



Consolidated Financial Report for the Fiscal Year Ended March 31, 2018 [Japan GAAP]

May 9, 2018

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 27, 2018
Scheduled Starting Date for Dividend Payment:	June 28, 2018
Scheduled Submission Date for Securities Report:	June 28, 2018
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 FY2018 (from April 1, 2017 to March 31, 2018)

(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	%
FY2018	286,977	1.7	16,332	14.1	16,092	16.2	11,949	16.4
FY2017	282,249	1.5	14,314	14.3	13,852	14.0	10,261	15.0

(Note) Comprehensive Income FY2018: 16,794 Million Yen (28.6%) FY2017: 13,054 Million Yen (- %)

	Earnings Per Share	Diluted Earnings Per Share	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
FY2018	119.12	118.69	12.4	8.2	5.7
FY2017	96.49	96.05	11.4	7.2	5.1

(Reference) Share of Profit of Entities Accounted for Using Equity Method FY2018: (21) Million Yen FY2017: 79 Million Yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
FY2018	198,636	104,674	51.9	1,026.72
FY2017	192,694	90,772	46.7	896.39

(Reference) Equity FY2018: 103,001 Million Yen FY2017: 89,918 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
FY2018	26,956	(13,227)	(12,977)	18,575
FY2017	29,922	(15,906)	(11,756)	17,823

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			
FY2017	Yen -	Yen 17.50	Yen -	Yen 17.50	Yen 35.00	Millions of Yen 3,639	% 36.3	% 4.0
FY2018	Yen -	Yen 20.00	Yen -	Yen 20.00	Yen 40.00	Millions of Yen 4,012	% 33.6	% 4.2
FY2019 (Forecast)	Yen -	Yen 25.00	Yen -	Yen 25.00	Yen 50.00		% 40.1	

3. Consolidated Earnings Forecast for FY2019 (from April 1, 2018 to March 31, 2019)

(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
FY2019 1st Half	133,000	0.9	7,500	12.0	7,500	8.0	5,200	10.1	51.83
FY2019	295,000	2.8	18,000	10.2	17,800	10.6	12,500	4.6	124.60

* 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)

FY2018	109,663,524	FY2017	109,663,524
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2. Number of shares of treasury shares

FY2018	9,341,775	FY2017	9,351,876
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3. Average number of shares outstanding (during the period)

FY2018	100,314,744	FY2017	106,342,599
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(Reference) Summary of Non-Consolidated Performance Results

1. Non-Consolidated Financial Results in FY2018 (from April 1, 2017 to March 31, 2018)

(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	%
FY2018	167,808	(1.5)	8,826	14.6	11,290	23.8	10,372	33.5
FY2017	170,281	1.4	7,704	2.7	9,120	6.2	7,770	(8.1)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
FY2018	103.40	103.02
FY2017	73.07	72.73

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
FY2018	154,570	86,253	55.6	856.07
FY2017	156,139	77,791	49.6	772.55

(Reference) Equity FY2018: 85,883 Million Yen FY2017: 77,497 Million Yen

2. Non-Consolidated Earnings Forecast for FY2019 (from April 1, 2018 to March 31, 2019)

(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
FY2019 1st Half	82,000	2.3	5,100	25.1	9,000	43.8	7,000	32.6	69.78
FY2019	175,000	4.3	10,500	19.0	15,000	32.9	11,000	6.1	109.66

* 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 2018, the Japanese economy continued to show signs of gradual recovery enabled through improvements in employment and income environments as well as earnings of companies. However, its future remained unpredictable due to uncertain overseas political and economic factors such as Brexit (the United Kingdom's withdrawal from the European Union), policy management by the US administration, and heightened geopolitical risks arising from the situations involving North Korea. Against that backdrop, software investments have managed to remain almost unchanged in the domestic information services market. However, our environment has continued to be difficult due to: uncertain overseas economies in the rest of the world; impacts of fluctuating financial and capital markets; and further intensified rivalries.

In this environment, the Nihon Unisys Group has entered the third and final year of the Mid-term Management Plan that was launched in the fiscal year ending March 2016.

It has further intensified our growth strategies of expanding digital/life innovation areas and changes in business ICT platform area, and has been promoting efforts on key strategies such as reforming corporate culture and strengthening human resources capabilities. Our efforts in the digital innovation area where we challenge ourselves as described in the Mid-term Management Plan resulted in an increase in the sales of: 'BANK_FIT-NE[®]', a next-generation sales office system; and 'SmileBranch[®]', a system supporting front office business operations at sales offices. These systems for regional financial institutions are intended to strengthen consulting business and advising capabilities and also enable discussions with and make proposals to customers. We will continue to accelerate further these types of reforms at sales offices of regional financial institutions. Our aim is to strengthen the sales of our systems in the fields of UI (user interface)/UX (user experience) where front office duties of interacting with customers are performed. Furthermore, a joint project was launched by our company and Microsoft Japan Co., Ltd. in a core-banking system area. The intention is to enable the nation's first comprehensive banking system on a public cloud. The expectation of the project is to help us to: make proposals enabling a cloud-computing system through the use of Microsoft's Azure on the sequential occasions of platform renewal for BankVision[®] user banks; create new earnings opportunities for financial institutions; and aim to create new commodities through the use of Business Ecosystems across boundaries of business types and business categories.

Our efforts in the payment/settlement business area made through 'Canal Payment Service, Ltd.', a subsidiary of ours, has enabled an expansion of the availability of Alipay[®] services to various shops and facilities including those of a large-scale volume-sales electronics retailer. Furthermore, Nihon Unisys, Ltd., Canal Payment Service, Ltd., and bitFlyer, Inc. together have launched a business aimed at increasing the use of the cryptocurrency bitcoin[®] for payment/settlement transactions of product sales and food/beverage services. We will continue to develop and improve an environment where non-Japanese visitors can have convenient and reassuring shopping experiences, keeping in mind the 40 million visitors expected in the year 2020 (figures according to the Japanese government targets).

In the area of life innovation, we started to provide our storage service platform in order to enable dry cleaning/laundry pickup and delivery web services for clothes. The platform will be widely provided as a service platform capable of interconnecting different types of business operators such as real estate agents, apparel makers, rental business operators, and sharing business operators. Our approaches to sharing economy in the life innovation field have supported Nissan Motor Co., Ltd. through our 'smart oasis[®] for Carsharing' mobility service platform enabling the 'Nissan e-share mobi' launched on January 15, 2018. We will continue to create innovative services by accelerating creation of IT platforms capable of supporting enhanced use of EVs and Mobility-as-a-Service, in order to facilitate convenient and reassuring transit.

Our efforts in the business ICT platform business area have continued in standardizing development methods and business processes, re-using knowledge and expertise, and enhancing implementation-type

businesses. These attempts have enabled a smooth transition from conventional business models to service-type business models.

Our efforts to reform corporate culture and workforce capabilities include workstyle reforms mainly through: using satellite offices; fully operating the telecommuting system; as well as a campaign to promote wasteless and well-focused work; and promoting the use of paid-leave. Furthermore, our diversity promotion initiative ‘Diversity Foresight®’ exemplified in the approaches to promote women in workplace was accredited pursuant to the Act on Promotion of Women’s Participation and Advancement in the Workplace, and granted Three-star (highest rank) ERUBOSHI certification.

In summary, the Nihon Unisys Group as a whole diligently promoted the Mid-term Management Plan. We are prepared to take on the challenges in our next mid-term management plan, ‘Foresight in sight® 2020’.

(Note) Bitcoin is a globally circulated cryptocurrency used for payment/settlement services with approx. 20 million wallets (accounts) used by approx. 200,000 business operators. Physical retail shops in Japan have been authorized to use the cryptocurrency since April, 2017. An increasing number of shops aware of the demands from inbound tourism targeted for 2020 have come to use the virtual currency that will be increasingly prevalent among domestic users.

(Note) Azure is a registered trademark or trademark of Microsoft Corporation in the United States and other countries.

(Note) Alipay is a registered trademark of Ant Financial Services Group which is an affiliate company of Alibaba Group.

(Note) Bitcoin is a registered trademark of bitFlyer, Inc.

(Note) Other names of companies or products herein described are trademarks or registered trademarks of their respective organizations.

For this fiscal year, net sales were ¥286,977 million (a 1.7 % increase compared with the previous fiscal year) as a result of the continued strength of software, outsourcing and system services sales. As a result of an increase in gross profit mainly boosted by software’s gross profit, we posted: ¥16,332 million operating income (a 14.1 % increase); ¥ 16,092 million ordinary income (a 16.2 % increase); and ¥11,949 million profit attributable to owners of parent (a 16.4 % increase).

The breakdown of net sales shows that services sales were ¥ 199,776 million, a 0.7 % or ¥ 1,359 million increase from the previous fiscal year; software sales were ¥ 33,103 million, a 11.3 % or ¥ 3,369 million increase; and hardware sales were ¥ 54,097 million, a 0.0 % or ¥ 1 million decrease.

As for the net sales contribution ratios, services sales were 69.6 % (against 70.3 % in the previous period); software sales were 11.5 % (against 10.5 %); and hardware sales were 18.9 % (against 19.2 %).

With regard to the results on a non-consolidated basis, net sales were ¥ 167,808 million, down by 1.5 % from the previous fiscal year; operating income was ¥ 8,826 million, up by 14.6 %; ordinary income was ¥ 11,290 million, up by 23.8 %; and profit was ¥ 10,372 million, up by 33.5 %.

Forecast for the Next Fiscal Year

We plan to post ¥ 295, 000 million net sales for the next fiscal year, up by 2.8 %, on a consolidated basis.

We plan ¥ 18, 000 million operating income (up by 10.2 %), ¥ 17,800 million ordinary income (up by 10.6 %) and ¥ 12, 500 million profit attributable to owners of parent (up by 4.6 %), through the efforts to increase net sales and further improve profitability.

Forecast of the consolidated performance for FY 2019

(Millions of yen)

	FY2019	FY2018	Changes
Net Sales	295,000	286,977	2.8%
Operating Income	18,000	16,332	10.2%
Ordinary Income	17,800	16,092	10.6%
Profit attributable to Owners of Parent	12,500	11,949	4.6%

(2) Analysis of Financial Condition

In the fiscal year under review, partly due to an increase in investment securities, total assets were ¥ 198,636 million, an increase of ¥ 5,942 million compared with the end of the previous fiscal year.

Liabilities were ¥93,961 million, a ¥7,959 million decrease from the end of the previous fiscal year, partly due to repayments of interest-bearing debts.

Net assets were ¥ 104,674 million, a ¥ 13,901 million increase compared with the end of the previous fiscal year, partly attributable to an increase in profit.

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, interest-bearing debts were repaid. As a result, cash and cash equivalents were ¥ 18,575 million at the end of the fiscal year, up by ¥751 million compared with the beginning of this fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥ 26,956 million (a decrease of ¥ 2,966 million in proceeds from the previous fiscal year). This is attributable to factors increasing proceeds of ¥ 15,531 million in profit before income taxes (up by ¥ 1,977 million from the previous period). The factors increasing the proceeds include non-cash expenses of ¥10,279 million in depreciation and amortization as well as a decrease of ¥ 1,625 million in notes and accounts receivable-trade.

(Cash flows from investing activities)

Net cash spent in investing activities was ¥ 13,227 million (a decrease of ¥ 2,679 million in expenditures compared with the previous period). This includes expenditures of ¥ 3,665 million as a result of purchasing property, plant and equipment such as computers for business activities (a decrease of ¥ 2,302 million in expenditures compared with the previous period) and expenditures of ¥ 6,926 million due to the acquisitions of intangible assets such as the investments in software for outsourcing (a decrease of ¥1,133 million in expenditures compared with the previous period).

(Cash flows from financing activities)

Net cash spent in the financing activities was ¥ 12,977 million (an increase of ¥ 1,220 million in expenditures from the previous period). This reflects expenditures of ¥ 6,000 million due to redemption of commercial paper (an increase of ¥ 12,000 million in expenditures from the previous period), and dividends payment of ¥3,758 million (an increase of ¥ 278 million in expenditures from the previous period).

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

	FY2018	FY2017	FY2016	FY2015
Equity ratio (%)	51.9	46.7	46.8	40.6
Equity ratio (Market cap.) (%)	115.9	79.1	82.3	53.7
Ratio of cash flow to interest-bearing debts (years)	1.1	1.3	3.4	3.2
Interest coverage ratio (times)	209.9	148.5	32.5	37.2

(Note) 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

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

* 2. 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 ¥ 40 annual dividend per share (¥ 20 for the mid-term dividend and ¥20 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 ¥50 annual dividend per share (¥ 25 for the mid-term dividend and ¥25 for the term-end dividend).

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

	FY2017 (As of March 31, 2017)	FY2018 (As of March 31, 2018)
ASSETS		
Current assets		
Cash and deposits	17,823	18,575
Notes and accounts receivable - trade	70,275	68,650
Merchandise and finished goods	5,708	5,210
Work in process	1,684	1,426
Raw materials and supplies	317	127
Deferred tax assets	6,307	5,397
Prepaid expenses	11,079	11,360
Other	5,117	5,163
Allowance for doubtful accounts	(59)	(56)
Total current assets	118,255	115,856
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,312	12,589
Accumulated depreciation	(8,213)	(8,240)
Buildings and structures, net	4,098	4,348
Machinery, equipment and vehicles	29,739	31,623
Accumulated depreciation	(21,271)	(23,344)
Machinery, equipment and vehicles, net	8,467	8,278
Land	618	599
Other	9,669	9,805
Accumulated depreciation	(6,335)	(6,637)
Other, net	3,334	3,167
Total property, plant and equipment	16,519	16,393
Intangible assets		
Goodwill	836	753
Software	21,602	22,253
Other	300	60
Total intangible assets	22,739	23,066
Investments and other assets		
Investment securities	17,911	23,282
Deferred tax assets	1,463	142
Net defined benefit asset	945	3,556
Other	15,175	16,653
Allowance for doubtful accounts	(316)	(314)
Total investments and other assets	35,179	43,319
Total non-current assets	74,439	82,779
Total assets	192,694	198,636

Millions of Yen

	FY2017 (As of March 31, 2017)	FY2018 (As of March 31, 2018)
LIABILITIES		
Current liabilities		
Notes and accounts payable - trade	22,609	21,820
Short-term loans payable	350	1,350
Current portion of long-term loans payable	11,007	5,492
Commercial papers	6,000	-
Income taxes payable	1,965	2,067
Accrued expenses	9,985	10,532
Advances received	13,838	14,457
Allowance for loss on contract development	312	227
Other provision	1,232	1,618
Other	9,146	10,559
Total current liabilities	76,448	68,125
Non-current liabilities		
Long-term loans payable	20,282	21,152
Provision	1,147	783
Net defined benefit liability	1,813	687
Asset retirement obligations	1,132	1,127
Deferred tax liabilities	-	1,357
Other	1,097	727
Total non-current liabilities	25,473	25,836
Total liabilities	101,921	93,961
NET ASSETS		
Shareholders' equity		
Capital stock	5,483	5,483
Capital surplus	14,200	14,361
Retained earnings	80,005	88,185
Treasury shares	(13,592)	(13,578)
Total shareholders' equity	86,096	94,451
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,625	6,547
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	-	5
Remeasurements of defined benefit plans	(805)	1,997
Total accumulated other comprehensive income	3,821	8,550
Share acquisition rights	294	369
Non-controlling interests	560	1,302
Total net assets	90,772	104,674
Total liabilities and net assets	192,694	198,636

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

Millions of Yen

	FY2017 (Fiscal year ended March 31, 2017)	FY2018 (Fiscal year ended March 31, 2018)
Net sales	282,249	286,977
Cost of sales	215,521	218,174
Gross profit	66,727	68,803
Selling, general and administrative expenses		
Selling expenses	9,882	9,349
General and administrative expenses	42,530	43,120
Total selling, general and administrative expenses	52,413	52,470
Operating income	14,314	16,332
Non-operating income		
Interest income	6	3
Dividend income	353	413
Share of profit of entities accounted for using equity method	79	-
Other	233	273
Total non-operating income	672	690
Non-operating expenses		
Interest expenses	194	126
Settlement package	693	606
Loss on investments in partnership	-	128
Other	246	69
Total non-operating expenses	1,134	930
Ordinary income	13,852	16,092
Extraordinary income		
Gain on transfer of business	-	108
Gain on reversal of share acquisition rights	64	-
Other	107	12
Total extraordinary income	171	120
Extraordinary losses		
Loss on sales and retirement of non-current assets	53	72
Impairment loss	337	576
Other	80	33
Total extraordinary losses	471	682
Profit before income taxes	13,553	15,531
Income taxes - current	1,765	1,977
Income taxes - deferred	1,489	1,487
Total income taxes	3,255	3,465
Profit	10,298	12,065
Profit attributable to non-controlling interests	36	116
Profit attributable to owners of parent	10,261	11,949

(Consolidated Statements of Comprehensive Income)

Millions of Yen

	FY2017	FY2018
	(Fiscal year ended March 31, 2017)	(Fiscal year ended March 31, 2018)
Profit	10,298	12,065
Other comprehensive income		
Valuation difference on available-for-sale securities	328	1,921
Deferred gains or losses on hedges	17	(1)
Remeasurements of defined benefit plans	2,410	2,802
Share of other comprehensive income of entities accounted for using equity method	(0)	5
Total other comprehensive income	2,756	4,728
Comprehensive income	13,054	16,794
(Breakdown)		
Comprehensive income attributable to owners of parent	13,017	16,677
Comprehensive income attributable to non-controlling interests	36	116

(3) Consolidated Statement of Changes in Equity
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	14,200	80,005	(13,592)	-	86,096

	Accumulated other comprehensive income				Share acquisition rights	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

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,483	14,200	80,005	(13,592)	86,096
Changes of items during the period					
Dividends of surplus			(3,761)		(3,761)
Profit attributable to owners of parent			11,949		11,949
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(7)	15	8
Change in ownership interest of parent due to transactions with non-controlling interests		160			160
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	160	8,180	14	8,355
Balance at end of period	5,483	14,361	88,185	(13,578)	94,451

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	4,625	1	-	(805)	3,821	294	560	90,772
Changes of items during the period								
Dividends of surplus								(3,761)
Profit attributable to owners of parent								11,949
Purchase of treasury shares								(0)
Disposal of treasury shares								8
Change in ownership interest of parent due to transactions with non-controlling interests								160
Net changes of items other than shareholders' equity	1,921	(1)	5	2,802	4,728	75	742	5,546
Total changes of items during the period	1,921	(1)	5	2,802	4,728	75	742	13,901
Balance at end of period	6,547	0	5	1,997	8,550	369	1,302	104,674

(4) Consolidated Statements of Cash Flows

Millions of Yen

	FY2017 (Fiscal year ended March 31, 2017)	FY2018 (Fiscal year ended March 31, 2018)
Net cash provided by (used in) operating activities		
Profit before income taxes	13,553	15,531
Depreciation	9,232	10,279
Impairment loss	337	576
Amortization of goodwill	83	83
Loss (gain) on sales of investment securities	(58)	(2)
Increase(decrease) in allowance for loss on contract development	257	(85)
Increase (decrease) in other provision	160	17
Increase (decrease) in net defined benefit liability	(3,009)	(1,125)
Decrease (increase) in net defined benefit asset	(112)	(2,610)
Increase (decrease) in remeasurements of defined benefit plans	3,387	4,043
Interest and dividend income	(359)	(417)
Interest expenses	194	126
Decrease (increase) in notes and accounts receivable - trade	170	1,625
Decrease (increase) in inventories	4,228	945
Decrease (increase) in advances paid	1,027	(329)
Increase (decrease) in notes and accounts payable - trade	(331)	(789)
Increase (decrease) in accrued expenses	1,063	547
Other	1,260	(76)
Subtotal	31,086	28,341
Interest and dividend income received	362	418
Interest expenses paid	(201)	(128)
Income taxes paid	(1,325)	(1,675)
Net cash provided by (used in) operating activities	29,922	26,956
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(5,967)	(3,665)
Proceeds from sales of property, plant and equipment	2	25
Purchase of intangible assets	(8,059)	(6,926)
Purchase of investment securities	(2,081)	(2,811)
Proceeds from sales of investment securities	239	36
Proceeds from redemption of investment securities	300	-
Payments for asset retirement obligations	(438)	(8)
Proceeds from transfer of business	-	110
Other	98	11
Net cash provided by (used in) investing activities	(15,906)	(13,227)
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(125)	1,000
Proceeds from long-term loans payable	12,375	6,362
Repayments of long-term loans payable	(16,015)	(11,007)
Repayments of other borrowings	(454)	(461)
Increase (decrease) in commercial papers	6,000	(6,000)
Purchase of treasury shares	(11,131)	(0)
Cash dividends paid	(3,480)	(3,758)
Dividends paid to non-controlling interests	(46)	(41)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	930
Other	1,120	1
Net cash provided by (used in) financing activities	(11,756)	(12,977)
Net increase (decrease) in cash and cash equivalents	2,259	751
Cash and cash equivalents at beginning of period	15,564	17,823
Cash and cash equivalents at end of period	17,823	18,575

(5) Notes on Going Concern Assumption
None applicable

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

‘Rebate revenue’ that was described separately in the previous fiscal year is included in the ‘Others’ of non-operating income for the fiscal year under review because it constitutes 10/100 or less of the amount of total non-operating income. (Note that it is ¥44 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 ¥93 million.

‘Gain on sales of investment securities’ of extraordinary income that was described separately in the previous fiscal year is included in the ‘Others’ of extraordinary income for the fiscal year under review because it constitutes 10/100 or less of the total extraordinary income. (Note that it is ¥5 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.

‘Gain on sales of investment securities’ of the previous fiscal year was ¥101 million.

(Consolidated Statements of Cash Flows)

‘Proceeds from sales and leasebacks’ of Net cash provided by (used in) financing activities that were described separately in the previous fiscal year are included in the ‘Others’ for the fiscal year under review due to their reduced financial significance. (Note that it is ¥1 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.

‘Proceeds from sales and leasebacks’ of the previous fiscal year were ¥1,078 million.

(7) 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
FY2017 (from April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (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.

FY2018 (from April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Reportable segment						Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
	System Services	Support Services	Out sourcing	Software	Hardware	Total				
Net Sales	90,509	52,821	48,017	33,103	54,097	278,548	8,428	286,977	-	286,977
Segment profits	23,960	15,122	10,765	8,965	7,950	66,764	2,038	68,803	(52,470)	16,332
Segment assets	1,572	1,458	21,685	5,076	3,998	33,791	199	33,991	164,645	198,636
Other items										
Depreciation and amortization	103	281	5,692	1,814	579	8,470	71	8,542	1,737	10,279
Increased amount of property, plant and equipment and intangible assets	95	85	6,781	2,449	368	9,780	48	9,829	1,644	11,473

(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 ¥(52,470) million to segment profits includes development expenses of ¥(2,998) million, amortization of goodwill of ¥(83) million, and selling, general and administrative expenses of ¥(49,388) million that have not been distributed to each reportable segment.
- (2) The adjustment of ¥164,645 million to segment assets represents the corporate assets that have not been distributed to each reportable segment.
- (3) The adjustment of ¥1,737 million to depreciation and amortization represents the depreciation and amortization of the corporate assets that have not been distributed to each reportable segment.
- (4) The adjustment of ¥1,644 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)

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.

FY2018 (from April 1, 2017 to March 31, 2018)

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)

FY2017 (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.

FY2018 (from April 1, 2017 to March 31, 2018)

(Millions of Yen)

	System Services	Support Services	Outsourcing	Software	Hardware	Other	Eliminations and Corporate (Note)	Total
Impairment loss	-	-	457	-	-	-	118	576

(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)

FY2017 (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

FY2018 (from April 1, 2017 to March 31, 2018)

(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	-	-	-	-	-	-	753	753

(Information about the gain on bargain purchase by reportable segment)

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

None applicable

FY2018 (from April 1, 2017 to March 31, 2018)

None applicable

(Information about the gain on bargain purchase by reportable segment)

(Per-Share Information)

Items	FY 2017 (from April 1, 2016 to March 31, 2017)	FY 2018 (from April 1, 2017 to March 31, 2018)
Net assets per share (¥)	896.39	1,026.72
Earnings per share (¥)	96.49	119.12
Diluted earnings per share (¥)	96.05	118.69

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

Items	FY 2017 (from April 1, 2016 to March 31, 2017)	FY 2018 (from April 1, 2017 to March 31, 2018)
Earnings per share		
Profit attributable to owners of parent for the year (¥ mil)	10,261	11,949
Amount that does not belong to ordinary shareholders (¥ mil)	-	-
Profit attributable to owners of parent, attributable to common stock (¥ mil)	10,261	11,949
Average number of common stock outstanding during the year (thousand shares)	106,342	100,314
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (¥ mil)	-0	-
(Interest expenses (after the adjustment of amount equivalent to tax) (¥ mil)) (Note 2)	(-0)	(-)
(Conversion commission (after the adjustment of amount equivalent to tax) (¥ mil))	(0)	(-)
Increase of common stock (thousand shares)	490	362
(Convertible bond-type bonds with share acquisition rights (thousand shares))	(115)	(-)
(Share acquisition rights (thousand shares))	(374)	(362)
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 the fiscal year ended March 31, 2018 for the amount of difference resulted from issuing at a higher price than the face amount of bond. (Note that the amount equivalent to tax has been deducted.)

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

	End of FY 2017 (March 31, 2017)	End of FY 2018 (March 31, 2018)
Total net assets (¥ mil)	90,772	104,674
Amounts to be deducted from the total net assets (¥ mil)	854	1,672
(Deposit for subscriptions to treasury shares) (¥ mil)	(-)	(-)
(Share acquisition rights) (¥ mil)	(294)	(369)
(Non-controlling interests) (¥ mil)	(560)	(1,302)
Net assets at the end of period attributable to common stock (¥ mil)	89,918	103,001
Number of common stock at the end of period utilized for the calculation of net assets per share (thousand shares)	100,311	100,321

(Significant Subsequent Events)

None