

Consolidated Financial Results for the Year Ended March 31, 2017

April 27, 2017

Listed company name: Infocom Corporation
 Listed on: Tokyo Stock Exchange
 Securities code: 4348
 URL <http://www.infocom.co.jp/>
 Representative: (Position) President and CEO
 (Name) Norihiro Takehara
 Contact: (Position) Head of Corporate Communications Office
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 Scheduled date of Annual General Shareholders' Meeting: June 15, 2017
 Scheduled date of payment of cash dividends: June 19, 2017
 Scheduled date of Filing of Securities Report: June 16, 2017
 Supplementary materials for the Financial Results: Yes
 Presentation of Financial Results: Yes, (for investors)

(Amounts less than one million yen are rounded down)

1. Consolidated Business Results for the FY 2016 (April 1, 2016 to March 31, 2017)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2016	41,768	3.6	4,776	7.9	4,854	6.5	3,261	347.7
FY 2015	40,316	0.0	4,427	22.8	4,558	23.5	728	-66.5

(Note) Comprehensive income: FY 2016: 3,395 million yen (379.0%); FY 2015: 708 million yen (-67.5%)

	E.P.S.	Diluted E.P.S.	ROE	ROA	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY 2016	119.28	118.84	14.6	15.1	11.4
FY 2015	26.64	26.56	3.5	15.2	11.0

(Reference) Equity on gain and losses of unconsolidated subsidiaries and affiliates: FY2016: 6 million yen; FY2015: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY 2016	32,620	23,665	72.2	861.50
FY 2015	31,619	21,148	66.5	769.42

(Reference) Shareholders' equity: FY 2016: 23,556 million yen; FY 2015: 21,036 million yen

2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	1Q	2Q	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2015	-	0.00	-	22.00	22.00	601	82.6	2.9
FY 2016	-	10.00	-	15.00	25.00	683	21.0	3.1
FY2017 (forecasts)	-	10.00	-	25.00	35.00		23.9	

3. Forecasts of Consolidated Business Results for the FY 2017 (April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year increase)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	20,500	6.0	1,900	18.0	1,900	17.0	1,900	81.4	69.49
Full-year	46,000	10.1	5,300	11.0	5,300	9.2	4,000	22.7	146.29

* Statements regarding the proper use of financial forecasts and other special remarks

- Forward-looking statements that include the outlook for business results are based on the information currently available and certain assumptions judged to be rational. Actual business results may differ substantially because of various factors. For the matters to be noted when using the financial forecasts and their assumptions, please see the attached materials on p. 3 “(1) Analysis on Business Results (iii) Outlook for the next fiscal year.”

1. Overview of Business Results etc.

(1) Analysis of Business Results

The Japanese economy during the fiscal year under review continued its moderate recovery trend due to improvements in corporate earnings and employment environment, but in addition to fears of slowdown of emerging economies, a sense of caution against the policy of the new administration of the United States affected, The situation remained uncertain in the future.

In the IT-related market, we see expansion of the business use of smartphones and tablets driven by the introduction of the cloud and rising needs for the use of IT in the medical and nursing care areas and the introduction of IT in global companies. The e-book market experiences rapid growth where such instruments are used. Additionally, new businesses are expected to be created because of higher interests in IoT, big data, AI (artificial intelligence), VR (virtual reality), and AR (artificial reality), and the expansion of the initiative to the open-innovation that combination of in-house and outside techniques and ideas creates new value.

Under such a business environment, our group strives to increase competitiveness and expand operations mainly in the priority businesses: Digital Entertainment, Health IT and GRANDIT-ERP, according to the basic policies of the medium-term management plan (published on February 6, 2012) of [“Evolution” by speedy responses to environmental changes], [“Evolution” toward expansion of operations at the priority business areas] and [Continuing enhancement of operating base underpinning “Evolution”].

According to these policies, the project for transferring to the data center of the business tie-up partner is being carried out as scheduled. The transfer is associated with “Discontinuance of providing services from the company’s own data center” which was determined in the previous second quarter. We also examined the effective utilization of the land and buildings of our data center after the transfer, and adopted the resolution to sell them. The date of sale will be September 29, 2017 (on schedule), and so there is no effect of the sale of the data center on the current business results.

As a result of the above, our group recorded sales of 41,768 million yen (up 3.6% from the same period of the previous fiscal year), operating income of 4,776 million yen (up 7.9%), ordinary income of 4,854 million yen (up 6.5%), and net income attributable to shareholders of 3,261 million yen (up 347.7%) for the current consolidated fiscal year.

For operating results of our group, sales and operating income tend to be relatively low in the first and third quarters and concentrate in the fourth quarter due to the tendency that delivery deadlines of products and services for companies and hospitals concentrate in the fiscal year end March.

Operating results by segment are as follows:

① Business Solution Group

For the current consolidated cumulative, in the business solution group during the fiscal year under review, although SI projects for enterprises and others were steady, the health IT business was affected by IT investment restraint at medical institutions due to revision of medical fee remuneration and sales were 22,416 million yen (down 5.6% from the same period of the previous fiscal year), and operating income was 1,990 million yen (down 19.5%) due to the impact of the decrease in sales in the health IT business.

As for efforts by business, in the health IT business, in addition to promoting sales promotion of radiology information system and hospital information management system for hospitals whose functions were strengthened in the previous fiscal year, we also implemented regional comprehensive care in new business areas and upfront investment in IoT related business, and advanced development of new system It was. As a result, in July I exhibited a dementia care solution using IoT at the exhibition, and in February I made a business tie-up with Z-Works Co., Ltd. as the first part of “Nursing care whole IT!” development of sensors etc. started. In March, we started offering a nursing care record system as the second bullet.

In the ERP GRANDIT business, we started sale of the new version of the integrated business software package GRANDIT® with expanded group management function and added the cloud service for expense settlement and the approval workflow expansion function to expand the business support function. Pacific Systems Corporation joined the GRANDIT Consortium as a business partner, and this strengthened the selling system for GRANDIT®.

In addition to that, in the IoT domain, we developed a soil environment monitoring solution in addition to the

above-mentioned dementia care solution, and conducted reference exhibits at exhibitions etc. In IT services for general enterprises, we continued to strengthen project management and quality control while expanding new products and services and developing new customers.

② Digital Entertainment Group

In the digital entertainment group for the fiscal year under review, sales of e-book distribution services remained strong, and net sales amounted to 19,352 million yen (up 16.7% from the same period of the previous fiscal year). In addition to the sales growth of this service, we continued to implement cost reduction measures and structural reform of e-commerce, which resulted in operating income of 2,800 million yen (up 43.2%).

For the e-book distribution service, we implemented the sales strategy to include broadcasting TV commercials for the same period as the previous period, expanding the broadcasting areas all over the nation for the purpose of maintaining and increasing the recognition of *Mecha Comic*, the largest e-comic store in Japan, effectively utilizing banner advertisements leading to the site of *Mecha Comic*, and exclusively distributing new books of popular series linked with advertisements. In addition, in January we launched the comic of Shinchosha Co., Ltd. and expanded our lineup. In addition, as a result of implementing measures such as member registration and logging convenience when dealing with the "social login function", the number of paid members exceeded 1 million, the highest sales in the first and second quarter and quarter Updated, third quarter also surpassed the previous year significantly, and cumulative sales exceeded 10 billion yen more than one month earlier than the previous term. With the service celebrating the 10th anniversary, we implemented a celebration campaign, and as a result of endeavoring to improve the content of our services, including responding to vertical scrolling reading from March, full-year sales were 18 billion yen.

③ Outlook for the next fiscal year

While the Japanese economy is on a gradual recovery trend, the economic situation in the United States, Europe and East Asia, geopolitical risks, etc. affect the domestic economy, so there are also unstable factors, so it is anticipated that the future uncertainty will continue It will be.

In the IT-related market, with the rise of awareness of utilization of IT toward the realization of "working way reform", the use of cloud services by mobile terminals such as smart phones and tablets, as well as IoT, big data, AI, VR, AR etc. Utilization has progressed, utilization of IT to medical and nursing care areas, and e-book market using these terminals continue to grow. Furthermore, the creation of new business is expected, such as the expansion of open innovation initiatives that combine technologies and ideas inside and outside the company to create new value.

Amid such circumstances, the Group is pursuing the basic policy [pursuit of growth] and [continued strengthening of the management foundation that supports growth] of the newly formulated medium-term management plan (April 2017 to March 2020) Below, we declare e-comic and health IT as priority businesses, and we will aim at achieving the targets of the final year by promoting key measures. As a result, consolidated results for the fiscal year ending March 31, 2018 were 46,000 million yen (up 10.1% from the fiscal year under review), operating income of 5,300 million yen (up 11.0%), ordinary income of 5,300 million yen (up 9.2%), and net income attributable to shareholders of 4,000 million yen (up 22.7%).

Please note that the above forecasts are based on information available as of the publication date of this material, so actual results may differ from forecasts due to various factors in the future.

(2) Analysis of financial condition

① Status of assets, liabilities and net assets

Assets increased by 1,001 million yen compared with the end of the previous fiscal year to 32,620 million yen due to an increase in trade receivables and an increase in investment securities. Total liabilities decreased by 1,516 million yen, to 8,954 million yen, as a result of a decrease in reserve for loss on business restructuring associated with data center-related business restructuring. Net assets increased by 2,517 million yen to 23,665 million yen compared to the end of the previous fiscal year.

② Cash flow situation

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year under review amounted to 12,408 million yen, an increase of 464 million yen from the end of the previous fiscal year. The status of each cash flow and the main factor of their increase / decrease are as follows.

[Cash flow from operating activities]

Net cash provided by operating activities amounted to 2,540 million yen (4,169 million yen in the previous fiscal year). This was mainly due to an increase in income before income taxes and minority interests of 4,760 million yen (1,450 million yen in the previous term) and depreciation expenses of 1,070 million yen (1,112 million yen in the previous term). This was due to expenditures of 1,468 million yen (244 million yen in the previous year) for restructuring due to business restructuring related to data center and 1,128 million yen (1,105 million yen in previous fiscal year) for income tax payments.

[Cash flow from investment activities]

Net cash used in investment activities amounted to 1,110 million yen (3,579 million yen for the same period of the previous fiscal year). This was mainly attributable to payments for purchase of intangible fixed assets such as software of 814 million yen (1,145 million yen in the previous fiscal year) and expenditures of 363 million yen (1,982 million yen in the previous fiscal year) due to purchase of investment securities.

[Cash flow from financing activities]

Net cash used in financing activities amounted to 969 million yen (576 million yen for the same period of the previous fiscal year). This was mainly due to payments of dividends of 874 million yen (505 million yen for the same period of the previous fiscal year).

(Reference) Changes in indicators related to cash flow

	FY2012	FY2103	FY2014	FY2015	FY2016
Capital adequacy ratio(%)	67.6	68.7	73.0	66.5	72.2
Based on market price Capital adequacy ratio(%)	84.7	82.4	100.0	135.8	161.4
Cash flow versus Interest-bearing debt ratio (Year)	-	-	-	-	-
Interest coverage ratio	303.1	473.5	1,637.8	3,545.3	1,643.9

(Note) Capital adequacy ratio : Capital / Total assets

Based on market price capital adequacy ratio : Market capitalization total / Total assets

Cash flow versus interest-bearing debt ratio : Interest-bearing debt / Operating cash flow

Interest coverage ratio : Operating cash flow / Interest payment

※ Each indicator is calculated based on consolidated financial figures.

※ Stock market capitalization is calculated by the closing stock price closing price multiplied by the total number of issued shares at the end of the fiscal year (excluding treasury shares).

※ Operating cash flow uses cash flows from operating activities in the consolidated statements of cash flows.

Interest-bearing debt includes all liabilities that are paying interest, of the liabilities recorded on the consolidated balance sheet. Regarding interest payments, the amount of interest paid in the consolidated statement of cash flows is used.

(3) Basic policy on profit sharing and dividends for the current and next term

The Group considers stable return of profits to be an important management task to raise shareholder value.

In addition to prioritizing the investment necessary to expand the business over the medium to long term, we will strive to increase dividend payout ratio linked with improvement in performance to maintain a payout ratio of 30%, taking into consideration the balance of funds demand, maintaining a sound financial position. It is a policy.

Regarding dividends for the current fiscal year, we plan to propose a dividend of 15 yen per share to the 35th Ordinary General Meeting of Shareholders. As a result, together with the dividend of 10 yen executed at the end of the second quarter, the annual dividend will be 25 yen.

For the next fiscal year, we plan to pay an annual dividend of 35 yen per share, with dividends of 10 yen per share at the end of the second quarter and dividends of 25 yen per share at the end of the fiscal year.

(4) Risk of business etc.

Major risks that may have a serious impact on the Group's business results are as follows. In addition, the items stated are those judged by the Company based on information available at the presentation date of this material.

① About protection of personal information and customer's important information

The Group positions management and protection of customer's information including personal information held in the consumer digital entertainment group and personal information you keep in the business solution group as an important issue. For this reason, in addition to conducting activities to maintain and improve information security literacy by a dedicated organization for information security management, conducting operational audits by the auditing department, we are seeking to enhance the management system by receiving reviews by external organizations concerning maintaining the certification of Privacy Mark. However, in the event of the loss or leakage of such information, there is a possibility that the Group's business performance, etc. will be affected.

② Performance will be weighted in the second half

The Group's business performance tends to be weighted in the fourth quarter, which is a milestone in the fiscal year. This is mainly due to SI to companies, inspection of package sales, delivery is concentrated in the fourth quarter. While correcting this business structure and expanding the service business to form a stable and high profitable structure, we propose to divide the inspection to the delivery destination, but if inspections and deliveries fall into the next term, the Group There is a possibility that it will affect the performance of the company.

③ Risks related to investment and loans

The Group conducts various investments and loans with the aim of expanding and growing the group's business. However, there is a possibility that the Group's business performance, etc. will be affected, such as a major fluctuation in market demand trends related to the Group's business, delayed or failed product development, etc., when the performance of investee companies deteriorates there is.

④ Large-scale disasters

In preparation for cases where large-scale disasters such as a major earthquake or large natural disasters such as large earthquakes occur and business execution becomes difficult, the Group has formulated business continuity plans, and is responsible for initial response at the occurrence of a disaster and restoration of prompt business. We are continuing to develop a response system and environment for enabling it. However, if the function of social infrastructure, such as a power network or a failure of a communication network due to a large-scale disaster, declines, there is a possibility that the Group's business performance may be affected.

⑤ Risks associated with system construction work

The Group has established a dedicated organization for quality control regarding quality assurance etc. in business activities and is promoting strengthening of project management. However, in system development that complicates, enlarges, and shortens the delivery time, profitability may deteriorate due to significant specification change during development, etc., if quality as planned can not be secured, extension of development period, etc. If quality problems of products occur as described above, there is a possibility that the Group's business performance and others will be affected.

⑥ About relationship with parent company

Teijin Ltd. is the parent company that owns 58.1% of the Company's voting rights. The Group is positioned as a group promoting IT business within the company group and provides information and communication system development and operation services to the group. Because the group's business is not similar to each business of other business groups in the company group, we believe that the Group's free business activities are not hindered. However, there is a possibility that the Group's business performance, etc. will be affected, such as when the company's business policy and strategy is changed in the future.

2. Status of the corporate group

Our corporate group consists of 11 companies including the Company and 10 affiliated companies of the Company (nine consolidated subsidiaries and one affiliated company accounted for by the equity method) constituting the Infocom Group.

The Group provides IT services such as planning, development, operation and management of information systems to companies, medical and medical institutions, nursing care providers and public, educational research institutes, etc. We also develop e-comic distribution services for smartphones and mobile phones to consumers.

Relationship with the segment is as follows.

[Business Solution Group]

In addition to serving as a part of the IT function of major client companies, we also offer self-developed products specialized in fields such as for medical institutions, we provide highly value-added IT services including the complete Web-ERP "GRANDIT®".

[Digital Entertainment Group]

We offer e-comic distribution service that arranges a lot of topical works and original works etc., and applications for smartphones that can be enjoyed easily. In addition, we develop e-commerce site of food.

(Status of affiliates)

Company name	Location	Capital (million yen)	Main business contents	Percentage of ownership of voting rights		Relationship contents
				Percentage to own (%) (Note) 2	Percent owned (%)	
(Parent company) TEIJIN LIMITED (Note) 1	Osaka-shi, Osaka	70,816	Research, manufacture, sale of synthetic fibers, chemical products, etc.	–	58.1	Development of information communication system and contract management of its operation services, lease office 2 concurrent officers
(Consolidated subsidiary) Amutus Corporation (Note) 3	Shibuya-ku, Tokyo	150	E-comic distribution service to smartphones and mobile phones	100.0	–	Collaboration of information provision services related to net business 2 concurrent officers
Infocom East Japan Corporation	Taito-ku, Tokyo	20	Information processing service, software development	100.0	–	Outsourcing of information processing services, outsourcing development of software 1 concurrent officer
Infocom West Japan Corporation	Osaka-shi, Osaka	80	Development of software	100.0	–	Outsourcing development of software 1 concurrent officer
GRANDIT CORPORATION	Shibuya-ku, Tokyo	95	Development and sales of complete Web-ERP	100.0	–	Complete Web-ERP development contract development and sales 1 concurrent officer
LogIT Corporation	Toshima-ku, Tokyo	100	Development and sales of audio and image recording systems	100.0	–	Collaboration of development and sales of voice recording system etc. 1 concurrent officer
Infomythos Corporation	Shibuya-ku, Tokyo	50	Pharmaceutical company / CRM related business for healthcare industry	100.0	–	Collaboration of CRM related business for pharmaceutical companies / healthcare industry 1 concurrent officer
DEMAIN CORPORATION	Taito-ku, Tokyo	100	Food e-commerce	71.0 (71.0)	–	Collaboration of e-commerce business 1 concurrent officer
Infocom America Inc.	California State, U.S.A.	(Million USD) 2,315	Market research and information gathering	100.0		North American IT market research and business planning consignment
Fenix Infocom Venture Company V, L.P.	California State, U.S.A.	(Million USD) 1,1473	Invest in early stage companies	99.0 (99.0)	–	Discover and develop business of IT venture companies in North America
(Affiliated company accounted for by the equity method) Bevy Corporation	Meguro-ku, Tokyo	18	Planning, editing, publishing, sales of books, etc.	44.0	–	Collaboration of e-comic distribution service

(Note) 1: It is a company that submits a securities report.

(Note) 2: The figure in parentheses in the percentage of ownership of voting rights is indirect ownership percentage and is shown in internal number.

(Note) 3: It is a specified subsidiary.

3. Management policy

(1) Basic management policy of the company

In order to maximize group synergies and realize integrated management of the group, the Group has established the group company philosophy as "the Infocom Group contributes to social innovation through the evolution of ICT" and based on the following five management policies We are promoting management activities.

- ① We aim to sustain profitable growth and improve corporate value.
- ② Management with compliance as the norm.
- ③ We will promptly respond to market changes and evolution of technology.
- ④ We will work towards companies that are motivated by work and strive to improve the abilities of our employees.
- ⑤ Contribute to social development through co-creation and ICT.

(2) Target Management Indicators

Based on the basic management policy, considers consolidated sales, EBITDA (operating income + amortization expenses), and shareholders' emphasis, shareholders' return on equity (ROE) as an important indicator, respectively.

(3) Medium- to Long-Term Corporate Strategy

In the medium-term management plan with the fiscal year ending fiscal 2012 as the first year, we have set the management target for fiscal 2016 as consolidated net sales of 55 billion yen and consolidated operating income of 5 billion yen, and worked to strengthen our competitiveness and expand our business. As a result, although the advancement of business profit by the growth of the e-comic business and the improvement of profitability by business structure reform etc. advanced, the sales and operating income could not reach the targets. For this reason, we recognize that further challenges are to further concentrate our business and accelerate growth, as well as to strengthen our management foundation and continue to develop over the medium to long term, a new medium-term management plan (April 2017 - March 2020) was formulated.

[New Group Slogan]

United Innovation "Co-creation"

In order to realize the Group corporate philosophy, we are proactively promoting the creation of new growth opportunities along with business related parties, and this represents the attitude of the Group to develop together with society.

[Basic policy and major measures]

1. Pursuit of growth

- (1) Growth with e-comic and health IT as priority businesses
- (2) Active promotion of M & A
- (3) Business development utilizing AI and IoT

2. Continuously strengthen the management base that supports growth

- (1) Continuous enhancement of quality control and improvement of service quality utilizing IT
- (2) Strengthening efficiency through business process reform and promoting cooperation with society
- (3) Strengthen human resource development of business promotion and technology etc.

[Actual results and targets]

	(Reference) FY 2016 results	FY 2019 target
Net Sales	41.7 billion yen	60 billion yen - 80 billion yen
EBITDA (Operating income + amortization expenses)	5.8 billion yen	7 billion - 10 billion yen
ROE	14.6%	10% or more

(4) Issues to be addressed by the company**① Expansion of business of priority businesses**

We will promote growth strategy centering on e-comic, heal IT, which positions priority businesses of medium-term management plan. In e-comic, we will work to strengthen functions through the latest IT technology, expand membership by strengthening conductors, and improve user experiences. In health IT, we will promote the development of new services for pharmaceutical companies and regional comprehensive care areas, as well as strengthen existing business for medical institutions.

In addition, we will set a strategic investment limit of 20 billion yen to tackle M & A, develop business using AI and IoT, and pursue growth by collaborating with related parties.

② Strengthen management base

Continue to concentrate resources on priority businesses, continue to strengthen functions to manage the profitability, quality and progress of project projects, and to improve productivity by utilizing AI and other IT technologies. In addition, we will strengthen our service-oriented business that responds to customer needs and build a stable management foundation that supports the growth of priority businesses.

③ Securing, training and strengthening outstanding human resources

The Group is a knowledge-intensive industry, and hiring and training excellent talent is an important issue as domestic birthrate and aging society and globalization progress. For that reason, we will promote recruitment activities such as establishing relationships with universities throughout the country through the implementation of internship etc., recruiting international students abroad, recruiting careers, etc. In addition to promoting personnel rotation, career design, training and education with a view to systematic development of employees, Pull out the possibilities of organizations and individuals, and work on measures to stimulate organization and improve productivity.

(5) Other important matters for management of the company**① Name of parent company etc. (As of March 31, 2017)**

Parent company etc.	Attribute	Percentage of voting rights owned by parent company	Stock exchanges etc listed on which share certificates issued by the parent company etc. are listed
TEIJIN LIMITED	Parent company	58.1%	Tokyo Stock Exchange, Inc. 1st Section

② The Company's position in the corporate group of the parent company and the relationship between the Company and the parent company

TEIJIN LIMITED is the parent company that owns 58.1% (directly owned) voting rights of the Company.

The Group is positioned as a group promoting IT business within the company group, and it provides development and operation service of information communication system to the group.

We do not believe that the group's business is not similar to each business of other business groups, so we are not in a position to hinder the Group's free business activities.

As for transactions with the group in the Group, transaction conditions are determined similar to general transactions through individual consultations.

Regarding personal relationships, the President and Representative Director of the Company concurrently serves as the IT business group chief of the company, in order to facilitate the execution of the role that the Company should play as a member of the company group by exchanging management information etc. In addition, one director of the company concurrently serves as a non-executive director of the Company, and one full-time corporate auditor of the company concurrently serves as corporate auditor of the Company. While there are transactions and personal relationships as described above, there is no constraint from the company in conducting business activities, other than conducting preliminary consultations with certain companies on certain important matters, We believe that certain autonomy and independence are being secured for our company.

4. Basic idea on selection of accounting standards

Our company applies Japanese standards.

We prepare for the application of IFRS in the future, we are developing group settlement system and in-house manual etc. We are also considering the timing of its application.

5. Consolidated financial statements and major notes
 (1) Consolidated balance sheet

(Unit: million yen)

	FY2015 As of March 31, 2016	FY2016 As of March 31, 2017
Assets		
Current assets		
Cash and deposits	11,940	12,403
Notes and accounts receivable-trade	8,373	8,784
Inventories	274	366
Deferred tax asset	1,205	927
Income taxes receivable	-	270
Other	971	982
Allowance for doubtful accounts	(15)	(4)
Total current assets	22,750	23,731
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	2,760	2,805
Accumulated depreciation	(1,299)	(1,391)
Buildings and structures (net)	1,461	1,413
Mechanical equipment and vehicles	8	14
Accumulated depreciation	(1)	(3)
Mechanical equipment and vehicles (net)	6	10
Tools, equipment and supplies	1,549	1,731
Accumulated depreciation	(1,143)	(1,218)
Tools, equipment and supplies (net)	405	513
Land	413	413
Leased asset	890	539
Accumulated depreciation	(708)	(318)
Leased asset (net)	181	220
Construction in progress	24	2
Total tangible fixed assets	2,493	2,575
Intangible fixed assets		
Software	2,285	2,045
Goodwill	33	8
Other	50	45
Total intangible fixed assets	2,369	2,099
Investment and other assets		
Investment securities	2,575	3,053
Affiliate shares	231	238
Deferred tax asset	303	123
Other	895	890
Allowance for doubtful accounts	-	(34)
Provision for investment loss	-	(55)
Total investment and other assets	4,006	4,214
Total fixed assets	8,868	8,889
Total assets	31,619	32,620

	FY2015 As of March 31, 2016	FY2016 As of March 31, 2017
Liabilities		
Current liabilities		
Accounts payable-trade	3,107	3,062
Lease obligations	63	61
Accounts payable	987	934
Income taxes payable	932	908
Accrued consumption tax etc.	484	466
Advance payment	826	1,007
Reserve for bonus	1,109	1,176
Provision for loss on sales order	12	18
Reserve for loss from business restructuring	1,887	423
Other	514	577
Total current liabilities	9,924	8,636
Non-current liabilities		
Lease obligations	143	184
Deferred tax liabilities	5	97
Reserve for loss from business restructuring	361	-
Other	36	36
Total non-current liabilities	546	318
Total liabilities	10,471	8,954
Net assets		
Shareholders' equity		
Capital stock	1,590	1,590
Capital surplus	1,448	1,448
Retained earnings	18,746	21,132
Treasury stocks	(820)	(819)
Total shareholders' equity	20,964	23,351
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33	(198)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustments	38	5
Total accumulated other comprehensive income	71	204
Subscription rights to shares	73	98
Non-controlling interests	39	11
Total net assets	21,148	23,665
Total liabilities and net assets	31,619	32,620

(2) Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

(Unit: million yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Net Sales	40,316	41,768
Cost of sales	22,026	22,151
Gross profit	18,290	19,616
Selling, general and administrative expenses	13,863	14,840
Operating income	4,427	4,776
Non-operating income		
Interest and dividends income	53	69
Equity in earnings affiliates	-	6
Foreign exchange gains	36	-
Gain from partnership	35	4
Other	7	2
Total non-operating income	132	82
Non-operating expenses		
Interest expenses	1	1
Exchange loss	-	3
Other	0	0
Total non-operating expenses	1	5
Ordinary income	4,558	4,854
Extraordinary gains		
Gain on reversal of provision for loss on restructuring	-	349
Other	-	25
Total extraordinary gains	-	375
Extraordinary loss		
Impairment loss	303	40
Loss on disposal of fixed assets	158	27
Loss from business restructuring	2,545	-
Loss from sale of shares of subsidiaries	-	273
Provision for investment loss provision	-	55
Other	99	71
Total extraordinary loss	3,107	469
Income before income taxes and minority interests	1,450	4,760
Corporate tax, inhabitant tax and enterprise tax	1,160	1,030
Income tax adjustments	(441)	466
Total income tax	718	1,497
Net income	732	3,263
Net income attributable to non-controlling shareholders	3	2
Net income attributable to shareholders	728	3,261

Consolidated statement of comprehensive income

	(Unit: million yen)	
	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Net income	732	3,263
Other comprehensive income		
Valuation difference on available-for-sale securities	27	165
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(50)	(33)
Total other comprehensive income	(23)	131
Comprehensive income	708	3,395
(Breakdown)		
Comprehensive income attributable to owners of parent	704	3,393
Comprehensive income attributable to non-controlling shareholders	4	1

(3) Consolidated Statement of Changes in Net Assets

FY2015 (from April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	1,590	1,448	18,523	(820)	20,741
Current change					
Dividend of surplus			(505)		(505)
Net income attributable to shareholders			728		728
Acquisition of consolidated subsidiary stock Change in equity		(0)			(0)
Current term of items other than shareholders' equity Movement amount (net)					
Total change in current period	-	(0)	222	-	222
Balance at end of current period	1,590	1,448	18,746	(820)	20,964

	Accumulated other comprehensive income				Stock acquisition right	Non-controlling shareholders' equity	Total net assets
	Unrealized gain on available-for-sale securities	Deferred hedge gains	Foreign currency translation adjustment account	Total accumulated other comprehensive income			
Beginning balance	6	0	89	95	42	36	20,916
Current change							
Dividend of surplus							(505)
Net income attributable to shareholders							728
Acquisition of consolidated subsidiary stock Change in equity							(0)
Current term of items other than shareholders' equity Movement amount (net)	26	(0)	(50)	(23)	30	2	9
Total change in current period	26	(0)	(50)	(23)	30	2	231
Balance at end of current period	33	(0)	38	71	73	39	21,148

FY2016 (from April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	1,590	1,448	18,746	(820)	20,964
Current change					
Dividend of surplus			(874)		(874)
Net income attributable to shareholders			3,261		3,261
Disposal of treasury stock		0		1	2
Acquisition of consolidated subsidiary stock		(0)			(0)
Change in equity					
Current term of items other than shareholders' equity					
Movement amount (net)					
Total change in current period	-	(0)	2,386	1	2,387
Balance at end of current period	1,590	1,448	21,132	(819)	23,351

	Accumulated other comprehensive income				Stock acquisition right	Non-controlling shareholders' equity	Total net assets
	Unrealized gain on available-for-sale securities	Deferred hedge gains	Foreign currency translation adjustment account	Total accumulated other comprehensive income			
Beginning balance	33	(0)	38	71	73	39	21,148
Current change							
Dividend of surplus							(874)
Net income attributable to shareholders							3,261
Disposal of treasury stock							2
Acquisition of consolidated subsidiary stock							(0)
Change in equity							
Current term of items other than shareholders' equity							
Movement amount (net)	165	0	(33)	132	25	(27)	129
Total change in current period	165	0	(33)	132	25	(27)	2,517
Balance at end of current period	198	(0)	5	204	98	11	23,665

(4) Consolidated statement of cash flows

(Unit: Million yen)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Cash flow from operating activities		
Income before income taxes and minority interests	1,450	4,760
Depreciation and amortization	1,112	1,070
Impairment loss	303	40
Loss from business restructuring	2,545	-
Share-based compensation expense	30	27
Amortization of goodwill	15	15
Increase / decrease in allowance for doubtful accounts	15	23
Increase / decrease in provision for investment loss	-	55
Increase / decrease in provision for bonuses	91	67
Increase / decrease in allowance for order loss	12	6
Interest and dividends income	(53)	(69)
Interest expenses	1	1
Equity in earnings of affiliated companies	-	(6)
Gain on sale of investment securities	-	263
Gain on sale of fixed assets	-	(0)
Loss on disposal of fixed assets	158	26
Gain on reversal of provision for loss on restructuring	-	(349)
Increase / decrease in notes and accounts receivable	(554)	(455)
Increase in inventory assets	18	(93)
Increase / decrease in other assets	(126)	(272)
Increase / decrease in notes and accounts payable-trade	636	(27)
Increase / decrease in other liabilities	(180)	(14)
Subtotal	5,476	5,071
Interest and dividends income received	43	67
Interest expenses paid	(1)	(1)
Payments for business restructuring	(244)	(1,468)
Income taxes paid	(1,105)	(1,218)
Net cash provided by operating activities	4,169	2,540
Cash flow from investment activities		
Purchases of property tangible assets	(241)	(297)
Purchases of intangible assets	(1,145)	(814)
Proceeds from sales of property tangible assets	-	0
Proceeds from sales of intangible assets	0	-
Deposit income on sales of property tangible assets	-	282
Purchases of investment securities	(1,982)	(363)
Purchases of shares of affiliates	(202)	-
Proceeds from the sale of investment securities	-	88
Proceeds from sale of shares of subsidiaries resulting in changes in the scope of consolidation	-	4
Payments for guarantee deposits	(41)	(29)
Proceeds from collection of guarantee deposits	22	9
Other, net	10	9
Net cash used in investing activities	(3,579)	(1,110)

	FY2015 (from April 1, 2015 to March 31, 2016)	FY2016 (from April 1, 2016 to March 31, 2017)
Cash flow from financing activities		
Repayment of lease obligations	(68)	(64)
Cash dividends paid	(505)	(874)
Payment of dividends to non-controlling shareholders	-	(2)
Proceeds from share issuance to non-controlling shareholders	10	1
Purchases of sale of shares of subsidiaries resulting in changes in the scope of consolidation	(11)	(30)
Other	-	0
Net cash used in financing activities	(576)	(969)
Effect of exchange rate changes on cash and cash equivalents	(15)	3
Net increase (decrease) in cash and cash equivalents	(2)	464
Opening balance of cash and cash equivalents	11,946	11,943
Cash and cash equivalents at end of period	11,943	12,408

(5) Notes on the consolidated financial statements

(Note on going concern assumption)

Not applicable

(Change in accounting policy)

(Application of Practical Treatment on Changes in Depreciation Method for the FY 2016 Tax Reform)

In connection with the amendment of the Corporation Tax Law, the "Practical Treatment on Changes in Depreciation Method for the FY 2016" (PITF No. 32, Jun. 17, Heisei 28) was applied during the current consolidated fiscal year, Depreciation method for building fixtures and structures acquired on or after April 1, 2016 has been changed from the declining balance method to the straight-line method.

There was no impact on the consolidated financial statements for the current consolidated fiscal year.

(Changes in accounting estimates)

In the previous consolidated fiscal year, reserves for loss on business restructuring were recorded as the termination of service provision by our own data center, but due to considerable work progress towards the end of service provision at the end of June 2017 As a result of analyzing the data on the work situation accumulated along with this, it became possible to perform more efficient work, so we re-estimated the cost.

As a result, the difference of 349 million yen from the previous estimated amount is posted as extraordinary income as gain on reversal of reserve for loss on business restructuring.

(Additional Information)

(Application of Application Guidelines for Recoverability of Deferred Tax Assets)

Application Guidelines on Recoverability of Deferred Tax Assets "(ASBJ Guidance No. 26, March 28, Heisei 28) have been applied from the current consolidated fiscal year.

(Segment information)

[Segment information]

1. Overview of reporting segments

In the reportable segments of the Group, separated financial information is available among the constituent units of the Company and its subsidiaries, and the Board of Directors periodically reviews the decision to allocate management resources and evaluate performance, It is what you are targeting.

The Group has two reporting segments, "Business solution segment" and "Digital entertainment segment".

The "Business solution segment" is responsible for part of the IT functions of major client companies, as well as the provision of in-house developed products specific to the field, such as for medical institutions, and the addition of complete Web-ERP "GRANDIT®" We provide high value IT services.

"Digital entertainment Segment" provides applications for smartphones that can be enjoyed easily, with e-comic distribution services that offer a wide array of topical works and original works. In addition, we develop e-commerce site of food.

2. Calculation method of sales amount, profit or loss, asset, other items by reporting segment

Reported segment earnings are based on operating income. Internal revenues and transfers between segments are based on prevailing market prices.

3. Information on the amount of sales, profits or losses, assets, liabilities and other items by reporting segment

(Unit: million yen)

	Business solution	Digital entertainment	Total	Adjustments (Note)1	Amount recorded on consolidated financial statements (Note)2
Net Sales					
Sales to external customers	22,416	19,352	41,768	-	41,768
Intersegment sales or transfers	748	8	756	(756)	-
Total	23,165	19,360	42,525	(756)	41,768
Segment income	1,990	2,800	4,790	(13)	4,776
Segment assets	17,619	9,431	27,050	5,570	32,620
Other items					
Depreciation expenses	1,011	59	1,070	-	1,070
Amortization of goodwill	11	4	15	-	15
Equity method investment income	-	6	6	-	6
Investment in equity-method companies	-	182	182	-	182
Increase in tangible fixed assets and intangible assets	1,026	85	1,111	-	1,111

(Notes)

1. The adjustment amount is as follows.

(1) Adjustment of segment profit -13 million yen is elimination of intersegment transactions and corporate expenses.

(2) Adjustments of segment assets of 5,570 million yen include 5,574 million yen offsetting elimination of receivables from the headquarters management department and 11,144 million yen corporate assets not allocated to each reporting segment.

Corporate assets are mainly cash and cash equivalents at the Company.

2. Segment income is adjusted with operating income in the consolidated income statement.

【Related information】

1. Product and service information

Since the classification of products and services is the same as the reportable segment classification, the description is omitted.

2. Regional information

(1) Net sales

Since sales to external customers in Japan exceed 90% of sales in the consolidated income statement, the description is omitted.

(2) Tangible fixed assets

Since the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the consolidated balance sheet, the description is omitted.

3. Information per major customer

(Unit: million yen)

Customer's name	Net sales	Related segment name
NTT DOCOMO, INC.	7,244	Business solution and Digital entertainment
KDDI CORPORATION	5,753	Business solution and Digital entertainment
SoftBank Corp.	4,284	Business solution and Digital entertainment

【Information on Impairment Loss of Fixed Assets by Reporting Segment】

(Unit: million yen)

	Business solution	Digital entertainment	Companywide / erase	Total
Impairment loss	32	8	-	40

【Information on amortization of goodwill and unamortized balance by reportable segment】

(Unit: million yen)

	Business solution	Digital entertainment	Companywide / erase	Total
Balance at end of current period	8	-	-	8

(Note) Regarding the amount of amortization of goodwill, the same information is disclosed in the segment information, so the description is omitted.

【Information on gains on negative goodwill by reportable segment】

There is no corresponding matter.

(Per share information)

(Unit: yen)

	FY2016 (from April 1, 2016 to March 31, 2017)
Net assets per share	861.50
Net income per share amount	119.28
Diluted net income per share Net income per share	118.84

(Note) 1. Basis for calculating net income per share and diluted net income per share after dilution is as follows.

(Unit: million yen)

Item	FY2016 (from April 1, 2016 to March 31, 2017)
Net income per share amount	
Net income attributable to shareholders	3,261
Amount not attributable to common shareholders	-
Net income attributable to shareholders related to common stock	3,261
Average number of shares of common stock during the period	27,340,462 shares
Diluted net income per share Net income per share	
Net income adjustment attributable to shareholders	-
Number of ordinary shares increase	101,044 shares
(Of stock acquisition rights)	(101,044 shares)
Summary of potential shares not included in the calculation of diluted net income per share as it has no dilutive effect	-

2. Basis for calculating net asset value per share is as follows.

(Unit: million yen)

Item	FY2016 (March 31, 2017)
Total amount of net assets section	23,665
Amount to be deducted from total amount of net assets section	109
(Of stock acquisition rights)	(98)
(Of non-controlling shareholders' equity)	(11)
Net assets at the end of the fiscal year related to ordinary shares	23,556
Number of common shares at the end of the fiscal year used to calculate net assets per share	27,343,000 shares

(Important subsequent events)

There is no corresponding matter.