

# Consolidated Financial Report for the Fiscal Year Ended March 31, 2013 [Japan GAAP]

May 9, 2013

## Nihon Unisys, Ltd.

Stock Listing:	Tokyo Stock Exchange 1st Section
Stock Code:	8056
URL:	<a href="http://www.unisys.co.jp/">http://www.unisys.co.jp/</a>
Representative:	Shigeru Kurokawa, Representative Director, President & CEO
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Scheduled Date for Ordinary General Meeting of Shareholders:	June 26, 2013
Scheduled Starting Date for Dividend Payment:	June 27, 2013
Scheduled Submission Date for Securities Report:	June 27, 2013
Earnings Supplementary Explanatory Documents:	yes
Earnings Results Briefing:	yes (for institutional investors, analysts and press)

(Amounts are rounded down to the nearest million yen.)

## 1. Consolidated Financial Results in FY2013 (from April 1, 2012 to March 31, 2013)

### (1) Consolidated Results of Operations

(Percentage below represents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
<b>FY2013</b>	269,170	5.5	8,311	13.7	8,315	17.2	1,250	—
<b>FY2012</b>	255,122	0.8	7,310	12.0	7,096	21.7	(12,498)	—

(Note) Comprehensive Income FY2013: 5,163 Million Yen (—%) FY2012: (12,607) Million Yen (—%)

	Earnings Per Share	Diluted Earnings Per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
<b>FY2013</b>	13.31	13.31	1.9	4.3	3.1
<b>FY2012</b>	(132.99)	—	(18.2)	3.6	2.9

(Reference) Equity in Earnings (Losses) of Affiliates FY2013: 42 Million Yen FY2012: 49 Million Yen

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
<b>FY2013</b>	197,779	67,916	33.6	707.57
<b>FY2012</b>	190,083	63,223	32.6	658.90

(Reference) Shareholders' Equity FY2013: 66,505 Million Yen FY2012: 61,923 Million Yen

### (3) Consolidated Cash Flow Status

	Operating Activities	Investing Activities	Financial Activities	Cash and Cash Equivalents at End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
<b>FY2013</b>	18,447	(11,442)	(8,985)	25,274
<b>FY2012</b>	13,430	(10,641)	(5,947)	27,254

## 2. Dividends

	Dividends Per Share					Total Dividends (Annual)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
<b>FY2012</b>	—	5.00	—	0.00	5.00	469	—	0.7
<b>FY2013</b>	—	5.00	—	5.00	10.00	939	75.1	1.5
<b>FY2014 (Forecast)</b>	—	7.50	—	7.50	15.00		20.1	

## 3. Consolidated Earnings Forecast for FY2014 (from April 1, 2013 to March 31, 2014)

(Percentage below represents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
<b>FY2014 1<sup>st</sup> Half</b>	120,000	(3.7)	2,500	(41.3)	2,300	(47.4)	1,400	—	14.90
<b>FY2014</b>	275,000	2.2	12,000	44.4	11,300	35.9	7,000	459.6	74.48

\* Notes

(1) Change in the scope of consolidation (change of condition of significant consolidated subsidiaries) during the period: No

New: - company (Company Name: -) Excluded: - company (Company Name: -)

(2) Changes in accounting policies, changes in accounting estimates and restatement of corrections

1. Changes in accounting policies in association with revision in accounting standards: No

2. Other changes in accounting policies: No

3. Changes in accounting estimates: No

4. Restatement of corrections: No

(3) Number of shares outstanding (common stock)

(shares)

1. Number of shares outstanding (including treasury stock)

FY2013	109,663,524	FY2012	109,663,524
FY2013	15,672,347	FY2012	15,684,004
FY2013	93,989,539	FY2012	93,979,745

2. Number of shares of treasury stock

3. Average number of shares outstanding (during the period)

## (Reference) Summary of Non-Consolidated Performance Results

### 1. Non-Consolidated Financial Results in FY2013 (from April 1, 2012 to March 31, 2013)

(1) Non-Consolidated Results of Operations

(Percentage below represents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
<b>FY2013</b>	171,379	6.9	4,119	263.1	6,634	59.8	746	—
<b>FY2012</b>	160,374	(2.5)	1,134	(38.5)	4,152	10.8	(12,590)	—

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
<b>FY2013</b>	7.94	7.94
<b>FY2012</b>	(133.95)	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
<b>FY2013</b>	168,143	56,793	33.3	595.10
<b>FY2012</b>	161,460	52,664	32.1	551.28

(Reference) Shareholders' Equity

FY2013 : 55,934 Million Yen

FY2012 : 51,816 Million Yen

### 2. Non-Consolidated Earnings Forecast for FY2014 (from April 1, 2013 to March 31, 2014)

(Percentage below represents increase (decrease) from previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
<b>FY2014 1<sup>st</sup> Half</b>	78,000	(4.3)	2,000	(36.7)	3,500	(35.8)	2,400	—	25.53
<b>FY2014</b>	170,000	(0.8)	7,000	69.9	8,500	28.1	5,700	663.4	60.64

▪ Implementation status of audit procedures

This earnings report is not subject to audit procedures based upon the Financial Instruments and Exchange Act. Thus, the audit procedures for the consolidated financial statements were being conducted when this report was disclosed.

▪ Comment regarding appropriate usage of earnings forecast, and other special notes

The forward-looking statements such as earnings forecasts contained in this document are based on the information currently available to the Company and certain assumptions which are regarded as legitimate. The Company makes no warranty as to the achievability of what is described in the statements. Actual results may differ from these forecasts due to various factors.

**(Appendix)**

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# 1. [Results of Business Operations and Financial Conditions]

## (1) Analysis of Business Operations

### ① Overview of performance for the fiscal year under review

During the fiscal year ended March 31, 2013, the Japanese economy began to show signs of recovery, after a continued sluggishness against the backdrop of the slowdown of the global economies. The recovery was driven by the post-quake reconstruction demand and also the expectations for the economic measures taken under the aegis of the new government. Companies have made improved judgments about the business situations, as reflected in the gradual recovery in capital expenditures and also the increase in investments in social infrastructure. In contrast, their investments in the information service market generally remained the same.

In this environment, the Nihon Unisys group established the basic policies of the mid-term management plan: “expansion of our core businesses”, “establishment of Co-Creation/BPO (Business Process Outsourcing) business models”, and “entrance in the social infrastructure business”. Through our experience of providing various ICT services that suit companies’ business strategies of a broad spectrum of industries, we have developed our technologies, expertise and relationships with customers. On this basis, we have expanded our core businesses and stabilized the income base. Also, we have endeavored to create new sources of income such as joint businesses with customers, BPO, and social infrastructure businesses.

Firstly, as regards the expansion of our core businesses, our continued stable ICT infrastructure businesses contributed to an increase in sales. The businesses were spurred by demands from major telecommunications carriers about the renewal of their networks and orders from financial institutions regarding the renewal projects of ICT infrastructure, in addition to orders relating to enterprise servers. Also, with regard to our solution services, the introduction-type solution that has been developed for the retail industry began to serve multiple customers, resulting in an increase in inquiries. Furthermore, the businesses of EC (electronic commerce) systems and bank branch system increased as a result of enhancing our services from the viewpoint of ICT users.

With respect to establishing Co-Creation/BPO (Business Process Outsourcing) business models, the sales from our new gift card business have increased more than expected in the plan, as reflected in the increase of the card spectrum to 72 items of 16 types. Furthermore, in the domain of our EC business, we have made steady increase in the business such as starting to create and operate multiple EC sites as a partner for a major retail business group and the utilization of our service of providing digital contents “LoMes<sup>®</sup>” at an airport lounge.

Also, with regard to the entrance in the social infrastructure business, “smart oasis<sup>®</sup>”, a battery charging infrastructure service for electric vehicles has been implemented on Chuo Expressway, Tomei Expressway and Shin-Tomei Expressway, among others. As a result, the “electric vehicle quick charger” that enables the service has been installed at 38 locations in total. In the business region of health care, we participated in the development and launch of a regional medical network, “Sado Himawari Net”, for the sharing and centralized management of medical information among medical institutions and facilities of the Sado region of Niigata Prefecture.

Also, pursuant to a business alliance agreement on August 9, 2012 that we concluded with Dai Nippon Printing Co., Ltd., the both companies agreed to cooperate and strengthen the business bases that will enable us to expand new markets. Since we started this cooperation, we have made gradual efforts in these four areas: (1) cooperation in marketing and sales for the purpose of strengthening the capabilities of making proposals to the customers of the both companies; (2) strengthening of the services business platforms that will form the base for promoting the businesses of both companies; (3) cooperative development and deployment of marketing platforms that will increase the capabilities and speed to respond to the companies and their customers; and (4) global deployment that is a critical theme for the growth strategies of both companies.

As regards the consolidated results for the fiscal year under review, net sales totaled ¥ 269,170 million, up by 5.5 % compared with the previous fiscal year. This is due to the continued strength of software and hardware sales. Concerning profit, due to our efforts in reducing costs such as selling, general and administrative expenses, operating income was ¥ 8,311 million (a 13.7% increase from the previous fiscal year), and ordinary income was ¥ 8,315 million (a 17.2% increase on a year-to-year comparison). The Group posted a net income of ¥ 1,250 million (against the net loss of ¥ 12,498 million in the previous fiscal year), mainly ascribable to registering as an extraordinary loss a loss of ¥4,248 million on the valuation of investment securities.

Looking at the breakdown of net sales, service sales decreased by ¥ 634 million or 0.3 % year-on-year to ¥186,579 million. Software sales were ¥30,762 million, up by ¥ 7,435 million or 31.9%, and hardware sales were ¥ 51,828 million, up by ¥ 7,246 million or 16.3%.

A breakdown of net sales is as follows: services sales 69.3 % (73.4 % in the previous term), software sales 11.4 % (9.1% in the previous term), and hardware sales 19.3 % (17.5% in the previous term).

### ② Forecast for the next fiscal year

The Japanese economy has begun to show signs of recovery, and the capital investments by companies have also gradually recovered. In this business environment, net sales for the next fiscal year are expected to be ¥ 275,000 million, up by 2.2%, on a consolidated basis.

With regard to the profit, owing to our efforts to increase net sales and further improve the profitability of system services, we plan operating income of ¥ 12,000 million (an increase of 44.4%), ordinary income of ¥11,300 million (an increase of 35.9%), and net income of ¥ 70,000 million (an increase of 459.6%).

**Forecast of consolidated performance for FY2014**

(Millions of yen)

	FY 2014	FY 2013	Changes
Net sales	275,000	269,170	2.2%
Operating income	12,000	8,311	44.4%
Ordinary income	11,300	8,315	35.9%
Net income	7,000	1,250	459.6%

**(2) Analysis of Financial Condition**

In the fiscal year under review, partly due to an increase in accounts receivable-trade and other accounts receivable, total assets were ¥197,779 million, up by ¥7,696 million compared with the end of the previous fiscal year.

Liabilities totaled ¥129,863 million, up by ¥3,002 million from the end of the previous fiscal year, mainly due to an increase in accounts payable-trade, accrued expenses and accounts payable-other.

Net assets were ¥67,916 million, up by ¥4,693 million from the end of the previous fiscal year, primarily ascribable to an increase in valuation difference on available-for-sale securities.

With respect to cash and cash equivalents (hereinafter referred to as 'cash') at the end of the fiscal year under review, cash provided by operating activities was allocated to investments on software for sales and outsourcing, and we redeemed bonds. As a result, cash and cash equivalents amounted to ¥25,274 million at the end of the fiscal year under review, down by ¥1,980 million from the beginning of this fiscal year.

**(Cash flows from operating activities)**

Net cash provided by operating activities in the fiscal year under review totaled ¥18,447 million (an increase of ¥5,017 million in proceeds from the previous year).

This reflects proceeds of ¥2,637 million in income before income taxes and minority interests (up by ¥2,047 million from the previous term), non-cash expenses of ¥10,368 million in depreciation and amortization (which have the effect of decreasing proceeds by ¥1,643 million compared with the previous term) and loss on valuation of investment securities of ¥4,248 million (which has the effect of increasing proceeds of ¥4,178 million on a period-over-period basis), a ¥3,721 million increase in accrued expenses (which has the effect of increasing proceeds by ¥10,350 million from the previous fiscal year), a ¥2,308 million increase in deposits received (which has the effect of increasing proceeds by ¥2,559 million compared with the previous fiscal year), and a ¥2,139 million increase in notes and accounts payable-trade (which has the effect of decreasing proceeds by ¥2,303 million from the previous fiscal year), against expenditures including a ¥4,768 million rise in notes and accounts receivable-trade (which has the effect of increasing proceeds by ¥398 million on a period-over-period basis), and a ¥1,981 million decline of allowance for loss on contract development (which has the effect of decreasing proceeds by ¥5,558 million compared with the previous fiscal year).

**(Cash flows from investing activities)**

Net cash used in investing activities was ¥11,442 million (up by ¥801 million in expenditures compared with the previous period). This mainly reflects the fact that we used ¥3,817 million (up by ¥997 million in expenditures compared to the previous fiscal year) to purchase property, plant and equipment such as computers for sales activities and ¥8,069 million (down by ¥459 million in expenditures from the previous fiscal year) to purchase intangible assets primarily in relation to the investment of software for sales and outsourcing.

**(Cash flows from financing activities)**

Net cash used in financing activities during the fiscal year under review was ¥8,985 million (up by ¥3,037 million in expenditures from the previous term). This reflects factors such as ¥10,862 million in proceeds from long-term loans payable (a decrease of ¥3,387 million in proceeds from the previous fiscal year), the ¥10,173 million repayment of long-term loans payable (down by ¥7,653 million in expenditures on a period-over-period basis), and the ¥10,000 million redemption of bonds (up by ¥10,000 million in expenditures from the previous term).

**(Reference) Changes in indicators related to cash flow**

	FY2013	FY2012	FY2011	FY2010
Shareholders' equity ratio (%)	33.6	32.6	36.4	34.6
Equity ratio (Market cap.) (%)	39.0	28.7	24.8	27.6
Ratio of cash flow to interest-bearing debts (years)	3.6	5.5	3.6	5.6
Interest coverage ratio (times)	27.5	16.2	22.1	13.7

(Notes) Shareholders' equity ratio: Shareholders' equity/Total assets

Equity ratio (Market cap.): Market capitalization/Total assets

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

Interest coverage ratio: Cash flow from operating activities/ Interest payments

\* All of the above indicators are calculated using financial figures on a consolidated basis.

### **(3) Basic Policy on Distribution of Profits**

Recognizing that increasing corporate value is the most important return to our shareholders, the Company seeks to achieve a stable and continuous distribution of profits. This approach is in line with a policy of paying dividends in accordance with our performance. The specific amount of dividends will be determined taking into consideration the need to secure internal reserves for business development, and also comprehensively considering the business environment and other factors. We aim for a payout ratio of 20 % on a consolidated basis.

For the fiscal year under review, we will pay a ¥10 annual dividend per share (¥5.00 for the mid-term dividend and ¥5.00 for the term-end dividend), which is ¥5 more than the previous full fiscal year. This is due to the consideration of the fact, although net income was significantly less than planned at the beginning of the period, it was owing to a temporary change caused by a loss on valuation of the securities that we hold.

For the next fiscal year, we expect an increase in net income, although the business environment will remain severe. Thus, we plan to pay a ¥15 annual dividend per share (¥7.50 for the mid-term dividend and ¥7.50 for the term-end dividend), which is more than this fiscal year.

## 2. [Management Policy]

### (1) Fundamental Policies of Management

The Group has revised the ‘Corporate Philosophy’ in order to respond to the changes in the expectations and needs of the society.

#### <Nihon Unisys Group Corporate Philosophy >

##### **Our Mission**

Work with all people to contribute to creating a society that is friendly to people and the environment

##### **Our Vision**

Be a group that strives to be sensitive to the expectations and needs of society and that thinks through how ICT can contribute to meet them

##### **Our Values**

1. Pursuit of High Quality and High Technology  
Always have the latest knowledge that is useful for society while improving our skills
2. Respect for Individuals and Importance of Teamwork  
Identify each other’s good points, encourage each other to improve those good points and harness the strength of each person
3. Attractive Company for Society, Customers, Shareholders and Employees  
Listen sincerely to our stakeholders to improve our corporate value

### (2) Ideals of Partnership that We Aim For

Our Group aims for the three ideals of partnership below as our mid-term management goals, with a keen awareness of our duty that is to “create a society that benefits human beings and the environment”.

- To become the No.1 partner capable of achieving the optimization of ICT
- To become a partner capable of providing added values to customers by leveraging ICT
- To become a partner capable of contributing to the provision of social infrastructures by utilizing ICT

### (3) Mid-and-Long Term Management Strategies

“Expansion of our core businesses”, “establishment of Co-Creation/BPO (Business Process Outsourcing) business models”, and “entrance in the social infrastructure business” are the basic policies of the mid-term management plan.

Through our experience of providing various ICT services that support business strategies of customers of a broad spectrum of industries, we have developed our technologies, expertise and relationships with customers. On this basis, we will expand our core businesses and stabilize the income base. Also, we will endeavor to create new sources of income such as joint businesses with customers, BPO, and social infrastructure businesses.

### (4) Financial Target

Our Group positions an increase in net sales and operating income as our critical agenda. According to the plan for the fiscal year ending March 2015 which is based on the Mid-term Management Plan (2012→2014) prepared in December 2011, we plan to achieve net sales of ¥280 billion on a consolidated basis, operating margin of 5 % on a consolidated basis, and net income of ¥8 billion on a consolidated basis in the domain of our core businesses (existing businesses such as system and network integration, operation and support/maintenance services). Furthermore, we aim to recover net sales of ¥300 billion on a consolidated basis soon.

### (5) Issues to Be Dealt with by the Company

Our Group bears in mind the critical agenda of increasing sales, strengthening risk management, and improving company quality, and sincerely has endeavored to achieve as indicated in the “Mid-term Management Plan (2012→2014)”.

#### ① Increase in sales

Our Group aims for a business change; we intend to phase out the businesses that are oriented to system integration until we establish a scheme to integrate multiple services including third-party services and provide them to customers. The foundation for this change is established in the Mid-term Management Plan (2012→2014). The plan recognizes as the basic policies, expansion of our core businesses, the establishment of Co-Creation/BPO (Business Process Outsourcing) business models, and entrance in the social infrastructure business.

The challenges that we face in enabling the acceleration of the process of business change and further increasing sales are understood on the basis of the steady progress in each of those policy domains; they are enhancement of marketing capabilities, reinforcement of capabilities to enable stable service deliveries and acceleration of business speed. In this connection, across the group, we will strengthen the management of business portfolios, re-organize our organizations and structure, and reform various types of internal institutions.

## **② Enhancement of risk management**

During the fiscal year under review, we reviewed and intensified the items of risk management; this was part of our efforts to reinforce the risk management arrangements in order to understand early and decrease risks that may influence the entire Group. A critical issue on the agenda is a decrease in potential risks that may lie in large-scale system development projects and may significantly impact the profitability of the entire Group. It has been dealt with through enhanced institutional efforts by the Business Review Committee; risks have come under multidirectional scrutiny when system creation proposals are made and accepted for execution. We will endeavor to stabilize further our businesses through dedicated execution of this scheme.

## **③ Enhancement of corporate structure**

We recognize the need to enhance continuously our corporate structure in order to put our Group on a growth track. We will continue to decrease fixed costs such as personnel expenses and office expenses as a reform of cost structure. Also, we will strictly implement our reformed personnel and personnel training systems in order to have each one of our employees achieve high performance from the beginning of the fiscal year ending March 31, 2014.



### 3. [Consolidated Financial Statements]

#### (1) Consolidated Balance Sheets

Millions of Yen

	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits	27,254	25,274
Notes and accounts receivable-trade	64,421	69,189
Merchandise and finished goods	5,334	6,043
Work in process	2,139	2,594
Raw materials and supplies	165	178
Deferred tax assets	5,137	6,024
Prepaid expenses	6,302	6,932
Others	4,546	7,945
Allowance for doubtful accounts	(431)	(145)
<b>Total current assets</b>	<b>114,869</b>	<b>124,037</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	11,920	11,996
Accumulated depreciation	(8,646)	(8,657)
<b>Buildings and structures, net</b>	<b>3,274</b>	<b>3,338</b>
Machinery, equipment and vehicles	56,860	40,632
Accumulated depreciation	(50,425)	(34,355)
<b>Machinery, equipment and vehicles, net</b>	<b>6,434</b>	<b>6,276</b>
Land	633	633
Others	12,892	12,563
Accumulated depreciation	(9,693)	(9,287)
Others, net	3,198	3,275
<b>Total property, plant and equipment</b>	<b>13,540</b>	<b>13,524</b>
<b>Intangible assets</b>		
Goodwill	2,209	2,072
Software	22,390	21,926
Others	106	93
<b>Total intangible assets</b>	<b>24,706</b>	<b>24,092</b>
<b>Investments and other assets</b>		
Investment securities	13,663	14,586
Deferred tax assets	9,621	6,807
Prepaid pension cost	1,606	1,523
Others	12,475	13,692
Allowance for doubtful accounts	(400)	(484)
<b>Total investments and other assets</b>	<b>36,966</b>	<b>36,124</b>
<b>Total non-current assets</b>	<b>75,213</b>	<b>73,742</b>
<b>Total assets</b>	<b>190,083</b>	<b>197,779</b>

	<b>FY2012</b> (As of March 31, 2012)	<b>FY2013</b> (As of March 31, 2013)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	23,377	25,517
Current portion of bonds	10,000	-
Current portion of long-term loans payable	10,173	2,290
Commercial papers	12,000	13,000
Income taxes payable	1,223	753
Accrued expenses	3,594	7,315
Advances received	10,565	11,228
Allowance for loss on contract development	3,739	1,757
Other provision	738	650
Others	6,297	14,144
<b>Total current liabilities</b>	<b>81,710</b>	<b>76,657</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	30,987	39,560
Deferred tax liabilities	175	47
Provision for retirement benefits	887	958
Other provision	439	665
Asset retirement obligations	1,300	1,281
Negative goodwill	7	-
Others	1,351	692
<b>Total non-current liabilities</b>	<b>45,150</b>	<b>53,205</b>
<b>Total liabilities</b>	<b>126,860</b>	<b>129,863</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock	5,483	5,483
Capital surplus	15,281	15,281
Retained earnings	62,369	63,141
Treasury stock	(19,360)	(19,344)
<b>Total shareholders' equity</b>	<b>63,773</b>	<b>64,561</b>
<b>Accumulated other comprehensive income (loss)</b>		
Valuation difference on available-for-sale securities	(1,868)	1,957
Deferred gains (losses) on hedges	17	(13)
<b>Total accumulated other comprehensive income (loss)</b>	<b>(1,850)</b>	<b>1,943</b>
Subscription rights to shares	847	858
Minority interests	452	552
<b>Total net assets</b>	<b>63,223</b>	<b>67,916</b>
<b>Total liabilities and net assets</b>	<b>190,083</b>	<b>197,779</b>

**(2) Consolidated Statements of Income and Statements of Comprehensive Income****(Consolidated Statements of Income)**

Millions of Yen

	<b>FY2012</b> (Fiscal year ended March 31, 2012)	<b>FY2013</b> (Fiscal year ended March 31, 2013)
<b>Net sales</b>	<b>255,122</b>	<b>269,170</b>
<b>Cost of sales</b>	<b>191,561</b>	<b>205,624</b>
<b>Gross profit</b>	<b>63,561</b>	<b>63,545</b>
<b>Selling, general and administrative expenses</b>		
Selling expenses	10,368	9,550
General and administrative expenses	45,882	45,683
<b>Total selling, general and administrative expenses</b>	<b>56,251</b>	<b>55,234</b>
<b>Operating income</b>	<b>7,310</b>	<b>8,311</b>
<b>Non-operating income</b>		
Interest income	78	59
Dividends income	236	370
Equity in earnings of affiliates	49	42
Gain on sales of listed securities	14	121
Others	314	155
<b>Total non-operating income</b>	<b>693</b>	<b>749</b>
<b>Non-operating expense</b>		
Interest expenses	816	651
Others	90	93
<b>Total non-operating expenses</b>	<b>907</b>	<b>745</b>
<b>Ordinary income (loss)</b>	<b>7,096</b>	<b>8,315</b>
<b>Extraordinary income</b>		
Gain on sales of investment securities	19	7
Gain on donation of non-current assets	-	52
Others	1	4
<b>Total extraordinary income</b>	<b>21</b>	<b>65</b>
<b>Extraordinary loss</b>		
Loss on sales and retirement of non-current assets	112	36
Impairment loss	385	1,335
Loss on valuation of investment securities	70	4,248
Estimated amount of pension asset loss	5,523	-
Others	435	121
<b>Total extraordinary loss</b>	<b>6,527</b>	<b>5,742</b>
<b>Income before income taxes and minority interests</b>	<b>589</b>	<b>2,637</b>
<b>Income taxes-current</b>	<b>1,273</b>	<b>1,115</b>
<b>Income taxes-deferred</b>	<b>11,771</b>	<b>152</b>
<b>Total income taxes</b>	<b>13,044</b>	<b>1,268</b>
<b>Income (loss) before minority interests</b>	<b>(12,454)</b>	<b>1,369</b>
<b>Minority interests in income (loss)</b>	<b>44</b>	<b>118</b>
<b>Net income (loss)</b>	<b>(12,498)</b>	<b>1,250</b>

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	<b>FY2012</b> (Fiscal year ended March 31, 2012)	<b>FY2013</b> (Fiscal year ended March 31, 2013)
<b>Income (loss) before minority interests</b>	<b>(12,454)</b>	<b>1,369</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(152)	3,825
Deferred gains (losses) on hedges	(0)	(31)
Share of other comprehensive income (loss) of associates accounted for using equity method	0	0
<b>Total other comprehensive income (loss)</b>	<b>(152)</b>	<b>3,794</b>
<b>Comprehensive income (loss)</b>	<b>(12,607)</b>	<b>5,163</b>
<b>(Breakdown)</b>		
Comprehensive income (loss) attributable to owners of the parent	(12,651)	5,045
Comprehensive income attributable to minority interests	44	118

### (3) Consolidated Statements of Changes in Net Assets

Millions of Yen

	<b>FY2012</b> (Fiscal year ended March 31, 2012)	<b>FY2013</b> (Fiscal year ended March 31, 2013)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at beginning of period	5,483	5,483
Changes of items during the period		
Total changes of items during the period	-	-
<b>Balance at end of period</b>	<b>5,483</b>	<b>5,483</b>
<b>Capital surplus</b>		
Balance at beginning of period	15,281	15,281
Changes of items during the period		
Total changes of items during the period	-	-
<b>Balance at end of period</b>	<b>15,281</b>	<b>15,281</b>
<b>Retained earnings</b>		
Balance at beginning of period	75,808	62,369
Changes of items during the period		
Dividends from surplus	(939)	(469)
Net income (loss)	(12,498)	1,250
Disposal of treasury stock	-	(9)
<b>Total changes of items during the period</b>	<b>(13,438)</b>	<b>771</b>
<b>Balance at end of period</b>	<b>62,369</b>	<b>63,141</b>
<b>Treasury stock</b>		
Balance at beginning of period	(19,360)	(19,360)
Changes of items during the period		
Change in equity in affiliates accounted for by equity method - treasury stock	(0)	-
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	-	16
<b>Total changes of items during the period</b>	<b>(0)</b>	<b>16</b>
<b>Balance at end of period</b>	<b>(19,360)</b>	<b>(19,344)</b>
<b>Total shareholders' equity</b>		
Balance at beginning of period	77,212	63,773
Changes of items during the period		
Dividends from surplus	(939)	(469)
Net income (loss)	(12,498)	1,250
Change in equity in affiliates accounted for by equity method - treasury stock	(0)	-
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	-	7
<b>Total changes of items during the period</b>	<b>(13,438)</b>	<b>788</b>
<b>Balance at end of period</b>	<b>63,773</b>	<b>64,561</b>

	<b>FY2012</b> (Fiscal year ended March 31, 2012)	<b>FY2013</b> (Fiscal year ended March 31, 2013)
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at beginning of period	(1,716)	(1,868)
Changes of items during the period		
Net changes of items other than shareholders' equity	(152)	3,826
<b>Total changes of items during the period</b>	<b>(152)</b>	<b>3,826</b>
<b>Balance at end of period</b>	<b>(1,868)</b>	<b>1,957</b>
<b>Deferred gains (losses) on hedges</b>		
Balance at beginning of period	18	17
Changes of items during the period		
Net changes of items other than shareholders' equity	(0)	(31)
<b>Total Changes of items during the period</b>	<b>(0)</b>	<b>(31)</b>
<b>Balance at end of period</b>	<b>17</b>	<b>(13)</b>
<b>Total accumulated other comprehensive income</b>		
Balance at beginning of period	(1,697)	(1,850)
Changes of items during the period		
Net changes of items other than shareholders' equity	(152)	3,794
<b>Total changes of items during the period</b>	<b>(152)</b>	<b>3,794</b>
<b>Balance at end of period</b>	<b>(1,850)</b>	<b>1,943</b>
<b>Subscription rights to shares</b>		
Balance at beginning of period	832	847
Changes of items during the period		
Net changes of items other than shareholders' equity	15	10
<b>Total changes of items during the period</b>	<b>15</b>	<b>10</b>
<b>Balance at end of period</b>	<b>847</b>	<b>858</b>
<b>Minority interests</b>		
Balance at beginning of period	422	452
Changes of items during the period		
Net changes of items other than shareholders' equity	29	100
<b>Total changes of items during the period</b>	<b>29</b>	<b>100</b>
<b>Balance at end of period</b>	<b>452</b>	<b>552</b>

	<b>FY2012</b> (Fiscal year ended March 31, 2012)	<b>FY2013</b> (Fiscal year ended March 31, 2013)
<b>Total net assets</b>		
Balance at beginning of period	76,770	63,223
Changes of items during the period		
Dividends from surplus	(939)	(469)
Net income (loss)	(12,498)	1,250
Change in equity in affiliates accounted for by equity method - treasury stock	(0)	-
Purchase of treasury stock	(0)	(0)
Disposal of treasury stock	-	7
Net changes of items other than shareholders' equity	(108)	3,905
<b>Total changes of items during the period</b>	<b>(13,546)</b>	<b>4,693</b>
<b>Balance at end of period</b>	<b>63,223</b>	<b>67,916</b>

#### (4) Consolidated Statements of Cash Flows

Millions of Yen

	FY2012 (Fiscal year ended March 31, 2012)	FY2013 (Fiscal year ended March 31, 2013)
<b>Net cash provided by (used in) operating activities:</b>		
Income (loss) before income taxes and minority interests	589	2,637
Depreciation and amortization	12,011	10,368
Impairment loss	385	1,335
Amortization of goodwill	144	137
Amortization of negative goodwill	(15)	(7)
Loss (gain) on sales of investment securities	(34)	(128)
Loss (gain) on valuation of investment securities	70	4,248
Increase (decrease) in provisions for retirement benefits	32	70
Increase (decrease) in allowance for loss on contract development	3,576	(1,981)
Increase (decrease) in other provisions	514	(64)
Interest and dividends income	(314)	(430)
Interest expenses	816	651
Decrease (increase) in notes and accounts receivable-trade	(5,166)	(4,768)
Decrease (increase) in inventories	(570)	(1,177)
Increase (decrease) in notes and accounts payable-trade	4,443	2,139
Decrease (increase) in prepaid pension cost	5,402	82
Increase (decrease) in accrued expenses	(6,629)	3,721
Increase (decrease) in deposits received	(250)	2,308
Others	997	1,111
<b>Subtotal</b>	<b>16,004</b>	<b>20,255</b>
Interest and dividends income received	313	437
Interest expenses paid	(830)	(670)
Income taxes paid	(2,057)	(1,574)
<b>Net cash provided by (used in) operating activities</b>	<b>13,430</b>	<b>18,447</b>
<b>Net cash provided by (used in) investing activities:</b>		
Purchase of property, plant and equipment	(2,820)	(3,817)
Proceeds from sales of property, plant and equipment	22	1
Purchase of intangible assets	(8,529)	(8,069)
Purchase of investment securities	(136)	(29)
Proceeds from sales of investment securities	143	500
Collection of loans receivable	712	-
Others	(33)	(27)
<b>Net cash provided by (used in) investing activities</b>	<b>(10,641)</b>	<b>(11,442)</b>



	FY2012 (Fiscal year ended March 31, 2012)	FY2013 (Fiscal year ended March 31, 2013)
<b>Net cash provided by (used in) financing activities:</b>		
Net increase (decrease) in short-term loans payable	-	300
Proceeds from long-term loans payable	14,250	10,862
Repayment of long-term loans payable	(17,826)	(10,173)
Redemption of bonds	-	(10,000)
Repayment of other borrowings	(418)	(497)
Increase (decrease) in commercial papers	(1,000)	1,000
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock	-	7
Cash dividends paid	(937)	(469)
Cash dividends paid to minority shareholders	(14)	(14)
<b>Net cash provided by (used in) financing activities</b>	<b>(5,947)</b>	<b>(8,985)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,158)</b>	<b>(1,980)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>30,413</b>	<b>27,254</b>
<b>Cash and cash equivalents at end of period</b>	<b>27,254</b>	<b>25,274</b>

## **(5) Notes regarding Assumptions as a Going Concern**

None applicable

## **(6) Changes in Representation Methods**

(Consolidated Balance Sheets)

“Gain on sales of listed securities” (which is ¥121 million for this fiscal year under review) that used to be included in the “Others” of Non-operating income up to the previous fiscal year is described separately for the fiscal year under review, because it constitutes more than 10/100 of the amount of total non-operating income; therefore, in order to reflect this change in the representation method, necessary reclassification of the financial statements presented in the previous fiscal year has been made.

“Gain on sales of listed securities” for the previous fiscal year was ¥14 million.

(Consolidated Statements of Cash Flows)

“Increase (decrease) in deposits received” (which is ¥2,308 million for this fiscal year under review) that was included in the “Others” of Operating activities of the previous fiscal year is posted separately because of an increased significance of the amount.

“Increase (decrease) in deposits received” of the previous fiscal year was -¥250 million.

## **(7) Additional Information**

(Adoption of consolidated taxation system)

Consolidated taxation system has been adopted from this fiscal year under review.

## **(8) Notes to Consolidated Financial Statements**

**(Segment Information and Others)**

**(Segment information)**

### **1. Overview of reportable segments**

The reportable segments of the Company are those units among the constituent units of the Company for which separate financial statements can be obtained and which are regularly examined by the Board of Directors for decisions on the allocation of management resources and for assessing business performance.

By fully harnessing the collective capabilities of the Group, the Company provides comprehensive IT solution services, from identifying customers' management issues to providing solutions to them. Our businesses involve proposing comprehensive strategies for products and services that together constitute IT solution services.

The Company's operations therefore consist of segments on the basis of products and services that constitute our IT solution services. We have six reportable segments; System Services, Support Services, Outsourcing, Netmarks Services, Software, and Hardware.

Details of the reportable segments are as follows:

- System Services: Entrusted software development business, system engineer services and consulting
- Support Services: Support of licensed software and maintenance of hardware, installation support and related services
- Outsourcing: Entrusted management of information systems, and related services
- Netmarks Services: Overall construction of network systems
- Software: Provision of software based on software license agreements
- Hardware: Provision of hardware based on equipment sales agreements or rental agreements

### **2. Methods to determine net sales, income or loss, assets and other amounts by reportable segment**

The accounting methods by business segment reported herein are the same as described in the “Basis of Presentation of the Consolidated Financial Statements.”

### 3. Information on net sales, income or loss, assets and other amounts by reportable segment

FY 2012 (from April 1, 2011 to March 31, 2012)

(Millions of Yen)

	Reportable segment							Other (Note 1)	Total	Adjust ment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	System Services	Support Services	Out sourcing	NetMarks Services	Software	Hardware	Total				
Net Sales	71,657	52,902	31,943	21,982	23,327	44,581	246,394	8,728	255,122	-	255,122
Segment profits	15,439	20,595	4,072	4,638	5,545	10,149	60,441	3,120	63,561	(56,251)	7,310
Segment assets	1,635	2,328	17,430	2,290	4,730	5,576	33,991	341	34,333	155,750	190,083
Other items											
Depreciation and amortization	138	257	4,139	513	3,630	937	9,617	101	9,718	2,293	12,011
Increased amount of property, plant and equipment and intangible assets	106	128	3,454	365	2,315	609	6,979	32	7,012	4,547	11,559

(Note 1) The Other category is a business segment that is not included in the reportable segments. It includes the installation.

(Note 2) The contents of adjustment are described below.

- (1) The adjustment of ¥56,251 million to segment profits includes development expenses of ¥4,912 million, amortization of goodwill of ¥144 million, and selling, general and administrative expenses of ¥51,194 million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥155,750 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥2,293 million to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
- (4) The adjustment of ¥4,547 million to increased amount of property, plant and equipment and intangible assets represents the increase in the corporate assets that have not been distributed to each reportable segment.

(Note 3) Segment profits have been adjusted with the operating income recorded in the consolidated financial statements.

FY 2013 (from April 1, 2012 to March 31, 2013)

(Millions of Yen)

	Reportable segment							Other (Note 1)	Total	Adjust ment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	System Services	Support Services	Out sourcing	NetMarks Services	Software	Hardware	Total				
Net Sales	72,334	51,334	32,356	21,758	30,762	51,828	260,374	8,795	269,170	-	269,170
Segment profits	12,963	17,484	3,660	3,936	10,511	11,556	60,113	3,431	63,545	(55,234)	8,311
Segment assets	2,070	2,301	17,971	2,312	4,378	5,977	35,012	314	35,326	162,452	197,779
Other items											
Depreciation and amortization	135	357	3,889	464	2,443	1,067	8,357	157	8,515	1,852	10,368
Increased amount of property, plant and equipment and intangible assets	163	350	6,350	344	1,881	1,462	10,552	105	10,657	1,695	12,352

(Note 1) The Other category is a business segment that is not included in the reportable segments. It includes the installation.

(Note 2) The contents of adjustment are described below.

- (1) The adjustment of ¥55,234 million to segment profits includes development expenses of ¥4,861 million, amortization of goodwill of ¥137 million, and selling, general and administrative expenses of ¥50,235 million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥162,452 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥1,852 million to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
- (4) The adjustment of ¥1,695 million to increased amount of property, plant and equipment and intangible assets represents the increase in the corporate assets that have not been distributed to each reportable segment.

(Note 3) Segment profits have been adjusted with the operating income recorded in the consolidated financial statements.

**(Related information)****FY2012 (from April 1, 2011 to March 31, 2012)**

## 1. Information by product and service

Information by product and service is not described because the same information is stated as part of segment information.

## 2. Information by region

## (1) Net sales

Net sales by region are not disclosed because the amount of net sales to customers in Japan accounts for more than 90% of the amount of net sales of consolidated statements of income.

## (2) Property, plant and equipment

Property, plant and equipment by region are not disclosed because the amount of property, plant and equipment that are located in Japan accounts for more than 90% of the amount of property, plant and equipment of consolidated balance sheets.

## 3. Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales as stated in the consolidated statements of income.

**FY2013 (from April 1, 2012 to March 31, 2013)**

## 1. Information by product and service

Information by product and service is not described because the same information is stated as part of segment information.

## 2. Information by region

## (1) Net sales

Net sales by region are not disclosed because the amount of net sales to customers in Japan accounts for more than 90% of the amount of net sales of consolidated statements of income.

## (2) Property, plant and equipment

Property, plant and equipment by region are not disclosed because the amount of property, plant and equipment that are located in Japan accounts for more than 90% of the amount of property, plant and equipment of consolidated balance sheets.

## 3. Information by major customer

No major customer is stated because no customer accounted for more than 10% of net sales as stated in the consolidated statements of income.

**(Information on impairment loss of non-current assets by reportable segment)****FY 2012 (from April 1, 2011 to March 31, 2012)**

(Millions of Yen)

	System Services	Support Services	Outsourcing	NetMarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Impairment loss	—	—	385	—	—	—	—	—	385

**FY 2013 (from April 1, 2012 to March 31, 2013)**

(Millions of Yen)

	System Services	Support Services	Outsourcing	NetMarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Impairment loss	—	—	1,335	—	—	—	—	—	1,335

**(Information about the amount of amortization of goodwill and the amount of the unamortized balance of goodwill by reportable segment)**

**FY 2012 (from April 1, 2011 to March 31, 2012)**

(Millions of Yen)

	System Services	Support Services	Outsourcing	NetMarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	—	—	—	—	—	—	—	144	144
Balance at the end of this period	—	—	—	—	—	—	—	2,209	2,209

The amount of amortization of negative goodwill and the amount of the unamortized balance of negative goodwill are stated as below.

(Millions of Yen)

	System Services	Support Services	Outsourcing	NetMarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	—	—	—	—	—	—	—	15	15
Balance at the end of this period	—	—	—	—	—	—	—	7	7

**FY 2013 (from April 1, 2012 to March 31, 2013)**

(Millions of Yen)

	System Services	Support Services	Outsourcing	NetMarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	—	—	—	—	—	—	—	137	137
Balance at the end of this period	—	—	—	—	—	—	—	2,072	2,072

The amount of amortization of negative goodwill and the amount of the unamortized balance of negative goodwill are stated as below.

(Millions of Yen)

	System Services	Support Services	Outsourcing	NetMarks Services	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	—	—	—	—	—	—	—	7	7
Balance at the end of this period	—	—	—	—	—	—	—	—	—

**(Information about gain on negative goodwill by reportable segment)**

**FY 2012 (from April 1, 2011 to March 31, 2012)**

None

**FY 2013 (from April 1, 2012 to March 31, 2013)**

None

**(Per-Share Information)**

	FY2012 (from April 1, 2011 to March 31, 2012)	FY 2013 (from April 1, 2012 to March 31, 2013)
Net assets per share (¥)	658.90	707.57
Earnings per share or net loss per share (¥)	(132.99)	13.31
Diluted earnings per share (¥)	—	13.31

- Note: 1. Diluted earnings per share for FY2012 is omitted, ascribable to the fact that a net loss per share was registered for the fiscal year, although dilutive shares exist.
2. The basic information used to calculate earnings per share or net loss per share for the years ended March 31, 2012 and 2013 is as follows.

	FY2012 (from April 1, 2011 to March 31, 2012)	FY 2013 (from April 1, 2012 to March 31, 2013)
<b>Earnings per share</b>		
Net income (loss) for the year (¥ mil)	(12,498)	1,250
Amount that does not belong to ordinary shareholders (¥ mil)	—	—
Net income (loss) attributable to common stock (¥ mil)	(12,498)	1,250
Average number of common stock outstanding during the year (shares)	93,979,745	93,989,539
<b>Diluted earnings per share</b>		
Net income adjustments (¥ mil)	—	—
Increase of common stock (shares)	—	19,368
(Subscription rights to shares)	—	(19,368)
Dilutive shares, which were not included in the calculation of diluted earnings per share, due to lack of dilution effect	Subscription rights to shares Days when an extraordinary resolution was adopted at general shareholders' meetings June 23, 2005 (7,010 units of subscription rights to shares) June 22, 2006 (4,944 units of subscription rights to shares) June 28, 2007 (7,113 units of subscription rights to shares) June 27, 2008 (4,641 units of subscription rights to shares) June 26, 2009 (4,739 units of subscription rights to shares)	Subscription rights to shares Days when an extraordinary resolution was adopted at general shareholders' meetings June 22, 2006 (4,906 units of subscription rights to shares) June 28, 2007 (7,061 units of subscription rights to shares) June 27, 2008 (4,582 units of subscription rights to shares) June 26, 2009 (4,680 units of subscription rights to shares)

3. The basic information used to calculate net asset per share at the end of the years ended March 31, 2012 and 2013 is as follows.

	FY2012 (from April 1, 2011 to March 31, 2012)	FY 2013 (from April 1, 2012 to March 31, 2013)
Total net assets (¥ mil)	63,223	67,916
Amounts to be deducted from the total net assets (¥ mil)	1,299	1,411
(Subscription rights to shares) (¥ mil)	(847)	(858)
(Minority interests) (¥ mil)	(452)	(552)
Net assets at the end of period attributable to common stock (¥ mil)	61,923	66,505
Number of common stock at the end of period utilized for the calculation of net assets per share (shares)	93,979,520	93,991,177

**(Significant Subsequent Events)**

None

#### 4. [Others]

### Consolidated Financial Statements in Comparison with the Previous Fiscal Year

#### (1) (Summary) Consolidated Statements of Income

Accounts	FY2012	FY2013	Changes	
	(Fiscal year ended March 31, 2012)	(Fiscal year ended March 31, 2013)	Amount (Millions of Yen)	(%)
<b>I Net sales</b>				
Service	187,213	186,579	(634)	(0.3)
Software	23,327	30,762	7,435	31.9
Hardware	44,581	51,828	7,246	16.3
<b>total</b>	<b>255,122</b>	<b>269,170</b>	<b>14,047</b>	<b>5.5</b>
<b>II Cost of sales</b>	<b>191,561</b>	<b>205,624</b>	<b>14,063</b>	<b>7.3</b>
<b>Gross profit</b>	<b>63,561</b>	<b>63,545</b>	<b>(16)</b>	<b>(0.0)</b>
<b>III Selling, general and administrative expenses</b>				
Selling expenses	10,368	9,550	(817)	(7.9)
General and administrative expenses	45,882	45,683	(199)	(0.4)
<b>total</b>	<b>56,251</b>	<b>55,234</b>	<b>(1,017)</b>	<b>(1.8)</b>
<b>Operating income</b>	<b>7,310</b>	<b>8,311</b>	<b>1,000</b>	<b>13.7</b>
<b>IV Non-operating income</b>				
Interest income	78	59	(18)	(23.9)
Dividends income	236	370	134	56.7
Equity in earnings of affiliates	49	42	(7)	(14.3)
Gain on sales of listed securities	14	121	106	714.0
Others	314	155	(158)	(50.6)
<b>total</b>	<b>693</b>	<b>749</b>	<b>55</b>	<b>8.0</b>
<b>V Non-operating expense</b>				
Interest expenses	816	651	(165)	(20.3)
Others	90	93	3	3.7
<b>total</b>	<b>907</b>	<b>745</b>	<b>(162)</b>	<b>(17.9)</b>
<b>Ordinary income (loss)</b>	<b>7,096</b>	<b>8,315</b>	<b>1,218</b>	<b>17.2</b>
<b>VI Extraordinary income</b>				
Gain on sales of investment securities	19	7	(11)	(60.1)
Gain on donation of non-current assets	-	52	52	-
Others	1	4	3	167.6
<b>total</b>	<b>21</b>	<b>65</b>	<b>44</b>	<b>211.1</b>
<b>VII Extraordinary loss</b>				
Loss on sales and retirement of noncurrent assets	112	36	(76)	(67.4)
Impairment loss	385	1,335	950	246.4
Loss on valuation of investment securities	70	4,248	4,178	-
Estimated amount of pension asset loss	5,523	-	(5,523)	(100.0)
Others	435	121	(313)	(72.0)
<b>total</b>	<b>6,527</b>	<b>5,742</b>	<b>(784)</b>	<b>(12.0)</b>
<b>Income before income taxes and minority interests</b>	<b>589</b>	<b>2,637</b>	<b>2,047</b>	<b>347.1</b>
<b>Total income taxes</b>	<b>13,044</b>	<b>1,268</b>	<b>(11,775)</b>	<b>(90.3)</b>
<b>Income (loss) before minority interests</b>	<b>(12,454)</b>	<b>1,369</b>	<b>13,823</b>	<b>-</b>
<b>Minority interests in income (loss)</b>	<b>44</b>	<b>118</b>	<b>73</b>	<b>165.5</b>
<b>Net income (loss)</b>	<b>(12,498)</b>	<b>1,250</b>	<b>13,749</b>	<b>-</b>

**(2) (summary) Consolidated Balance Sheets**

Accounts	FY2012	FY2013	Changes	
	(As of March 31, 2012)	(As of March 31, 2013)	Amount (Millions of Yen)	(%)
<b>(ASSETS)</b>				
<b>I Current assets</b>				
Cash and deposits	27,254	25,274	(1,980)	(7.3)
Notes and accounts receivable-trade	64,421	69,189	4,768	7.4
Merchandise and finished goods	5,334	6,043	708	13.3
Work in process	2,139	2,594	455	21.3
Raw materials and supplies	165	178	13	8.0
Deferred tax assets	5,137	6,024	886	17.3
Prepaid expenses	6,302	6,932	630	10.0
Others	4,546	7,945	3,399	74.8
Allowance for doubtful accounts	(431)	(145)	286	-
<b>Total current assets</b>	<b>114,869</b>	<b>124,037</b>	<b>9,167</b>	<b>8.0</b>
<b>II Non-current assets</b>				
<b>1. Property, plant and equipment</b>				
Buildings and structures, net	3,274	3,338	64	2.0
Machinery, equipment and vehicles, net	6,434	6,276	(157)	(2.5)
Land	633	633	-	-
Others, net	3,198	3,275	77	2.4
<b>Total property, plant and equipment</b>	<b>13,540</b>	<b>13,524</b>	<b>(15)</b>	<b>(0.1)</b>
<b>2. Intangible assets</b>				
Goodwill	2,209	2,072	(137)	(6.2)
Software	22,390	21,926	(463)	(2.1)
Others	106	93	(13)	(12.3)
<b>Total intangible assets</b>	<b>24,706</b>	<b>24,092</b>	<b>(614)</b>	<b>(2.5)</b>
<b>3. Investments and other assets</b>				
Investment securities	13,663	14,586	922	6.8
Deferred tax assets	9,621	6,807	(2,814)	(29.3)
Prepaid pension cost	1,606	1,523	(82)	(5.2)
Others	12,475	13,692	1,216	9.8
Allowance for doubtful accounts	(400)	(484)	(83)	-
<b>Total investments and other assets</b>	<b>36,966</b>	<b>36,124</b>	<b>(841)</b>	<b>(2.3)</b>
<b>Total non-current assets</b>	<b>75,213</b>	<b>73,742</b>	<b>(1,471)</b>	<b>(2.0)</b>
<b>Total assets</b>	<b>190,083</b>	<b>197,779</b>	<b>7,696</b>	<b>4.0</b>



Accounts	FY2012 (As of March 31, 2012)	FY2013 (As of March 31, 2013)	Changes	
	Amount (Millions of Yen)	Amount (Millions of Yen)	Amount (Millions of Yen)	(%)
<b>(LIABILITIES)</b>				
<b>I Current liabilities</b>				
Notes and accounts payable-trade	23,377	25,517	2,139	9.2
Current portion of bonds	10,000	-	(10,000)	(100.0)
Current portion of long-term loans payable	10,173	2,290	(7,883)	(77.5)
Commercial papers	12,000	13,000	1,000	8.3
Income taxes payable	1,223	753	(469)	(38.4)
Accrued expenses	3,594	7,315	3,721	103.5
Advances received	10,565	11,228	662	6.3
Allowance for loss on contract development	3,739	1,757	(1,981)	(53.0)
Other provision	738	650	(87)	(11.9)
Others	6,297	14,144	7,846	124.6
<b>Total current liabilities</b>	<b>81,710</b>	<b>76,657</b>	<b>(5,052)</b>	<b>(6.2)</b>
<b>II Non-current liabilities</b>				
Bonds payable	10,000	10,000	-	-
Long-term loans payable	30,987	39,560	8,572	27.7
Deferred tax liabilities	175	47	(128)	(73.1)
Provision for retirement benefits	887	958	70	8.0
Other provision	439	665	226	51.4
Asset retirement obligations	1,300	1,281	(18)	(1.4)
Negative goodwill	7	-	(7)	(100.0)
Others	1,351	692	(659)	(48.8)
<b>Total non-current liabilities</b>	<b>45,150</b>	<b>53,205</b>	<b>8,055</b>	<b>17.8</b>
<b>Total liabilities</b>	<b>126,860</b>	<b>129,863</b>	<b>3,002</b>	<b>2.4</b>
<b>(NET ASSETS)</b>				
<b>I Shareholders' equity</b>				
Capital stock	5,483	5,483	-	-
Capital surplus	15,281	15,281	-	-
Retained earnings	62,369	63,141	771	1.2
Treasury stock	(19,360)	(19,344)	16	(0.1)
<b>Total shareholders' equity</b>	<b>63,773</b>	<b>64,561</b>	<b>788</b>	<b>1.2</b>
<b>II Accumulated other comprehensive income (loss)</b>				
Valuation difference on available-for-sale securities	(1,868)	1,957	3,826	-
Deferred gains (losses) on hedges	17	(13)	(31)	-
<b>Total accumulated other comprehensive income (loss)</b>	<b>(1,850)</b>	<b>1,943</b>	<b>3,794</b>	<b>-</b>
<b>III Subscription rights to shares</b>	<b>847</b>	<b>858</b>	<b>10</b>	<b>1.3</b>
<b>IV Minority interests</b>	<b>452</b>	<b>552</b>	<b>100</b>	<b>22.3</b>
<b>Total net assets</b>	<b>63,223</b>	<b>67,916</b>	<b>4,693</b>	<b>7.4</b>
<b>Total liabilities and net assets</b>	<b>190,083</b>	<b>197,779</b>	<b>7,696</b>	<b>4.0</b>

**(3) (summary) Consolidated Statements of Cash Flows**

Accounts	FY2012	FY2013	Changes
	(Fiscal year ended March 31, 2012)	(Fiscal year ended March 31, 2013)	
	Amount (Millions of Yen)	Amount (Millions of Yen)	Amount (Millions of Yen)
<b>I Net cash provided by (used in) operating activities</b>			
Income (loss) before income taxes and minority interests	589	2,637	2,047
Depreciation and amortization	12,011	10,368	(1,643)
Impairment loss	385	1,335	950
Amortization of goodwill	144	137	(6)
Amortization of negative goodwill	(15)	(7)	7
Loss (gain) on sales of investment securities	(34)	(128)	(94)
Loss (gain) on valuation of investment securities	70	4,248	4,178
Increase (decrease) in provisions for retirement benefits	32	70	38
Increase (decrease) in allowance for loss on contract development	3,576	(1,981)	(5,558)
Increase (decrease) in other provisions	514	(64)	(578)
Interest and dividends income	(314)	(430)	(115)
Interest expenses	816	651	(165)
Decrease (increase) in notes and accounts receivable-trade	(5,166)	(4,768)	398
Decrease (increase) in inventories	(570)	(1,177)	(606)
Increase (decrease) in notes and accounts payable-trade	4,443	2,139	(2,303)
Decrease (increase) in prepaid pension cost	5,402	82	(5,319)
Increase (decrease) in accrued expenses	(6,629)	3,721	10,350
Increase (decrease) in deposits received	(250)	2,308	2,559
Others	997	1,111	113
<b>Subtotal</b>	<b>16,004</b>	<b>20,255</b>	<b>4,251</b>
Interest and dividends income received	313	437	123
Interest expenses paid	(830)	(670)	159
Income taxes paid	(2,057)	(1,574)	482
<b>Net cash provided by (used in) operating activities</b>	<b>13,430</b>	<b>18,447</b>	<b>5,017</b>
<b>II Net cash provided by (used in) investing activities</b>			
Purchase of property, plant and equipment	(2,820)	(3,817)	(997)
Proceeds from sales of property, plant and equipment	22	1	(21)
Purchase of intangible assets	(8,529)	(8,069)	459
Purchase of investment securities	(136)	(29)	107
Proceeds from sales of investment securities	143	500	356
Collection of loans receivable	712	-	(712)
Others	(33)	(27)	5
<b>Net cash provided by (used in) investing activities</b>	<b>(10,641)</b>	<b>(11,442)</b>	<b>(801)</b>
<b>III Net cash provided by (used in) financing activities</b>			
Net increase (decrease) in short-term loans payable	-	300	300
Proceeds from long-term loans payable	14,250	10,862	(3,387)
Repayment of long-term loans payable	(17,826)	(10,173)	7,653
Redemption of bonds	-	(10,000)	(10,000)
Repayment of other borrowings	(418)	(497)	(79)
Increase (decrease) in commercial papers	(1,000)	1,000	2,000
Purchase of treasury stock	(0)	(0)	(0)
Proceeds from sales of treasury stock	-	7	7
Cash dividends paid	(937)	(469)	468
Cash dividends paid to minority shareholders	(14)	(14)	0
<b>Net cash provided by (used in) financing activities</b>	<b>(5,947)</b>	<b>(8,985)</b>	<b>(3,037)</b>
<b>IV Net increase (decrease) in cash and cash equivalents</b>	<b>(3,158)</b>	<b>(1,980)</b>	<b>1,178</b>
<b>V Cash and cash equivalents at beginning of period</b>	<b>30,413</b>	<b>27,254</b>	<b>(3,158)</b>
<b>VI Cash and cash equivalents at end of period</b>	<b>27,254</b>	<b>25,274</b>	<b>(1,980)</b>