

Consolidated Financial Results for the Fiscal Year Ended March 31, 2015

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 Listed Exchange: Tokyo
 Code Number: 4812
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(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results for FY 2014 (From April 1, 2014 to March 31, 2015)

(1) Consolidated Financial Results

(% of change from previous year)

	Net sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
FY 2014	78,267	5.8	4,478	3.9	4,966	4.2
FY 2013	73,970	1.7	4,309	2.8	4,766	10.6

(Note) Comprehensive income: FY2014: 2,426 million yen; FY2013: 1,621 million yen

	Net income (loss)		EPS	Diluted EPS	ROE	ROA	Ratio of operating income to net sales
	(million yen)	(%)	(yen)	(yen)	(%)	(%)	(%)
FY 2014	2,166	(24.6)	66.50	—	5.5	8.2	5.7
FY 2013	2,871	9.5	88.13	—	7.5	8.1	5.8

Ref.: Equity in earnings of affiliated companies: FY 2014: 85 million yen; FY 2013: 108 million yen

(Note) ROE: Ratio of net income to shareholders' equity ROA: Ratio of ordinary income to total assets

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
FY 2014	62,328	40,499	64.9	1,242.15
FY 2013	58,877	38,864	66.0	1,191.99

Ref.: Shareholders' equity: FY 2014: 40,472 million yen; FY 2013: 38,838 million yen

(3) Consolidated Cash Flow

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	(million yen)	(million yen)	(million yen)	(million yen)
FY 2014	8,776	(2,583)	(1,729)	17,714
FY 2013	5,705	(2,824)	(1,696)	12,849

2. Dividends

	Dividends per share					Total dividends paid (Annual) (million yen)	Payout ratio (Consolidated) (%)	Dividend on equity ratio (Consolidated) (%)
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Fourth quarter (yen)	Total (yen)			
FY 2013	—	10.00	—	12.00	22.00	716	25.0	1.9
FY 2014	—	12.00	—	14.00	26.00	847	39.1	2.1
FY 2015 (Forecasts)	—	14.00	—	14.00	28.00		107.8	

(Note) The 2015 year-end dividend per share consisted of ¥7.00 as an ordinary dividend and ¥7.00 as a commemorative dividend.

3. Forecast of Consolidated Results for FY 2015 (From April 1, 2015 to December 31, 2015 *)

(% of change from the same period last year)

	Net sales		Operating income		Ordinary income		Net income *		EPS
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
First half of FY 2015	36,787	2.7	1,045	19.8	1,107	12.8	686	28.5	21.08
FY 2015	54,714	-	1,265	-	1,370	-	846	-	25.97

(Note) The Company plans to change its fiscal year end from March 31 to December 31.

(Note) Net income attributable to parent company's shareholders.

Ref: The percentages below are percentage changes from the results of the Company and its consolidated companies whose fiscal year ends on March 31 for nine months in the fiscal year under review (from April 1, 2014 to December 31, 2014) and the results forecast for the same companies for the next fiscal year.

Net sales		Operating income		Ordinary income		Net income *	
(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
54,714	1.7	1,265	17.9	1,370	8.2	846	25.5

4. Other Items

- Changes in the scope of consolidation for significant subsidiaries during three months (Changes in specified subsidiaries resulting in change in the scope of consolidation): None
- Changes in accounting policies, changes in accounting estimates and restatements:
 - Changes in accounting policies in accordance with revision of accounting standards: None
 - Changes in accounting policies other than 1) above: None
 - Changes in accounting estimate: None
 - Restatements: None

3. Issued and outstanding common stock

1) Number of shares issued and outstanding at end of period, including treasury stock:	FY2014:	32,591,240 shares	FY2013:	32,591,240 shares
2) Number of treasury stock at end of period:	FY2014:	8,430 shares	FY2013:	8,350 shares
3) Average number of shares outstanding for each period:	FY2014:	32,582,861 shares	FY2013:	32,582,996 shares

(Reference) Summary of Non-Consolidated Financial Results

(Amounts less than one million yen are rounded down.)

1. Non-Consolidated Results for FY 2014 (From April 1, 2014 to March 31, 2015)

(1) Non-Consolidated Financial Results(% of change from previous year)

	Net sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
FY 2014	64,478	5.3	2,470	28.5	3,593	19.4
FY 2013	61,217	(0.1)	1,922	(7.4)	3,008	(9.3)

	Net income (loss)		EPS	Diluted EPS
	(million yen)	(%)	(yen)	(yen)
FY 2014	1,333	(27.9)	40.94	—
FY 2013	1,850	(15.0)	56.79	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
FY 2014	55,778	34,483	61.8	1,058.35
FY 2013	53,093	34,142	64.3	1,047.86

Ref.: Shareholders' equity: FY 2014: 34,483 million yen; FY 2013: 34,142 million yen

Notes: 1. Indication regarding the status of audit procedures

These financial statements are not subject to audit procedures under the Financial Instruments and Exchange Act. The audit of these financial statements in accordance with the Financial Instruments and Exchange Act had not been completed at the time of disclosure.

2. The above forecast has been calculated based on the currently available information as of the disclosure date of this document. The actual performance results of operation may differ from the forecast in accordance with changes in the various business factors.

Index of the Attachment

1. Business Results

(1) Analysis of Business Results.....	2
(2) Basic Policy Regarding Earnings Distribution, and Dividends for FY 2014 and FY2015	6

2. Management Policies

(1) Basic Policy on Company Management.....	6
(2) Issues to Address, Management Strategies and Target Management Indices.....	6

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets	9
(2) Consolidated Statements of Income.....	11
(3) Consolidated Statements of Comprehensive Income.....	12
(4) Consolidated Statements of Changes in Net Assets.....	13
(5) Consolidated Statements of Cash Flows.....	15

4. Supplementary Information

(1) Production	17
(2) Orders.....	18

1. Business Results

(1) Analysis of Business Results

1) Results for FY 2014 (Ended March31, 2015)

In FY2014 (April 1, 2014 to March 31, 2015), the Japanese economy continued its modest recovery on improved corporate earnings, stemming from such factors as the effects of government-led economic policy, despite the risk of downturn in overseas economies. In the information services industry, IT investment continued on an upward trend centered on favorable performance in the manufacturing sector, and the outlook showed positive signs.

Amid such conditions, the ISID Group announced a new medium-term management plan, “ISID Open Innovation 2016—Progress to the Future,” in May 2014. The plan’s basic principle is “joint value creation,” the aim of creating valuable solutions to help resolve the issues faced by customers and society through collaboration with various partners. We are undertaking activities in line with the plan’s three basic policies of “Pursue competitive advantages,” “Develop new business fields,” and “Enhance human resources” in an effort to further differentiate our services and expand our earnings.

Consolidated net sales for the fiscal year amounted to ¥78,267 million (up 5.8% from the previous fiscal year). Of the ISID Group’s three business segments, sales were down in the Communications IT segment, owing to the conclusion of large-scale projects in the preceding fiscal year. However, sales grew significantly in the Financial Solutions and Enterprise Solutions segments, leading to the fourth consecutive year of sales increases and a record level of net sales.

On the earnings front, gross profit was essentially on a par with the preceding fiscal year, at ¥22,364 million (down 0.9%), as higher sales absorbed the effects of the increased purchase cost of third-party software owing to yen depreciation and rising development costs for in-house software. Selling general and administrative (SG&A) expenses decreased to ¥17,886 million (down 2.1%), due to such factors as lower depreciation and R&D expenditures. As a result, operating income was ¥4,478 million (up 3.9%) and ordinary income was ¥4,966 million (up 4.2%), rising for the fifth consecutive year. Net income, however, amounted to ¥2,166 million (down 24.6%), due to the posting of business restructuring expenses as an extraordinary loss, stemming from the cessation of service provision at the Mitaka Data Center.

Compared to the operating performance forecast announced on May 12, 2014, net sales were 2.7% higher, on positive performance in the Financial Solutions and Enterprise Solutions segments. Operating income was essentially in line with our forecasts, as higher development costs incurred in the first half were absorbed by the revenue increase and curbs on SG&A expenses, being down by 0.5% from the forecast, while ordinary income was 6.3% higher, due to foreign exchange gains. Net income, on the other hand, was 26.8% lower than forecast, due the aforementioned posting of an extraordinary loss.

Net sales by business segment, and status of business operations, are as follows.

Net Sales by Business Segment

Business Segment	FY 2013 (From April 1, 2013 to March 31, 2014)		FY 2014 (From April 1, 2014 to March 31, 2015)		YoY %
	Amount (million yen)	Ratio %	Amount (million yen)	Ratio %	
	Financial Solutions	22,262	30.1	24,086	30.8
Enterprise Solutions	32,995	44.6	36,701	46.9	111.2
Communications IT	18,712	25.3	17,480	22.3	93.4
Total	73,970	100.0	78,267	100.0	105.8

The composition of each segment is as follow.

Business Segment	Business Description
Financial Solutions	Provides a range of financial services solutions to the finance industry
Enterprise Solutions	Provides business solutions for corporate core system such as human resources, accounting and production management, as well as engineering solutions mainly for product development and manufacturing field in the manufacturing industry
Communications IT	Provides a range of corporate solutions in collaboration with the Dentsu Group

Operating Results by Business Segment

Financial Solutions

¥24,086 million (up 8.2% year on year)

Segment sales rose overall, due mainly to increases in development projects including overseas branch systems and market-based systems for mega-banks, together with an expansion in license sales for the Stream-R settlement management solution compatible with Phase 2 of New BOJ-NET.

Enterprise Solutions

¥36,701 million (up 11.2% year on year)

Segment sales rose overall. In engineering solution packages for product development in the manufacturing industry, sales increased for the iQUAVIS solution to support the innovative production method of model-based development (MBD), along with consulting services mainly to the automotive industry. Steady gains were also recorded in sales of third-party software for design support, centered on the Teamcenter product lifecycle management (PLM) solution. In business solution packages for core systems and the business management field, sales expanded, centered on the POSITIVE human resources management solution, and large-scale projects for core system architecture services.

Communications IT

¥17,480 million (down 6.6% year on year)

Segment sales declined overall. In collaborative business with the Dentsu Group, a steady rise in referrals for system development services utilizing marketing platforms, centered on public organizations, was offset by a large-scale project for Dentsu for core system architecture that reached its peak in the previous fiscal year.

ISID Group net sales by service category, and status of business operations, are as follows.

Net Sales by Service Category

Service category	FY 2013 (From April 1, 2013 to March 31, 2014)		FY 2014 (From April 1, 2014 to March 31, 2015)		YoY %
	Amount (million yen)	Ratio %	Amount (million yen)	Ratio %	
	Consulting services	3,136	4.2	3,860	4.9
Custom system development	23,891	32.3	23,072	29.5	96.6
In-house software	11,009	14.9	13,438	17.2	122.1
Third-party software	22,258	30.1	22,728	29.0	102.1
Outsourcing, operation and maintenance services	6,855	9.3	7,541	9.6	110.0
IT equipment sales and others	6,818	9.2	7,625	9.8	111.8
Total	73,970	100.0	78,267	100.0	105.8

Note: "Consulting services" is consulting for business operations and IT. "Custom system development" is the building and maintenance of IT systems based on individual client specifications. "In-house software" is the sale of software developed internally, including add-on development, technical support and maintenance service. "Third-party software" is the sale of software purchased from other companies, including add-on development, technical support and maintenance service. "Outsourcing, operation and maintenance services" is the operation, maintenance, support for client IT systems, as well as information services utilizing data centers and other facilities, and business services on a contract basis. "IT equipment sales and others" is the sales and maintenance of hardware, as well as databases, middleware and other types of software and services.

Consulting services

¥3,860 million (up 23.1% year on year)

Segment sales rose, chiefly due to increased consulting services in the automotive industry to support the innovative production method of model-based development (MBD).

Custom system development

¥23,072 million (down 3.4% year on year)

Sales in this category fell overall, as an increase in system architecture projects for mega-banks and the manufacturing industry was offset by the rebound decline from a large-scale project for Dentsu that reached its peak in the previous fiscal year.

In-house software

¥13,438 million (up 22.1% year on year)

Sales in this category expanded owing to increased sales of the POSITIVE human resources management solution, the iQUAVIS solution to support the innovative production method of MBD, an expansion in the Stream-R settlement management solution compatible with Phase 2 of New BOJ-NET, the iPLAss marketing platform and the STRAVIS consolidated accounting solution, among others.

Third-party software

¥22,728 million (up 2.1% year on year)

Sales in this category were up year on year on the steady expansion in design and development tools for the manufacturing industry, centered on the Teamcenter product lifecycle management (PLM) solution.

Outsourcing, operation and maintenance services

¥7,541 million (up 10.0% year on year)

Revenue increased as a result of a steady rise in services to the Dentsu Group.

IT equipment sales and others

¥7,625 million (up 11.8% year on year)

Revenue rose on expansion in all business segments, with growth centered on major customers.

2) Forecast for FY 2015 (Ending December 31, 2015)

The Company has put forward a proposal for resolution at its 40th General Ordinary Meeting of Shareholders on June 23, 2015, to revise the Articles of Incorporation and change the Company's business year-end to December 31. The Company also plans to change the fiscal year-end to December 31 for consolidated subsidiaries that do not already have that as their fiscal year-end date. Assuming that this resolution is passed, the next fiscal period will be nine months, from April 1, 2015 to December 31, 2015.

The ISID Group's forecasts for FY 2015 are as follows.

Earnings Forecast for FY 2015 (April 1, 2015 to December 31, 2015)

	Consolidated	
	Amount (million yen)	YoY (%)
Net Sales	54,714	101.7
Operating income	1,265	117.9
Ordinary income	1,370	108.2
Net income attributable to owners of the parent	846	125.5

Note: The year-on-year percentage figures shown above represent a forecast for the upcoming fiscal term, compared to the nine-month consolidated operating results for April 1, 2014 to December 31, 2014.

Assuming that the fiscal period for the Company and its consolidated subsidiaries is revised to the 12-month period from January through December, the following 12-month forecast is provided for purposes of comparison.

Consolidated Operating Performance Forecast for Purposes of Comparison (January 1, 2015 to December 31, 2015)

	Consolidated	
	Amount (million yen)	YoY (%)
Net Sales	79,186	102.6
Operating income	4,671	112.2
Ordinary income	5,070	114.0
Net income attributable to owners of the parent	2,338	90.8

Note: The figures indicated above represent the total for actual results from January through March 2015 and forecasts for April through December 2015. Year-on-year percentages compare performance to the period from January through December 2014.

We expect sales to increase in the next fiscal period, centered on the financial and manufacturing industries. We anticipate expanded operating income due to higher sales and an improved gross margin, absorbing expected increases

in cost of sales due to yen depreciation and higher SG&A expenses from personnel increases and increased research and development expenses.

Note: Forecast figures are projections based on information available at the time of release, and are not intended as a guarantee that the Company will achieve these targets. Actual results may differ significantly from the above forecasts as a result of changes in the business environment and other factors.

(2) Basic Policy Regarding Earnings Distribution, and Dividends for FY2014 and FY2015

ISID regards returning profits to shareholders as one of its topmost management priorities. The Company's basic policy on dividends is to maintain an appropriate level of steady dividends while retaining sufficient internal reserves to ensure sustained growth.

As announced on April 17, 2015, the Company expects to pay a year-end dividend of ¥14 per share, up ¥2 from the initial forecast of ¥12 per share. This payout would result in an annual dividend of ¥26 per share (up from ¥22 per share in the preceding fiscal year), including the interim dividend already paid of ¥12 per share.

In line with our basic policy of maintaining an appropriate level of stable dividends, for the upcoming fiscal term (ending December 31, 2015), we also expect to pay an interim dividend of ¥14 per share at the end of the second quarter. For the remainder of the fiscal year, which is the three-month period from October through December owing to the change in the fiscal year, the Company expects to pay a common dividend of ¥7 per share plus a commemorative dividend of ¥7 per share to mark the 40th anniversary of the Company's establishment on December 11, 2015. As a result, dividends for the fiscal year would be ¥28 per share, comprising ¥14 at the end of the second half and ¥14 at year-end (including the commemorative dividend of ¥7). This dividend amounts to a ¥2 per share increase compared with the fiscal year ended March 31, 2015.

2. Management Policies

(1) Basic Policy on Company Management

ISID's corporate philosophy is to contribute to the growth of its client companies and the advancement of society, with integrity as its moral backbone, through the use of leading-edge information technology, working as a specialized group of innovative and creative professionals. To realize our vision of being an "IT Solution Innovator," we work to achieve long-term business development by continually responding appropriately to changes in the business environment, and earning the trust and satisfaction of customers.

(2) Issues to Address, Management Strategies and Target Management Indices

Society faces a host of issues, including a declining population, a falling birthrate and aging population, and environmental problems. In addition, companies are facing the major issues of expanding in global markets, centered on emerging markets, and growing more competitive in fields such as product development and marketing. Meanwhile, in the field of technology, the cloud continues to progress, and the growth and proliferation of sensors and mobile devices is encouraging the realization of an Internet of Things (IoT). Furthermore, we are on the cusp of realizing societal revolutions such as Industry 4.0 that such organic connectedness will bring. Going forward, expectations are growing that progress in artificial intelligence and big data will help to resolve the problems society and corporations face.

Note: The Internet of Things (IoT) expresses the idea that many things not previously connected to the Internet will now be connected. Industry 4.0 is a concept proposed by Germany that aims for a higher level of industry sophistication centered on the manufacturing industry making use of IT. The name comes from the idea of a fourth industrial revolution.

Against this backdrop, the ISID Group recognizes three key management tasks that it must address to help resolve the issues faced by its clients and society as a whole, and for achieving sustained growth over the medium to long term. These are “Pursue competitive advantages,” “Develop new business fields” and “Enhance human resources.” These three basic policies form the planks of “ISID Open Innovation 2016—Progress to the Future,” the medium-term management plan the ISID Group has formulated. The Company’s management targets under this plan are to achieve consolidated net sales of ¥85.0 billion, operating income of ¥6.0 billion, and an operating margin of 7.1% by the fiscal year ending March 31, 2017. The Company’s progress on initiatives during the first year of this plan, the fiscal year ended March 31, 2015, are described below.

1) Pursue competitive advantages

Financial Solutions Segment

The ISID Group enjoys a competitive advantage in the area of financial institutions’ operations related to overseas bases and market transactions, as well as the settlement business. During FY2014, mega-banks and other prominent financial institutions invested vigorously in IT, centered on international and market divisions. The ISID Group responded by stepping up its framework for providing services, particularly in custom system development. Also, in the Stream-R settlement management solution, we developed a new version for Phase 2 of New BOJ-NET, which the Bank of Japan plans to implement in the autumn of 2015, releasing this solution at the end of September 2014.

Enterprise Solutions Segment

In recent years, in the category of product development operations within the manufacturing industry, the ISID Group has made a particular effort to enhance its solution to support introduction of the innovative production method of model-based development (MBD) in the automotive industry and other areas of the manufacturing industry. The Company also worked to expand these solutions in FY2014. To redouble our consulting capabilities, in May 2014 we established a specialized subsidiary, ISID Engineering, Ltd. We also enhanced functions in the iQUAVIS conceptual design solution to enable application to more complex and large-scale product development projects. Going forward, we will continue emphasizing the MBD solution category as we pursue the ISID Group’s competitive advantage in the field of product development.

In March 2015, we released a new version (Ver. 6.0) of our POSITIVE human resources management solution, employing a new “talent management” module to support Japanese companies’ efforts to utilize global human resources. We are also continuing to reinforce functions related to the Social Security and Tax Number System (the “My Number System”) that the Japanese government is scheduled to introduce in January 2016.

Communications IT Segment

Leveraging the competitive advantage arising from its unique position as the IT company belonging to the Dentsu Group, ISID upgrades backbone solutions for Dentsu and Dentsu Group companies and continues to propose IT solutions in the marketing sector that build on its close relationship with Dentsu. During FY2014, ISID augmented its engineering department, which serves as the point of contact for the Dentsu Group, in the aim of further reinforcing its proposal-making capabilities.

2) Develop new business fields

To foster further collaboration with Dentsu—named the exclusive marketing agent for the 2020 Tokyo Olympic and Paralympic Games—and its group companies, in August 2014 ISID set up the Sports & Life Technology Laboratory, followed by the December 2014 establishment of the 2020 Technology & Business Development Office. The 2020 Technology & Business Development Office represents an aggregation of the knowledge and expertise involving various advanced technologies and services the ISID Open Innovation Lab has pursued in its research and commercialization initiatives in such urban planning and entertainment categories as “community development,” “video” and “tourism.” In addition, through collaboration with numerous companies and other organizations the office aims to support corporate new business launches and develop new solutions. As part of its efforts to support community development, in March 2015 ISID held the “Everyspo!” event as a demonstration experiment for local community development and invigoration hinged on sports.

In the area of new business development leveraging big data, we continue to create solutions that make use of big data in a host of manufacturing and marketing fields, as well as such applications as performing fault prediction by utilizing the massive quantity of data from sensors on products and production equipment and performing predictive maintenance to prevent economic loss due to operational downtime.

Furthermore, to expand our global business we set up the new Global Business Development Division in April 2014 to augment our conventional solutions business targeting Japanese companies by cultivating the market for non-Japanese entities. In particular, in China and the ASEAN region we are pursuing market cultivation initiatives centered on the Lamp backbone solution for leasing companies and +fooop! connect, an online-to-offline platform package for commercial facilities.

3) Strengthen human resources capabilities

To recruit and cultivate diverse human resources with broad outlooks and sophisticated specialties, the ISID Group is hiring non-Japanese personnel, enhancing human resource development programs targeting globalization and putting in place a number of measures aimed at cultivating a business culture that fosters human resource diversity.

As announced on November 12, 2014, the Company has put forward a proposal for resolution at its 40th General Ordinary Meeting of Shareholders on June 23, 2015, to revise the Articles of Incorporation and change the Company’s business year-end to December 31. Accordingly, the ISID Group has decided to revise its medium-term management plan to account for this change, taking into account fluctuations in the operating environment, formulating a new medium-term management plan covering the three years beginning January 2016. This new medium-term management plan will be unveiled in February 2016.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	As of March 31, 2014	As of March 31, 2015
		Amount	Amount
(Assets)			
Current assets:			
Cash and deposits		3,476	3,833
Notes and accounts receivable—trade		20,338	20,054
Lease investment assets		50	63
Short term investment securities		—	700
Merchandise and finished goods		23	36
Work in process		541	633
Raw materials and supplies		20	23
Deferred tax assets		1,120	1,184
Advance payments—trade		4,574	4,643
Deposit paid		9,528	14,045
Other		616	1,482
Allowance for doubtful accounts		(2)	—
Total current assets		40,287	46,699
Noncurrent assets:			
Property, plant and equipment:			
Buildings, net		1,276	991
Tools, furniture and fixtures, net		223	305
Land		2,137	1,346
Lease assets, net		1,560	1,690
Construction in progress		12	7
Total property, plant and equipment		5,210	4,341
Intangible assets:			
Software		4,718	4,006
Goodwill		38	12
Lease assets		665	415
Other		35	34
Total intangible assets		5,457	4,468
Investments and other assets:			
Investment securities		4,005	2,645
Deferred tax assets		85	320
Lease and guarantee deposits		3,443	3,457
Other		388	396
Allowance for doubtful accounts		(1)	(1)
Total investments and other assets		7,921	6,819
Total noncurrent assets		18,590	15,629
Total assets		58,877	62,328

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	As of March 31, 2014	As of March 31, 2015
		Amount	Amount
(Liabilities)			
Current liabilities:			
Notes and accounts payable—trade		5,766	5,901
Lease obligations		912	848
Accrued expenses		3,029	3,188
Income taxes payable		1,197	1,909
Advances received		4,834	5,319
Provision for loss on order received		165	44
Provision for business structure improvement		—	164
Other		1,481	2,107
Total current liabilities		17,387	19,481
Noncurrent liabilities:			
Lease obligations		1,354	1,269
Deferred tax assets		342	2
Provision for directors' retirement benefits		28	28
Provision for business structure improvement		—	113
Asset retirement obligations		789	806
Other		110	127
Total noncurrent liabilities		2,625	2,347
Total liabilities		20,013	21,829
(Net assets)			
Shareholders' equity:			
Capital stock		8,180	8,180
Capital surplus		15,285	15,285
Retained earnings		14,419	15,804
Treasury stock		(28)	(28)
Total shareholders' equity		37,857	39,242
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities		721	427
Deferred gains or losses on hedges		22	106
Foreign currency translation adjustments		236	696
Total other comprehensive income		980	1,230
Minority interests		25	27
Total net assets		38,864	40,499
Total liabilities and net assets		58,877	62,328

(2) Consolidated Statements of Income

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
		Amount	Amount
Net sales		73,970	78,267
Cost of sales		51,398	55,902
Gross profit		22,571	22,364
Selling, general and administrative expenses		18,261	17,886
Operating income		4,309	4,478
Non-operating income:			
Interest income		39	45
Dividends income		79	64
Equity in earnings of affiliates		108	85
Foreign exchange gains		140	184
Refund of value-added tax		67	50
Miscellaneous income		91	97
Total non-operating income		527	526
Non-operating expenses:			
Interest expenses		37	28
Loss on retirement of noncurrent assets		17	6
Loss on valuation of investment securities		10	—
Miscellaneous loss		4	3
Total non-operating expenses		70	38
Ordinary income		4,766	4,966
Extraordinary income:			
Gain on sales of investment securities		—	209
Gain on sales of investment in subsidiaries and affiliates		—	147
Total extraordinary income		—	356
Extraordinary loss:			
Provision for business structure improvement		—	1,265
Impairment loss		94	—
Total extraordinary loss		94	1,265
Income before income taxes and minority interests		4,672	4,057
Income taxes—current		1,557	2,345
Income taxes—deferred		236	(465)
Total income taxes		1,793	1,880
Income before minority interests.		2,878	2,177
Minority interests in income		6	10
Net income		2,871	2,166

(3) Consolidated Statements of Comprehensive Income

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
		Amount	Amount
Income before minority interests		2,878	2,177
Other comprehensive income:			
Valuation difference on available-for-sale securities		(1,433)	(294)
Deferred gains or losses on hedges		(72)	83
Foreign currency translation adjustment		249	459
Total other comprehensive income		(1,257)	249
Comprehensive income		1,621	2,426
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		1,614	2,416
Comprehensive income attributable to minority interests		6	10

(4) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Millions of yen; amounts less than one million yen are rounded down.)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	8,180	15,285	12,199	(28)	35,637
Changes of items during the period					
Dividends from surplus			(651)		(651)
Net income			2,871		2,871
Purchase of treasury stock				(0)	(0)
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	2,219	(0)	2,219
Balance at the end of current period	8,180	15,285	14,419	(28)	37,857

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	2,155	95	(12)	2,238	27	37,903
Changes of items during the period						
Dividends from surplus						(651)
Net income						2,871
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	(1,433)	(72)	249	(1,257)	(2)	(1,259)
Total changes of items during the period	(1,433)	(72)	249	(1,257)	(2)	960
Balance at the end of current period	721	22	236	980	25	38,864

Year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Millions of yen; amounts less than one million yen are rounded down.)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	8,180	15,285	14,419	(28)	35,857
Changes of items during the period					
Dividends from surplus			(781)		(781)
Net income			2,166		2,166
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	1,384	(0)	1,384
Balance at the end of current period	8,180	15,285	15,804	(28)	39,242

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	721	22	236	980	25	38,864
Changes of items during the period						
Dividends from surplus						(781)
Net income						2,166
Purchase of treasury stock						(0)
Net changes of items other than shareholders' equity	(294)	83	459	249	1	250
Total changes of items during the period	(294)	83	459	249	1	1,635
Balance at the end of current period	427	106	696	1,230	27	40,499

(5) Consolidated Statements of Cash Flows

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
		Amount	Amount
Net cash provided by (used in) operating activities:			
Income before income taxes and minority interests		4,672	4,057
Depreciation and amortization		3,385	4,213
Impairment loss		94	—
Amortization of goodwill		25	25
Increase (decrease) in allowance for doubtful accounts		(2)	(2)
Increase (decrease) in provision for loss on order received		(128)	(121)
Interest and dividends income		(118)	(110)
Interest expenses		37	28
Equity in (earnings) losses of affiliates		(91)	(35)
Loss on retirement of noncurrent assets		17	6
Loss (gain) on sales of investment securities		—	(209)
Loss (gain) on sales of investment in subsidiaries and affiliates		—	(147)
Provision for business structure improvement		—	1,265
Decrease (increase) in notes and accounts receivable—trade		(576)	371
Decrease (increase) in inventories		36	(76)
Decrease (increase) in advance payments		(489)	(44)
Increase (decrease) in notes and accounts payable—trade		(844)	76
Increase (decrease) in accrued expenses		144	135
Increase (decrease) in advances received		544	417
Increase (decrease) in accrued consumption taxes		16	683
Other, net		(243)	(149)
Subtotal		6,478	10,385
Interest and dividends income received		141	89
Interest expenses paid		(37)	(28)
Income taxes paid		(906)	(1,671)
Income taxes refund		29	1
Net cash provided by operating activities		5,705	8,776

(Millions of yen; amounts less than one million yen are rounded down.)

Item	Period	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015
		Amount	Amount
Net cash provided by (used in) investing activities:			
Payments into time deposits		(288)	(500)
Proceeds from withdrawal of time deposits		304	498
Purchase of property, plant and equipment		(284)	(320)
Purchases of intangible assets		(2,556)	(2,247)
Payments for execution of assets retirement obligations		(8)	—
Purchases of investment securities		(17)	(30)
Proceeds from sales of investment securities		49	34
Payments for lease and guarantee deposits		(40)	(30)
Proceeds from collection of lease and guarantee deposits		28	23
Other, net		(9)	(10)
Net cash used in investing activities		(2,824)	(2,583)
Net cash provided by (used in) financing activities:			
Repayments of lease obligations		(1,035)	(938)
Cash dividends paid		(651)	(781)
Cash dividends paid to minority shareholders		(9)	(9)
Other, net		(0)	(0)
Net cash used in financing activities		(1,696)	(1,729)
Effect of exchange rate change on cash and cash equivalents		205	400
Net increase (decrease) in cash and cash equivalents		1,390	4,864
Cash and cash equivalents at beginning of period		11,459	12,849
Cash and cash equivalents at end of period		12,849	17,714

4. Supplementary Information

(1) Production

The status of production through the fiscal year ended March 31, 2015 (April 1, 2014–March 31, 2015) by segment is as follows.

Segment	Production output (Millions of yen)	YoY (%)
Financial Solutions	17,862	104.3
Enterprise Solutions	12,295	126.4
Communications IT	7,879	78.5
Total	38,038	103.1

The status of production through the fiscal year ended March 31, 2015 (April 1, 2014–March 31, 2015) by service category is as follows.

Service category	Production output (Millions of yen)	YoY (%)
Custom system development	22,989	97.0
In-house software add-on development	7,374	123.5
Third-party software add-on development	7,675	106.3
Total	38,038	103.1

Notes: 1. In-house software add-on development and third-party software add-on development includes technical support services.

2. Figures are calculated from sales prices.

3. Figures do not include consumption tax or other additions.

(2) Orders

The status of orders through the fiscal year ended March 31, 2015 (April 1, 2014–March 31, 2015) by segment is as follows.

Segment	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Financial Solutions	17,647	104.3	2,705	87.7
Enterprise Solutions	13,257	137.4	2,750	179.6
Communications IT	8,184	89.2	1,412	122.9
Total	39,089	109.4	6,868	119.2

The status of orders through the fiscal year ended March 31, 2015 (April 1, 2014–March 31, 2015) by service category is as follows.

Service category	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Custom system development	23,586	106.1	3,846	115.5
In-house software add-on development	7,830	128.9	1,938	130.1
Third-party software add-on development	7,671	103.0	1,084	115.1
Total	39,089	109.4	6,868	119.2

Notes: 1. In-house software add-on development and third-party software add-on development includes technical support services.

2. Figures do not include consumption tax or other additions.