

Note) This is an English translation of summarized consolidated financial results prepared for readers' convenience. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.



Consolidated Financial Report for the Fiscal Year Ended March 31, 2017 [Japan GAAP]

May 9, 2017

Nihon Unisys, Ltd.

Stock Listing: Tokyo Stock Exchange 1st Section
 Stock Code: 8056
 URL: <http://www.unisys.co.jp/>
 Representative: Akiyoshi Hiraoka, Representative Director, President & CEO
 Scheduled Date for Ordinary General Meeting of Shareholders: June 28, 2017
 Scheduled Starting Date for Dividend Payment: June 29, 2017
 Scheduled Submission Date for Securities Report: June 29, 2017
 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 FY2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated Results of Operations

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2017	282,249	1.5	14,314	14.3	13,852	14.0	10,261	15.0
FY2016	278,039	3.3	12,525	14.6	12,155	(1.7)	8,920	23.1

(Note) Comprehensive Income FY2017: 13,054 Million Yen (- %) FY2016: -1,480 Million Yen (- %)

	Earnings Per Share	Diluted Earnings Per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net
	Yen	Yen	%	%	%
FY2017	96.49	96.05	11.4	7.2	5.1
FY2016	93.71	82.33	10.5	6.2	4.5

(Reference) Share of Profit of Entities Accounted for Using Equity Method FY2017: 79 Million Yen FY2016: 61 Million Yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
FY2017	192,694	90,772	46.7	896.39
FY2016	193,094	91,213	46.8	847.51

(Reference) Equity FY2017: 89,918 Million Yen FY2016: 90,374 Million Yen

(3) Consolidated Cash Flow Status

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2017	29,922	(15,906)	(11,756)	17,823
FY2016	10,989	(10,565)	(8,186)	15,564

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			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2016	-	15.00	-	15.00	30.00	3,010	32.0	3.5
FY2017	-	17.50	-	17.50	35.00	3,639	36.3	4.0
FY2018 (Forecast)	-	20.00	-	20.00	40.00		36.5	

3. Consolidated Earnings Forecast for FY2018 (from April 1, 2017 to March 31, 2018)

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to		Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of yen	%	Yen
FY2018 1st Half	130,000	2.0	5,500	10.4	5,500	9.9	3,700	5.4	36.89
FY2018	290,000	2.7	16,000	11.8	15,800	14.1	11,000	7.2	109.66

* Notes

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

(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 shares)	FY2017	109,663,524	FY2016	109,663,524
2. Number of shares of treasury shares	FY2017	9,351,876	FY2016	3,035,570
3. Average number of shares outstanding (during the period)	FY2017	106,342,599	FY2016	95,187,267

(Reference) Summary of Non-Consolidated Performance Results

1. Non-Consolidated Financial Results in FY2017 (from April 1, 2016 to March 31, 2017)

(1) Non-Consolidated Results of Operations

(Percentage below presents 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	%
FY2017	170,281	1.4	7,704	2.7	9,120	6.2	7,770	(8.1)
FY2016	167,856	2.6	7,500	6.9	8,589	(24.8)	8,453	9.3

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2017	73.07	72.73
FY2016	88.80	78.00

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
FY2017	156,139	77,791	49.6	772.55
FY2016	160,093	83,104	51.7	776.80

(Reference) Equity FY2017: 77,497 Million Yen FY2016: 82,835 Million Yen

2. Non-Consolidated Earnings Forecast for FY2017 (from April 1, 2016 to March 31, 2017)

(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
FY2018 1st Half	80,500	1.4	3,300	4.0	5,800	29.0	4,500	24.8	44.86
FY2018	174,000	2.2	8,000	3.8	11,500	26.1	8,500	9.4	84.73

* Implementation status of audit procedures

This Consolidated Financial Report is not subject to audit procedures.

* 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.

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1. Performance Summaries

(1) Analysis of Operating Results

Summary of the Fiscal Year Under Review

During the fiscal year ended March 2017, the Japanese economy continued to show signs of gradual recovery enabled through improvements in employment and income environments. However, its future remained uncertain due to factors of concern such as decelerating emerging economies and Brexit, the United Kingdom's withdrawal from the European Union, as well as impacts from the new US administration on financial markets. Its domestic information services markets saw investments almost always levelling off in software assets. Thus, we know that we are continuing to operate in difficult environments where we are faced with fiercer rivalries in addition to uncertain overseas economies and changes in money and capital markets.

In this environment, the Nihon Unisys Group has entered the second year of the Mid-term Management Plan that was launched in the fiscal year ending March 2016. It has been further intensifying our growth strategies of expanding digital/life innovation areas and changes of business ICT platform area, and has been promoting efforts on key strategies mainly of reforming corporate culture and strengthening human resources capabilities.

In the digital innovation area where we challenge ourselves to take on such businesses as indicated in the Mid-term Management Plan, we released 'Alipay[®] (Note)', a Chinese mobile payment service in the Japanese market in addition to the proven prepaid card business. Furthermore, we have witnessed a steady growth of payment/settlement related services businesses such as payment-linked marketing and global brand prepaid card payment service. We expect a further increase in demands for Chinese payment services and Charge Point services. Thus, in March 2017, we established 'Canal Payment Service, Ltd.' a new company capable of a quick and significant increase in business. In addition, we have intensified our services targeting customer contact points: proof-of-concept of customer services supports through collaborative use of two different types of robots at a commercial complex; and release of a tablet solution for regional financial institutions.

In the area of life innovation, we enabled a proven ICT system coordinating medical care and nursing care with the development of child-care support services. Furthermore, we have provided a monitoring service for a proof-of-concept of a next-generation wind power generation service. It is a one-stop remote service for monitoring generators' operation statuses and detecting any aberrations.

In addition, we enhanced the functions of a cloud-computing service, that we had developed for electricity retailers, eyeing a deregulation of electric utilities. This enhancement targeted a liberalization of the city gas industry scheduled for April 2017. We have steadily received orders for the enhanced service. Further, we have promoted new efforts towards an expansion of business areas. Such efforts include those for: solving societal issues through the use of a proof-of-concept mesh network of regional communication that was originally designed to improve the disaster-resistance capabilities of local governments; enhancing digital contents services in order to support tourism-related businesses; and starting to provide authentic AI services in personalized, real-world contexts. For our overseas business activities, we started to serve the South East Asian region through the use of an automobile EDR (event data recorder) service, which is highly appreciated in the domestic market.

In the area of business ICT platforms, we have promoted efforts of standardization and knowledge re-use in order to enable positive changes. Our attempts to provide services in an optimized manner were enabled through cooperation with IoT business platform services and data utilization platforms. They have resulted in an improved profitability.

Finally, in a key-strategy area of reforming corporate culture and workforce capabilities, we have mainly made efforts to implement projects for developing new management talents and reform-minded leaders, and developing working environments. The efforts of diversifying working environments include those for: promoting a system of working from home and telecommuting as part of workstyle reforms; increasing non-territorial offices; and creating satellite offices.

Furthermore, we played a role of partner in the 'TECH PLANTER' seed acceleration program. This has enabled us to create a corporate culture where employees autonomously take initiative in creating innovations capable of achieving targets, as indicated in the Mid-Term Management Plan. Also, this program has enabled us to future-proof both our research and business creation.

In summary, the Group has been diligently promoting the Mid-term Management Plan as a whole.

(Note) Alipay is a registered trademark of Alibaba Group Holding Limited.

For this fiscal year, net sales were ¥ 282,249 million (a 1.5 % increase compared with the previous fiscal year) as a result of the continued strength of outsourcing and hardware sales. As a result of an increase in gross profit mainly boosted by outsourcing's gross profit, we posted: ¥14,314 million operating income (a 14.3 % increase); ¥ 13,852 million ordinary income (a 14.0% increase); and ¥ 10,261 million profit attributable to owners of parent (a 15.0 % increase).

The breakdown of net sales shows that services sales were ¥198,416 million, a 2.2 % or ¥ 4,254 million increase from the previous fiscal year; software sales were ¥ 29,733 million, a 0.9% or ¥ 270 million decrease; and hardware sales were ¥54,099 million, a 0.4 % or ¥225 million increase.

As for the net sales contribution ratios, services sales were 70.3 % (against 69.8 % in the previous period); software sales were 10.5 % (against 10.8%); and hardware sales were 19.2% (against 19.4%). With regard to the results on a non-consolidated basis, net sales were ¥ 170,281 million, up by 1.4 % from the previous fiscal year; operating income was ¥ 7,704 million, up by 2.7%; ordinary income was ¥ 9,120 million, up by 6.2 %; and profit was ¥ 7,770 million, down by 8.1%.

Forecast for the Next Fiscal Year

We plan to post ¥ 290,000 million net sales for the next fiscal year, up by 2.7 %, on a consolidated basis.

We plan ¥ 16,000 million operating income (up by 11.8%), ¥ 15,800 million ordinary income (up by 14.1 %) and ¥ 11,000 million profit attributable to owners of parent (up by 7.2%), through the efforts to increase net sales and further improve profitability.

Forecast of the consolidated performance for FY 2018 (Millions of yen)

	FY2018	FY2017	Changes
Net Sales	290,000	282,249	2.7%
Operating Income	16,000	14,314	11.8%
Ordinary Income	15,800	13,852	14.1%
Profit attributable to Owners of Parent	11,000	10,261	7.2%

(2) Analysis of Financial Condition

In the fiscal year under review, partly due to a decrease in merchandise balance, total assets were ¥ 192,694 million, a decrease of ¥ 400 million compared with the end of the previous fiscal year.

Liabilities were ¥ 101,921 million, a ¥ 39 million increase from the end of the previous fiscal year,

Despite an increase enabled by profit, net assets were ¥ 90,772 million, a ¥ 440 million decrease compared with the end of the previous fiscal year, partly attributable to dividends payment and acquisition of treasury stock.

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 in computers for business activities and software for outsourcing. Also, loans payable were repaid. As a result, cash and cash equivalents were ¥ 17,823 million at the end of the fiscal year, up by ¥ 2,259 million compared with the beginning of this fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥ 29,922 million (an increase of ¥18,932 million in proceeds from the previous fiscal year).

This is attributable to factors increasing proceeds of ¥ 13,553 million in profit before income taxes (up by ¥ 1,833 million from the previous period). The factors increasing the proceeds include non-cash expenses of ¥ 9,232 million in depreciation and amortization as well as a decrease of ¥ 4,228 million in inventory.

(Cash flows from investing activities)

Net cash spent in investing activities was ¥ 15,906 million (an increase of ¥ 5,340 million in expenditures compared with the previous period). This includes expenditures of ¥ 5,967 million as a result of purchasing property, plant and equipment such as computers for business activities (an increase of ¥ 2,010 million in

expenditures compared with the previous period) and expenditures of ¥ 8,059 million due to the acquisitions of intangible assets such as the investments in software for outsourcing (an increase of ¥ 906 million in expenditures compared with the previous period).

(Cash flows from financing activities)

Net cash spent in the financing activities was ¥ 11,756 million (an increase of ¥ 3,570 million in expenditures from the previous period). This reflects expenditures of ¥ 11,131 million due to treasury stock acquisition (an increase of ¥ 11,130 million in expenditures from the previous period), and dividends payment of ¥3,480 million (an increase of ¥ 1,130 million in expenditures from the previous period).

(Reference) Changes in the equity ratio and the indicators related to cash flow

	FY2017	FY2016	FY2015	FY2014
Equity ratio (%)	46.7	46.8	40.6	36.9
Equity ratio (Market cap.) (%)	79.1	82.3	53.7	46.9
Ratio of cash flow to interest bearing debts (years)	1.3	3.4	3.2	5.7
Interest coverage ratio (times)	148.5	32.5	37.2	20.4

(Notes) Equity ratio: Equity/Total assets

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

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

Interest coverage ratio: Cash flow/Interest payments

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

* Cash flows indicated above mean cash flows from operating activities.

(3) Basic Policy on Distribution of Profits

The Company seeks to achieve a stable and continuous distribution of profits 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.

For the fiscal year under review, we will pay a ¥ 35 annual dividend per share (¥ 17.50 for the mid-term dividend and ¥ 17.50 for the term-end dividend), which is ¥ 5 more than the previous full fiscal year, as we announced previously.

As for the dividends of the next period, we expect an increase in profit. Thus, we plan to pay a ¥ 40 annual dividend per share (¥ 20.00 for the mid-term dividend and ¥20.00 for the term-end dividend), which is more than this fiscal year.

2. Basic Concept on the Selection of Accounting Standards

We have been examining the principles for applying IFRS (International Financial Reporting Standards) and the schedule for implementing IFRS.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of Yen

	FY2016 (As of March 31, 2016)	FY2017 (As of March 31, 2017)
ASSETS		
Current assets		
Cash and deposits	15,564	17,823
Notes and accounts receivable - trade	70,446	70,275
Merchandise and finished goods	9,374	5,708
Work in process	2,341	1,684
Raw materials and supplies	223	317
Deferred tax assets	6,194	6,307
Prepaid expenses	9,703	11,079
Other	8,836	5,117
Allowance for doubtful accounts	(163)	(59)
Total current assets	122,520	118,255
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,719	12,312
Accumulated depreciation	(9,552)	(8,213)
Buildings and structures, net	3,167	4,098
Machinery, equipment and vehicles	28,884	29,739
Accumulated depreciation	(21,513)	(21,271)
Machinery, equipment and vehicles, net	7,371	8,467
Land	618	618
Other	10,318	9,669
Accumulated depreciation	(7,455)	(6,335)
Other, net	2,862	3,334
Total property, plant and equipment	14,019	16,519
Intangible assets		
Goodwill	920	836
Software	19,933	21,602
Other	269	300
Total intangible assets	21,123	22,739
Investments and other assets		
Investment securities	15,544	17,911
Deferred tax assets	4,175	1,463
Net defined benefit asset	832	945
Other	15,353	15,175
Allowance for doubtful accounts	(475)	(316)
Total investments and other assets	35,431	35,179
Total non-current assets	70,574	74,439
Total assets	193,094	192,694

Millions of Yen

	FY2016 (As of March 31, 2016)	FY2017 (As of March 31, 2017)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	22,940	22,609
Short-term loans payable	475	350
Current portion of convertible bond	1,085	-
Current portion of long-term loans payable	16,015	11,007
Commercial papers	-	6,000
Income taxes payable	1,173	1,965
Accrued expenses	8,922	9,985
Advances received	13,637	13,838
Allowance for loss on contract development	55	312
Other provision	820	1,232
Asset retirement obligations	517	-
Other	9,631	9,146
Total current liabilities	75,273	76,448
Non-current liabilities		
Long-term loans payable	18,915	20,282
Provision	1,136	1,147
Net defined benefit liability	4,822	1,813
Asset retirement obligations	974	1,132
Other	760	1,097
Total non-current liabilities	26,608	25,473
Total liabilities	101,881	101,921
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	14,200	14,200
Retained earnings	73,364	80,085
Treasury shares	(3,746)	(13,592)
Deposit for subscriptions to treasury shares	6	-
Total shareholders' equity	89,309	86,096
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,297	4,625
Deferred gains or losses on hedges	(16)	1
Remeasurements of defined benefit plans	(3,216)	(805)
Total accumulated other comprehensive income	1,065	3,821
Subscription rights to shares	269	294
Non-controlling interests	569	560
Total net assets	91,213	90,772
Total liabilities and net assets	193,094	192,694

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

Millions of Yen

	FY2016 (Fiscal year ended March 31, 2016)	FY2017 (Fiscal year ended March 31, 2017)
Net sales	278,039	282,249
Cost of sales	213,428	215,521
Gross profit	64,610	66,727
Selling, general and administrative expenses		
Selling expenses	10,324	9,882
General and administrative expenses	41,761	42,530
Total selling, general and administrative expenses	52,085	52,413
Operating income	12,525	14,314
Non-operating income		
Interest income	38	6
Dividend income	380	353
Share of profit of entities accounted for using equity method	61	79
Rebate revenue	69	93
Other	216	140
Total non-operating income	766	672
Non-operating expenses		
Interest expenses	249	194
Settlement package	219	693
Other	666	246
Total non-operating expenses	1,135	1,134
Ordinary income	12,155	13,852
Extraordinary income		
Gain on sales of investment securities	434	101
Gain on reversal of subscription rights to shares	188	64
Other	4	6
Total extraordinary income	628	171
Extraordinary losses		
Loss on sales and retirement of non-current assets	207	53
Office transfer expenses	574	-
Impairment loss	18	337
Other	263	80
Total extraordinary losses	1,064	471
Profit before income taxes	11,719	13,553
Income taxes - current	1,389	1,765
Income taxes - deferred	1,370	1,489
Total income taxes	2,760	3,255
Profit	8,959	10,298
Profit attributable to non-controlling interests	38	36
Profit attributable to owners of parent	8,920	10,261

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2016	FY2017
	(Fiscal year ended March 31, 2016)	(Fiscal year ended March 31, 2017)
Profit	8,959	10,298
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,213)	328
Deferred gains or losses on hedges	(5)	17
Remeasurements of defined benefit plans	(9,220)	2,410
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(10,440)	2,756
Comprehensive income	(1,480)	13,054
(Breakdown)		
Comprehensive income attributable to owners of parent	(1,519)	13,017
Comprehensive income attributable to non-controlling interests	38	36

(3) Consolidated Statement of Changes in Equity

FY2016 [From April 1, 2015 to March 31, 2016]

(Millions of Yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Deposit for subscriptions to treasury shares	Total shareholders' equity
Balance at beginning of period	5,483	15,281	68,031	(19,283)	2	69,515
Cumulative effects of changes in accounting policies		(1,081)	287			(793)
Restated balance	5,483	14,200	68,319	(19,283)	2	68,722
Changes of items during the period						
Dividends of surplus			(2,351)			(2,351)
Profit attributable to owners of parent			8,920			8,920
Change in treasury shares of parent arising from transactions with non-controlling		0				0
Conversion of convertible bond			(1,510)	15,443		13,933
Purchase of treasury shares				(0)		(0)
Disposal of treasury shares			(12)	94	(2)	79
Deposit for subscriptions to treasury shares					6	6
Net changes of items other than shareholders' equity						
Total changes of items during the period	-	0	5,045	15,537	3	20,586
Balance at end of period	5,483	14,200	73,364	(3,746)	6	89,309

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Re-measurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	5,511	(10)	6,004	11,505	366	587	81,975
Cumulative effects of changes in accounting policies							(793)
Restated balance	5,511	(10)	6,004	11,505	366	587	81,182
Changes of items during the period							
Dividends of surplus							(2,351)
Profit attributable to owners of parent							8,920
Change in treasury shares of parent arising from transactions with non-controlling							0
Conversion of convertible bond							13,933
Purchase of treasury shares							(0)
Disposal of treasury shares							79
Deposit for subscriptions to treasury shares							6
Net changes of items other than shareholders' equity	(1,213)	(5)	(9,220)	(10,440)	(97)	(18)	(10,555)
Total changes of items during the period	(1,213)	(5)	(9,220)	(10,440)	(97)	(18)	10,030
Balance at end of period	4,297	(16)	(3,216)	1,065	269	569	91,213

FY2017 [From April 1, 2016 to March 31, 2017]

(Millions of Yen)

	Shareholders' equity					
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Deposit for subscriptions to treasury shares	Total shareholders' equity
Balance at beginning of period	5,483	14,200	73,364	(3,746)	6	89,309
Changes of items during the period						
Dividends of surplus			(3,483)			(3,483)
Profit attributable to owners of parent			10,261			10,261
Conversion of convertible bond			(127)	1,212		1,085
Purchase of treasury shares				(11,131)		(11,131)
Disposal of treasury shares			(9)	71	(6)	55
Net changes of items other than shareholders' equity						
Total changes of items during the period	-	-	6,640	(9,846)	(6)	(3,212)
Balance at end of period	5,483	14,190	80,005	(13,592)	-	86,096

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Re-measurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	4,297	(16)	(3,216)	1,065	269	569	91,213
Changes of items during the period							
Dividends of surplus							(3,483)
Profit attributable to owners of parent							10,261
Conversion of convertible bond							1,085
Purchase of treasury shares							(11,131)
Disposal of treasury shares							55
Net changes of items other than shareholders' equity	327	17	2,410	2,756	25	(9)	2,772
Total changes of items during the period	327	17	2,410	2,756	25	(9)	(440)
Balance at end of period	4,625	1	(805)	3,821	294	560	90,772

(4) Consolidated Statements of Cash Flows

Millions of Yen

	FY2016 (Fiscal year ended March 31, 2016)	FY2017 (Fiscal year ended March 31, 2017)
Net cash provided by (used in) operating activities		
Profit before income taxes	11,719	13,553
Depreciation	9,405	9,232
Impairment loss	18	337
Amortization of goodwill	83	83
Loss (gain) on sales of investment securities	(434)	(58)
Increase(decrease) in allowance for loss on contract development	(1,632)	257
Increase (decrease) in other provision	797	160
Increase (decrease) in net defined benefit liability	4,269	(3,009)
Decrease (increase) in net defined benefit asset	6,343	(112)
Increase (decrease) in remeasurements of defined benefit plans	(13,442)	3,387
Interest and dividend income	(419)	(359)
Interest expenses	249	194
Decrease (increase) in notes and accounts receivable - trade	(2,325)	170
Decrease (increase) in inventories	(2,038)	4,228
Decrease (increase) in advances paid	(834)	1,027
Increase (decrease) in notes and accounts payable - trade	(2,290)	(331)
Increase (decrease) in accrued expenses	1,232	1,063
Other	551	1,260
Subtotal	11,253	31,086
Interest and dividend income received	422	362
Interest expenses paid	(337)	(201)
Income taxes paid	(347)	(1,325)
Net cash provided by (used in) operating activities	10,989	29,922
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(3,957)	(5,967)
Proceeds from sales of property, plant and equipment	7	2
Purchase of intangible assets	(7,152)	(8,059)
Purchase of investment securities	(710)	(2,081)
Proceeds from sales of investment securities	1,195	239
Proceeds from redemption of investment securities	-	300
Payments for asset retirement obligations	-	(438)
Other	51	98
Net cash provided by (used in) investing activities	(10,565)	(15,906)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(3,525)	(125)
Proceeds from long-term loans payable	13,275	12,375
Repayments of long-term loans payable	(15,115)	(16,015)
Proceeds from sales and leasebacks	-	1,078
Repayments of other borrowings	(482)	(454)
Increase (decrease) in commercial papers	-	6,000
Purchase of treasury shares	(0)	(11,131)
Cash dividends paid	(2,349)	(3,480)
Dividends paid to non-controlling interests	(48)	(46)
Other	60	42
Net cash provided by (used in) financing activities	(8,186)	(11,756)
Net increase (decrease) in cash and cash equivalents	(7,761)	2,259
Cash and cash equivalents at beginning of period	23,326	15,564
Cash and cash equivalents at end of period	15,564	17,823

(5) Notes on Going Concern Assumption

None applicable

(6) Changes in Accounting Principles

None applicable

(7) Changes in Representation Methods
(Consolidated State of Income)

'Rebate Revenue' that was included in the 'Others' of non-operating income in 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. (Note that it is ¥ 93 million for the fiscal year under review.) Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

'Rebate Revenue' of the previous fiscal year was ¥69 million.

'Foreign exchange gains' that were described separately in the previous fiscal year are included in the 'Others' of non-operating income for the fiscal year under review because they constitute 10/100 or less of the amount of total non-operating income. (Note that they are ¥47 million for the fiscal year under review.) Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

'Foreign exchange gains' of the previous fiscal year were ¥95 million.

'Environmental Expenses' that were described separately in the previous fiscal year are included in the 'Others' of non-operating income for the fiscal year under review because they constitute 10/100 or less of the amount of total non-operating income. (Note that they are ¥ 83 million for the fiscal year under review.) Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

'Environmental Expenses' of the previous fiscal year were ¥618 million.

'Impairment Loss' of extraordinary losses that was included in 'Others' of the amount of extraordinary losses in the previous fiscal year is independently described in the fiscal year under review because it constitutes more than 10/100 of the total extraordinary losses. (Note that they are ¥337 million for the fiscal year under review.) Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

'Impairment Loss' of the previous fiscal year was ¥18 million.

'Loss on valuation of investment securities' of extraordinary losses that was described separately in the previous fiscal year is separately described in the fiscal year under review because it constitutes 10/100 or less of the total extraordinary losses. (Note that they are ¥32 million for the fiscal year under review.) Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

'Loss on valuation of investment securities' of the previous fiscal year was ¥263 million.

(Consolidated Statements of Cash Flows)

'Impairment loss' that was included in 'Others' of 'Net cash provided by (used in) operating activities' in the previous fiscal year is separately described in the fiscal year under review due to the more significant amount. (Note that it is ¥337 million for the fiscal year under review.) Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

'Impairment loss' of the previous fiscal year was ¥18 million.

'Loss (gain) on valuation of investment securities' of 'Net cash provided by (used in) operating activities' that

was separately described in the previous fiscal year is included in 'Others' in the fiscal year under review due to the less significant amount. (Note that it is 32 million for the fiscal year under review.) Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

'Loss (gain) on valuation of investment securities' of the previous fiscal year was ¥263 million.

'Decrease (increase) in advances paid that was included in 'Others' of 'Net cash provided by (used in) operating activities' in the previous fiscal year is separately described in the fiscal year under review due to the more significant amount. (Note that it is ¥1,027 million for the fiscal year under review.) Consolidated financial statements for the previous fiscal year have been restated in order to reflect this change in presentation.

'Decrease (increase) in advances paid' of the previous fiscal year was ¥(834) million.

(8) Additional Information

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)

The 'Implementation Guidance on Recoverability of Deferred Tax Assets' (ASBJ Guidance No. 26, March 28, 2016) is applied for this fiscal year.

(9) 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 comprised of products and services that constitute our IT solution services. We have five reportable segments; System Services, Support Services, Outsourcing, Software, and Hardware.

Details of the reportable segments are as follows:

- System Services:
Entrusted with software development business, system engineer services and consulting
- Support Services:
Software and hardware maintenance, installation support and related services
- Outsourcing:
Entrusted with management of information systems, and related services
- 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, liabilities, 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, liabilities, and other amounts by reportable segment

FY2016 (from April 1, 2015 to March 31, 2016)

(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	Software	Hardware	Total				
Net Sales	89,829	55,362	40,496	30,003	53,873	269,565	8,474	278,039	-	278,039
Segment profits	23,834	14,848	8,797	7,358	7,381	62,221	2,389	64,610	(52,085)	12,525
Segment assets	2,148	2,119	21,827	4,977	4,819	35,891	293	36,185	156,909	193,094
Other items										
Depreciation and amortization	136	301	4,812	1,612	808	7,670	88	7,759	1,645	9,405
Increased amount of property, plant and equipment and intangible assets	57	120	5,175	2,201	958	8,512	81	8,594	3,037	11,631

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

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

- (1) The adjustment of ¥(52,085) million to segment profits includes development expenses of ¥(4,036) million, amortization of goodwill of ¥(83) million, and selling, general and administrative expenses of ¥(47,965) million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥156,909 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥1,645 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 ¥3,037 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.

FY2017 (from April 1, 2016 to March 31, 2017)

(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	Software	Hardware	Total				
Net Sales	89,607	54,074	45,926	29,733	54,099	273,441	8,807	282,249	-	282,249
Segment profits	23,490	15,015	10,633	7,024	8,447	64,611	2,116	66,727	(52,413)	14,314
Segment assets	1,628	1,898	21,953	4,759	3,920	34,161	228	34,390	158,303	192,694
Other items										
Depreciation and amortization	130	217	4,890	1,658	735	7,632	81	7,713	1,518	9,232
Increased amount of property, plant and equipment and intangible assets	148	182	8,158	2,276	268	11,035	77	11,113	3,668	14,781

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

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

- (1) The adjustment of ¥(52,413) million to segment profits includes development expenses of ¥(3,454) million, amortization of goodwill of ¥(83) million, and selling, general and administrative expenses of ¥(48,875) million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥158,303 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥1,518 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 ¥3,668 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)

FY2016 (from April 1, 2015 to March 31, 2016)

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.

FY2017 (from April 1, 2016 to March 31, 2017)

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 2016 (from April 1, 2015 to March 31, 2016)

(Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate (Note)	Total
Impairment loss	-	-	18	-	-	-	474	493

(Note) The amount of 'Eliminations and Corporate' represents impairment loss relating to the corporate assets that do not belong to any segment.

Book prices of part of the corporate assets that do not belong to any segment have been reduced to recoverable amount, due to the fact that a relocation of the relevant office has been decided.

Thus, a ¥ 474 million impairment loss is posted for the fiscal year under review.

FY 2017 (from April 1, 2016 to March 31, 2017)

(Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate (Note)	Total
Impairment loss	-	-	327	-	-	-	10	337

(Note) The amount of 'Eliminations and Corporate' represents impairment loss relating to the corporate assets that do not belong to any segment.

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

FY 2016 (from April 1, 2015 to March 31, 2016) (Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	-	-	-	-	-	-	83	83
Balance at the end of this period	-	-	-	-	-	-	920	920

FY 2017 (from April 1, 2016 to March 31, 2017) (Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate	Total
Amount of amortization for this period	-	-	-	-	-	-	83	83
Balance at the end of this period	-	-	-	-	-	-	836	836

(Information about gain on bargain purchase by reportable segment)

FY 2016 (from April 1, 2015 to March 31, 2016)

None applicable

FY 2017 (from April 1, 2016 to March 31, 2017)

None applicable

(Per-Share Information)

	FY 2016 (from April 1, 2015 to March 31, 2016)	FY 2017 (from April 1, 2016 to March 31, 2017)
Net assets per share (¥)	847.51	896.39
Earnings per share (¥)	93.71	96.49
Diluted earnings per share (¥)	82.33	96.05

Note: 1. The basic information used to calculate earnings per share or diluted earnings per share is as follows.

	FY 2016 (from April 1, 2015 to March 31, 2016)	FY 2017 (from April 1, 2016 to March 31, 2017)
Earnings per share		
Profit attributable to owners of parent for the year (¥ mil)	8,920	10,261
Amount that does not belong to ordinary shareholders (¥ mil)	-	-
Profit attributable to owners of parent, available to common stock (¥ mil)	8,920	10,261
Average number of common stock outstanding during the year (thousand shares)	95,187	106,342
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (¥ mil)	-41	-0
(Interest expenses (after the adjustment of amount equivalent to tax) (¥ mil) (Note 2))	(-45)	(-0)
(Conversion commission (after the adjustment of amount equivalent to tax) (¥ mil))	(4)	(0)
Increase of common stock (thousand shares)	12,656	490
(Convertible bond (thousand shares))	(12,281)	(115)
(Subscription rights to shares (thousand shares))	(374)	(374)
Dilutive shares, which were not included in the calculation of diluted earnings per share, due to lack of dilution effect	-	-

Note: 2. The amount represents the amount of amortization for difference resulted from issuing at a higher price than the face amount of bond. (Note that the amount equivalent to tax has been deducted.)

3. The basic information used to calculate net asset per share is as follows.

	FY 2016 (from April 1, 2015 to March 31, 2016)	FY 2017 (from April 1, 2016 to March 31, 2017)
Total net assets (¥ mil)	91,213	90,772
Amounts to be deducted from the total net assets (¥ mil)	845	854
(Deposit for subscriptions to treasury shares) (¥ mil)	(6)	(-)
(Subscription rights to shares) (¥ mil)	(269)	(294)
(Non-controlling interests) (¥ mil)	(569)	(560)
Net assets at the end of period attributable to common stock (¥ mil)	90,368	89,918
Number of common stock at the end of period utilized for the calculation of net assets per share (thousand shares)	106,627	100,311

(Significant Subsequent Events)

None