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To all stakeholders

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Notice of Revisions to Forecast

Startia, Inc. has made the following revisions to the forecast announced on May 15, 2009 due recent trends in results of operations.

Forecast revisions

Revisions to consolidated forecast for fiscal year ended March 31, 2010
(April 1, 2009 to March 31, 2010)

(Million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecast (A)	3,400	150	143	60	2,713.21
Revised forecast (B)	3,353	160	164	112	5,246.76
Difference (B-A)	(47)	10	21	52	
Pct. change (%)	(1.4)	6.7	14.7	86.7	
(Ref.) Previous fiscal year	4,767	241	252	94	4,346.25

Reasons for revisions

In the fiscal year that ended in March 2010, Japan's economy remained weak but there were a number of positive signs. External demand supported a slow economic recovery, corporate earnings improved, the number of corporate bankruptcies declined and stock prices rallied. Furthermore, while Japanese companies remain cautious about making capital expenditures, the tendency to hold down these expenditures is slowly receding.

There are also positive signs in the IT industry, which is one factor influencing the operating environment of the Startia Group. Small and midsize companies continue to face a challenging operating climate as leasing firms continue to apply strict standards for the approval of new leases. However, a recovery is taking place that is backed primarily by replacement demand. In addition, the IT industry has benefited from the popularity of Apple's iPhone, with its multi-touch screen, and Apple's iPad, a portable tablet-size computer. One result has been rising interest in electronic books that has produced rapid growth of this market.

In this environment, the Startia Group in the prior fiscal year started taking many actions aimed at improving the transparency of its management in order to clarify the group's objectives. The goal is not to simply aim for growth in sales. The group has conducted a thorough examination of its business operations with regard to the reallocation of its limited resources. The group plans to use this process to raise the return on invested capital and improve earnings from medium and long-term perspectives.

In the fiscal year that ended in March 2010, the Startia Group has been maintaining the proper balance between two key elements of operations. The first is the sale of products, which is a source of revenues that generates the cash flows vital to sustaining business operations. The second is the provision of services, which is a steady revenue stream that is needed to achieve consistent long-term growth while pushing sales and earnings into the future. While preserving this balance, the group has been slowly enlarging its lineup services that generate consistent revenue streams. In addition, the group has shifted greater emphasis in its business portfolio to activities that use the provision of services to generate a continuous stream of revenues.

Due to this shift in emphasis to services, sales of network equipment, ISP and other products associated with solution businesses were much lower than in the forecast for the fiscal year. Sales in the fiscal year were therefore slightly below the original plan. However, there was a strong performance in the service category by the Managed Gate network equipment rental service and the hosting service. Furthermore, performance benefited from strong sales of multi-function printers in the office business. In addition, results of operations benefited from strong sales of the ActiBook (an electronic book) in the Internet media content business. Market response was much stronger than expected at iPhone and iPad exhibitions and seminars for current customers. This made a contribution to higher earnings from services. Consequently, operating income and ordinary income were higher than planned for the fiscal year. The net income forecast has benefited from a greater than expected decline in income taxes and an addition to deferred tax assets. Due to these factors, Startia has increased the earnings forecasts that were announced on May 15, 2009.

Notes:

1. This forecast is an outlook based on decisions using information that was available on the announcement date. Actual performance may differ from this forecast.
2. Startia plans to announce its results of operations for the fiscal year that ended in March 2010 on May 14, 2010 (Friday).