May 12, 2014

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

[Japanese GAAP]

Company name:	Japan System Techniques Co., Ltd.	Listing: Tokyo Stock Exchange, Second Section
Stock code:	4323	URL: http://www.jast.jp
Representative:	Takeaki Hirabayashi, President and CEO	
Contact:	Noriaki Okado, Director and CFO	Tel: +81-6-4560-1000

Scheduled date of Annual General Meeting of Shareholders:	June 20, 2014
Scheduled date of payment of dividend:	June 6, 2014
Scheduled date of filing of Annual Security Report:	June 23, 2014
Preparation of supplementary materials for financial results:	Yes
Holding of financial results meeting:	Yes (for analysts)

Note: The original disclosure in Japanese was released on May 12, 2014 at 17:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (Apr. 1, 2013 – Mar. 31, 2014)

(1) Consolidated results of operations (Percentages for net sales and incomes represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2014	10,828	6.8	427	36.1	474	33.2	278	65.2
Fiscal year ended Mar. 31, 2013	10,139	12.3	314	10.6	355	8.7	168	24.3

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2014: 311 (up 60.9%)
Fiscal year ended Mar. 31, 2013: 193 (up 41.5%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2014	57.03	56.20	5.9	5.6	3.9
Fiscal year ended Mar. 31, 2013	35.52	35.39	3.8	4.6	3.1

Reference: Equity in earnings of affiliates (million yen): Fiscal year ended Mar. 31, 2014: - Fiscal year ended Mar. 31, 2013: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	8,817	5,066	56.6	954.53
As of Mar. 31, 2013	8,050	4,489	55.0	929.70

Reference: Shareholders' equity (million yen) As of Mar. 31, 2014: 4,992 As of Mar. 31, 2013: 4,429

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2014	393	(13)	149	2,144
Fiscal year ended Mar. 31, 2013	181	(449)	(145)	1,609

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2013	-	0.00	-	25.00	25.00	119	70.4	2.7
Fiscal year ended Mar. 31, 2014	-	0.00	-	25.00	25.00	130	43.8	2.7
Fiscal year ending Mar. 31, 2015 (forecasts)	-	0.00	-	25.00	25.00		45.2	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2015 (Apr. 1, 2014 – Mar. 31, 2015)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	5,334	6.5	1	-	16	(24.4)	1	-	0.19
Full year	11,900	9.9	525	22.8	555	17.1	290	4.0	55.26

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Please refer to “Significant Accounting Policies in the Preparation of Consolidated Financial Statements” for further information.

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Mar. 31, 2014: 5,594,230 shares As of Mar. 31, 2013: 5,128,330 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2014: 364,210 shares As of Mar. 31, 2013: 364,140 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2014: 4,890,856 shares Fiscal year ended Mar. 31, 2013: 4,755,128 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2014 (Apr. 1, 2013 – Mar. 31, 2014)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2014	8,640	8.6	403	81.5	450	80.6	292	153.6
Fiscal year ended Mar. 31, 2013	7,956	6.4	222	(18.6)	249	(17.8)	115	(19.5)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2014	59.84	58.96
Fiscal year ended Mar. 31, 2013	24.27	24.18

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2014	8,406	5,215	62.0	997.09
As of Mar. 31, 2013	7,439	4,730	63.6	992.66

Reference: Shareholders’ equity (million yen) As of Mar. 31, 2014: 5,214 As of Mar. 31, 2013: 4,729

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2015 (Apr. 1, 2014 – Mar. 31, 2015)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,309	14.8	15	-	32	156.8	17	-	3.24
Full year	9,500	10.0	470	16.6	490	8.7	270	(7.7)	51.45

Note 1: Information regarding the implementation of audit procedure

The current financial statements are exempted from audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedure for these consolidated statements has not been completed.

Note 2: Cautionary statement with respect to forward-looking statements

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company’s management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts. Please refer to “1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations” on page 2 for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

1) Summary of the fiscal year

In the current fiscal year, consolidated results of Japan System Techniques and its consolidated subsidiaries (hereafter “the Group”) were as follows: net sales of 10,828 million yen (up 6.8% year on year), operating income of 427 million yen (up 36.1% year on year), ordinary income of 474 million yen (up 33.2% year on year), and net income of 278 million yen (up 65.2% year on year). Net sales and profits increased. Results by segment were as follows.

In the software business (individualized contracted software development), net sales and profits increased. Orders from the telecommunications industry, the public sector and educational institutions declined, but increased from the service/retail industry, the finance/insurance/brokerage industry, the manufacturing industry, and medical institutions. Net sales totaled 7,110 million yen (up 9.7% year on year) and operating income totaled 278 million yen (up 70.2% year on year).

In the package business (sale and related services of operational reform packages for schools), net sales increased but profits declined. IT equipment sales, implementation support, operation services, and product maintenance increased year on year, but, end user computing (EUC: individualized contracted development of related systems) and program product (PP) sales to universities declined. Net sales totaled 1,949 million yen (up 1.9% year on year), but due to an increase in research and development expenses for product development, operating income totaled 296 million yen (down 3.9% year on year).

In the system sales business (IT equipment sales and IT/telecom infrastructure construction), net sales and profits decreased. Orders from the public sector increased, though orders from educational institutions decreased. As a result, net sales totaled 1,533 million yen (down 7.0% year on year), and operating income totaled 41 million yen (down 42.4% year on year).

Lastly, in the medical big data business (inspection, analysis and related services of medical information) newly added from the first quarter of the current fiscal year, in addition to automated inspection services for health insurance claims, the expansion of notification and data analysis services steadily expanded contracts, boosting sales and profits. Net sales totaled 235 million yen (up 153.7% year on year), and operating loss totaled 194 million yen (vs. operating loss of 230 million yen in the previous fiscal year).

2) Forecasts for the new fiscal year

In the fiscal year under review, the Japanese economy grew as corporate earnings improved and consumer spending expanded against a backdrop of a weaker yen and rising stock prices. Economic stimulus measures by the government and the Bank of Japan’s monetary policy were partly responsible for this uptrend. However, a risk of economic stagnation or a downturn remains because of factors such as falling demand in Japan following the April 2014 consumption tax hike and, in the global economy, slowing growth in China and other major emerging countries.

In the IT industry in Japan, according to latest statistics in “Survey of Selected Service Industries” by the Ministry of Economy, Trade and Industry” (the final February figures) net sales began to rise from October 2011 after declining for many years. Since then, net sales have continued to climb as the IT industry as a whole stages a recovery. However, the recovery is still weak because 2013 sales growth was only 1.7% and sales were down year-on-year in a few months.

The Group will be guided by the fiscal year’s slogan of “act with thought and speed.” Everyone at the Group has a strong commitment to adapt swiftly to changes involving clients, technologies and markets. The objective is to achieve consistent growth in association with the shift from the previous business model centered on contracted development activities. The Group is establishing a business model in which we take our own initiatives centered on proprietary brand products.

Structural reforms have established a framework in which executive officers oversee each business unit and where the newly established Management Planning Department oversees implementation of group business strategies. In addition, a global management executive has been appointed to take the lead in the full-scale expansion of activity by the Group companies and the start of operations in China and other countries. Strategies in each business unit are as follows.

In the software business, a regional-based business structure has been established with the head offices in Tokyo and Osaka. There are three business divisions in the Tokyo head office: the division of contracted development operations that has been reorganized into three units, each specializing in a particular field; the convergence business division which is an independent division as in the previous fiscal year; and the sales division. At the Osaka head office, operations has been realigned into three business divisions, each specializing in a particular field. To build new profit centers, the BankNeo business has become a separate business division of the financial-related business and has been realigned into two business divisions with the Financial Business Department, which consists three regional–based departments. The aim of these organizational changes is support consistent growth in earnings.

In the package business, the Group established business divisions in the greater Kanto and greater Kansai to localize operations and firmly expand its market share in each region. Also, the Group plans to develop next-generation mainstay products, enter the education market and grow faster in China. Furthermore, we will continue to work on making the school operations reform package GAKUEN the dominant brand in the education market in Japan and other countries.

In the system sales business, the Group will focus on expanding business from core clients and acquiring new clients in high-margin SE services, and new solutions utilizing security technology to build a new business platform and maintain earnings expansion.

Lastly, in the medical big data business, measures will continue from the previous fiscal year to increase speed and flexibility by creating a flatter organizational structure. In addition, the Group will strengthen the sales and service organizations in the Tokyo and Osaka regions in order to capture more orders and improve productivity.

Based on the above, we expected increases in sales and profits; net sales of 11,900 million yen (up 9.9% year on year), operating income of 525 million yen (up 22.8% year on year), ordinary income of 555 million yen (up 17.1% year on year), and net income of 290 million yen (up 4.0% year on year).

(2) Analysis of Financial Position

1) Balance sheet position

The balance of current assets at the end of the current fiscal year was 6,563 million yen, up 7.0% over the end of the previous fiscal year. This was mainly due to increases in cash and deposits, and notes and accounts receivable-trade from higher net sales at the end of fiscal year, and a decrease in work in process. The balance of non-current assets was 2,253 million yen, up 17.5% over the end of the previous fiscal year, mainly due to increases from the purchase of investment securities and long-term time deposits.

The balance of current liabilities at the end of the current fiscal year was 2,364 million yen, up 7.7% over the end of the previous fiscal year. This was mainly due to increases in provision for bonuses, and income taxes payable, and a decrease in advances received. The balance of non-current liabilities was 1,386 million yen at the end of the fiscal year, up 1.5% over the end of the previous fiscal year.

The balance of net assets was 5,066 million yen at the end of the current fiscal year, up 12.8% over the end of the previous fiscal year. The main factors were increases in capital stock and capital surplus due to the exercise of subscription rights to shares, and an increase in retained earnings.

2) Cash flows

Cash and cash equivalents (hereafter “funds”) increased 534 million yen from 1,609 million yen at the start of the current fiscal year to 2,144 million yen at the end of the current fiscal year.

Cash flows by category were as follows.

Cash flows provided by operating activities totaled 393 million yen, compared with 181 million yen provided in the previous fiscal year. This was a net result of inflows including decreases in notes and accounts receivable-trade and inventories, an increase in provision for bonuses, and outflows such as decreases in notes and accounts payable-trade and advances received.

Cash flows used in investing activities totaled 13 million yen, compared with 449 million yen used in the previous fiscal year. The difference was a net result of inflows from a decrease in payments for guarantee deposits and an increase from the collection of guarantee deposits, and outflows for the purchases of investment securities and software.

Cash flows provided by financing activities totaled 149 million yen, compared with 145 million yen used in the previous fiscal year. The main difference factor was an increase from issuance of shares resulting from exercise of subscription rights to shares.

Reference: Cash flow indicators

	FY3/10	FY3/11	FY3/12	FY3/13	FY3/14
Equity ratio (%)	58.1	55.2	59.2	55.0	56.6
Equity ratio based on market value (%)	41.4	33.3	38.7	38.2	39.0
Interest-bearing debt to cash flow ratio (years)	0.4	-	0.0	0.1	0.0
Interest coverage ratio (times)	106.6	-	178.8	89.1	228.6

Notes: 1. The above figures are calculated as follows.

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

* Market capitalization is calculated by multiplying the closing share price at the end of the period by the number of shares outstanding at the end of the period, excluding treasury shares.

* Interest-bearing debt is calculated using total loans-payable on the consolidated balance sheet.

* Interest payments use the amount of interest expenses paid stated on the consolidated statement of cash flows.

2. There are no average debt repayment period and interest coverage ratio figures for FY3/11 because the Company had negative operating cash flows.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The Company's basic policy for dividends is the same as that for earnings: long-term stable growth. It will examine specific policies and amounts, in light of the trend in earnings, its financial condition, and various business environments, while taking into consideration the payout ratio. The Company will make effective use of retained earnings to invest in the training of professional human resources, the creation of new businesses, the promotion of various alliances, and R&D for new products.

The Group will pay a dividend of 25 yen for each common share, in accordance with initial plans, for the fiscal year ended March 31, 2014, in response to support from shareholders and investors.

The Group plans a dividend of 25 yen for each common share in the fiscal year ending March 31, 2015 in light of the outlook for stable earnings growth.

(4) Business Risks

Listed below are the risk factors that may affect operating results and financial position as well as the stock price and other performance indices of the Group. Forward-looking statements are based on the judgment of the Group as of the date of the release of these materials.

1) Risks related to defects in products and services

Information systems development within the IT industry, including the Company, has become increasingly complex due to the growing sophistication of hardware, dramatic advances in IT/telecom and network technologies, and the rapid spread in recent years of "cloud" and other new information-processing technologies. Meanwhile, the demands of clients regarding quality have become stricter as society shows increased interest in quality and defect issues related to IT products and services given the growing impact of such defects on society. Against this backdrop, the Group is very careful in thoroughly educating employees about improving and stabilizing software quality, strengthening screening functions during the quote and order process, improving quote technology, and enhancing project management. Nevertheless, the Group cannot rule out the possibility of defects which could cause major projects to become unprofitable due to client indemnities and product repairs, and together with credit deterioration, result in a material impact on the Group’s business performance.

2) Risks related to information management, misuse, and negligence, etc.

To prevent the leak of confidential or personal information relating to clients or employees, as well as accidents due to negligence of all kinds, and misuse, the Group has formulated internal guidelines, trained employees, and holds regular inspections conducted by professional organizations. Still, these efforts cannot completely eliminate risk, and the materialization of such risk could lower the Group’s creditworthiness, require indemnities, and have a material impact on the Group’s business performance.

3) Risks associated with overreliance on major clients

The Group’s top clients account for a comparatively high proportion of its overall sales. Its top three clients accounted for approximately 18% of consolidated net sales in the fiscal year under review, and its top five clients approximately 25%. Although the Group’s overreliance on these particular major clients has eased somewhat over the past few years, a change in orders from major clients or in the industry environment for major clients could cause significant fluctuations in the Group’s business performance.

4) Risks associated with the concentration of earnings towards the fiscal yearend

A unique feature of the Group’s contracted software development, package, and systems equipment sales businesses is that product inspections tend to concentrate in March which is the last month of the fiscal year for most clients. Delays in the recognition of revenue due to clients’ postponement of development processes, budget executions, or product inspections could cause fluctuations in the Group’s business performance.

5) Risks associated with the valuation of assets

The Group owns marketable securities, real estate for rent, and other investment assets. The balance of these assets is considerably smaller than its current assets which can be easily converted to cash. Still, unpredictable or rapid changes in market prices or the bankruptcy of issuers, while difficult to forecast, could reduce the value of these assets, impacting the Group’s business performance.

6) Risks related to large natural disasters

The outbreak of a large earthquake or other natural disaster could inflict devastating damage on the Group's mainstay offices and injure many employees requiring expensive repairs and impacting the Group's business performance. The Group is working on countermeasures to maintain business operations in preparation for the possibility or outbreak of a natural disaster.

2. Corporate Group

The Group is comprised of Japan System Techniques Co., Ltd. and its six consolidated subsidiaries. It operates four businesses including 1) the software business which develops software on contract to meet the specific needs of clients, 2) the package business which develops and sells operations packages mainly for educational institutions, 3) the system sales business which sells hardware and software, and 4) the medical big data business, which includes a full line of services including automated inspection services for health insurance claims, data analysis and notification of the cost of medical care. This business was added in the first quarter of the current fiscal year.

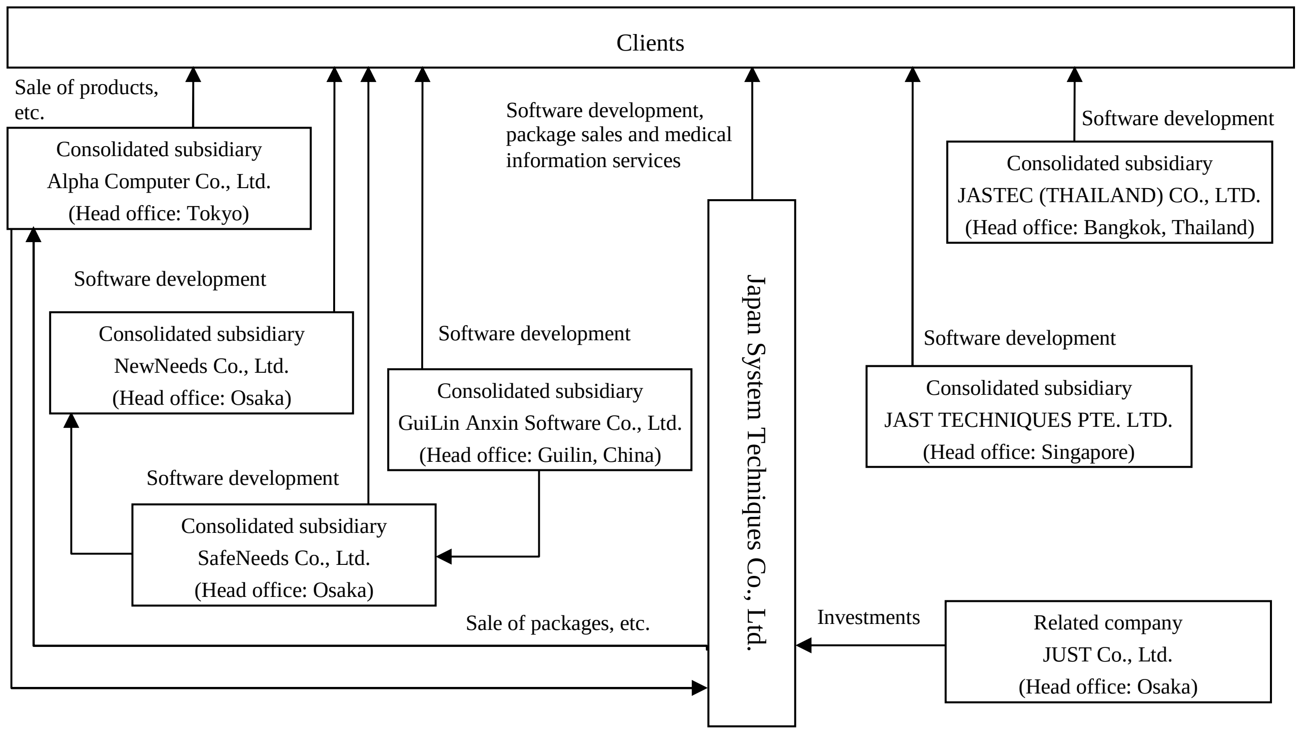
The table below shows the content of each of the Group's businesses.

The business classification below is the same as in "4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Segment and Other Information)" on page 33.

Business segment	Field	Content	Company name
Software business	Business applications (office work processing system)	- Systems for the manufacturing industry including production management, logistics management, and order management - Systems for the retail and service industries including store information, procurement, shipment management, virtual shopping malls, and shopping mileage services - Systems for banks including accounts, information, global operations, and integrated operations packages - Systems for the securities industry including equity trading, investment trusts, dealing, and Internet securities trading - Systems for the insurance industry including contract management and non-life new reserves - Systems for the public sector including phone billing, tax revenue management, resident information, postal accounts, and highway ETC (electronic toll collection) - Systems for schools and students including entrance examinations, student registries, teaching, and job search support - Systems for website production, smartphone app development, and related network businesses - Accounting, personnel, ERP package introduction support, and e-commerce (EDI) systems; customer relations management (CRM) systems; data warehousing construction; biometric identification security systems; and other office work processing systems	Japan System Techniques Co., Ltd. JAST TECHNIQUES PTE. LTD. JASTEC (THAILAND) CO., LTD. NewNeeds Co., Ltd. SafeNeeds Co., Ltd. GuiLin Anxin Software Co., Ltd.
	Engineering applications (communications, control, technology systems)	- Embedded software for cell phones, digital audio-visual equipment, and car mounted systems; IT/telecom systems for terrestrial digital broadcasts, mobile communications, car navigation, optic fiber communications networks, and simulators - Public transportation systems for road information, road management, rail operations management, and linear motor car drive control - Electric utility systems for integrated power control and power plant operations management - Logistics systems for automated warehouse control, automated conveyor control, and automated packaging/labeling control - Science/technology systems for car design, building/bridge construction, architectural design support, structural analysis, and plastic injection molding curvature processing	
	Event applications (sports and cultural event systems)	- Marathon systems, and other competitive sports data compilation systems - Competitive event management systems for track & field events (national, international, etc.), golf tournaments, handicapped sports, ballet and other competitions. - Conference and event management systems for shareholder meeting management support, visitor management, membership management, and product campaigns - Sports arena and conference infrastructure control systems including electronic boards, visual display equipment control, and LAN coordination	

Business segment	Field	Content	Company name
Package business	Strategic university management system	- Large-scale university-edition ERP “GAKUEN REVOLUTION EX” series development, sales, maintenance, introduction support, and contract development of related systems - School office work support integrated system “GAKUEN EX” series development, sales, maintenance, introduction support, and contract development of related systems - University integrated web service system “GAKUEN UNIVERSAL PASSPORT EX” development, sales, maintenance, introduction support, and contract development of related systems - School operations system consultation, end-user computing (EUC) support, and business process reengineering (BPR) support and operation services	Japan System Techniques Co., Ltd. Alpha Computer Co., Ltd.
System sales business	Information system equipment sales	- Sale and maintenance of computers, network equipment, and software packages - Provision of system solutions for universities and public bodies - Information communications network construction	Alpha Computer Co., Ltd.
Medical big data business	Inspection, analysis and related services of medical information	- Automated inspection services for health insurance claims “JMICS”(JAST Medical Insurance Checking System) - Systems for medical information services sector including medical expense notices - Cloud services for checking service providers	Japan System Techniques Co., Ltd.

The diagram below provides a visual representation of the positioning and relationships of businesses within the Group.



* Since the executives of SafeNeeds own all shares of GuiLin Anxin Software Co., Ltd. and constitute a majority of the number of the Board of Representatives, GuiLin Anxin Software is effectively under the control of the Company and included in consolidation.

3. Management Policies

(1) Basic Management Policy

Japan System Techniques, since its founding, has maintained its complete independence, unaffiliated with any group, based on the motto of “creating and providing information technology to contribute to society.” While challenging the frontiers of the latest technologies, the Company has worked on systems development independent of any specific industry, technology field, or manufacturer. As a comprehensive information services provider, this independence has allowed it to meet an extremely wide variety of needs as the description in “2. Corporate Group” on page 6 shows. This is a major strength of the Company and has contributed significantly to its stable earnings growth. It is the passion of each and every employee towards information systems development, and sincerity in dealing with clients, that drives this growth. As such, the Company believes in “developing human resources” based on the management philosophy that the most important management priority is for each and every employee to polish his or herself.

(2) Performance Targets

The Company understands the importance of achieving the sales and profit targets it discloses every fiscal year.

From the standpoint of improving enterprise value by seeking returns on shareholders’ equity, the Company aims for earnings per share (EPS), which reached 121.58 yen in the fiscal year ended March 31, 2006 due to one-off factors that lifted net income, to exceed 100 yen (EPS was 57.03 yen in the fiscal year under review) in an early future through improving the profitability of core businesses. The Company also aims to further improve the ratio of net income to shareholders’ equity, or ROE, which was 5.9% on a consolidated basis in the fiscal year under review.

(3) Medium- and Long-term Business Strategy

A key strength of the Company is that, through a business strategy of covering a wide variety of fields while also focusing deeply on each and staying ahead of the latest technologies, it can maintain stable earnings, unaffected by business environment changes such as the boom-bust cycles of specific industries or changes in technology trends, while at the same time aiming for long-term growth.

However, in the uncertain economy of late, and particularly in the IT industry where the environment is extremely volatile, the Company understands that it will be difficult to achieve growth into the future if it remains overly dependent on contract development, the IT industry’s mainstay source of earnings to date.

Based on this understanding, the Group will maintain its long-term contract development business with large clients, its traditional earnings foundation, while also believes it is vital to develop proprietary brand products and services capable of creating new demand and attracting new clients, and to create new growth drivers capable of reforming the business format by globalizing and expanding its alliances, including through M&A activity. Concrete initiatives include commercializing proprietary brand services including healthcare-related services, integrated package solutions for financial institutions, and smartphone apps. Also, the Group began building alliances including with Chinese firms. To translate these initiatives into new sources of earnings, the Group will focus on enriching its products and services, conducting marketing activities, and strengthening its management structure. Also, to further strengthen the growth base, it will continue to improve project management technologies, increase added value by enriching the solutions menu, and introduce intensive training and personnel systems capable of nurturing top-class talent.

(4) Challenges

Please see “1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations, 2) Forecasts for the new fiscal year” on page 2 for a description of current conditions and challenges in the IT industry and the Group. Based on these understandings, Each and every employee has a strong commitment to adapt swiftly to changes involving clients, technologies and markets with the goal of maximizing earnings from activities that match the characteristics of each market sector. Activities in the fiscal year ending on March 31, 2015 will be guided by the fiscal year slogan “generating the best results by reading markets accurately and acting with thought and speed.” In addition, we have established the following nine key challenges.

1) Have all employees go on the offense and lead the times to make change

2) Have each of the Kanto and Kansai divisions move forward with management with the mind of an independent company

3) Shift to an operating structure in which businesses are headed by executive officers

4) Release the next-generation GAKUEN package to control the market in Japan and speed up growth in China

5) Create powerful brands with innovative management that utilizes the distinctive strengths of each group company

6) Grow in global markets and sustain this growth

7) Set the stage for more growth by making all employees “problem solving experts”

8) Pass the baton to a new generation of leaders at each management level

9) Promote corporate reforms by improving the personnel system and rebuilding internal systems

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Assets		
Current assets		
Cash and deposits	2,938,177	3,319,585
Notes and accounts receivable-trade	2,337,520	2,607,749
Merchandise and finished goods	145,160	97,394
Work in process	291,906	167,776
Raw materials and supplies	3,112	2,347
Deferred tax assets	194,068	259,362
Other	224,350	112,940
Allowance for doubtful accounts	(3,056)	(3,863)
Total current assets	6,131,241	6,563,292
Non-current assets		
Property, plant and equipment		
Buildings and structures	550,476	551,886
Accumulated depreciation	(232,452)	(270,155)
Buildings and structures, net	*2 318,024	*2 281,730
Land	*2 142,361	*2 142,361
Other	240,953	252,174
Accumulated depreciation	(144,711)	(171,771)
Other, net	96,242	80,402
Total property, plant and equipment	556,627	504,495
Intangible assets		
Goodwill	35,338	27,023
Software	18,563	96,422
Other	7,189	7,189
Total intangible assets	61,091	130,635
Investments and other assets		
Investment securities	233,938	362,629
Long-term loans receivable	2,694	-
Net defined benefit asset	-	257,001
Deferred tax assets	245,413	234,645
Guarantee deposits	329,950	299,440
Prepaid pension cost	115,869	-
Other	*1,*2 433,876	*1,*2 519,352
Allowance for doubtful accounts	(60,549)	(54,288)
Total investments and other assets	1,301,192	1,618,782
Total non-current assets	1,918,912	2,253,912
Total assets	8,050,153	8,817,204

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	901,615	906,653
Short-term loans payable	17,309	-
Current portion of long-term loans payable	2,400	2,400
Income taxes payable	154,452	293,658
Provision for bonuses	383,366	531,526
Provision for directors' bonuses	24,829	28,477
Other	710,917	601,663
Total current liabilities	2,194,889	2,364,379
Non-current liabilities		
Long-term loans payable	4,200	1,800
Provision for retirement benefits	888,617	-
Provision for directors' retirement benefits	397,697	422,029
Net defined benefit liability	-	903,730
Other	75,209	58,856
Total non-current liabilities	1,365,724	1,386,415
Total liabilities	3,560,614	3,750,795
Net assets		
Shareholders' equity		
Capital stock	924,223	1,071,446
Capital surplus	885,862	1,033,084
Retained earnings	2,865,993	3,025,811
Treasury shares	(266,494)	(266,539)
Total shareholders' equity	4,409,584	4,863,803
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	34,414	52,191
Foreign currency translation adjustment	(14,720)	(14,936)
Remeasurements of defined benefit plans	-	91,150
Total accumulated other comprehensive income	19,694	128,405
Subscription rights to shares	984	514
Minority interests	59,275	73,686
Total net assets	4,489,539	5,066,409
Total liabilities and net assets	8,050,153	8,817,204

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net sales	10,139,381	10,828,399
Cost of sales	8,094,068	8,649,893
Gross profit	2,045,313	2,178,505
Selling, general and administrative expenses	*1,*2 1,731,089	*1,*2 1,750,890
Operating income	314,223	427,615
Non-operating income		
Interest income	9,338	10,176
Dividend income	3,768	5,411
Foreign exchange gains	5,506	7,997
Rent income	14,876	14,569
Commission fee	1,974	1,864
Subsidy income	4,096	19,779
Other	15,945	9,526
Total non-operating income	55,506	69,324
Non-operating expenses		
Interest expenses	2,036	1,673
Rent expenses	9,483	15,845
Other	2,266	5,341
Total non-operating expenses	13,786	22,861
Ordinary income	355,943	474,078
Income before income taxes and minority interests	355,943	474,078
Income taxes-current	165,471	304,470
Income taxes-deferred	15,217	(116,444)
Total income taxes	180,688	188,025
Income before minority interests	175,255	286,052
Minority interests in income	6,368	7,129
Net income	168,886	278,922

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Income before minority interests	175,255	286,052
Other comprehensive income		
Valuation difference on available-for-sale securities	15,363	17,776
Foreign currency translation adjustment	3,093	7,909
Total other comprehensive income	*1 18,457	*1 25,685
Comprehensive income	193,712	311,738
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	181,001	296,482
Comprehensive income attributable to minority interests	12,711	15,255

(3) Consolidated Statement of Changes in Equity

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	919,665	881,304	2,815,796	(266,494)	4,350,271
Changes of items during period					
Issuance of new shares-exercise of subscription rights to shares	4,558	4,558			9,116
Dividends of surplus			(118,689)		(118,689)
Net income			168,886		168,886
Purchase of treasury shares				-	-
Net changes of items other than shareholders' equity					
Total changes of items during period	4,558	4,558	50,197	-	59,313
Balance at end of current period	924,223	885,862	2,865,993	(266,494)	4,409,584

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	19,051	(11,471)	-	7,579	1,001	27,305	4,386,158
Changes of items during period							
Issuance of new shares-exercise of subscription rights to shares							9,116
Dividends of surplus							(118,689)
Net income							168,886
Purchase of treasury shares							-
Net changes of items other than shareholders' equity	15,363	(3,248)	-	12,114	(16)	31,970	44,068
Total changes of items during period	15,363	(3,248)	-	12,114	(16)	31,970	103,381
Balance at end of current period	34,414	(14,720)	-	19,694	984	59,275	4,489,539

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	924,223	885,862	2,865,993	(266,494)	4,409,584
Changes of items during period					
Issuance of new shares-exercise of subscription rights to shares	147,222	147,222			294,445
Dividends of surplus			(119,104)		(119,104)
Net income			278,922		278,922
Purchase of treasury shares				(44)	(44)
Net changes of items other than shareholders' equity					
Total changes of items during period	147,222	147,222	159,817	(44)	454,218
Balance at end of current period	1,071,446	1,033,084	3,025,811	(266,539)	4,863,803

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	34,414	(14,720)	-	19,694	984	59,275	4,489,539
Changes of items during period							
Issuance of new shares-exercise of subscription rights to shares							294,445
Dividends of surplus							(119,104)
Net income							278,922
Purchase of treasury shares							(44)
Net changes of items other than shareholders' equity	17,776	(216)	91,150	108,711	(470)	14,411	122,651
Total changes of items during period	17,776	(216)	91,150	108,711	(470)	14,411	576,870
Balance at end of current period	52,191	(14,936)	91,150	128,405	514	73,686	5,066,409

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	355,943	474,078
Depreciation	66,468	75,537
Amortization of software	8,819	14,165
Amortization of goodwill	6,236	8,314
Increase (decrease) in provision for bonuses	(16,167)	148,160
Increase (decrease) in provision for retirement benefits	38,725	-
Decrease (increase) in prepaid pension costs	9,104	-
Decrease (increase) in net defined benefit asset	-	(15,640)
Increase (decrease) in net defined benefit liability	-	30,161
Interest and dividend income	(13,106)	(15,587)
Interest expenses	2,036	1,673
Decrease (increase) in notes and accounts receivable-trade	(504,480)	(266,261)
Decrease (increase) in inventories	17,135	173,816
Increase (decrease) in notes and accounts payable-trade	239,856	4,745
Other, net	153,052	(85,198)
Subtotal	363,624	547,965
Interest and dividend income received	13,383	15,222
Interest expenses paid	(2,036)	(1,720)
Income taxes paid	(193,446)	(168,049)
Net cash provided by (used in) operating activities	181,525	393,417
Cash flows from investing activities		
Decrease (increase) in time deposits	(338)	59,057
Purchase of property, plant and equipment	(208,669)	(18,670)
Proceeds from reversal of insurance funds	-	8,642
Purchase of software	(5,742)	(92,324)
Purchase of investment securities	(2,128)	(102,054)
Payments for guarantee deposits	(197,157)	(1,429)
Proceeds from collection of guarantee deposits	16,959	138,420
Payments for asset retirement obligations	(33,739)	-
Purchase of share of subsidiaries resulting in change in scope of consolidation	(18,788)	-
Other, net	127	(5,130)
Net cash provided by (used in) investing activities	(449,477)	(13,489)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(867)	(20,312)
Proceeds from long-term loans payable	7,800	-
Repayment of long-term loans payable	(42,287)	(2,400)
Proceeds from issuance of common shares	9,099	293,974
Cash dividends paid	(118,689)	(119,104)
Cash dividends paid to minority shareholders	(478)	(1,283)
Other, net	(270)	(1,097)
Net cash provided by (used in) financing activities	(145,693)	149,776
Effect of exchange rate change on cash and cash equivalents	7,903	4,403
Net increase (decrease) in cash and cash equivalents	(405,741)	534,108
Cash and cash equivalents at beginning of period	2,015,704	1,609,962
Cash and cash equivalents at end of period	*1 1,609,962	*1 2,144,070

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 6

Names of consolidated subsidiaries:

JAST TECHNIQUES PTE. LTD.
JASTEC (THAILAND) CO., LTD.
Alpha Computer Co., Ltd.
NewNeeds Co., Ltd.
SafeNeeds Co., Ltd.
GuiLin Anxin Software Co., Ltd.

Since the executives of SafeNeeds own all shares of GuiLin Anxin Software Co., Ltd. and constitute a majority of the number of the Board of Representatives, GuiLin Anxin Software is effectively under the control of the Company and included in consolidation.

2. Application of equity method

The Company has no subsidiaries and affiliates accounted for by the equity method.

3. Fiscal year of consolidated subsidiaries

At the three overseas consolidated subsidiaries, the fiscal year under review ended on December 31, 2013. The consolidated financial statements include the financial statements of these consolidated subsidiaries as of December 31, 2013. Necessary adjustments have been made for the consolidation concerning material transactions arising between January 1, 2014 and March 31, 2014.

The fiscal year of the three consolidated subsidiaries in Japan ends on the closing date of consolidated financial statements.

4. Accounting standards

(1) Valuation standards and methods for principal assets

1) Marketable securities

Available-for-sale securities

Securities with market quotations

Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

Securities without market quotations

Stated at cost determined by the moving-average method.

2) Inventories

a. Merchandise

Stated at cost determined by the specific identification method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

b. Finished goods

Stated at cost determined by the periodic average method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

c. Work in process

Stated at cost determined by the specific identification method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

d. Supplies

Valued by the last purchased price method.

(2) Depreciation and amortization of significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment at the Company and its consolidated subsidiaries in Japan is calculated by the declining-balance method, and at the overseas consolidated subsidiaries by the straight-line method.

Useful life of principle assets is as follows:

Buildings and structures:	10-35 years
Other	4-10 years

2) Intangible assets (excluding leased assets)

Amortization of intangible assets is calculated by the straight-line method.

Software is amortized over an expected internal useful life of 3-5 years by the straight-line method.

3) Leased assets

Depreciation of leased assets is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.

4) Investments and other assets (other)

Declining-balance method, except for buildings acquired on or after April 1, 1998 (excluding attached structures) on which depreciation is calculated by the straight-line method.

Useful life of investments and other assets (other) is 47 years (buildings).

(3) Recognition of significant allowances

1) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

2) Provision for bonuses

To provide for employee bonus obligation, the Company and its certain consolidated subsidiaries in Japan provide an allowance equal to the estimated bonus obligations.

3) Provision for directors' retirement benefits

To provide for directors' retirement benefits, the Company and its certain consolidated subsidiaries in Japan provide an allowance for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.

4) Provision for directors' bonuses

To provide for directors' bonuses, the Company and certain consolidated subsidiaries in Japan provide an allowance equal to the estimated bonus obligations in the current fiscal year.

(4) Accounting method for retirement benefits

1) Method of attributing estimated retirement benefit obligations to periods

In calculation of retirement benefit obligations, the Company uses the periodic straight line method for attributing estimated retirement benefit obligations to periods.

2) Amortization of actuarial differences and prior service costs

Prior service cost is amortized by the declining-balance method over a certain period (10 years) within estimated average remaining years of service of the eligible employees.

Actuarial differences are amortized and charged to expense in the year following the fiscal year in which such gain or loss is recognized by the declining-balance method over a certain period (10 years) which is within the estimated average remaining years of service of the eligible employees.

(5) Recognition of significant revenues and expenses

Recognition criteria for revenues and cost of sales for contracted software production

1) Contracts of which the outcome can be reliably estimated

The percentage-of-completion standard (with the percentage of completion estimated on the cost-to-cost basis).

2) Other contracted work

The completed-contract standard.

(6) Method and period of goodwill amortization

Goodwill is amortized over 5 years by the straight-line method.

(7) Scope of cash and cash equivalents on consolidated statement of cash flows

Cash and cash equivalents consist of vault cash, deposits that can be withdrawn on demand, and time deposit with maturities less than 3 months.

(8) Other significant accounting policies in the preparation of consolidated financial statements

Accounting for consumption taxes

National and local consumption taxes are accounted by the tax-exclusion method. Non-deductible national and local consumption taxes are charged to expenses in the current fiscal year.

Changes in Accounting Policies

Application of the accounting standard for retirement benefits

Following the application of the "Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; excluding the provisions set forth in Clause 35) and "Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; excluding the provisions set forth in Clause 67)," the Company has changed its accounting treatment to record the retirement benefit obligations as a net defined benefit liability or a net defined benefit assets after deducting plan assets, and recorded the unrecognized actuarial differences and unrecognized prior service costs as a net defined benefit liability and a net defined benefit assets from the current fiscal year.

For the application of this accounting standard, in accordance with the transitional accounting treatments set forth in Clause 37 of the Accounting Standard for Retirement Benefits, the monetary effect of this change has been included in the remeasurements of defined benefit plans of accumulated other comprehensive income at the end of the current fiscal year.

The result was a net defined benefit assets of 257,001 thousand yen, a net defined benefit liability of 903,730 thousand yen, and an increase of 91,150 thousand yen in accumulated other comprehensive income at the end of the current fiscal year.
Net assets per share increased 17.43 yen.

Accounting Standards, Others That Have Not Yet Been Applied

- Accounting Standard for Retirement Benefits ASBJ Statement No. 26, May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

1. Summary

The revisions to the accounting standards include accounting method for unrecognized actuarial differences and unrecognized prior service costs, calculation method of retirement benefit obligation and service costs, as well as the expansion of disclosure.

2. Effective date

The above changes in the calculation method for retirement benefit obligation and service costs will be effective at the beginning of the fiscal year ending March 31, 2015.

As the transitional measures were established, the Company does not apply these standards retrospectively to the consolidated financial statements in prior periods.

3. Effects of the application of the above accounting pronouncements
The effects of the application of above accounting pronouncements, the Company expects deferred tax assets and net defined benefit liability to decrease 97,473 thousand yen and 169,824 thousand yen, respectively, and net defined benefit assets and retained earnings to increase 103,978 thousand yen and 176,328 thousand yen, respectively, at the beginning of the fiscal year ending March 31, 2015.
In addition, operating income, ordinary income, and income before income taxes and minority interests are expected to be increased by 5,881 thousand yen each in the fiscal year ending March 31, 2015.

Reclassifications

(Consolidated statement of income)
“Foreign exchange gains,” included in “Other” under non-operating income in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year since the amount exceeded 10/100 of total non-operating income. The prior-period consolidated financial statements are restated to conform to the current-period presentation.
“Other” under non-operating income (21,451 thousand yen) shown in the prior-period consolidated statement of income is reclassified and divided into “Foreign exchange gains” (5,506 thousand yen) and “Other” (15,945 thousand yen).

“Loss on retirement of non-current assets” under non-operating expenses, presented as separate items in the previous fiscal year, are included in “Other” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. The prior-period consolidated financial statements are restated to conform to the current-period presentation.
“Loss on retirement of non-current assets” (123 thousand yen) under non-operating expenses shown in the prior-period consolidated statement of income are reclassified and included in “Other.”

(Consolidated statement of cash flows)
“Purchase of investment securities” and “Proceeds from collection of guarantee deposits,” included in “Other, net” under cash flows from investing activities in the previous fiscal year, is reclassified and presented as a separate line item in the current fiscal year since they have increased materiality in the context of financial statements. The prior-period consolidated financial statements are restated to conform to the current-period presentation.

“Other, net” under cash flows from investing activities (14,958 thousand yen) shown in the prior-period consolidated statement of cash flows is reclassified and divided into “Purchase of investment securities” (-2,128 thousand yen), “Proceeds from collection of guarantee deposits” (16,959 thousand yen) and “Other, net” (127 thousand yen).

Changes in Accounting-based Estimates

Not applicable.

Additional Information

Not applicable.

Notes to Consolidated Balance Sheet

*1. Accumulated depreciation on investments and other assets (other)

(Thousands of yen)

FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
185,744	188,964

*2. Assets pledged as collateral

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Buildings and structures, net	61,903	57,751
Land	142,361	142,361
Investments and other assets (other)	133,172	130,553
Total	337,437	330,666

3. The Company has commitment line agreements with 4 banks, in order to raise funds efficiently. The balances of credit available as of the balance sheet date were as follows.

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Commitment line	500,000	500,000
Credit used	-	-
Credit available	500,000	500,000

Notes to Consolidated Statement of Income

*1. Major items of selling, general and administrative expenses

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Directors’ compensations	166,408	158,732
Wages, salaries and other allowances	673,424	726,462
Provision for bonuses	62,431	89,627
Provision for directors’ bonuses	24,091	26,805
Provision for directors’ retirement benefits	25,756	24,332
Retirement benefit expenses	33,222	32,164
Research and development expenses	176,509	156,706

*2. Total amount of research and development expenses included in general and administrative expenses

(Thousands of yen)

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
176,509	156,706

Notes to Consolidated Statement of Comprehensive Income

*1. Re-classification adjustments and tax effect with respect to other comprehensive income

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	23,842	27,923
Re-classification adjustments	-	(306)
Before tax effect adjustments	23,842	27,617
Tax effect	(8,479)	(9,840)
Valuation difference on available-for-sale securities	15,363	17,776
Foreign currency translation adjustment:		
Amount incurred during the year	3,093	7,909
Total other comprehensive income	18,457	25,685

Notes to Consolidated Statement of Changes in Equity

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

1. Type of share and the number of outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2012	Increase	Decrease	Number of shares as of Mar. 31, 2013
Outstanding shares				
Common stock (Note)	5,111,730	16,600	-	5,128,330
Total	5,111,730	16,600	-	5,128,330
Treasury shares				
Common stock	364,140	-	-	364,140
Total	364,140	-	-	364,140

Note: Number of outstanding shares of common stock increased 16,600 shares due to exercise of subscription rights to shares.

2. Items related to subscription rights to shares and treasury subscription rights to shares

Item	Subscription rights to shares (itemized)	Type of shares under subscription rights to shares	Number of shares under subscription rights to shares (Shares)				Balance as of Mar. 31, 2013 (Thousands of yen)
			As of Apr. 1, 2012	Increase	Decrease	As of Mar. 31, 2013	
Reporting company	Subscription rights to shares (2011)	Common stock	991,500	-	16,600	974,900	984
Total		-	991,500	-	16,600	974,900	984

Notes: 1. Number of shares under subscription rights to shares is the number of shares assuming that all subscription rights have been exercised.
2. Number of subscription rights to shares (2011) decreased due to the exercise of subscription rights to shares.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on May 9, 2012	Common stock	118,689	25	March 31, 2012	June 6, 2012

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on May 10, 2013	Common stock	119,104	Retained earnings	25	March 31, 2013	June 6, 2013

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

1. Type of share and the number of outstanding shares and treasury shares (Shares)

	Number of shares as of Apr. 1, 2013	Increase	Decrease	Number of shares as of Mar. 31, 2014
Outstanding shares				
Common stock (Note 1)	5,128,330	465,900	-	5,594,230
Total	5,128,330	465,900	-	5,594,230
Treasury shares				
Common stock (Note 2)	364,140	70	-	364,210
Total	364,140	70	-	364,210

Notes: 1. Number of outstanding shares of common stock increased 465,900 shares due to exercise of subscription rights to shares.
2. Number of treasury shares of common stock increased 70 shares due to acquisition of odd-lot shares.

2. Items related to subscription rights to shares and treasury subscription rights to shares

Item	Subscription rights to shares (itemized)	Type of shares under subscription rights to shares	Number of shares under subscription rights to shares (Shares)				Balance as of Mar. 31, 2014 (Thousands of yen)
			As of Apr. 1, 2013	Increase	Decrease	As of Mar. 31, 2014	
Reporting company	Subscription rights to shares (2011)	Common stock	974,900	-	465,900	509,000	514
Total		-	974,900	-	465,900	509,000	514

Notes: 1. Number of shares under subscription rights to shares is the number of shares assuming that all subscription rights have been exercised.
2. Number of subscription rights to shares (2011) decreased due to the exercise of subscription rights to shares.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total dividends (Thousands of yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on May 10, 2013	Common stock	119,104	25	March 31, 2013	June 6, 2013

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total dividends (Thousands of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on May 12, 2014	Common stock	130,750	Retained earnings	25	March 31, 2014	June 6, 2014

Notes to Consolidated Statement of Cash Flows

*1. Reconciliation of cash and cash equivalents at the end of the fiscal year and amount of balance sheet is made as follows.

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Cash and deposits	2,938,177	3,319,585
Time deposit with maturities over 3 months	(1,328,215)	(1,175,514)
Cash and cash equivalents	1,609,962	2,144,070

Marketable Securities

1. Available-for-sale securities

FY3/13 (As of Mar. 31, 2013)

(Thousands of yen)

	Type	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities with carrying value exceeding acquisition costs	Shares	124,729	87,960	36,768
	Bonds	99,400	81,327	18,073
	Subtotal	224,129	169,287	54,841
Securities with carrying value not exceeding acquisition costs	Shares	9,110	10,245	(1,134)
	Bonds	698	980	(281)
	Subtotal	9,809	11,225	(1,416)
Total		233,938	180,512	53,425

FY3/14 (As of Mar. 31, 2014)

(Thousands of yen)

	Type	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities with carrying value exceeds acquisition costs	Shares	262,709	200,260	62,449
	Bonds	99,920	81,327	18,593
	Subtotal	362,629	281,587	81,042
Securities with carrying value not exceeding acquisition costs	Shares	-	-	-
	Bonds	-	-	-
	Subtotal	-	-	-
Total		362,629	281,587	81,042

2. Sales of other securities

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

Not applicable.

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

Type	Sales amount	Aggregate gain	Aggregate loss
Shares	-	-	-
Bonds	1,005	306	-
Others	-	-	-
Total	1,005	306	-

3. Other securities written down due to impairment

Not applicable in FY3/13 and FY3/14.

Impairment loss is recognized for other securities in the case where the fair value at the end of each quarterly period is at the level of 50% or less of the acquisition cost or the fair value at the end of half period is at the level of more than 50% but not more than 70% of the acquisition cost for two consecutive periods, the whole difference is impaired.

Derivative Transactions

Not applicable because the Group had no derivative transactions.

Retirement Benefits

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

1. Retirement benefit plans

The Company has adopted defined benefit plans, which are a lump-sum retirement benefit payment plan in line with the Company's regulation, and a defined benefit pension plan as well as a defined contribution pension plan. The Company participates in the Japan Computer Information Service Employee's Pension Fund, and this welfare pension fund is applied by the exceptional treatment as stipulated by Clause 33 of the Practical Guidance for Accounting for Retirement Benefits. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 28,924 thousand yen in the consolidated financial statements for FY3/13.

Alpha Computer Co., Ltd. has adopted a lump-sum retirement benefit payment plan as defined benefit plan, and participates in the Kanto IT Software Welfare Pension Fund. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 1,192 thousand yen in the consolidated financial statements for FY3/13.

NewNeeds Co., Ltd. participates in the Small Enterprise Retirement Allowance Mutual Aid Fund for retirement fund. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 1,581 thousand yen in the consolidated financial statements for FY3/13.

An overseas consolidated subsidiary has a retirement benefit plan based on its local program.

Following is the information regarding the multi-employer pension plan under which the amount to be contributed to plan assets is accounted for as retirement benefit expenses.

Japan Computer Information Service Employees' Pension Fund

(1) Information regarding funding status of the plan as a whole (as of March 31, 2012)

	(Thousands of yen)
Amount of plan assets	470,484,694
Amount of actuarially computed benefit obligation	522,506,206
Difference	(52,021,511)

(2) The percentage of contribution by the Company out of the total contribution to the plan

0.39% (From April 1, 2011 to March 31, 2012)

Kanto IT Software Welfare Pension Fund

(1) Information regarding funding status of the plan as a whole (as of March 31, 2012)

	(Thousands of yen)
Amount of plan assets	186,189,698
Amount of actuarially computed benefit obligation	186,648,697
Difference	(458,998)

(2) The percentage of contribution by the consolidated subsidiaries out of the total contribution to the plan

0.04% (From April 1, 2011 to March 31, 2012)

2. Retirement benefit obligations

		(Thousands of yen)
(1)	Retirement benefit obligation	(1,592,443)
(2)	Plan assets at fair value	896,224
(3)	Unfunded projected benefit obligation ((1) + (2))	(696,218)
(4)	Unrecognized actuarial differences	(74,159)
(5)	Unrecognized prior service cost (increase in obligation)	(2,370)
(6)	Ne amount stated on the consolidated balance sheet ((3) + (4) + (5))	(772,748)
(7)	Prepaid pension cost	115,869
(8)	Provision for retirement benefits ((6) – (7))	(888,617)

Note: Retirement benefit obligation of the certain consolidated subsidiaries in Japan using the simple method.

3. Retirement benefit expenses

		(Thousands of yen)
(1)	Service cost	137,030
(2)	Interest cost	23,879
(3)	Expected return on plan assets	(19,080)
(4)	Amortization of actuarial differences	5,910
(5)	Amortization of prior service cost	(614)
(6)	Other	63,593
(7)	Retirement benefit expenses ((1) + (2) + (3) + (4) + (5) + (6))	210,718

Note: "(6) Other" represents premium payments for the defined contribution pension plan.

4. Assumptions used in accounting for the retirement benefit obligations

(1) Periodic distribution of estimated retirement benefit obligations

Straight-line.

(2) Discount rate

1.6%

(3) Expected return on assets

2.5%

(4) Amortization of actuarial differences

The actuarial difference is expensed in the following fiscal years using the declining-balance method based on the certain years (10 years) within the average length of remaining service period of employees.

(5) Amortization of prior service cost

The prior service cost is expensed by the declining-balance method based on the certain years (10 years) within the average length of remaining service period of employees from the year when it is recognized.

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

The Company has adopted defined benefit plans, which are a lump-sum retirement benefit payment plan in line with the Company's regulation, and a defined benefit pension plan as well as a defined contribution pension plan. The Company participates in the Japan Computer Information Service Employee's Pension Fund, and this welfare pension fund is applied by the exceptional treatment as stipulated by Clause 33 of the Practical Guidance for Accounting for Retirement Benefits. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 29,547 thousand yen in the consolidated financial statements for FY3/14.

Alpha Computer Co., Ltd. has adopted a lump-sum retirement benefit payment plan as defined benefit plan, and participates in the Kanto IT Software Welfare Pension Fund. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 1,392 thousand yen in the consolidated financial statements for FY3/14.

NewNeeds Co., Ltd. participates in the Small Enterprise Retirement Allowance Mutual Aid Fund for retirement fund. The amount to be contributed to plan assets accounted for as retirement benefit expenses was 2,040 thousand yen in the consolidated financial statements for FY3/14.

An overseas consolidated subsidiary has a retirement benefit plan based on its local program.

Following is the information regarding the multi-employer pension plan under which the amount to be contributed to plan assets is accounted for as retirement benefit expenses.

Japan Computer Information Service Employees' Pension Fund

(1) Information regarding funding status of the plan as a whole (as of March 31, 2013)

	(Thousands of yen)
Amount of plan assets	553,988,242
Amount of actuarially computed benefit obligation	581,269,229
Difference	(27,280,986)

(2) The percentage of contribution by the Company out of the total contribution to the plan

0.41% (From April 1, 2012 to March 31, 2013)

Kanto IT Software Welfare Pension Fund

(1) Information regarding funding status of the plan as a whole (as of March 31, 2013)

	(Thousands of yen)
Amount of plan assets	222,956,639
Amount of actuarially computed benefit obligation	206,135,147
Difference	16,821,492

(2) The percentage of contribution by the consolidated subsidiaries out of the total contribution to the plan

0.04% (From April 1, 2012 to March 31, 2013)

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of retirement benefit obligation

	(Thousands of yen)
Retirement benefit obligations at beginning of period	1,592,443
Service cost	111,779
Interest cost	25,111
Actuarial differences	7,693
Payment of retirement benefit	(66,749)
Others	999
Retirement benefit obligations at end of period	1,671,278

(2) Reconciliation of beginning and ending balances of plan assets

	(Thousands of yen)
Plan assets at beginning of period	896,224
Expected return on plan assets	22,405
Actuarial differences	88,468
Contributions by the employer	44,052
Payment of retirement benefit	(26,535)
Plan assets at end of period	1,024,615

(3) Reconciliation of ending balances of retirement benefit obligation and plan assets against net defined benefit liability and net defined benefit asset recognized in the consolidated financial statements

	(Thousands of yen)
Retirement benefit obligation of contributory plan	767,614
Plan assets	(1,024,615)
	(257,001)
Retirement benefit obligation of non-contributory plan	903,730
Net liability / asset recognized in the consolidated balance sheet	646,729
Net defined benefit liability	903,730
Net liability / asset recognized in the consolidated balance sheet	646,729

(4) Components of retirement benefit expenses

	(Thousands of yen)
Service cost	111,779
Interest cost	25,111
Expected return on plan assets	(22,405)
Amortization of actuarial differences	(15,276)
Amortization of prior service cost	(488)
Retirement benefit expenses for defined benefit plan	98,720

(5) Remeasurements of defined benefit plans

Components of remeasurements of defined benefit plans

	(Thousands of yen)
Unrecognized prior service costs	1,881
Unrecognized actuarial differences	139,656
Total	141,538

(6) Relevant information on plan assets

1) Major breakdown of plan assets

The allocation percentage by major investment category to the total amount of plan assets is presented as follows.

	(%)
Bonds	50
Shares	47
Cash and deposits	3
Total	100

2) Method of determining expected long-term return on assets

The expected long-term return on plan assets is determined by considering the current and expected portfolio structure of the plan assets as well as the current and expected future long-term rate of return on various investments that comprise the plan assets.

(7) Relevant information on assumptions for actuarial calculation

Principal assumptions for actuarial calculation at the end of the fiscal year under review (presented by the weighted average).

Discount rate: 1.6%

Expected long-term return on assets: 2.5%

3. Defined contribution plan

The amount to be contributed to the defined contribution plan for the Company and its consolidated subsidiaries was 67,256 thousand yen.

Stock Options

Not applicable.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Deferred tax assets (current)		
Provision for bonuses	146,459	189,435
Accrued expenses	21,506	34,638
Accrued business office taxes	13,067	23,683
Other	13,035	11,606
Total	194,068	259,362
Deferred tax assets (noncurrent)		
Provision for directors' retirement benefits	142,204	150,935
Net defined benefit liability	-	227,634
Provision for retirement benefits	275,095	-
Allowance for doubtful accounts	35,979	19,326
Real estate for rent (land)	20,181	20,181
Asset retirement obligations	24,945	18,414
Accrued expenses	5,553	16,002
Other	21,764	17,085
Subtotal deferred tax assets	525,724	469,580
Valuation allowance	(239,958)	(187,305)
Total	285,766	282,274
Deferred tax liabilities (noncurrent)		
Valuation difference on available-for-sale securities	19,119	28,851
Other	21,233	18,777
Total	40,352	47,628
Net deferred tax assets	245,413	234,645

2. Significant sources of differences between the statutory tax and effective tax rate

(%)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Statutory tax rate	38.0	-
Adjustments		
Permanent difference of entertainment expenses and other items	3.3	-
Residential tax for the period	1.6	-
Increase in valuation allowance	12.1	-
Amortization of goodwill	0.7	-
Tax credit	(4.4)	-
Reductions of deferred tax assets at year end for adjustment due to tax rate change	-	-
Others	(0.5)	-
Effective tax rate	50.8	-

Note: Difference between statutory and effective tax rate after tax effect accounting is not presented because the difference is less than 5% of statutory effective tax in FY3/14.

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on March 31, 2014 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014), special corporate tax for reconstruction will be no longer imposed for the fiscal years beginning on or after April 1, 2014. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 38.0% to 35.6% for temporary differences, which is expected to be used for the fiscal year beginning from April 1, 2014.

Due to this change in tax rates, there were a decrease of 21,438 thousand yen in deferred tax assets (after deducting deferred tax liabilities) and an increase of 21,438 thousand yen in income taxes-deferred.

Business Combinations

Not applicable.

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the Company and subsidiaries' constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group has four reportable business segments: software business, package business, system sales business and medical big data business each of which conducts its business in line with the comprehensive strategy it has devised for products and services in both domestic and overseas markets.

The software business handles the contracted software development. The package business is engaged in development, sale, and provision of related services of operational reform packages for schools. The system sales business conducts IT equipment sales, IT/telecom infrastructure construction. The medical big data business, which includes a full line of services including automated inspection services for health insurance claims, data analysis and notification of the cost of medical care.

The medical big data business has been disclosed as a reportable business segment beginning from the first quarter of the current fiscal year for enhancing group management in light of the growing monetary importance of the business. The segment information for FY3/13 has been prepared based on the reportable segment categories after the revision as shown in "3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment."

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting method used for reportable business segments is generally the same as the methods listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable business segments are operating income figures.

Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013) (Thousands of yen)

	Software business	Package business	System sales business	Medical big data business	Total	Adjustment (Note 1) (Note 2)	Amounts shown on consolidated financial statements
Net sales							
1. External sales	6,484,521	1,913,044	1,649,054	92,761	10,139,381	-	10,139,381
2. Inter-segment sales and transfers	5,904	-	49,192	-	55,097	(55,097)	-
Total	6,490,425	1,913,044	1,698,247	92,761	10,194,478	(55,097)	10,139,381
Segment profit (loss)	163,655	309,153	71,572	(230,157)	314,223	-	314,223
Segment assets	4,155,642	1,160,087	1,161,305	230,500	6,707,535	1,342,617	8,050,153
Other items							
Depreciation	44,317	18,974	2,133	5,998	71,424	3,863	75,288
Increase in property, plant and equipment and intangible assets	5,793	7,040	2,651	1,148	16,633	197,778	214,412

Notes:
1. There is no adjustment to segment profit or loss because all of the operating expenses are allocated to each reportable segment.
2. Segment assets in the above adjustment consist mainly of corporate assets that cannot be attributed to any of the reportable segments.
3. Segment profit (loss) is adjusted to be consistent with operating income shown on the consolidated statement of income.

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014) (Thousands of yen)

	Software business	Package business	System sales business	Medical big data business	Total	Adjustment (Note 1) (Note 2)	Amounts shown on consolidated financial statements
Net sales							
1. External sales	7,110,634	1,949,373	1,533,039	235,351	10,828,399	-	10,828,399
2. Inter-segment sales and transfers	17,690	-	55,478	-	73,169	(73,169)	-
Total	7,128,325	1,949,373	1,588,517	235,351	10,901,568	(73,169)	10,828,399
Segment profit (loss)	278,545	296,960	41,219	(194,966)	421,759	5,855	427,615
Segment assets	4,582,224	1,304,269	934,698	339,573	7,160,766	1,656,438	8,817,204
Other items							
Depreciation	50,146	21,780	1,844	12,710	86,482	-	86,482
Increase in property, plant and equipment and intangible assets	4,838	1,270	986	16,129	23,224	87,168	110,392

Notes: 1. Segment profit (loss) in the above adjustment consist mainly of corporate expenses that cannot be attributed to any of the reportable segments.
2. Segment assets in the above adjustment consist mainly of corporate assets that cannot be attributed to any of the reportable segments.
3. Segment profit (loss) is adjusted with operating income shown on the consolidated statement of income.

Related information

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Geographical information concerning sales to external customers in Japan is not presented since sales to external customers exceeded 90% of net sales shown on the consolidated statement of income.

(2) Property, plant and equipment

Geographical information concerning property, plant and equipment is not presented since property, plant and equipment in Japan exceed 90% of property, plant and equipment on the consolidated balance sheet.

3. Information by major client

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

Company name	Net sales	Business segment
NTT COMWARE WEST CORPORATION	916,076 thousand yen	Software business

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

Company name	Net sales	Business segment
DUSKIN CO., LTD.	847,635 thousand yen	Software business

Information related to impairment of noncurrent assets for each reportable segment

Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013) (Thousands of yen)

	Software business	Package business	System sales business	Medical big data business	Elimination or corporate	Total
Amortization for the period	6,236	-	-	-	-	6,236
Balance at the end of period	35,338	-	-	-	-	35,338

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014) (Thousands of yen)

	Software business	Package business	System sales business	Medical big data business	Elimination or corporate	Total
Amortization for the period	8,314	-	-	-	-	8,314
Balance at the end of period	27,023	-	-	-	-	27,023

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Related Party Information

Not applicable.

Per-share Information

(Yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net assets per share	929.70	954.53
Net income per share	35.52	57.03
Diluted net income per share	35.39	56.20

Note: The basis of calculation is as follows.

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Net assets per share		
Total net assets on balance sheet	4,489,539	5,066,409
Deduction on total net assets	60,260	74,200
[Subscription rights to shares]	[984]	[514]
[Minority interests]	[59,275]	[73,686]
Net assets applicable to common stock	4,429,279	4,992,209
Number of common stock used in calculation of net assets per share	4,764,190 shares	5,230,020 shares

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net income per share		
Net income	168,886	278,922
Amount not available to common shareholders	-	-
Net income applicable to common stock	168,886	278,922
Average number of shares outstanding during period	4,755,128 shares	4,890,856 shares
Diluted net income per share		
Adjusted to net income	-	-
Increase in common stock	17,363 shares	72,340 shares
[Subscription rights to shares]	[17,363 shares]	[72,340 shares]
Summary of potential stock not included in the calculation of diluted net income per share since there was no dilutive effect	-	-

Subsequent Events

Not applicable.

Omission of Disclosure

Disclosure of the notes on financial instruments, asset retirement obligations and rental and other properties was omitted due to the minor necessity of disclosure.

5. Non-consolidated Financial Statements

(1) Balance Sheet

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Assets		
Current assets		
Cash and deposits	2,433,600	2,605,211
Notes receivable-trade	2,874	25,408
Accounts receivable-trade	*2 1,675,180	*2 2,167,044
Merchandise and finished goods	7,867	7,881
Work in process	100,952	97,750
Raw materials and supplies	3,053	2,312
Prepaid expenses	91,179	92,679
Deferred tax assets	178,488	243,183
Accounts receivable-other	*2 122,411	*2 3,246
Other	5,240	11,178
Allowance for doubtful accounts	(1,554)	(3,466)
Total current assets	4,619,294	5,252,430
Non-current assets		
Property, plant and equipment		
Buildings	*1 311,041	*1 275,722
Structures	*1 124	*1 93
Tools, furniture and fixtures	84,061	68,453
Land	*1 142,361	*1 142,361
Total property, plant and equipment	537,588	486,630
Intangible assets		
Software	18,311	101,051
Telephone subscription right	6,180	6,180
Total intangible assets	24,491	107,231
Investments and other assets		
Investment securities	233,239	362,629
Shares of subsidiaries and affiliates	1,029,367	1,049,903
Long-term loans receivable	2,694	-
Long-term loans receivable from subsidiaries and affiliates	*2 33,415	-
Prepaid pension cost	115,869	131,510
Long-term time deposits	200,000	300,000
Deferred tax assets	239,568	276,268
Guarantee deposits	274,871	274,784
Real estate for rent	*1 133,172	*1 130,553
Membership	45,324	45,324
Insurance funds	31,024	33,306
Other	*2 17,267	9,738
Allowance for doubtful accounts	(97,626)	(54,288)
Total investments and other assets	2,258,190	2,559,731
Total non-current assets	2,820,270	3,153,593
Total assets	7,439,565	8,406,023

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Liabilities		
Current liabilities		
Accounts payable-trade	*2 322,824	*2 562,378
Accounts payable-other	*2 202,539	*2 160,525
Accrued expenses	228,316	208,650
Income taxes payable	126,332	272,129
Accrued consumption taxes	65,961	80,571
Advances received	64,170	48,468
Provision for bonuses	351,902	493,202
Provision for directors’ bonuses	19,709	21,938
Other	21,109	21,353
Total current liabilities	1,402,867	1,869,218
Non-current liabilities		
Provision for retirement benefits	865,662	889,969
Provision for directors’ retirement benefits	356,405	376,105
Provision for loss on guarantees	16,220	-
Other	68,199	55,438
Total non-current liabilities	1,306,486	1,321,513
Total liabilities	2,709,354	3,190,731
Net assets		
Shareholders’ equity		
Capital stock	924,223	1,071,446
Capital surplus		
Legal capital surplus	885,862	1,033,084
Total capital surpluses	885,862	1,033,084
Retained earnings		
Legal retained earnings	32,665	32,665
Other retained earnings		
General reserve	3,000,000	2,999,000
Retained earnings brought forward	118,382	292,929
Total retained earnings	3,151,047	3,324,594
Treasury shares	(266,494)	(266,539)
Total shareholders’ equity	4,694,639	5,162,586
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	34,587	52,191
Total valuation and translation adjustments	34,587	52,191
Subscription rights to shares	984	514
Total net assets	4,730,211	5,215,292
Total liabilities and net assets	7,439,565	8,406,023

(2) Statement of Income

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Net sales	7,956,269	8,640,137
Cost of sales	6,357,946	6,895,403
Gross profit	1,598,322	1,744,734
Selling, general and administrative expenses	*1 1,376,193	*1 1,341,586
Operating income	222,129	403,147
Non-operating income		
Interest and dividend income	32,183	41,747
Rent income	14,740	13,696
Commission fee	1,974	1,864
Interest on securities	2,400	2,400
Subsidy income	1,320	19,386
Other	10,838	6,715
Total non-operating income	63,457	85,810
Non-operating expenses		
Interest expenses	517	853
Rent expenses	9,483	15,845
Provision for loss on guarantees	4,218	-
Provision of allowance for doubtful accounts	19,905	19,224
Other	1,939	2,333
Total non-operating expenses	36,063	38,256
Ordinary income	249,523	450,701
Income before income taxes	249,523	450,701
Income taxes-current	124,950	269,175
Income taxes-deferred	9,185	(111,126)
Total income taxes	134,135	158,049
Net income	115,387	292,651

(3) Statement of Changes in Equity

FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)

(Thousands of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal capital surplus	Total capital surpluses	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	919,665	881,304	881,304	32,665	2,970,000	151,684	3,154,349	(266,494)	4,688,824
Changes of items during period									
Issuance of new shares-exercise of subscription rights to shares	4,558	4,558	4,558						9,116
Provision of general reserve					30,000	(30,000)	-		-
Dividends of surplus						(118,689)	(118,689)		(118,689)
Net income						115,387	115,387		115,387
Purchase of treasury shares								-	-
Net changes of items other than shareholders' equity									
Total changes of items during period	4,558	4,558	4,558	-	30,000	(33,301)	(3,301)	-	5,814
Balance at end of current period	924,223	885,862	885,862	32,665	3,000,000	118,382	3,151,047	(266,494)	4,694,639

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	19,051	19,051	1,001	4,708,877
Changes of items during period				
Issuance of new shares-exercise of subscription rights to shares				9,116
Provision of general reserve				-
Dividends of surplus				(118,689)
Net income				115,387
Purchase of treasury shares				-
Net changes of items other than shareholders' equity	15,535	15,535	(16)	15,519
Total changes of items during period	15,535	15,535	(16)	21,333
Balance at end of current period	34,587	34,587	984	4,730,211

FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)

(Thousands of yen)

	Shareholders' equity								
		Capital surplus		Retained earnings					
					Other retained earnings				
	Capital stock	Legal capital surplus	Total capital surpluses	Legal retained earnings	General reserve	Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	924,223	885,862	885,862	32,665	3,000,000	118,382	3,151,047	(266,494)	4,694,639
Changes of items during period									
Issuance of new shares-exercise of subscription rights to shares	147,222	147,222	147,222						294,445
Provision of general reserve					(1,000)	1,000	-		-
Dividends of surplus						(119,104)	(119,104)		(119,104)
Net income						292,651	292,651		292,651
Purchase of treasury shares								(44)	(44)
Net changes of items other than shareholders' equity									
Total changes of items during period	147,222	147,222	147,222	-	(1,000)	174,547	173,547	(44)	467,947
Balance at end of current period	1,071,446	1,033,084	1,033,084	32,665	2,999,000	292,929	3,324,594	(266,539)	5,162,586

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	34,587	34,587	984	4,730,211
Changes of items during period				
Issuance of new shares-exercise of subscription rights to shares				294,445
Provision of general reserve				-
Dividends of surplus				(119,104)
Net income				292,651
Purchase of treasury shares				(44)
Net changes of items other than shareholders' equity	17,604	17,604	(470)	17,133
Total changes of items during period	17,604	17,604	(470)	485,081
Balance at end of current period	52,191	52,191	514	5,215,292

(4) Notes to Non-consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies

1. Valuation standards and methods for marketable securities

(1) Subsidiaries' stocks

Stated at cost determined by the moving-average method.

(2) Available-for-sale securities

1) Securities with market quotations

Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

2) Securities without market quotations

Stated at cost determined by the moving-average method.

2. Valuation standards and methods for inventories

(1) Merchandise

Stated at cost determined by the specific identification method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

(2) Finished goods

Stated at cost determined by the periodic average method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

(3) Work in process

Stated at cost determined by the specific identification method. (The carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

(4) Supplies

Valued by the last purchased price method.

3. Depreciation and amortization of noncurrent assets

(1) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is calculated by the declining-balance method.

Useful life of principle assets is as follows:

Buildings:	10-35 years
Tools, furniture and fixtures:	4-10 years

(2) Software (excluding leased assets)

Software for internal use is amortized over an expected useful life of 3-5 years by the straight-line method.

(3) Leased assets

Depreciation of leased assets is calculated based on the straight-line method, assuming the lease period to be the useful life and a residual value of zero.

(4) Real estate for rent

Declining-balance method, except for buildings acquired on or after April 1, 1998 (excluding attached structures) on which

depreciation is calculated by the straight-line method.
Useful life of principle assets is as follows:
Real estate for rent (building): 47 years

4. Recognition of allowances
(1) Allowance for doubtful accounts
To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

(2) Provision for bonuses
To provide for employee bonus obligation, an allowance is provided in the amount equal to the estimated bonus obligations.

(3) Provision for retirement benefits
To provide for accrued retirement benefits for employees, an allowance is provided based on projected benefit obligations and plan assets at the end of the current fiscal year.
The actuarial difference is expensed in the following fiscal years using the declining-balance method based on the certain years (10 years) within the average length of remaining service period of employees.
The prior service cost is expensed using the declining-balance method based on a certain years (10 years) within the average length of remaining service period of employees from the year when it is recognized.

(4) Provision for directors' retirement benefits
To provide for directors' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.

(5) Provision for loss on guarantees
To prepare for losses associated with debt guarantees extended to related companies, the expected losses are booked in an amount based on the financial condition and other aspects of companies that received these guarantees.

(6) Provision for directors' bonuses
To provide for directors' bonuses, an allowance is provided in the amount equal to the estimated bonus obligations in the current fiscal year.

5. Recognition of revenues and expenses
Recognition criteria for revenues and cost of sales for contracted software production
1) Contracts of which the outcome can be reliably estimated
The percentage-of-completion standard (with the percentage of completion estimated on the cost-to-cost basis).
2) Other contracted work
The completed-contract standard.

6. Other significant accounting policies in the preparation of financial statements
(1) Accounting method for retirement benefits
Accounting method for outstanding balance of unrecognized actuarial differences and unrecognized prior service costs related to retirement benefit is different from those for the consolidated financial statements.

(2) Accounting for consumption taxes
National and local consumption taxes are accounted by the tax-exclusion method. Non-deductible national and local consumption taxes are charged to expenses in the current fiscal year.

Changes in Accounting Policies

Not applicable.

Reclassifications

Balance sheet, statement of income and statement of changes in equity were prepared based on the form prescribed in Article 127, Paragraph 1 of the Regulations for Non-consolidated Financial Statements.

Statement of income
"Loss on retirement of non-current assets" under non-operating expenses, presented as separate items in the previous fiscal year, are included in "Other" in the current fiscal year given the reduced materiality of impact of the amount on the financial statements. The prior-period financial statements are restated to conform to the current-period presentation.
"Loss on retirement of non-current assets" (123 thousand yen) under non-operating expenses shown in the prior-period statement of income are reclassified and included in "Other."

Changes in Accounting-based Estimates

Not applicable.

Additional Information

Not applicable.

Notes to Balance Sheet

*1. Assets pledged as collateral

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Buildings	61,779	57,658
Structures	124	93
Land	142,361	142,361
Real estate for rent	133,172	130,553
Total	337,437	330,666

*2. Monetary claim or monetary liabilities to affiliates

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Short-term monetary claims	80,179	37,095
Long-term monetary claims	40,376	-
Short-term monetary liabilities	25,301	42,295

3. Guarantee liabilities
Guarantees for affiliate's bank loans

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
JAST TECHNIQUES PTE. LTD.	19,700	21,299
SafeNeeds Co., Ltd.	26,600	24,200

Foreign currency-denominated guarantees are translated into yen at the exchange rate in effect on the fiscal year balance sheet date.

4. The Company has commitment line agreements with 4 banks, in order to raise funds efficiently. The balances of credit available as of the balance sheet date were as follows.

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Commitment line	500,000	500,000
Credit used	-	-
Credit available	500,000	500,000

Notes to Statement of Income

*1. Selling expenses represent approximately 22% of the total selling, general and administrative expenses, and general and administrative expenses approximately 78% in FY3/13, and selling expenses represent approximately 23% of the total selling, general and administrative expenses, and general and administrative expenses approximately 77% in FY3/14.

Major items of selling, general and administrative expenses

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Directors' compensations	127,346	128,498
Wages, sales and other allowances	503,983	518,907
Provision for bonuses	48,258	70,365
Provision for directors' bonuses	19,709	21,938
Retirement benefit expenses	29,050	27,218
Provision for directors' retirement benefits	21,124	19,700
Depreciation	43,691	24,838
Research and development expenses	176,509	156,706
Rent expenses	83,031	71,962

2. Transactions with subsidiaries and affiliates

(Thousands of yen)

	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)
Amount of business transactions		
Net sales	167,048	101,526
Operating expenses	63,297	92,249
Amount of non-business transactions	24,016	28,596

Marketable Securities

The subsidiary stock (1,049,903 thousand yen and 1,029,367 thousand yen were booked for subsidiaries on the balance sheet in FY3/14 and FY3/13, respectively) do not have market prices which makes it extremely difficult to ascertain their fair value; this information is therefore omitted.

Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

(Thousands of yen)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Deferred tax assets (current)		
Provision for bonuses	133,722	175,580
Accrued expenses	19,619	32,500
Accrued business office taxes	13,067	22,699
Asset retirement obligations	-	6,908
Other	12,079	5,495
Total	178,488	243,183
Deferred tax assets (noncurrent)		
Provision for directors' retirement benefits	126,880	133,893
Provision for retirement benefits	269,256	270,011
Allowance for doubtful accounts	34,754	19,326
Real estate for rent (land)	20,181	20,181
Asset retirement obligations	23,880	17,333
Share of subsidiaries	-	25,545
Other	21,608	27,150
Subtotal deferred tax assets	496,561	513,442
Valuation allowance	(217,550)	(190,386)
Total	279,011	323,056
Deferred tax liabilities (noncurrent)		
Valuation difference on available-for-sale securities	19,119	28,851
Other	20,323	17,937
Total	39,443	46,788
Net deferred tax assets	239,568	276,268

2. Significant sources of differences between the statutory tax and effective tax rate

(%)

	FY3/13 (As of Mar. 31, 2013)	FY3/14 (As of Mar. 31, 2014)
Statutory tax rate	38.0	38.0
Adjustments		
Permanent difference of entertainment expenses and other items	0.9	0.0
Residential tax for the period	2.2	1.1
Increase (decrease) in valuation allowance	16.4	(6.4)
Tax credit	(3.8)	(2.2)
Reductions of deferred tax assets at year end for adjustment due to tax rate change	-	4.5
Others	0.1	0.1
Effective tax rate	53.8	35.1

3. Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on March 31, 2014 of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014), special corporate tax for reconstruction will be no longer imposed for the fiscal years beginning on or after April 1, 2014. Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 38.0% to 35.6% for temporary differences, which is expected to be used for the fiscal year beginning from April 1, 2014.

Due to this change in tax rates, there were a decrease of 20,235 thousand yen in deferred tax assets (after deducting deferred tax liabilities) and an increase of 20,235 thousand yen in income taxes-deferred.

Subsequent Events

Not applicable.

6. Others

(1) Changes in Directors

1) Changes in representative
Not applicable.

2) Changes in other directors
Candidates for director
Not applicable.

Retiring directors

Director	Osamu Yamamoto
Director	Masamichi Maruyama
Director	Keisuke Kamijo

Candidates for corporate auditors

Full-time corporate auditor	Katsuro Sonoda
Part-time corporate auditor	Jiro Mogami (current Lawyer)

Note: Mr. Jiro Mogami is a candidate to become an external auditor.

Retiring corporate auditors

Full-time corporate auditor	Tadao Nagamidori
Part-time corporate auditor	Hakaru Mori

3) Effective date
June 20, 2014

(2) Goods Manufactured, Orders Received and Sales

Reportable segment categories are revised from the first quarter of the current fiscal year as described in the section "4. Consolidated Financial Statements, (5) Notes to Consolidated Financial Statements (Segment and Other Information)." Year-on-year changes are presented by using adjusted figures for FY3/13 according to new reportable segment categories.

1) Goods Manufactured

Goods manufactured in the fiscal year under review are broken down by segment as follows. (Thousands of yen)

Operating segment	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	Year-on-year (%)
Software business	5,824,640	109.4
Package business	1,191,642	97.7
System sales business	1,318,399	93.5
Medical big data business	315,210	223.5
Total	8,649,893	106.9

Notes: 1. The above amounts are based on cost of sales; inter-segment transactions have been eliminated.
2. The above amounts do not include consumption taxes.

2) Orders Received

Orders received in the fiscal year under review are broken down by segment as follows. (Thousands of yen)

Operating segment	Orders received	Year-on-year (%)	Order backlog	Year-on-year (%)
Software business	6,815,292	101.5	1,046,857	78.0
Package business	1,935,381	105.6	398,611	96.6
System sales business	1,548,895	123.1	154,902	111.4
Medical big data business	163,485	46.3	202,793	73.8
Total	10,463,054	103.0	1,803,165	83.2

Notes: 1. The above amounts are based on selling prices; inter-segment transactions have been eliminated.
2. The above amounts do not include consumption taxes.

3) Sales

Sales in the fiscal year under review are broken down by segment as follows. (Thousands of yen)

Operating segment	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	Year-on-year (%)
Software business	7,110,634	109.7
Package business	1,949,373	101.9
System sales business	1,533,039	93.0
Medical big data business	235,351	253.7
Total	10,828,399	106.8

Notes: 1. Inter-segment transactions have been eliminated.
2. The following table indicates sales amounts to major customers and their ratios to total sales amount. (Thousands of yen)

Customers	FY3/13 (Apr. 1, 2012 – Mar. 31, 2013)		Customers	FY3/14 (Apr. 1, 2013 – Mar. 31, 2014)	
	Amount	%		Amount	%
DUSKIN CO., LTD.	660,528	6.5	DUSKIN CO., LTD.	847,635	7.8
NTT COMWARE WEST CORPORATION	916,076	9.0	NTT COMWARE WEST CORPORATION	667,352	6.2
TIS Inc.	424,232	4.2	TIS Inc.	449,359	4.1

3. The above amounts do not include consumption taxes.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.