Lease obligations are related to finance lease transactions for leases or rentals of product to customer.

Foreign currency forward contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of payables. Please see Note 15 for more detail about derivatives.

(3) Risk Management for Financial Instruments
Credit risk management
Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department, and by a credit control department which is independent from the business department, to identify the default risk of customers in an early stage.

The internal guidelines for marketable securities transactions which prescribe the authority and the limit for each transaction by the corporate treasury department have been approved at management committee held on a semiannual basis. The transaction data has been reported to the management committee held on a quarterly basis.

Market risk management (foreign exchange risk and interest rate risk)
Foreign currency trade payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by foreign currency forward contracts. In addition, when foreign currency trade payables are expected from forecasted transaction, foreign currency forward contracts may be used. Foreign currency forward contracts are executed in accordance with the Group's internal guidelines, which define the authority level and amount at which the foreign currency forward contracts can be executed.

Investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Liquidity risk management
Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk based on an analysis of its cash flow received from its each department. The Group has created a cash pool that centralizes the Group's funds to provide efficient and stable management of funds.

(4) Fair Values of Financial Instruments
Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead. Also please see Note 15 for the detail of fair value for derivatives.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 73,833	¥ 73,833	
Receivables—trade	58,301	58,301	
Investments in lease (included in receivables—other)	6,142	6,187	¥ 45
Investment securities	1,462	1,462	
Others	206	206	
Total	¥139,944	¥139,989	¥ 45
Payables—trade	¥ 24,984	¥ 24,984	
Lease obligations	10,962	11,021	¥(59)
Income taxes payable	7,183	7,183	
Others	48	48	
Total	¥ 43,177	¥ 43,236	¥(59)
Derivatives—To which hedge accounting is applied	¥8	¥8	
Total	¥8	¥8	

March 31, 2011	Millions of Yen Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 68,337	¥ 68,337	
Receivables—trade	60,299	60,299	
Investments in lease (included in receivables—other)	8,374	8,441	¥ 67
Investment securities	1,514	1,514	
Others	136	136	
Total	¥138,660	¥138,727	¥ 67
Payables—trade	¥ 24,183	¥ 24,183	
Lease obligations	12,936	13,003	¥(67)
Income taxes payable	7,214	7,214	
Others	99	99	
Total	¥ 44,432	¥ 44,499	¥(67)
Derivatives—To which hedge accounting is applied	¥ (8)	¥ (8)	
Total	¥ (8)	¥ (8)	

March 31, 2011	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 821,856	$ 821,856	
Receivables—trade	725,177	725,177	
Investments in lease (included in receivables—other)	100,713	101,514	$ 801
Investment securities	18,209	18,209	
Others	1,638	1,638	
Total	$1,667,593	$1,668,394	$ 801
Payables—trade	$ 290,838	$290,838	
Lease obligations	155,573	156,385	$(812)
Income taxes payable	86,762	86,762	
Others	1,190	1,190	
Total	$ 534,363	$ 535,175	$(812)
Derivatives—To which hedge accounting is applied	$ (95)	$ (95)	
Total	$ (95)	$ (95)	

Cash and Cash Equivalents

The carrying values of cash approximate fair value because of their short maturities. The fair values of marketable securities are measured at the quoted price obtained from the financial institution for certain debt instruments.

Investment Securities

The fair values of investment securities are measured at the quoted market price of the stock exchange for equity instruments. The information of the fair value for the investment securities by classification is included in Note 4.

Receivables, Payables and Income Taxes Payable

The carrying values of receivables, payables and income taxes payable approximate fair value because of their short maturities.

Lease Obligations

Lease obligations are measured at fair value using the discounted cash flow of the expected lease payments. The discounted rate is the interest rate assumed when the lease is contracted.

Derivatives

The information of the fair value for derivatives is included in Note 15.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Carrying Amount Millions of Yen 2010	2011	Thousands of U.S. Dollars 2011
Investments in equity instruments that do not have a quoted market price in an active market	¥2,206	¥1,841	$22,142
Investment in limited partnership	923	967	11,628
Total	¥3,129	¥2,808	$33,770

(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	¥ 68,337			
Receivables—trade	60,299			
Investments in lease (included in receivables—other)	1,604	¥5,821	¥949	
Investment securities—Available-for-sale securities with contractual maturities		25		
Others	136			
Total	¥130,376	¥5,846	¥949	

	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	$ 821,856			
Receivables—trade	725,177			
Investments in lease (included in receivables—other)	19,297	$70,006	$11,410	
Investment securities—Available-for-sale securities with contractual maturities		301		
Others	1,638			
Total	$1,567,968	$70,307	$11,410	

Please see Note 13 for obligations under finance leases.

15. DERIVATIVES

The Group enters into derivative financial instruments ("derivatives"), including foreign currency forward contracts to hedge foreign exchange risk associated with certain assets, liabilities and firm commitments of ordinary purchase transactions denominated in foreign currencies.

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

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.

Derivative Transactions to Which Hedge Accounting Is Applied

		Millions of Yen		
March 31, 2010	Hedged Item	Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥ 721		
Selling U.K.£	Receivables	2		
Selling U.S.$	Receivables (forecasted)	511		¥(18)
Selling U.K.£	Receivables (forecasted)	2		
Selling S.$	Receivables (forecasted)	7		
Buying U.S.$	Payables	3,204		
Buying €	Payables	28		
Buying U.K.£	Payables	12		
Buying U.S.$	Payables (forecasted)	1,029		27
Buying €	Payables (forecasted)	17		
Buying U.K.£	Payables (forecasted)	10		(1)

March 31, 2011	Hedged Item	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	¥ 806		
Selling U.S.$	Receivables (forecasted)	1,017		¥(23)
Buying U.S.$	Payables	2,639		
Buying €	Payables	26		
Buying U.K.£	Payables	12		
Buying U.S.$	Payables (forecasted)	1,390		15
Buying €	Payables (forecasted)	4		
Buying U.K.£	Payables (forecasted)	7		

March 31, 2011	Hedged Item	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value
Foreign currency forward contracts:				
Selling U.S.$	Receivables	$ 9,690		
Selling U.S.$	Receivables (forecasted)	12,230		$(277)
Buying U.S.$	Payables	31,747		
Buying €	Payables	308		
Buying U.K.£	Payables	141		
Buying U.S.$	Payables (forecasted)	16,725		180
Buying €	Payables (forecasted)	49		2
Buying U.K.£	Payables (forecasted)	81		

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.

Forward exchange contracted amounts which are assigned to associated assets or liabilities and are reflected on the consolidated balance sheet at year end, are not subject to the disclosure of fair value.

16. CONTINGENT LIABILITIES

As of March 31, 2011, the Group is contingently liable for guarantees of borrowings by the Group's employees amounting to ¥235 million ($2,821 thousand).

17. RELATED PARTY DISCLOSURES

Transactions of the Company with associated companies for the years ended March 31, 2010 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Sales	¥268	¥353	$4,258
Purchases	443	409	4,916

Transactions of the Company with the parent company, ITOCHU Corporation, for the years ended March 31, 2010 and 2011 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2011	2011
Purchases	¥34,503	¥25,750	$309,683

The balances due to or from the parent company, ITOCHU Corporation, as of March 31, 2010 and 2011 were as follows::

	Millions of Yen		Thousands of U.S. Dollars
	2010	**2011**	**2011**
Payables—trade	¥4,543	**¥2,793**	**$33,588**

18. COMPREHENSIVE INCOME

For the Year Ended March 31, 2010

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

	Millions of Yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥12,562
Minority interests	135
Total comprehensive income	¥12,697

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	¥60
Deferred gain on derivatives under hedge accounting	6
Foreign currency translation adjustments	72
Share of other comprehensive income in associates	(3)
Total other comprehensive income	¥135

19. NET INCOME PER SHARE

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

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
Year Ended March 31, 2010				
Basic EPS—Net income available to common shareholders	¥12,461	64,029	¥194.62	
Year Ended March 31, 2011				
Basic EPS—Net income available to common shareholders	**¥11,452**	**63,455**	**¥180.47**	**$2.17**

Diluted net income per share for the year ended March 31, 2010 and 2011 is not disclosed because it is anti-dilutive for 2010 and no potential financial instruments exist for 2011.

20. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriations of retained earnings as of March 31, 2011 were approved at the Company's shareholders meeting held on June 22, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥45.00 ($0.54) per share	**¥2,806**	**$33,747**

In addition to the cash dividends described above, the Company paid interim cash dividends of ¥2,881 million ($34,652 thousand, ¥45.00 ($0.54) per share) on December 3, 2010 to shareholders of record as of September 30, 2010, based on a resolution by the Board of Directors.

21. SEGMENT INFORMATION

For the Years Ended March 31, 2010 and 2011

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 Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group consists of the solution business segment and service business segment.

The solution business segment engages in proposal and sales of system integration including consulting service, system design/construction service, system maintenance service, etc.

The service business segment engages in the procurement of service business including data center service and system maintenance service, and co-proposal with the solution business segment department.

(2) Methods of measurement for the amounts of sales, profit (loss), assets 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 (loss), assets and other items is as follows:

	Millions of Yen				
	2010				
	Reportable Segment				
	Solution Business	Service Business	Total	Reconciliations	Consolidated
Sales:					
Sales to external customers	¥280,084	¥10,307	¥290,391	¥ —	¥290,391
Intersegment sales or transfers	1,302	44,596	45,898	(45,898)	—
Total	¥281,386	¥54,903	¥336,289	¥(45,898)	¥290,391
Segment profit	¥ 24,091	¥12,658	¥ 36,749	¥(15,179)	¥ 21,570
Segment assets	93,831	41,985	135,816	97,414	233,230
Other:					
Depreciation	2,276	1,437	3,713	2,286	5,999
Investments in associated companies accounted for by the equity method	836	—	836	98	934
Increase in property and equipment and intangible assets	1,114	2,194	3,308	1,214	4,522

	Millions of Yen				
	2011				
	Reportable Segment				
	Solution Business	Service Business	Total	Reconciliations	Consolidated
Sales:					
Sales to external customers	**¥273,379**	**¥ 9,690**	**¥283,069**	**¥ —**	**¥283,069**
Intersegment sales or transfers	**1,431**	**43,552**	**44,983**	**(44,983)**	**—**
Total	**¥274,810**	**¥53,242**	**¥328,052**	**¥(44,983)**	**¥283,069**
Segment profit	**¥ 22,941**	**¥13,168**	**¥ 36,109**	**¥(14,792)**	**¥ 21,317**
Segment assets	**101,040**	**45,427**	**146,467**	**91,701**	**238,168**
Other:					
Depreciation	**2,836**	**1,752**	**4,588**	**2,141**	**6,729**
Investments in associated companies accounted for by the equity method	**920**	**—**	**920**	**74**	**994**
Increase in property and equipment and intangible assets	**4,815**	**2,916**	**7,731**	**1,632**	**9,363**

	Thousands of U.S. Dollars				
	2011				
	Reportable Segment				
	Solution Business	Service Business	Total	Reconciliations	Consolidated
Sales:					
Sales to external customers	$3,287,777	$116,540	$3,404,317	$ —	$3,404,317
Intersegment sales or transfers	17,215	523,770	540,985	(540,985)	—
Total	$3,304,992	$640,310	$3,945,302	$ (540,985)	$3,404,317
Segment profit	$ 275,900	$158,368	$ 434,268	$ (177,903)	$ 256,365
Segment assets	1,215,153	546,323	1,761,476	1,102,846	2,864,322
Other:					
Depreciation	34,108	21,070	55,178	25,742	80,920
Investments in associated companies accounted for by the equity method	11,066	—	11,066	887	11,953
Increase in property and equipment and intangible assets	57,902	35,070	92,972	19,629	112,601

Notes: 1. Reconciliations of segment profit consist primarily of corporate operating expenses (¥(17,366) million for 2010 and ¥(16,569) million ($(199,265) thousand) for 2011) and eliminations (¥1,883 million for 2010 and ¥1,504 million ($18,082 thousand) for 2011).
Corporate operating expenses consist primarily of administrative expenses of the Company which were not allocated to business segments.
2. Reconciliations of segment assets consist primarily of corporate assets (¥101,166 million for 2010 and ¥95,369 million ($1,146,948 thousand) for 2011) and eliminations (¥(3,496) million for 2010 and ¥(3,567) million ($(42,899) thousand) for 2011).
Corporate assets consist primarily of cash and cash equivalents, investment securities, and administrative assets of the Company.
3. Reconciliations of depreciation consist of depreciation of corporate assets (¥2,472 million for 2010 and ¥2,289 million ($27,533 thousand) for 2011) and eliminations of unrealized profit (¥(186) million for 2010 and ¥(148) million ($(1,791) thousand) for 2011).
Reconciliations of investments in associated companies accounted for by the equity method represent investments managed by the administrative department of the Company.
Reconciliations of increase in property and equipment and intangible assets consist of increase in corporate assets (¥1,284 million for 2010 and ¥1,332 million ($16,024 thousand) for 2011), adjustment for application of accounting standard for asset retirement obligations (¥492 million ($5,909 thousand) only for 2011), and eliminations of unrealized profit (¥(70) million for 2010 and ¥(192) million ($(2,304) thousand) for 2011).
4. Segment profit is reconciled with operating income of the consolidated statements of income.
5. Amounts related to long-term prepaid expenses is included in depreciation and increase in property and equipment and intangible assets.

Related Information

1. Information about products and services

	Millions of Yen			
	2011			
	Service	SI/Development	Products	Total
Sales to external customers	¥131,160	¥59,789	¥92,120	¥283,069

	Thousands of U.S. Dollars			
	2011			
	Service	SI/Development	Products	Total
Sales to external customers	$1,577,394	$719,045	$1,107,878	$3,404,317

2. Information about geographical areas

(a) Sales

Information about sales from foreign customers is not disclosed because the Group's sales from domestic customers total more than 90% of the consolidated sales.

(b) Property and equipment

Information about property and equipment is not disclosed because the Group's property and equipment located domestically total more than 90% of the consolidated property and equipment.

3. Information about major customers

Information about sales from major customers is not disclosed because the Group's sales from major customers total less than 10% of the consolidated sales.

Information about Impairment Losses of Assets in Reportable Segments

	Millions of Yen				
	2011				
	Reportable Segment				
	Solution Business	Service Business	Total	Reconciliations	Consolidated
Impairment losses of assets	¥—	¥2	¥2	¥14	¥16

	Thousands of U.S. Dollars				
	2011				
	Reportable Segment				
	Solution Business	Service Business	Total	Reconciliations	Consolidated
Impairment losses of assets	$—	$28	$28	$160	$188

Information about Goodwill in Reportable Segments

There is no applicable information.

Information about Negative Goodwill in Reportable Segments

There is no applicable information.

For the Year Ended March 31, 2010

The Group operates in the following business segments:
"System" consists of IT consulting service, infrastructure construction service, computer-network system sales, software development, maintenance service of software, etc.

"Support" consists of maintenance service of computer-network system, service of datacenter, etc.

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

(1) Business Segments

a. Sales and Operating Income

	Millions of Yen			
	2010			
	System	Support	Eliminations/ Corporate	Consolidated
Sales to customers	¥217,799	¥72,592	¥ —	¥290,391
Intersegment sales	556	16,232	(16,788)	—
Total sales	218,355	88,824	(16,788)	290,391
Operating expenses	208,704	65,501	(5,384)	268,821
Operating income	¥ 9,651	¥23,323	¥(11,404)	¥ 21,570

b. Total Assets, Depreciation, Impairment Losses and Capital Expenditures

	Millions of Yen			
	2010			
	System	Support	Eliminations/ Corporate	Consolidated
Total assets	¥82,840	¥50,695	¥99,695	¥233,230
Depreciation	472	3,229	2,298	5,999
Impairment losses	—	3	24	27
Capital expenditures	1,014	2,300	1,208	4,522

(2) Geographical Segments and Sales to Foreign Customers

Geographical segment information was not presented since aggregate sales and assets of the Company and its domestic subsidiaries were more than 90% of the consolidated net sales and assets for the year ended March 31, 2010.

Sales to foreign customers were not presented since sales to foreign customers were less than 10% of the consolidated sales for the year ended March 31, 2010.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ITOCHU Techno-Solutions Corporation:

We have audited the accompanying consolidated balance sheets of ITOCHU Techno-Solutions Corporation (the "Company") and subsidiaries as of March 31, 2010 and 2011, 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 ITOCHU Techno-Solutions Corporation and subsidiaries as of March 31, 2010 and 2011, 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.

As discussed in Note 2.i to the consolidated financial statements, the Company applied the new accounting standard for asset retirement obligations effective April 1, 2010.

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.

Deloitte Touche Tohmatsu LLC

June 22, 2011

Board of Directors

As of June 22, 2011

Directors and Auditors

President & CEO	Yoichi Okuda	
Director	Yoshinori Warashina	*1
Director	Hiroo Inoue	*1
Director	Shinichiro Sakuraba	*2
Director	Masaaki Matsuzawa	*2
Director	Akira Saitoh	*2
Director	Shigemitsu Takatori	*2
Director	Shuji Ikeda	*2
Director	Mitsuaki Kato	*2
Director	Takatoshi Matsumoto	
Director	Takahiro Susaki	
Director	Tomohito Arai	
Corporate Auditor	Masao Kasama	
Corporate Auditor	Hiroshi Shibata	
Corporate Auditor	Kosuke Hayashi	
Corporate Auditor	Shigekazu Matsui	

*1 Senior Managing Officer
*2 Managing Executive Officer

Executive Officers

Managing Executive Officer	Yoichi Okugi
Managing Executive Officer	Takahiro Tani
Managing Executive Officer	Tadataka Okubo
Managing Executive Officer	Katsuyuki Shirota
Managing Executive Officer	Hiroshi Iimuro
Executive Officer	Yoshimichi Miura
Executive Officer	Ryouji Yokoyama
Executive Officer	Yasuhiko Terada
Executive Officer	Yasuhide Masanishi
Executive Officer	Hiroaki Okamatsu
Executive Officer	Seiji Suzuki
Executive Officer	Hisashi Eda
Executive Officer	Eiji Haraguchi
Executive Officer	Kazunobu Moriyama
Executive Officer	Hiroyuki Tamura
Executive Officer	Tomohiko Sumi
Executive Officer	Toshiyuki Awai
Executive Officer	Takanori Minatohara
Executive Officer	Masanobu Yugami
Executive Officer	Akira Tamanoi
Executive Officer	Noboru Omoto
Executive Officer	Shinichi Nakano
Executive Officer	Hirohito Ohashi

Corporate Organization

As of April 1, 2011

- General Meeting of Shareholders
  - Board of Corporate Auditors
  - Board of Directors
    - President & CEO
      - Management Committee
      - CSR Committee
      - Solution Business Segment
        - Telecommunication Systems Group
          - Telecommunication Systems Division No. 1
          - Telecommunication Systems Division No. 2
          - Telecommunication Systems Division No. 3
          - Telecommunication Systems Planning Division
        - Financial Systems Group
          - Financial Systems Division No. 1
          - Financial Systems Division No. 2
          - Financial Systems Division No. 3
          - Financial Systems Advanced IT Planning Division
        - Enterprise Systems Group
          - Enterprise Business Division No. 1
          - Enterprise Business Division No. 2
          - Enterprise Business Division No. 3
          - Central Region Business Division
          - Western Region Business Division
          - Enterprise Business Division
          - Solution Business Promotion Division
          - Cloud Business Promotion Division
          - Enterprise Engineering Division
        - Distribution Systems Group
          - Distribution Systems Division No. 1
          - Distribution Systems Division No. 2
          - Distribution Systems Division No. 3
          - Distribution Systems Division No. 4
          - Distribution Systems Division No. 5
        - Science & Engineering Systems Division
      - Service Business Segment
        - Cloud Platform Group
          - Cloud Platform Sales Promotion Division
          - Cloud Platform Engineering Division
          - Cloud Platform Planning & Administration Division
        - IT Support Services Group
          - Management Services Sales Division
          - Software Support Services Division
          - IT Support Service Planning Division
      - Cross Function Group
        - IT Business Planning Division
        - IT Engineering Division
        - Project Management Office
      - Corporate Administration Group
        - Sales Administration & Operation Division
        - Finance & Accounting Division
        - Risk Management Division
      - Corporate Planning Group
        - Human Resources Management & General Affairs Division
        - Corporate Planning Division
      - Audit Division

Corporate Data

Company Name

ITOCHU Techno-Solutions Corporation (CTC)

Head Office

Kasumigaseki Bldg., 3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6080, Japan
Phone: +81-3-6203-5000
URL: http://www.ctc-g.co.jp/

Established

April 1, 1972

Paid-in Capital

¥21,763 million

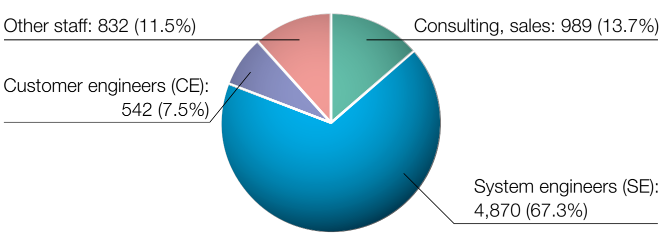
Business Lines

Sales, maintenance and support of computers and network systems; commissioned software development; information processing services; information services related to science and engineering; support; other.

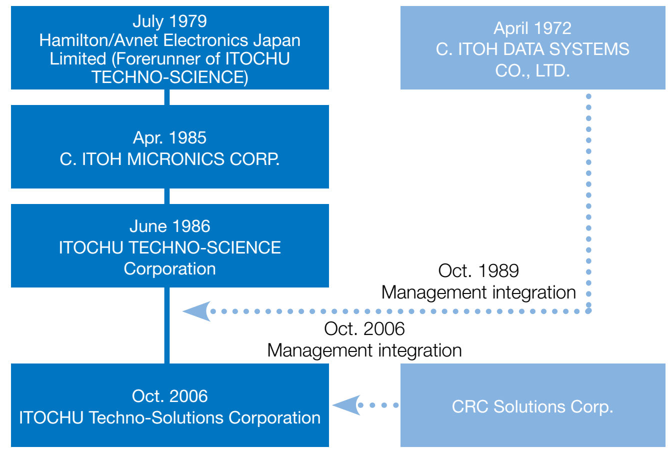
Number of Employees

7,233 (CTC Group total, as of April 1, 2011)

Composition of CTC Employees



Company History (Apr. 1972 – Oct. 2006)



Company History (Oct. 2006–Apr. 2011)

2006 October	• ITOCHU TECHNO-SCIENCE Corporation and CRC Solutions Corp. merged to form ITOCHU Techno-Solutions Corporation.
2007 January	• Established the Osaki Development Center in Osaki, Shinagawa-ku, Tokyo
2008 July	• Established CTC SYSTEM OPERATIONS Corporation as a consolidated subsidiary
October	• Established the Mejirozaka Data Center in Bunkyo-ku, Tokyo
2010 April	• Established a company for employment promotion of handicapped persons, Hinari Corporation
2011 April	• Changed company names of CRC Systems Corp. and CRC Facilities Corp. to CTC SYSTEM SERVICE CORPORATION and CTC FACILITIES CORPORATION, respectively • Established the Singapore Branch

CTC Group Companies

Consolidated Subsidiaries

Company	Paid-in Capital	Main Business Activities
CTC TECHNOLOGY CORPORATION	¥ 450 million	Maintenance and system management services, support services on system and network, system construction services, IT-related training
CTC LABORATORY SYSTEMS CORPORATION	¥ 300 million	Hardware for the pharmaceutical, chemical and food product industries, software sales and support, agency for fee-based services
CTC SYSTEM SERVICE CORPORATION	¥ 200 million	Telecommunications and broadcasting operation services, software development services, solution services, centering on system operations management services
CTCSP CORPORATION	¥ 200 million	Sales of network and security-related equipment, storage devices and packaged software, and provision of related services
CTC SYSTEM OPERATIONS Corporation	¥ 100 million	System operation services
CTC FACILITIES CORPORATION	¥ 100 million	Building facility operations management activities for computer centers (Yokohama, Kobe, Otemachi, Shibuya, Mejirozaka)
CTC BUSINESS SERVICE CORPORATION	¥ 100 million	Various business functions (human resources, administration) entrusted by CTC Group companies, as well as planning, producing and maintaining web content, and planning and producing advertising materials
First Contact Corporation	¥ 50 million	Contact center operations, helpdesk services, IT training, planning and implementation of IT training
Asahi Business Solutions Corp.	¥ 110 million	Overall system development, maintenance, operation and IT consulting

Two other companies (one in Japan, one overseas)

Associated Companies Accounted for by the Equity Method

Company	Paid-in Capital	Main Business Activities
ITOCHU Technology Ventures, Inc.	¥ 100 million	Operation of investment funds for venture companies
IHI Scube Co., Ltd.	¥ 260 million	System development

Two other companies (one in Japan, one overseas)

Stock Information

As of March 31, 2011

Common Stock

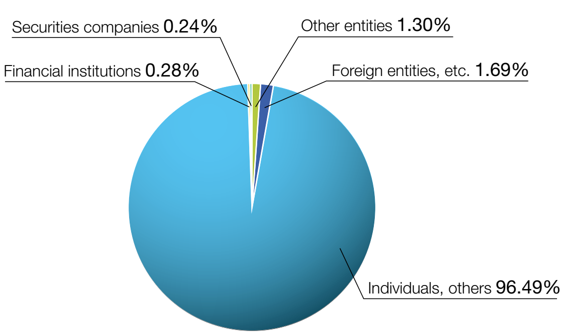
Authorized	246,000,000 shares
Issued (As of June 30, 2011)	64,500,000 shares
Number of Shareholders	18,973

Major Shareholders

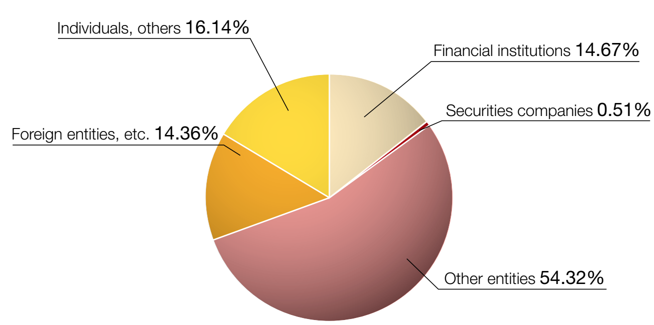
	Number of Shares	(%)
1. ITOCHU Corporation	33,665,400	52.19
2. Japan Trustee Services Bank, Ltd. (Trust Account)	2,561,100	3.97
3. The Master Trust Bank of Japan, Ltd. (Trust Account)	1,615,900	2.51
4. CTC Employee Shareholding Association	1,037,568	1.61
5. The Nomura Trust and Banking Co., Ltd. (Trust Account)	684,200	1.06
6. Trust & Custody Services Bank, Ltd. (Trust Account)	681,200	1.06
7. Japan Trustee Services Bank, Ltd. (Trust Account 9)	636,300	0.99
8. Japan Trustee Services Bank, Ltd. (Trust Account 4)	530,300	0.82
9. UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	504,300	0.78
10. Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	420,546	0.65

Note: Additionally, as of June 30, 2011 the Company holds 2,142,792 shares of treasury stock.

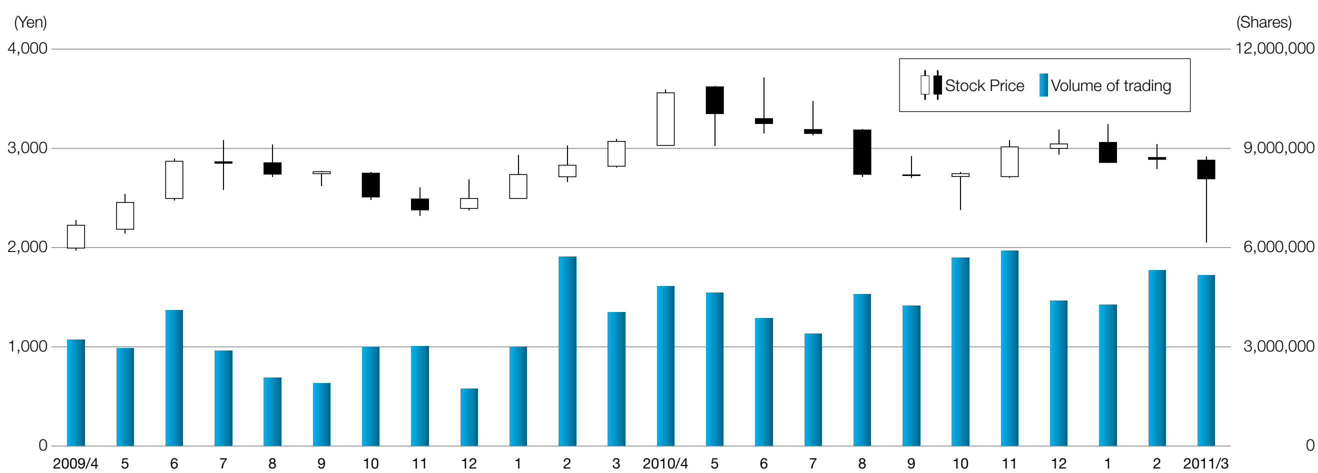
Breakdown by Number of Owners



Ownership by Percentage Shareholding



Stock Prices / Trading Volume Trends



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