

**Summary of Consolidated Financial Results**  
**for the First Quarter of Fiscal Year Ending March 31, 2015**  
**(Three Months Ended June 30, 2014)**

[Japanese GAAP]

Company name: Japan System Techniques Co., Ltd.	Listing: Tokyo Stock Exchange, Second Section
Stock code: 4323	URL: <a href="http://www.jast.jp">http://www.jast.jp</a>
Representative: Takeaki Hirabayashi, President and CEO	
Contact: Noriaki Okado, Director and CFO	Tel: +81-6-4560-1000
Scheduled date of filing of Quarterly Report:	August 5, 2014
Scheduled date of payment of dividend:	-
Preparation of supplementary materials for quarterly financial results:	None
Holding of quarterly financial results meeting:	None

Note: The original disclosure in Japanese was released on August 4, 2014 at 16:00 (GMT +9).

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

**1. Consolidated Financial Results for the First Quarter Ended June 30, 2014 (April 1, 2014 – June 30, 2014)**

(1) 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	%
Three months ended Jun. 30, 2014	2,678	5.2	(11)	-	18	-	(4)	-
Three months ended Jun. 30, 2013	2,544	14.1	(105)	-	(95)	-	(75)	-

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2014: (16) (n.a.)

Three months ended Jun. 30, 2013: (60) (n.a.)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2014	(0.81)	-
Three months ended Jun. 30, 2013	(15.90)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2014	8,397	5,102	60.0	960.28
As of Mar. 31, 2014	8,817	5,066	56.6	954.53

Reference: Shareholders' equity (million yen) As of Jun. 30, 2014: 5,039 As of Mar. 31, 2014: 4,992

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2014	-	0.00	-	25.00	25.00
Fiscal year ending Mar. 31, 2015	-	-	-	-	-
Fiscal year ending Mar. 31, 2015 (forecasts)	-	0.00	-	25.00	25.00

Note: Revisions to the most recently announced dividend forecast: None

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 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

Note: Revisions to the most recently announced consolidated earnings forecasts: None

**\* Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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 |

(4) Number of outstanding shares (common stock)

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

As of Jun. 30, 2014:	5,612,230 shares	As of Mar. 31, 2014:	5,594,230 shares
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2) Number of treasury shares at the end of period

As of Jun. 30, 2014:	364,210 shares	As of Mar. 31, 2014:	364,210 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2014:	5,246,951 shares	Three months ended Jun. 30, 2013:	4,769,375 shares
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Note 1: Information regarding the implementation of quarterly review procedures

The current quarterly summary report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly financial statements have 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements" on page 3 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first quarter of the current fiscal year, consolidated results of the Japan System Techniques Group (Japan System Techniques Co., Ltd. and its consolidated subsidiaries, hereafter “the Group”) showed higher sales and profits as follows: net sales of 2,678 million yen (up 5.2% from the same period of the previous fiscal year), operating loss of 11 million yen (vs. operating loss of 105 million yen in the same period of the previous fiscal year), ordinary income of 18 million yen (vs. ordinary loss of 95 million yen in the same period of the previous fiscal year), and net loss of 4 million yen (vs. net loss of 75 million yen in the same period of the previous fiscal year). Results by segment were as follows.

In the software business (individualized contracted software development), net sales and profits increased. Orders from the public sector and medical institutions declined, but increased from the finance/insurance/brokerage industry, the telecommunications industry and the service/retail industry. Net sales totaled 1,993 million yen (up 30.7% from the same period of the previous fiscal year) and operating income totaled 112 million yen (vs. operating loss of 49 million yen in the same period of the previous fiscal year).

In the package business (development, sale and related services of operational reform packages for schools), net sales and profits also increased. Operation services, IT equipment sales, and implementation support decreased, but end user computing (EUC: contracted development of package-related systems) increased. Net sales totaled 366 million yen (up 15.7% from the same period of the previous fiscal year) and operating loss totaled 40 million yen (vs. operating loss of 60 million yen in the same period of the previous fiscal year).

In the system sales business (IT equipment sales and IT/telecom infrastructure construction), net sales and profits decreased. Orders from system integration (SI) projects for public sectors, and equipment sales to universities declined. As a result, net sales totaled 248 million yen (down 62.1% from the same period of the previous fiscal year), and operating loss totaled 35 million yen (vs. operating income of 49 million yen in the same period of the previous fiscal year).

Lastly, in the medical big data business (inspection, analysis and related services of medical information), net sales increased but profits declined. In addition to automated inspection services for health insurance claims, the expansion of notification and data analysis services, and cloud services for checking service providers resulted in increases in workforce and capital investment. Net sales totaled 70 million yen (up 45.0% from the same period of the previous fiscal year), and operating loss totaled 49 million yen (vs. operating loss of 45 million yen in the same period of the previous fiscal year).

#### Features of the Group’s quarterly results

A feature of the Group’s software, package and systems sales businesses is that the delivery inspection period of most customers concentrates in March, the last month of the fiscal year for most companies, and then in September, the last month of the second quarter. This means that the Group’s earnings in the first and third quarters tend to be much smaller than in the second and fourth quarters.

### (2) Explanation of Financial Position

#### 1) Balance sheet position

The balance of current assets at the end of the first quarter of the current fiscal year was 6,157 million yen, down 406 million yen over the end of the previous fiscal year. This was mainly the net result of an increase in cash and deposits from advances received and other items, and a decrease in accounts receivable-trade following the payment for orders received at the end of the previous fiscal year. The balance of non-current assets was 2,240 million yen at the end of the first quarter, down 13 million yen over the end of the previous fiscal year. This was mainly due to the net result of an increase in net defined benefit asset and a decrease in deferred tax assets, following the application of the accounting standard for retirement benefits.

The balance of current liabilities at the end of the first quarter was 2,147 million yen, down 217 million yen over the end of the previous fiscal year. This was mainly the net result of an increase in advances received and decreases for the payments for accounts payable-trade and income taxes paid. The balance of non-current liabilities was 1,147 million yen at the end of the first quarter, down 238 million yen over the end of the previous fiscal year. This was mainly due to a decrease in net defined benefit liability following the application of the accounting standard for retirement benefits, and a decrease in provision for directors' retirement benefits following the retirement of directors.

The balance of net assets was 5,102 million yen at the end of the first quarter, up 36 million yen over the end of the previous fiscal year. This was mainly the net result of an increase in retained earnings following the application of the accounting standard for retirement benefits, and a decrease in retained earnings due to the payment of dividends.

## 2) Cash flows

Cash and cash equivalents increased 247 million yen from 2,144 million yen at the start of the current fiscal year to 2,391 million yen at the end of the first quarter of the current fiscal year.

Cash flows by category were as follows.

Cash flows provided by operating activities totaled 404 million yen, a decrease of 319 million yen from 723 million yen provided in the same period of the previous fiscal year. This was mainly due to a decrease in income from notes and accounts receivable-trade, and an increase in outlays for provision for bonuses, while there was an increase in income before income taxes and minority interests, and a decrease in outlays for notes and accounts payable-trade.

Cash flows used in investing activities totaled 31 million yen, a decrease of 199 million yen from 167 million yen provided in the same period of the previous fiscal year. This was mainly due to a decrease in income from withdrawal of time deposits and collection of guarantee deposits, while there was a decrease in outlays for the purchase of investment securities.

Cash flows used in financing activities totaled 123 million yen, a decrease of 259 million yen from 135 million yen provided in the same period of the previous fiscal year. This was mainly due to a decrease in income from short-term loans payable.

## (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

In the first quarter of the current fiscal year, the Japanese economy remained on a gradual recovery path, and falling demand following the April 2014 consumption tax hike has started to ease. However, a risk of economic stagnation or a downturn remains because of external factors such as slowing growth in China and other major emerging countries, and weakness in global economies.

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 May figures), net sales began to rise on a year-on-year basis 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.

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 of 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, the Group will work to expand cloud services for claims checking service providers, and also 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 expect increases in sales and profits for the fiscal year ending March 31, 2015; net sales of 11,900 million yen (up 9.9% from the previous fiscal year), operating income of 525 million yen (up 22.8% from the previous fiscal year), ordinary income of 555 million yen (up 17.1% from the previous fiscal year), and net income of 290 million yen (up 4.0% from the previous fiscal year).

## **2. Matters Related to Summary Information (Notes)**

### **(1) Changes in Consolidated Subsidiaries during the Period**

Not applicable.

### **(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements**

Not applicable.

### **(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements**

Changes in Accounting Policies

Application of the accounting standard for retirement benefits

The Company has applied the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)” and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)” from the first quarter of the current fiscal year, for provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of attributing estimated retirement benefit obligations to periods from the straight-line basis to the benefit formula basis, and revised the method of determining the discount rate from the method using the approximate number of years of expected average length of remaining service period of employees to the method using a single weighted average discount rate.

The application of this accounting standard, etc. in accordance with the transitional accounting treatments set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, and thus the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the first quarter of the current fiscal year.

The result was decreases of 97,473 thousand yen in deferred tax assets and 169,824 thousand yen in net defined benefit liability, and increases of 103,978 thousand yen in net defined benefit asset and 176,328 thousand yen in retained earnings at the beginning of the first quarter of the current fiscal year.

The effect of this change was to increase operating income, ordinary income and income before income taxes and minority interests by 1,470 thousand yen each in the first quarter of the current fiscal year.

## **3. Important Information about Going Concern Assumption**

Not applicable.

**4. Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/14 (As of Mar. 31, 2014)	First quarter of FY3/15 (As of Jun. 30, 2014)
Assets		
Current assets		
Cash and deposits	3,319,585	3,572,687
Notes and accounts receivable-trade	2,607,749	1,895,202
Merchandise and finished goods	97,394	30,997
Work in process	167,776	240,079
Raw materials and supplies	2,347	5,464
Deferred tax assets	259,362	318,096
Other	112,940	96,907
Allowance for doubtful accounts	(3,863)	(2,394)
Total current assets	6,563,292	6,157,041
Non-current assets		
Property, plant and equipment		
Buildings and structures	551,886	562,623
Accumulated depreciation	(270,155)	(279,903)
Buildings and structures, net	281,730	282,720
Land	142,361	142,361
Other	252,174	254,387
Accumulated depreciation	(171,771)	(178,254)
Other, net	80,402	76,132
Total property, plant and equipment	504,495	501,214
Intangible assets		
Goodwill	27,023	24,944
Software	96,422	93,044
Other	7,189	7,189
Total intangible assets	130,635	125,179
Investments and other assets		
Investment securities	362,629	364,561
Net defined benefit asset	257,001	371,072
Deferred tax assets	234,645	103,226
Guarantee deposits	299,440	309,656
Other	519,352	519,869
Allowance for doubtful accounts	(54,288)	(54,288)
Total investments and other assets	1,618,782	1,614,098
Total non-current assets	2,253,912	2,240,492
Total assets	8,817,204	8,397,533

(Thousands of yen)

	FY3/14 (As of Mar. 31, 2014)	First quarter of FY3/15 (As of Jun. 30, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	906,653	531,422
Short-term loans payable	-	570
Current portion of long-term loans payable	2,400	2,400
Income taxes payable	293,658	55,525
Provision for bonuses	531,526	238,215
Provision for directors' bonuses	28,477	10,916
Other	601,663	1,308,047
<b>Total current liabilities</b>	<b>2,364,379</b>	<b>2,147,097</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,800	1,200
Provision for directors' retirement benefits	422,029	333,887
Net defined benefit liability	903,730	744,491
Other	58,856	67,912
<b>Total non-current liabilities</b>	<b>1,386,415</b>	<b>1,147,491</b>
<b>Total liabilities</b>	<b>3,750,795</b>	<b>3,294,589</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,071,446	1,076,669
Capital surplus	1,033,084	1,038,308
Retained earnings	3,025,811	3,067,135
Treasury shares	(266,539)	(266,539)
<b>Total shareholders' equity</b>	<b>4,863,803</b>	<b>4,915,573</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	52,191	53,147
Foreign currency translation adjustment	(14,936)	(15,600)
Remeasurements of defined benefit plans	91,150	86,456
<b>Total accumulated other comprehensive income</b>	<b>128,405</b>	<b>124,003</b>
<b>Subscription rights to shares</b>	<b>514</b>	<b>-</b>
<b>Minority interests</b>	<b>73,686</b>	<b>63,367</b>
<b>Total net assets</b>	<b>5,066,409</b>	<b>5,102,944</b>
<b>Total liabilities and net assets</b>	<b>8,817,204</b>	<b>8,397,533</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income  
(For the Three-month Period)**

	(Thousands of yen)	
	First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)
Net sales	2,544,482	2,678,014
Cost of sales	2,161,278	2,163,128
Gross profit	383,204	514,886
Selling, general and administrative expenses	489,063	526,867
Operating loss	(105,859)	(11,981)
Non-operating income		
Interest income	2,833	3,401
Dividend income	1,164	2,717
Rent income	4,000	3,886
Subsidy income	576	14,986
Other	5,524	7,378
Total non-operating income	14,098	32,371
Non-operating expenses		
Interest expenses	401	21
Rent expenses	2,334	1,965
Other	791	399
Total non-operating expenses	3,526	2,386
Ordinary income (loss)	(95,287)	18,003
Income (loss) before income taxes and minority interests	(95,287)	18,003
Income taxes	(21,560)	28,162
Loss before minority interests	(73,726)	(10,159)
Minority interests in income (loss)	2,096	(5,905)
Net loss	(75,823)	(4,254)

**Quarterly Consolidated Statement of Comprehensive Income**  
**(For the Three-month Period)**

(Thousands of yen)

	First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)
Loss before minority interests	(73,726)	(10,159)
Other comprehensive income		
Valuation difference on available-for-sale securities	5,352	955
Foreign currency translation adjustment	7,649	(2,460)
Remeasurements of defined benefit plans, net of tax	-	(4,694)
Total other comprehensive income	13,001	(6,198)
Comprehensive income	(60,725)	(16,357)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(67,621)	(8,656)
Comprehensive income attributable to minority interests	6,895	(7,701)

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)
Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(95,287)	18,003
Depreciation	17,833	17,303
Amortization of software	2,554	6,252
Amortization of goodwill	2,078	2,078
Increase (decrease) in provision for bonuses	(150,210)	(293,301)
Increase (decrease) in provision for retirement benefits	(18,110)	-
Decrease (increase) in prepaid pension costs	(3,859)	-
Increase (decrease) in net defined benefit liability	-	(10,092)
Decrease (increase) in net defined benefit asset	-	3,423
Interest and dividend income	(3,997)	(6,119)
Interest expenses	401	21
Decrease (increase) in notes and accounts receivable-trade	932,030	710,803
Increase (decrease) in advances received	245,578	182,194
Decrease (increase) in inventories	36,758	(9,048)
Increase (decrease) in notes and accounts payable-trade	(431,639)	(375,216)
Other, net	326,048	432,686
Subtotal	860,177	678,988
Interest and dividend income received	4,756	7,141
Interest expenses paid	(401)	(25)
Income taxes paid	(140,982)	(282,077)
Net cash provided by (used in) operating activities	723,550	404,027
Cash flows from investing activities		
Decrease (increase) in time deposits	172,012	(6,345)
Purchase of property, plant and equipment	(813)	(10,466)
Purchase of investment securities	(100,252)	(448)
Payments for guarantee deposits	(354)	(12,185)
Proceeds from collection of guarantee deposits	106,818	992
Other, net	(9,675)	(3,310)
Net cash provided by (used in) investing activities	167,735	(31,763)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	248,863	570
Repayments of long-term loans payable	(600)	(600)
Proceeds from issuance of common shares	6,952	9,932
Purchase of treasury shares	(44)	-
Cash dividends paid	(119,104)	(130,750)
Other, net	(190)	(2,569)
Net cash provided by (used in) financing activities	135,876	(123,417)
Effect of exchange rate change on cash and cash equivalents	2,355	(1,174)
Net increase (decrease) in cash and cash equivalents	1,029,517	247,671
Cash and cash equivalents at beginning of period	1,609,962	2,144,070
Cash and cash equivalents at end of period	2,639,479	2,391,742

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

Segment information

I. First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Software business	Package business	System sales business	Medical big data business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales							
1. External sales	1,524,837	316,710	654,569	48,365	2,544,482	-	2,544,482
2. Inter-segment sales and transfers	3,168	-	14,540	-	17,708	(17,708)	-
Total	1,528,005	316,710	669,110	48,365	2,562,191	(17,708)	2,544,482
Segment profit (loss)	(49,328)	(60,157)	49,070	(45,444)	(105,859)	-	(105,859)

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 loss is consistent with operating loss shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

II. First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)

1. Information related to net sales and profit or loss for each reportable segment (Thousands of yen)

	Software business	Package business	System sales business	Medical big data business	Total	Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
Net sales							
1. External sales	1,993,395	366,297	248,178	70,142	2,678,014	-	2,678,014
2. Inter-segment sales and transfers	3,416	-	11,355	-	14,771	(14,771)	-
Total	1,996,812	366,297	259,533	70,142	2,692,786	(14,771)	2,678,014
Segment profit (loss)	112,843	(40,444)	(35,334)	(49,046)	(11,981)	-	(11,981)

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 loss is consistent with operating loss shown on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets, goodwill, etc. for each reportable segment

Not applicable.

3. Information related to revisions for reportable segments

Application of the accounting standard for retirement benefits

The Company has applied the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)” and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)” from the first quarter of the current fiscal year, for provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of attributing estimated retirement benefit obligations to periods from the straight-line basis to the benefit formula basis, and revised the method of determining the discount rate from the method using the approximate number of years of expected average length of remaining service period of employees to the method using a single weighted average discount rate. The effect of this change on segment profit is insignificant.

## 5. Supplementary Information

### Goods Manufactured, Orders Received and Sales

#### (1) Goods Manufactured

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

Operating segment	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)	Year-on-year (%)
Software business	1,588,100	125.3
Package business	270,541	99.5
System sales business	221,214	39.7
Medical big data business	83,271	128.2
Total	2,163,128	100.1

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 period 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	2,690,986	175.7	1,744,448	129.3
Package business	946,989	274.0	979,303	221.8
System sales business	276,007	33.5	182,731	59.3
Medical big data business	114,846	270.4	247,497	92.1
Total	4,028,829	146.8	3,153,981	133.2

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 period under review are broken down by segment as follows. (Thousands of yen)

Operating segment	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)	Year-on-year (%)
Software business	1,993,395	130.7
Package business	366,297	115.7
System sales business	248,178	37.9
Medical big data business	70,142	145.0
Total	2,678,014	105.2

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	First three months of FY3/14 (Apr. 1, 2013 – Jun. 30, 2013)		First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)	
	Amount	%	Amount	%
NTT COMWARE WEST CORPORATION	147,038	5.8	287,514	10.7
DUSKIN CO., LTD.	146,607	5.8	187,748	7.0
TIS Inc.	108,454	4.3	120,438	4.5

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.*