Note: This English translation is solely for reference purposes and not a legally definitive translation of the original Japanese text. In the event a difference arises regarding the meaning herein, the original Japanese version will prevail as the official authoritative version.

May 12, 2014

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014

Name of Listed Company:	Information Services International-Dentsu, Ltd.
Listed Exchange:	Tokyo
Code Number:	4812
URL:	http://www.isid.co.jp/english/index.html
Representative:	Setsuo Kamai, President, CEO and COO
Contact for Inquiries:	Jiro Sakai, General Manager, Accounting & Finance Department TEL: (03) 6713-6160

Date of the general meeting of the shareholders' meeting:	June 24, 2014
Date of scheduled payment of dividends:	June 25, 2014
Date of scheduled filing of securities report:	June 24, 2014
Supplementary explanatory documents:	Yes
Presentation:	Yes

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

1. Consolidated Financial Results for FY 2013 (From April 1, 2013 to March 31, 2014)

(1) Consolidated Financial Results

(% of change from previous year)

	Net sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
FY 2013	73,970	1.7	4,309	2.8	4,766	10.6
FY 2012	72,764	13.9	4,192	78.5	4,311	72.7

(Note)Comprehensive income: FY2013:1,621 million yen; FY2012: 4,002 million yen

	Net income (loss)		EPS	Diluted EPS	ROE	ROA	Ratio of operating income to net sales
	(million yen)	(%)	(yen)	(yen)	(%)	(%)	(%)
FY 2013	2,871	9.5	88.13	—	7.5	8.1	5.8
FY 2012	2,622	73.0	80.48	—	7.3	7.8	5.8

Ref.: Equity in earnings of affiliated companies: FY 2013: 108 million yen; FY 2012: (45) 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 2013	58,877	38,864	66.0	1,191.99
FY 2012	58,798	37,903	64.4	1,162.45

Ref.: Shareholders' equity: FY 2013: 38,838 million yen; FY 2012: 37,876 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 2013	5,705	(2,824)	(1,696)	12,849
FY 2012	4,761	(2,883)	(1,674)	11,459

2. Dividends

	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	(yen)	(yen)	(yen)	(yen)	(yen)	(million yen)	(%)	(%)
FY 2012	—	10.00	—	10.00	20.00	651	24.9	1.8
FY 2013	—	10.00	—	12.00	22.00	716	25.0	1.9
FY 2014 (Forecasts)	—	12.00	—	12.00	24.00		26.4	

3. Forecast of Consolidated Results for FY 2014 (From April 1, 2014 to March 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 2014	34,700	(1.1)	820	(34.3)	870	(42.2)	540	(42.0)	16.57
FY 2014	76,200	3.0	4,500	4.4	4,670	(2.0)	2,960	3.1	90.85

4. Other Items

1. 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

2. Changes in accounting policies, changes in accounting estimates and restatements:
   1) Changes in accounting policies in accordance with revision of accounting standards: None
   2) Changes in accounting policies other than 1) above: None
   3) Changes in accounting estimate: None
   4) Restatements: None

3. Issued and outstanding common stock

1) Number of shares issued and outstanding at end of period, including treasury stock:	FY2013:	32,591,240 shares	FY2012:	32,591,240 shares
2) Number of treasury stock at end of period:	FY2013:	8,350 shares	FY2012:	8,110 shares
3) Average number of shares outstanding for each period (cumulative quarterly period):	FY2013:	32,582,996 shares	FY2012:	32,583,234 shares

(Reference) Summary of Non-Consolidated Financial Results

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

1. Non-Consolidated Results for FY 2013 (From April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
FY 2013	61,217	(0.1)	1,922	(7.4)	3,008	(9.3)
FY 2012	61,274	12.5	2,075	169.8	3,316	130.4

	Net income (loss)		EPS	Diluted EPS
	(million yen)	(%)	(yen)	(yen)
FY 2013	1,850	(15.0)	56.79	—
FY 2012	2,176	179.0	66.79	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	(million yen)	(million yen)	(%)	(yen)
FY 2013	53,093	34,142	64.3	1,047.86
FY 2012	52,613	34,450	65.5	1,057.31

Ref.: Shareholders' equity: FY 2013: 34,142 million yen; FY 2012: 34,450 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.

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1. Business Results

(1) Analysis of Business Results

1) Results for FY 2013 (Ended March31, 2014)

The Japanese economy in FY 2013 (April 1, 2013 to March 31, 2014), despite lingering uncertainties stemming from such factors as sluggish growth in emerging countries, showed signs of mild recovery as a result of the corrections to the strong yen and expectations from economic policy. In the information services industry, IT investment in the financial and manufacturing industry showed signs of recovery. Harsh business conditions remain in the near term, but the outlook for the future is gradually becoming brighter.

Amid such conditions, the ISID Group made efforts to differentiate its services and enhance operating performance, through the implementation of its three-year medium-term management plan “ISID Open Innovation 2013” concluding in the subject fiscal year.

In the Financial Solutions segment, the ISID Group strengthened its solutions offerings for major financial institutions both in Japan and overseas, and concluded a partnership agreement with a Chinese IT firm to facilitate sales in China of the BANK•R solution package for regional financial institutions. In the Enterprise Solutions segment, we further enhanced the functionality of software products in our strength areas, including the STRAVIS consolidated accounting solution, the POSITIVE integrated human resources solution, and the iQUAVIS solution to support model-based development (MBD), an innovative production method. In the Communications IT segment, we proactively made proposals to public organization and consumer goods companies for solutions developed in collaboration with Dentsu. Further, ISID moved forward with new business ideas for local communities, including a proposal for a demonstration test of “+fooop! connect,” a new O2O platform* based on the “+fooop!” social city platform adopted at Grand Front Osaka, a large-scale commercial complex, to revitalize commercial areas in the Kawasaki area.

* O2O is an abbreviation for Online to Offline. It is a system for linking web content, SNS and other Internet-based activities and services (Online) to sales promotions and measures to attract customers to physical stores (Offline).

Consolidated net sales for the subject fiscal year amounted to ¥73,970 million (up 1.7% from the previous fiscal year). Of the ISID Group’s three business segments, the Financial Solutions segment was the driver for the revenue increase.

In terms of earnings, gross profit rose slightly year on year to ¥22,571 million (up 0.4%), mainly because approximately ¥800 million in higher costs stemming from the weak yen was offset by revenue increases centering on highly profitable in-house software products. Selling, general and administrative (SG&A) expenses were held to the same level as the previous fiscal year at ¥18,261 million (down 0.2%), resulting in earnings gains in all categories, with operating income of ¥4,309 million (up 2.8%), ordinary income of ¥4,766 million (up 10.6%), and net income of ¥2,871 million (up 9.5%). Net income reached a record high in the subject fiscal year.

Net sales by business segment, and status of business operations, are as follows. Of note, segment classifications have been changed from the subject fiscal year. In comparisons with the previous fiscal year, previous year figures have been refigured to reflect the segment classifications following the change.

Net Sales by Business Segment

Business Segment	FY 2012 (From April 1, 2012 to March 31, 2013)		FY 2013 (From April 1, 2013 to March 31, 2014)		YoY
	Amount (million yen)	Ratio %	Amount (million yen)	Ratio %	%
Financial Solutions	20,357	28.0	22,262	30.1	109.4
Enterprise Solutions	33,509	46.0	32,995	44.6	98.5
Communications IT	18,897	26.0	18,712	25.3	99.0
Total	72,764	100.0	73,970	100.0	101.7

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

Note: On April 1, 2013, the Company reorganized its corporate structure, merging the Business Solutions Division and the Engineering Solutions Division into the Enterprise Solutions Division. This restructuring was implemented with the aim of creating and offering competitive, customer-oriented solutions in areas where the ISID Group is able to utilize its strengths, such as conceptual design for the manufacturing industry, and global human resources and managerial accounting.

As a result of the reorganization, from the first quarter period of the fiscal year ended March 2014, two of the Company's four reportable segments, the "Enterprise Solutions—Business segment" and the "Enterprise Solutions—Engineering segment," have been merged, establishing the three segment classifications of "Financial Solutions," "Enterprise Solutions," and "Communications IT."

Of note, segment information for the previous fiscal year has been refigured based on the reportable segment classifications following the reorganization of the corporate structure.

Operating Results by Business Segment

Financial Solutions

¥22,262 million (up 9.4% year on year)

Segment sales rose overall. Custom system development for megabanks expanded both in Japan and abroad for overseas branch systems, market systems, settlement systems, and transaction banking systems. Custom system development for Internet-based financial institutions also increased. License sales and add-on development services for in-house software increased for such products as the BANK•R solution package for regional financial institutions, and the LAMP backbone system solution for overseas branches of leasing companies.

Enterprise Solutions

¥32,995 million (down 1.5% year on year)

Segment sales declined slightly overall. In solutions for product development operations in the manufacturing industry, despite a rebound decline from the conclusion of large-scale projects involving the Teamcenter product lifecycle management (PLM) solution, sales remained on a par with the previous fiscal year mainly as a result of increased sales to the automotive industry for consulting services to support model-based development (MBD), and the iQUAVIS conceptual design solution. In solution packages for corporate core systems, sales increased for the STRAVIS consolidated accounting system and the BusinessSPECTRE SAP data-linked framework, but were sluggish for core system architecture services utilizing SAP and the Oracle E-Business Suite.

Communications IT

¥18,712 million (down 1.0% year on year)

Segment sales were on a par with the previous fiscal year, considerably exceeding initial forecasts. System architecture and operations services provided to Dentsu exceed plan, even though the development period for several core system renovation projects ongoing from the previous fiscal year passed its peak, and certain projects concluded following delivery. In addition, in collaborative businesses with Dentsu, sales expanded for system development services utilizing the iPLAss marketing platform and the Force.com cloud-based platform, mainly for public organizations and the corporate marketing operations field.

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

Net Sales by Service Category

Service category	FY 2012 (From April 1, 2012 to March 31, 2013)		FY 2013 (From April 1, 2013 to March 31, 2014)		YoY
	Amount (million yen)	Ratio %	Amount (million yen)	Ratio %	%
Consulting services	3,054	4.2	3,136	4.2	102.7
Custom system development	24,864	34.2	23,891	32.3	96.1
In-house software	8,986	12.3	11,009	14.9	122.5
Third-party software	22,330	30.7	22,258	30.1	99.7
Outsourcing, operation and maintenance services	6,529	9.0	6,855	9.3	105.0
IT equipment sales and others	6,998	9.6	6,818	9.2	97.4
Total	72,764	100.0	73,970	100.0	101.7

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

¥3,136 million (up 2.7% year on year)

Revenue increased mainly for consulting services to the manufacturing industry for product development.

Custom system development

¥23,891 million (down 3.9% year on year)

Sales increased steadily for system architecture development services for the finance sector, including megabanks and internet-based financial institutions. However, revenue in this category declined overall, as the development period for several core system renovation projects for Dentsu that were ongoing from the previous fiscal year passed its peak, and certain projects concluded following delivery.

In-house software

¥11,009 million (up 22.5% year on year)

Revenue increased as a result of growth in sales of the group's mainstay BANK•R solution software for regional financial institutions, the LAMP backbone system solution for overseas branches of leasing companies, the STRAVIS consolidated accounting solution, the BusinessSPECTRE SAP data-linked framework, the iQUAVIS conceptual design solution, and the iPLAss marketing platform.

Third-party software

¥22,258 million (down 0.3% year on year)

Sales increased sharply for license sales and add-on services for the Force.com cloud-based platform, in line with expanded business collaboration with Dentsu. However, revenue in this category overall was on a par with the previous fiscal year as a result of sluggish sales of core system architecture development services utilizing SAP and the Oracle E-Business Suite, and the conclusion in the previous fiscal year of a large-scale project for the Teamcenter product lifecycle management (PLM) solution.

Outsourcing, operation and maintenance services

¥6,855 million (up 5.0% year on year)

Revenue increased as a result of steady sales to Dentsu, while projects for new customers gained in the previous fiscal year through collaboration with Dentsu entered the operational phase.

IT equipment sales and others

¥6,818 million (down 2.6% year on year)

Revenue in this service category declined mainly as a result of a slowdown in sales to financial institutions and the Dentsu Group.

2) Forecast for FY 2014 (Ending March 31, 2015)

Earnings forecasts for the fiscal year ending March 2015 are as follows.

The Japanese economy is showing signs of improvement, and corporate IT investment is expected to be brisk in areas necessary for company to enhance competitiveness. Under such circumstances, although results will be affected by the peaking of large-scale projects to Dentsu, overall we anticipate sales to rise in FY 2014 centered on the financial and manufacturing industries. We are also forecasting an increase in operating income, with revenue gains offsetting both anticipated cost increases due to the weakened yen, and higher SG&A expenses from personnel increases and expanded research and development activities.

FY 2014 is also the initial year of our new three-year medium-term management plan, "ISID Open Innovation 2016—Progress to the Future." Under this plan we will further differentiate our services, and by developing and offering solutions that help resolve the issues faced by our customers and society, expand our earnings and enhance profitability. (For further details on the medium-term management plan, see "2. Management Policies," "(2) Issues to Address and Management Strategies."

The ISID Group's forecasts for FY 2014 are as follows.

Earnings Forecast for FY 2014 (April 1, 2014 to March 31, 2015)

	Consolidated	
	Amount (million yen)	YoY (%)
Net Sales	76,200	103.0
Operating income	4,500	104.4
Ordinary income	4,670	98.0
Net income	2,960	103.1

Note: These forecasts are based on information available at the time of release of this announcement. Actual results may vary from these forecast figures due to a variety of factors.

(2) Basic Policy Regarding Earnings Distribution, and Dividends for FY 2013 and FY2014

ISID, in accordance with its dividend policy of "long-term and stable return of profit to shareholders," has consistently paid an annual dividend of ¥20 per share (comprising an interim dividend of ¥10, and a year-end dividend of ¥10).

For the FY 2013 year-end dividend, we had also forecast a payout of ¥10 per share. However, as a result of the measures undertaken through "ISID Open Innovation," the three-year medium-term management plan that concluded at the end of the subject fiscal year, the Company's consolidated results have steadily improved, including revenue and earnings gains for three consecutive years, and a record high level of net income in the subject fiscal year. Accordingly, we plan to increase the dividend amount by ¥2 per share from the previous fiscal year, for a total forecast dividend of ¥12 per share. Combined with the interim dividend of ¥10 per share already paid, the annual dividend totals a forecast ¥22 per share.

ISID has revised its dividend policy to state that "ISID recognizes the return of profit to shareholders to be an important management issue, and while securing internal reserves to realize sustainable growth, will consistently pay an appropriate and stable dividend." For FY 2014 (ending March 2015), we forecast an annual dividend of ¥24 per share (comprising an interim dividend of ¥12, and a year-end dividend of ¥12).

2. Management Policies

(1) Basic Policy on Company Management

ISID's corporate philosophy is endeavor, as a group of innovative and creative professionals that makes a principle of honesty and sincerity, to contribute to the growth of our client companies and the advancement of society through the use of leading-edge information technology. 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 and Management Strategies

The ISID Group, to achieve sustainable growth over the longer term, formulates and implements as a three-year medium-term management plan, basic policies and an implementation plan for business activities based on management issues.

The previous medium-term management plan, “ISID Open Innovation 2013,” which concluded at the end of the subject fiscal year, was formulated with a priority on reviving business earnings that deteriorated in the wake of the financial crisis, and reestablishing a foundation for growth. The six basic policies were 1) Concentration on competitively advantageous fields; 2) Acceleration of collaboration with the Dentsu; 3) New business development utilizing leading-edge technologies; 4) Strengthening of personnel capabilities; 5) Broadening and enhancing a stable earnings base; and 6) Reform of the cost structure. Based on the idea of “collaborative value creation” that aims to create new value through collaboration with various partners, and help resolve the issues faced by customers and society, we worked to expand earnings and enhance profitability.

As a result, we achieved growth in net sales, led by the Financial Solutions segment, including support from a systems perspective the overseas expansion of major financial institutions, and the development and cultivation of business with new customers such as Internet-based financial institutions, as well as by the Communications IT segment, through core system architecture development for Dentsu, and the expansion of collaborative business with Dentsu in such fields as administrative services for public organizations, and the marketing operations for business companies. We also established a new business foundation to drive future growth, including commercialization of IT platform services for communities and commercial facilities through the ISID Open Innovation Laboratory exploring ways to utilize leading-edge technologies, and the Enterprise Solutions segment’s building of solutions to support the innovative manufacturing method of model-based development (MBD).

In terms of costs, ISID made efforts to curb selling, general and administrative expenses while proactively investing in R&D. As a result, although we fell short of our quantitative targets in the previous medium-term management plan for the subject fiscal year (net sales of ¥80 billion with operating income of ¥5.5 billion), compared to the fiscal year ended March 2011, the fiscal year immediately prior to the start of the new plan, we achieved a 23% increase in net sales, and a 96% expansion of operating income. After three consecutive years of gains in both revenue and earnings, we have achieved a record high level of net income, and believe that we have steadily achieved the “revival” we sought through the plan.

Based on the results of the previous plan, we have formulated a new medium-term management plan for the three-year period beginning April 2014. Following the focus on “revival” in the previous plan, the ISID Group has positioned the next three years as a “growth stage,” and identified three issues to address, 1) Pursue competitive advantages; 2) Develop new business fields; and 3) Strengthen human resources capabilities. A summary of the new medium-term management plan is as follows.

Plan Title

ISID Open Innovation 2016—Progress to the Future

Management Targets for FY 2016 (ending March 2017)

	FY2013 Actual	FY2016 Target	Average Growth Rate
Net sales	¥73.9 billion	¥85.0 billion	4.8%
Operating income	¥4.3 billion	¥6.0 billion	11.7%
Operating income margin	5.8%	7.1%	

Basic Policies

1) Pursue Competitive Advantages

The ISID Group will concentrate the corporate group's management resources in competitive fields, and further differentiate its business.

Financial Solutions Segment

The ISID Group will strengthen solutions in such areas as global business expansion of major financial institutions, and compliance with regulatory systems. Further, we will support the realization of operational reforms for regional financial institutions, centered on the BANK•R 4s solution package for regional financial institutions developed during the period of the previous management plan.

Enterprise Solutions Segment

The ISID Group, to provide global support for production innovations in the manufacturing industry, will concentrate on developing and providing solutions, centered on the iQUAVIS conceptual design solution, to support model based development (MBD), an innovative manufacturing method increasingly being adopted in the automotive industry and other fields. We will also strengthen and provide solution packages for corporate core systems, such as the STRAVIS consolidated accounting solution and the POSITIVE human resources management solution.

Communications IT Segment

The ISID Group, in addition to supporting advancements in the core systems of the Dentsu Group, will further accelerate collaboration with Dentsu. IT solutions for such areas as public administrative services, corporate customer management operations, and O2O (online to offline) marketing for communities and commercial facilities are a strength area for the ISID Group, and we will utilize our competitiveness as part of the Dentsu Group to provide solutions.

2) Develop New Business Fields

To achieve future growth, the ISID Group plans to promote the ongoing creation of new businesses that combine leading-edge technologies and services, centered on the ISID Open Innovation Laboratory. Simultaneously, ISID aims to develop new business fields with a focus on breaking new ground in global markets and utilizing Big Data to cultivate new businesses.

Application of Leading-Edge Technologies—the ISID Open Innovation Laboratory

The ISID Group will further pursue the commercialization of cutting-edge technologies for community revitalization and development, and will work to develop new businesses around such themes as sports and education. In addition, we will implement global open innovation, centered on our San Francisco facility.

Developing Global Markets

In addition to serving its existing Japanese customer base, the ISID Group will work to expand its business in non-Japanese customer markets. For China and the ASEAN region in particular, we plan to strengthen the Chinese-version of the BANK•R solution for financial institutions and the LAMP solution for leasing companies. We will work in cooperation with Dentsu offices to develop solutions in marketing-related fields. In addition, we will actively pursue alliances with local companies in order to further the development of new products, and to pioneer new markets.

Utilize Big Data to Generate New Businesses

To complement its current lineup of engineering solutions, such as advances in product development through experimental data analysis and predictive maintenance through fault prediction, the ISID Group will work in tandem with the Dentsu Group to support customer business innovation utilizing Big Data. In the marketing sector, this includes new business development utilizing broad-ranging and complex data. In the financial sector, it includes development support for new financial services in retail finance.

3) Enhance Human Resources

As rapid changes sweep the business environment faced by the ISID Group and its customers, a key management task for the corporate group is the recruitment and development of a diverse range of people with broad outlooks and advanced skills. To further improve the quality of the services provided to customers, and to maximize the ideal of human resources as our key asset in our management philosophy, we will actively invest in human resource development.

Through the implementation of its medium-term management plan, the ISID Group will work to further differentiate its services and implement “Joint Value Creation.” ISID will also strive to contribute to the resolution of issues faced by its customers as well as society. In terms of earnings, we aim to achieve net sales exceeding ¥100 billion as early as possible after fiscal 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, 2013	**As of March 31, 2014**
	Amount	Amount
(Assets)		
Current assets:		
Cash and deposits	4,399	3,476
Notes and accounts receivable—trade	19,703	20,338
Lease investment assets	52	50
Merchandise and finished goods	27	23
Work in process	557	541
Raw materials and supplies	23	20
Deferred tax assets	1,348	1,120
Advance payments—trade	4,065	4,574
Deposit paid	7,203	9,528
Other	769	616
Allowance for doubtful accounts	(4)	(2)
Total current assets	38,145	40,287
Noncurrent assets:		
Property, plant and equipment:		
Buildings, net	1,332	1,276
Tools, furniture and fixtures, net	331	223
Land	2,137	2,137
Lease assets, net	1,807	1,560
Construction in progress	—	12
Total property, plant and equipment	5,608	5,210
Intangible assets:		
Software	4,232	4,718
Goodwill	63	38
Lease assets	637	665
Other	37	35
Total intangible assets	4,971	5,457
Investments and other assets:		
Investment securities	6,190	4,005
Deferred tax assets	88	85
Lease and guarantee deposits	3,427	3,443
Other	367	388
Allowance for doubtful accounts	(1)	(1)
Total investments and other assets	10,072	7,921
Total noncurrent assets	20,653	18,590
Total assets	58,798	58,877

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

Item / Period	As of March 31, 2013	**As of March 31, 2014**
	Amount	Amount
(Liabilities)		
Current liabilities:		
Notes and accounts payable—trade	6,570	5,766
Lease obligations	922	912
Accrued expenses	2,873	3,029
Income taxes payable	551	1,197
Advances received	4,258	4,834
Provision for loss on order received	294	165
Asset retirement obligations	9	—
Other	1,734	1,481
Total current liabilities	17,214	17,387
Noncurrent liabilities:		
Lease obligations	1,562	1,354
Deferred tax assets	1,206	342
Provision for directors' retirement benefits	28	28
Asset retirement obligations	761	789
Other	120	110
Total noncurrent liabilities	3,679	2,625
Total liabilities	20,894	20,013
(Net assets)		
Shareholders' equity:		
Capital stock	8,180	8,180
Capital surplus	15,285	15,285
Retained earnings	12,199	14,419
Treasury stock	(28)	(28)
Total shareholders' equity	35,637	37,857
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	2,155	721
Deferred gains or losses on hedges	95	22
Foreign currency translation adjustments	(12)	236
Total accumulated other comprehensive income	2,238	980
Minority interests	27	25
Total net assets	37,903	38,864
Total liabilities and net assets	58,798	58,877

(2) Consolidated Statements of Income

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

Item / Period	Fiscal year ended March 31, 2013	**Fiscal year ended March 31, 2014**
	Amount	Amount
Net sales	72,764	73,970
Cost of sales	50,271	51,398
Gross profit	22,492	22,571
Selling, general and administrative expenses	18,300	18,261
Operating income	4,192	4,309
Non-operating income:		
Interest income	53	39
Dividends income	57	79
Equity in earnings of affiliates	—	108
Foreign exchange gains	—	140
Dividends income of insurance	25	17
Refund of value-added tax	53	67
Miscellaneous income	47	73
Total non-operating income	238	527
Non-operating expenses:		
Interest expenses	42	37
Equity in losses of affiliates	45	—
Foreign exchange losses	27	—
Loss on retirement of noncurrent assets	—	17
Loss on valuation of investment securities	—	10
Miscellaneous loss	4	4
Total non-operating expenses	119	70
Ordinary income	4,311	4,766
Extraordinary loss:		
Impairment loss	31	94
Loss on retirement of noncurrent assets	79	—
Total extraordinary loss	111	94
Income before income taxes and minority interests	4,199	4,672
Income taxes—current	904	1,557
Income taxes—deferred	666	236
Total income taxes	1,570	1,793
Income before minority interests	2,628	2,878
Minority interests in income	6	6
Net income	2,622	2,871

(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, 2013	**Fiscal year ended March 31, 2014**
	Amount	Amount
Income before minority interests	2,628	2,878
Other comprehensive income:		
Valuation difference on available-for-sale securities	972	(1,433)
Deferred gains or losses on hedges	66	(72)
Foreign currency translation adjustment	334	249
Total other comprehensive income	1,373	(1,257)
Comprehensive income	4,002	1,621
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	3,996	1,614
Comprehensive income attributable to minority interests	6	6

(4) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(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	9,979	(28)	33,417
Changes of items during the period					
Dividends from surplus			(651)		(651)
Net income			2,622		2,622
Purchase of treasury stock				(0)	(0)
Change of scope of consolidation			249		249
Net changes of items other than shareholders' equity					
Total changes of items during the period	---	---	2,220	(0)	2,220
Balance at the end of current period	8,180	15,285	12,199	(28)	35,637

	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	1,182	28	(346)	864	---	34,281
Changes of items during the period						
Dividends from surplus						(651)
Net income						2,622
Purchase of treasury stock						(0)
Change of scope of consolidation					30	279
Net changes of items other than shareholders' equity	972	66	334	1,373	(2)	1,371
Total changes of items during the period	972	66	334	1,373	27	3,621
Balance at the end of current period	2,155	95	(12)	2,238	27	37,903

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)
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

(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, 2013	**Fiscal year ended March 31, 2014**
	Amount	Amount
Net cash provided by (used in) operating activities:		
Income before income taxes and minority interests	4,199	4,672
Depreciation and amortization	2,981	3,385
Impairment loss	31	94
Amortization of goodwill	38	25
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in provision for directors' retirement benefits	(33)	—
Increase (decrease) in provision for loss on order received	(99)	(128)
Interest and dividends income	(111)	(118)
Interest expenses	42	37
Equity in (earnings) losses of affiliates	69	(91)
Loss on retirement of noncurrent assets	79	17
Decrease (increase) in notes and accounts receivable—trade	(3,948)	(576)
Decrease (increase) in inventories	371	36
Decrease (increase) in advance payments	(75)	(489)
Increase (decrease) in notes and accounts payable—trade	1,028	(844)
Increase (decrease) in accrued expenses	452	144
Increase (decrease) in advances received	119	544
Increase (decrease) in accrued consumption taxes	35	16
Other, net	65	(243)
Subtotal	5,247	6,478
Interest and dividends income received	109	141
Interest expenses paid	(42)	(37)
Income taxes paid	(745)	(906)
Income taxes refund	192	29
Net cash provided by operating activities	4,761	5,705

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

Item / Period	Fiscal year ended March 31, 2013	**Fiscal year ended March 31, 2014**
	Amount	Amount
Net cash provided by (used in) investing activities:		
Payments into time deposits	(396)	(288)
Proceeds from withdrawal of time deposits	409	304
Purchase of property, plant and equipment	(176)	(284)
Purchases of intangible assets	(1,992)	(2,556)
Payments for execution of assets retirement obligations	(0)	(8)
Purchases of investment securities	(713)	(17)
Proceeds from sales of investment securities	8	49
Payments of loans receivable	(2)	—
Collection of loans receivable	0	—
Payments for lease and guarantee deposits	(16)	(40)
Proceeds from collection of lease and guarantee deposits	12	28
Other, net	(15)	(9)
Net cash used in investing activities	(2,883)	(2,824)
Net cash provided by (used in) financing activities:		
Repayments of lease obligations	(1,013)	(1,035)
Cash dividends paid	(651)	(651)
Cash dividends paid to minority shareholders	(9)	(9)
Other, net	(0)	(0)
Net cash used in financing activities	(1,674)	(1,696)
Effect of exchange rate change on cash and cash equivalents	282	205
Net increase (decrease) in cash and cash equivalents	485	1,390
Cash and cash equivalents at beginning of period	10,562	11,459
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	410	—
Cash and cash equivalents at end of period	11,459	12,849

4. Supplementary Information

(1) Production

The status of production through the fiscal year ended March 31, 2014 (April 1, 2013–March 31, 2014) by segment is as follows.

Segment	Production output (Millions of yen)	YoY (%)
Financial Solutions	17,120	110.1
Enterprise Solutions	9,726	90.9
Communications IT	10,037	97.2
Total	36,884	100.9

The status of production through the fiscal year ended March 31, 2014 (April 1, 2013–March 31, 2014) by service category is as follows.

Service category	Production output (Millions of yen)	YoY (%)
Custom system development	23,695	96.2
In-house software add-on development	5,969	130.7
Third-party software add-on development	7,219	97.9
Total	36,884	100.9

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, 2014 (April 1, 2013–March 31, 2014) by segment is as follows.

Segment	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Financial Solutions	16,916	104.5	3,083	88.5
Enterprise Solutions	9,645	93.3	1,531	88.4
Communications IT	9,175	76.3	1,149	57.7
Total	35,737	92.7	5,764	80.0

The status of orders through the fiscal year ended March 31, 2014 (April 1, 2013–March 31, 2014) by service category is as follows.

Service category	Orders received (Millions of yen)	YoY (%)	Order backlog (Millions of yen)	YoY (%)
Custom system development	22,220	84.2	3,331	66.6
In-house software add-on development	6,073	124.6	1,490	105.9
Third-party software add-on development	7,444	102.3	942	117.9
Total	35,737	92.7	5,764	80.0

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.